

NEWSMAKERS: MIKE CONNORS

On Feb. 6, Information Services Group, Stamford, CT, a "blank check" private equity company formed last Aug., successfully floated an IPO on American Stock Exchange, yielding \$258.8 million (see IR, Mar. '06). ISG formed and headed by Mike Connors, 52, former VNU's chair/ceo, Media Measurement & Information group, who left mid-'05. Previously, Connors vice-chair, ACNielsen Corp., acquired by VNU in '01. Connors earned a B.S. in business administration at Univ. of Kansas and a M.S. in HR resources at Central Michigan Univ. He discussed strategy and history leading up to IPO after leaving VNU.



 What caused you to leave VNU in '05?

I left VNU for one reason. I wanted to go out and lead a public company in the information services space.

What was your experience once you left VNU?

I received a number of calls for public company CEO positions. Spoke to two in particular that were very interested and in fact wanted me to join one of the media public companies. I also spent time with private equity firms looking at the information services base. While looking at a number of different companies and early in the process, I was approached with the idea of forming an acquisition company under a special purpose acquisition company vehicle. It was intriguing and I ultimately decided that that was the way I wanted to go.

Do you have some involvement with the investors who eventually acquired VNU?

Yes, I worked with a series of private equity guys for nine or ten months. Among the private equity experiences I had were working with several of the consortiums [reportedly Kohlberg Kravis Roberts], that ultimately bought VNU. I worked with them over a number of months reviewing their thoughts and a business plan around the potential acquisition of VNU.

The company you formed is called a SPAC?

It is a Special Purpose Acquisition Company. We are focused on acquiring and merging a leader in the information services industry.

What drew you to that as opposed to heading up a large company?

It was the opportunity to kind of mix a public company with entrepreneurship. Our view was that this vehicle gave us a competitive advantage when we went out looking for a company to acquire and merge with. We felt like we were having public currency which we do have, was important in addition to just having a cash alternative which is what a lot of the private equity guys have. Also, by having a team of people that are seasoned, talented, with a track record of building value in the past and understand the information services industry, companies would want to build and operate with us to take their businesses to the next level. Certainly in the early days, based on the networking that we have done and a number of inbound calls, that is exactly what is occurring.

You built a roster of luminaries in ISG, many of them being directly involved with you at VNU and Nielsen. Was that on purpose?

I wanted to have a mix but I was very interested in a number of people. I wanted to have a mix of financial, legal, operational, private equity, kind of medium investment banking members on the team and on the board of directors. I wanted folks that understood this industry, that were financially savvy and that had great business contacts and I think that we were able to accomplish both.

You have raised \$260 million on the AMEX, basically on you and your partners' reputation.

Right, I think that the investors have joined with us for a couple of reasons. One is that they have a lot of trust and confidence in our team and what we have accomplished in the past. Several of them were investors in us when we were with Nielsen and they made a lot of money with us. They look at this as a great opportunity to enter the information services space and be part of something terrific at the beginning. I think these investors like the information services space and depending on what numbers we all look at, it is growing in the 7% to 8% plus range. This is certainly well above GDP around the world's economies. And it is an industry that is exciting. It is an industry that is must have in many areas and it is a mission critical area of drivers of success for a lot of different major industry segments. From that standpoint, I think the investors looked at it and said great team, great track record, success in building value in the past, good space to operate in, let's jump on board early. We had great demand for what we had.

What's the total financial potential for acquisitions? The \$260 million allows you to leverage that in terms of debt, as well.

We are looking for a company that is somewhere between \$200 and \$700 million in terms of value, being our initial acquisition. That acquisition then would serve as our platform for building a blue chip information services company. And we hope to partner with the employees of the company which we acquire.

How long do you have to make that acquisition?

We've given ourselves 18 months from February 1. Our hope and desire is that it will occur well before that. But that is the timeline in which we have to acquire our first company.

What information services companies or marketplaces are you looking at?

We're looking for a leading company in one of several areas. One is market information, which might be market or media information or analytics. The second potential area is what we call advisory services with certain proprietary content and a great team of people that can advise companies and clients on how to implement technology or analytics or data management.

Another area of interest is data services, where you can harmonize, organize, and distribute and interpret information, including software where you would utilize, or analyze, or enhance the data to make it better for the client. Also, internet-based services that might be product or technology related to the collection, aggregation, measurement, analysis or distribution of information. That's not inclusive, but those are some of the areas that we are looking at. All these areas we believe are quite hot, all growing, with many wanting to globalize their service offerings. Many we believe are looking for capital and the kinds of people that can help bring their businesses to the next level.

How much involvement will ISG have in running the operations of an acquired company? Will you be acting as a board of directors or will you actually have a day-to-day operations?

We will be actively involved in the acquired company. Part of our investor base are very interested in having us bring our value creation tools to the party. We will partner with any company that we have and our view is that with the kind of growth ambitions that we have, we will not have enough management talent to do that, so we can use everybody we can get our hands on to help us get that accomplished.

Value creation tools?

We have a team of people that understand the information services industry. We know how to take businesses and make them larger and more valuable. We know how to insure that the cost base is efficient and effective for an information services company. We know how to globalize businesses. We know how to productize data.