

An 11th Hour Push Cures Separation Anxiety

Finding a Buyer for Three Separate but Interrelated Businesses

Ipreo, a leading provider of high-quality data, expert insight and productivity solutions to the financial community, was created through the merger of i-Deal (New York) and Hemscott (London). The new company, called Ipreo Group LLC, consisted of five different, though related business lines: the three original Hemscott units—"Data," "IR" and "Hemscott.com"—plus Bigdough and i-Deal.

Soon after the merger it became apparent to Ipreo's management and its majority owner, private equity firm Veronis Suhler Stevenson (VSS), that the combination of Bigdough with i-Deal presented more opportunities than the fit between i-Deal and the three Hemscott businesses. With other attractive acquisition targets being considered, VSS and Ipreo management decided to engage a professional advisor to help them develop strategic alternatives. After meeting and evaluating several firms, they selected Marlin & Associates (M&A).

"We chose M&A because their knowledge of, and relationships within, the financial information sector is extremely deep," says Nick Veronis, Managing Director, Veronis Suhler Stevenson. "They know the landscape very well, and any elements they aren't familiar with they get a handle on quickly."

It was clear from the outset that divesting the original Hemscott businesses made strategic sense for Ipreo. However,

it wasn't clear if there were buyers who would be interested in all three as a single unit.

The three core Hemscott businesses would not be easy to separate.

M&A helped management identify potential buyers for each business, as well as firms that could have interest in more than one component.

"M&A understands the players and is dedicated to our space," adds Scott Ganeles, Ipreo CEO. "They are big enough to bring people to the process, yet still give you senior level attention. It's an amazing thing, but at our first meeting Ken Marlin named a contact that he thought was a likely prospect. It turned out he was right—seven months before the transaction."

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did they share a common technology and administrative infrastructure, but also, while Hemscott as a whole was profitable, assigning that profit to each of the units was problematic.

M&A provided strategic and financial advice; helped position the three core Hemscott businesses in ways that were easy for buyers to understand; managed a challenging process involving multiple parties from multiple countries; and assisted with multiple simultaneous negotiations. Seven months after engaging M&A, all three Hemscott units were acquired by Morningstar.



Scott Ganeles, Ipreo CEO: "M&A's initiative, creativity, experience and influence were decisive factors in getting the deal done."

Working with management, M&A formulated a strategy to present each business separately, yet show the interrelationship between them. They then prepared and sent information memoranda on each of the businesses to three sets of prospects and invited them to submit proposals to acquire, partner or otherwise work with one or more of the three Hemscott units. At that juncture, the sellers were open to a wide range

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of possibilities, including keeping the businesses or merging one or more into related businesses in non-cash transactions.

M&A helped the Ipreo team craft and conduct management presentations on each of the three businesses given to eleven suitors in New York, London and Chicago. "Marlin did a great job of grasping the key issues and proactively helping to resolve them, particularly when it came to technology-related matters," says Veronis. "It's a tribute to Ken's background in the industry and his experience managing financial information and technology businesses. Not many bankers have that kind of hands-on experience."

Several parties indicated interest in each of the three Hemscott units. Some indicated interest in two of the parts. But, no one offered to buy all three businesses.

One of the parties evaluating the opportunity was Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research. Throughout the management meetings and free-flowing questions, the chemistry between the Morningstar team and the Hemscott managers was particularly strong, and the strategic fit between the firms was clear.

Morningstar briefly showed interest in acquiring all three of the Hemscott businesses, but then decided to bid on

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just two. While Ipreo management focused on resolving separation issues, M&A continued to focus on alternatives that would include the sale of the third Hemscott unit, for which multiple bids also had been received. In the 11th hour, M&A recommended returning to Morningstar to help them see the wisdom of a single transaction involving all three Hemscott units.

Working with Ipreo management, M&A helped orchestrate a presentation to Morningstar, in Chicago. 24 hours later, Morningstar agreed to a revised bid for all three Hemscott units. M&A then helped lead the final rounds of negotiations that resulted in all three Hemscott businesses (Data, IR and .com) being acquired in a single transaction by Morningstar.

"M&A's initiative, creativity, experience and influence were decisive factors in getting the deal done," says Ganeles. "Their practical approach and positioning of the businesses led directly to accomplishing our highest expectation: the sale of the entire Hemscott line to one buyer. I doubt if we could have done it without them."



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