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A Year of Consolidations, Mergers, and New Entrants to the Market

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As 1998 begins, there continue to be dynamic changes in the ownership of companies throughout the information industry. We are seeing consolidation among the existing primary and secondary content providers, aggregators and distributors, while new entrants bring new ideas.

Innovators such as **PointCast** entered the market for electronic news by introducing the use of screen savers to deliver content. A subsequent shakeout in this portion of the market has resulted in a new roster of players. (see prior article in *ATG*, vol. 9 #2, April 1997, p.79) Thirteen year old, **America Online** (AOL) acquired both **CompuServe** and more recently, **Personal Library Software** (PLS), a leading developer of information indexing and search technologies whose products they use.

For publishers selling to the library market, the impact of technology on internal operations and the increased demand for Web based products is prompting conversion of their legacy systems. They have developed partnerships with new entrants and bought out competitors to achieve economies of scale and gain market share. Established publishers are challenged by the need to invest in producing electronic publications without jeopardizing the revenue base from their print products, realizing that libraries will cancel the print to

subscribe to the electronic version.

Libraries can benefit from mergers which offer one-stop shopping, consolidated publication offerings, standardization, or greater innovation through product development. Occasionally libraries report more limited product choices, fewer customized solutions, and less opportunity for customer feedback to the new management.

ELSEVIER buys ...

Reed-Elsevier has been in the news frequently with announcements of their acquisitions as they build a critical mass of primary and secondary content for the online environment. The most recent announcement before going to press was that Elsevier Science had acquired **Engineering Information** (Ei) creator of *Compendex*, the engineering index and the popular Ei village which serves the community of engineers on the Internet. The index tools can be linked to the full image engineering journals published by Elsevier, providing greater access and increased demand for articles.

Just prior to this announcement is the major news that Elsevier will buy their competitor **Wolters Kluwer** which will make Reed-Elsevier the world's largest scientific publishing and information group,

pushing revenue to \$8 billion and market capitalization to \$30 billion. **Kluwer** owns **Lippincott-Raven** which produces health science titles and **Commerce Clearinghouse** which produces US tax law information.

Late in 1997 Elsevier Science acquired **Bielstein Information System** G.M.B.H., a chemical database and handbook which will complement their acquisition of **MDL Information Systems**, a California company that sells software and databases to scientists in the pharmaceutical and chemical fields. The acquisition of **BioMedNet** enables them to offer service to the biological and medical community, including their electronic journal "hmsbeagle".

The **Chilton Business Group** was sold during the summer to Reed-Elsevier by **Walt Disney's** ABC Division and will be-

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Sleepless Nights *from page 29*

early 1998. As a colleague of mine observed recently, librarians are increasingly saying, "This is it, there is no more." Most of these declarations come from simple reality: there are few or no more special funds to tap. Sometimes it is also (or instead) a question of principle, or as the old Network line went, "I'm mad as hell and I'm not going to take it anymore." Or: "You can't get what I don't have (and if I had it, I wouldn't give it to YOU)." The message is clear: the money isn't going to come from anywhere — it just isn't there.

Which, as I said, is something of a transition point to the things that keep me awake now. I think I would characterize 1997 as stacking up as a year of extraordinary librarian distrust of publishers, which is sad. Certainly, Elsevier specifically felt this repeatedly, whether in pricing and negotiat-

ing, or in our advocacy of database protection legislation, or the proposed merger of **Reed Elsevier** and **Wolters Kluwer**. We were publicly accused of having policies we don't have (e.g., requiring libraries to purchase entire packages of journals), criticized for responding to customers' express requirements (capping prices for future years or setting firm prices), reviled for favoring passage of legislation which is supported by neutral parties such as the Registrar of Copyrights, and labeled a monopolist in a merger

"... publishers are not likely to be considered trusted archives."

in which our autonomy may be less and the other publisher is slated to take the Chairman's chair. You feel a bit black and blue after a while.

But the sleeplessness is not just over what are often misunderstandings or misperceptions of Elsevier. It goes much

deeper. Take the DOI. This is a numbering system intended to provide a better way of ensuring that when you click on something intended to lead you to a digital object (whatever that object might be) you actually get where you want to go. It will set up a directory system that will permit persistent locators. It is just that — a numbering system. Yes, there can be different applications or uses of that system, just as a Social Security number can be used with your government pension, but also as an insurance ID or student ID. But the market will decide which, if any, of these applications it is willing to support. The DOI itself is just a number that can serve many linking purposes.

But, so deep does the distrust of publishers run, the fact that the DOI was developed by the **Association of American Publishers** seems to have made it, *prima facie*, something to fear. I admit, some publishers (in this case, not Elsevier Science) may have created part of the problem by talking about poten-

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What Do Mergers Do For Libraries?

ATG wanted to find out what librarians are saying about all these mergers. We polled several directors and large consortia representatives. Surprisingly few actually took this opportunity to respond. The majority of responses can be summed up in this reply from **Tony Ferguson** of Columbia University: "I see only doom, gloom, and foreboding regarding the Elsevier move." Here's what we heard.

Some of the benefits cited include one-stop shopping; larger-consolidated publication offerings; and standardization. On the "down-side," many libraries find that consolidations result in limited product choices, limited customized solutions, and less customer participation in a company. Most libraries report they do not feel any "power" over corporate decisions and few have ever taken actions against mergers that affect their business operations.

Bill Sozansky, Library Director at University of Minnesota-Duluth, offered some very insightful and objective views of the consolidations taking place. "Just look at what's happened in the defense industry!" he replied. Just like the rest of the commercial world, Sozansky recognized that publishing, as well as electronic services, are capital intensive industries. He stated "individuals can be publishers, but to do things right, needs investment." Bill elaborated that what is most vital is to assure that we continue to have at least three or four competitors in the library market to assure competition and value-added services. In summary, Sozansky stated what is really needed is diversity in services offered; "a need for separating content from technology." Library end-users don't really want multiple interfaces; they want the convenience of central delivery. "Publishers are not necessarily library service-oriented, but they are the producers of quality data content." He further emphasizes that the need for world-wide standardization and transactional article/document procedures are the primary areas that need the major attention and investment for improved results.

Libraries actually see the merger of **Wolters Kluwer** and **Elsevier** as a merger of two huge-profitable companies. But there is no doubt that this merger creates a critical mass of electronic journals. On October 30th, the **Association of Research Libraries** announced the formation of the **Scholarly Publishing & Academic Resources Coalition (SPARC)** (see: list proc@cni.org and www.arl.org/scomm). This promotion states:

"... increasingly, much scholarly publishing — particularly science, technology, medicine, and law — is being consolidated into the hands of a few large commercial companies. The most recent example is the proposed merger ... of the British-Dutch company **Reed Elsevier**, with its primary competitor, **Wolters Kluwer**, another Dutch company, creating the world's largest publisher of academic and trade journals. These publishers had combined sales of \$6.6 billion in 1996 and publish a combined total of almost 2200 titles.

"With prices continuing to spiral and commercial publishers pursuing an aggressive strategy of acquisitions, we must take some action to ensure competition in the market-place," said **Duane Webster**, Executive Director of ARL. "Library partnering with scholarly societies, university presses, and other educational and research organizations that can achieve the high quality expected of scholarly publishing will create an opportunity for the academic community to enrich the marketplace with publishing ventures that are affordable and respect the academic values of access to information for research and teaching."

The following comments are from **Ann Okerson**, Yale University: "As publishers merge and the information publishing world scales up, well-capitalized publishers (such as Elsevier, for example), are positioned to invest the necessary funds to make their businesses more competitive and efficient/cost-effective. Ideally, this would lead to both a more coherent product AND a lower price to the consumer. So far, consolidations in scholarly communications or publishing have not often worked to the advantage of the consumer. And librarians are skeptical that current and future consolidations would result in better products at contained or lower prices. Instead, avenues of competition seem to be consolidated or cut off and prices rise. The resulting large publishers or large aggregators are more likely to command the presentation of the ensuing products and the terms of transactions. I do not believe that long-term this kind of consolidation is in the interests of the marketplace."

As with all other industries around us, banking, telecommunications, news services, etc., it is obvious the consolidations and mergers in publishing and library industries will continue in the year to come. The consensus from the library perspective is that the bigger consolidation can be better for libraries only if the size is leveraged to solve needs, provide additional resources, solicit library customer feedback, and reduce costs to the library.

come part of the **Cahner's Publishing Company**.

MAID buys DIALOG

In December 1997, MAID plc completed the acquisition of **Knight-Ridder Information, Inc. (KRI)** and officially changed their name to **The Dialog Corporation** plc. This merger has created the world's largest online information company and they plan to consolidate their three separate data centers into one located in Palo Alto, California.

Headquartered in London, the company has a strategic plan for three main operating divisions: a groupware and intranet solutions division offering the support of information professionals; an interactive solutions division comprised of the databases in Dialog and DataStar plus two end-user products — **Profound** and **Dialog Select**; a division focused on generating alliances with companies such as **AltaVista** and **Microsoft** to utilize **MAID's InfoSort** technology and the combined databases.

Although strengthened by the combined offerings of MAID and KRI, Dialog must create a role for their services in an environment where the end user is being trained to search locally mounted databases and the Web, rather than rely on the librarian for intermediated searches.

The future ownership of **CARL** and the popular **UnCover** database and document delivery service is uncertain at this time. If sold, this would be the third sale including the initial sale to **Blackwell's** and then to **KRI**, both of whom invested in product development with CARL.

THE NEWS INDUSTRY

The landscape looks considerably different than this time last year in the personalized news business. The entry of

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PointCast made push technology popular by using screen savers to deliver customized news that was advertising based at no cost to the subscriber. This broad-based innovative approach attracted many administrators who were not included in the profiled contract information service provided to selected staff in their organizations.

As corporate Intranets expanded to include information from outside the company for internal distribution, new opportunities appeared along with additional competitors such as **Reuters**. By summer **NewsNet** succumbed to increased competition and closed their doors.

About this time, **WavePhore Inc.**, whose specialty is data broadcasting, acquired **Paracel Online Systems**, which provides Internet-based corporate business intelligence services. The combined operation strengthens WavePhore's position in the desktop information market and the combined operation will provide customized, real-time information to more than 125 corporate customers including **IBM**, **3M**, **Lucent**, **Toyota**, **U.S. Robotics**.

DataTimes, acquired by **University Microfilms Inc. (UMI)** in 1996, fell victim to a shift in the corporate strategy of its new parent when UMI decided to close their corporate division during 1997 and transferred their accounts to **Dow Jones** with whom they have a new partnership.

Finally at the end of 1997, **Desktop Data, Inc.** and **Individual, Inc.** both located in Massachusetts announced a merger to form a new company called **NewsEDGE**. Desktop Data has a strong reputation for delivering real-time news over company intranets to corporations, financial institutions, government agencies and publishers. Individual has developed highly personalized news packages for both individual and enterprise settings.

OTHER NEWS

During 1997, **John Wiley and Sons**

bought **Van Nostrand Reinhold** from the **Thomson Corporation**, expanding their offerings in architecture and design, environmental and industrial science, culinary arts and hospitality, and business technology.

Carfax was sold to **Routledge Publishing Holdings** and aim to be the world's premier journal specialist in the humanities, social sciences, education and healthcare.

Harry Abrams, the largest and most eminent art book publisher was sold off by parent **Times Mirror** to a young French company, the **Latigny Group**.

The Learning Co. (TLC) agreed to buy **SkillsBank Corp.** for \$15.4 million in stock. It has also bought **Learning Services**, an educational catalog company, for \$9.8 million in stock. This will put TLC's School Division into the top five K-12 electronic instructional materials publishers in the U.S. The acquisitions will expand TLC's products and move the school division into new markets, according to **Paul Gullickson**, president of **TLC School**. **SkillsBank** and **TLC School** are planning to launch a subscription-based curriculum Web site similar to the **Scholastic Network** by fall of 1998. **Quality Education Data** claims that 84.7% of schools use TLC products, making TLC the leading educational software company in the nation.

NEW VENTURES

It seems as though large companies (**Thomson**, **Reed-Elsevier**) are managing by incorporating new technology, buying competitors and aligning with partners to adapt to the changing market. Part of their challenge is that their size makes it difficult to move quickly and they are economically vested in a print-based subscription model.

New companies can introduce innovative ideas and begin with current technology and workflow without having to reinvent themselves by dealing with legacy systems. Some examples of new entrants include those born as related but separate identities from their parent institutions.

KnowledgeCite, created by **Silver**

Platter, offers Web-based collective access to a range of scholarly bibliographic and fulltext databases which can be searched by database or by discipline across databases. Natural language and advanced Boolean searches produce results which are ranked by relevance. Similar in concept to **Nightn**, this product has a logical market with **SilverPlatter's** existing customer base.

The **Community of Science** was created ten years ago as a spinoff of **Johns Hopkins University** and was focused on linking researchers and serving their grant information needs. They just introduced their journal and Web site publishing services which offer societies a flexible, affordable and current approach to putting their journals online and linking them to bibliographic databases.

Yankee Rights Management, whose parent company is **Yankee Book Peddler**, offers online copyright transactions from within online documents. **Copyright Direct** supports compliance by making it easy for users to obtain permission and pay for legitimate use of copyrighted works.

As the economic model shifts from supply (offering what is available) to demand (transactional sales, buying as needed), the entire market will become more customer oriented. The Web technology provides the ability to offer customized services to end users and publishers, third party vendors and intermediaries will find new roles to meet the specific information needs of their customers. 🐾

NB: I would like to acknowledge the support I received in writing this article from — **Corrie Marsh**, *Gale Research*; **Glen Secor**, *Yankee Book Peddler*; **Phil Wallas**, *EBSCO Publishing*. — JL

Rumors from page 23

This issue contains the results to the **ATG Annual Report Survey**, see page 42. The two winners are **Julia E. Ben-Simon** (Head of Acquisitions, King County Library System, Seattle, Washington) and **Chuck Longfellow** (Delaware State University, Dover, DE). These people were chosen at random from the group of people who took the time to fill out the survey. They will be given a complimentary subscription to **ATG** as well as free registration to the next **Charleston Conference** (November 5-7, 1998). Hooray!

CORRECTION. ATG, v. 9#6, Dec. '97-Jan. '98, page 82, Paragraph 3, line 1, the word "not" should be inserted before the word "cook". The point is that **Papa Lyman Remembers** that he is not going to cook his lunch and must, therefore, outsource it. 🐾

Sleepless Nights from page 30

tial applications of the DOI in e-commerce, which gave rise to a library worry that somehow everything will become pay-per-view. In fact, as unique numbers with persistent ways of being found, DOIs can be powerful tools for links between different publishers' materials, which in turn will permit the type of seamless movement from one database to another that librarians and researchers are asking for. In that same way, they can be used to link from a listing of a journal in an OPAC to the journal itself on a publisher's Web site.

But for this to be successful, it is essential that the initial negative library reaction be replaced by a thorough and careful understanding of what is actually being proposed. Publishers have an educational mission to perform here.

Which leads to my last remark. As a community we are going to get nowhere if we continue to encourage a bunker mentality. Therefore, I have made a New Year's resolution to try to get out and talk with as many people as possible, to listen and to respond as objectively and openly as possible. I would encourage all readers to do the same. What have we got to lose but our prejudices? 🐾