

From Blank-check to Sourcing Advisors: ISG Completes Acquisition of TPI

A blank-check company, ISG, raised \$260 million in Feb. this year with the special purpose of acquiring an information-based services company and found their match in TPI

by Adyasha Sinha

Information Services Group (ISG), a special purpose acquisition company — also referred to as “blank-check” company — announced the acquisition of TPI in late April. The transaction in which ISG acquired TPI for \$280 million in cash, completed just recently. TPI, though, will retain its marketplace identity, but will serve as an affiliated unit of ISG.

ISG, which is led by a team of executives from The Nielsen Company, raised \$260 million in an underwriting led by Deutsche Bank Securities, Lazard Capital Markets and Morgan Joseph set out with the special purpose of acquiring an information-based services company to zero in on TPI.

“Our company’s strategy is to build a high-growth enterprise that delivers superior returns by acquiring and growing dynamic, innovative businesses that provide “must-have” information-based services,” said Michael P. Connors, Chairman and CEO, ISG. “And TPI, the world’s leading data and advisory firm in global sourcing, provides a solid platform to build a prominent, high-growth information-based services company,” adds Connors.

Interestingly, there have been a couple of acquisitions in the sourcing advisory firms off late. Earlier there were rounds of talks between TPI and EquaTerra, nothing materialized though. But now ISG finally struck a deal to acquire TPI and more recently, EquaTerra acquired Morgan Chambers.

Though such deals would limit a buyer’s choice by reducing the number of advisories, but at the same time this will give them a wider range of services and experience spanning over geographies. For instance, EquaTerra expanded their foothold in Europe and added 13 years of IT Outsourcing (ITO) advisory experience of Morgan Chambers to their bucket when they acquired the latter.

In fact with this deal in place, ISG would not only bring the expertise of its executives with a strong market vision and who also understand the information-based services market, but also bring in a capital structure of a public company which is a key factor in retaining the employees.

And TPI, on their part, would add value to ISG’s business by creating opportunities in new verticals like government and health care, and expand their geographical presence in Europe and Asia. The deal would also add the diverse blue chip client-base of TPI to that of ISG to now include the likes of AT&T, IBM, Mercer, Perot and Capgemini.

“We already possess a global footprint and accomplished expertise in all of the relevant technology-enabled business domains. And with ISG, we now have the resources to attract and retain the best people in the industry — all to help us deliver on a new proposition for our clients,” explains Peter Allen, Partner and Managing Director, TPI. “Also having the stability of a public-traded company, to enable our continued collection of world-class talent, will be a key benefit for clients,” adds Allen.

However, in the wake of all these M&A happenings, the sourcing advisory market seems to consolidate. “Well, I don’t see any consolidation happening. While I can’t speak about EquaTerra’s motives for merging with Morgan Chambers, I can tell you that ISG’s acquisition of TPI creates something fresh and new for the industry — a platform for information-based decision-making that offers clients unprecedented depth and reach,” answers Allen.