

Acquisitions and Integration

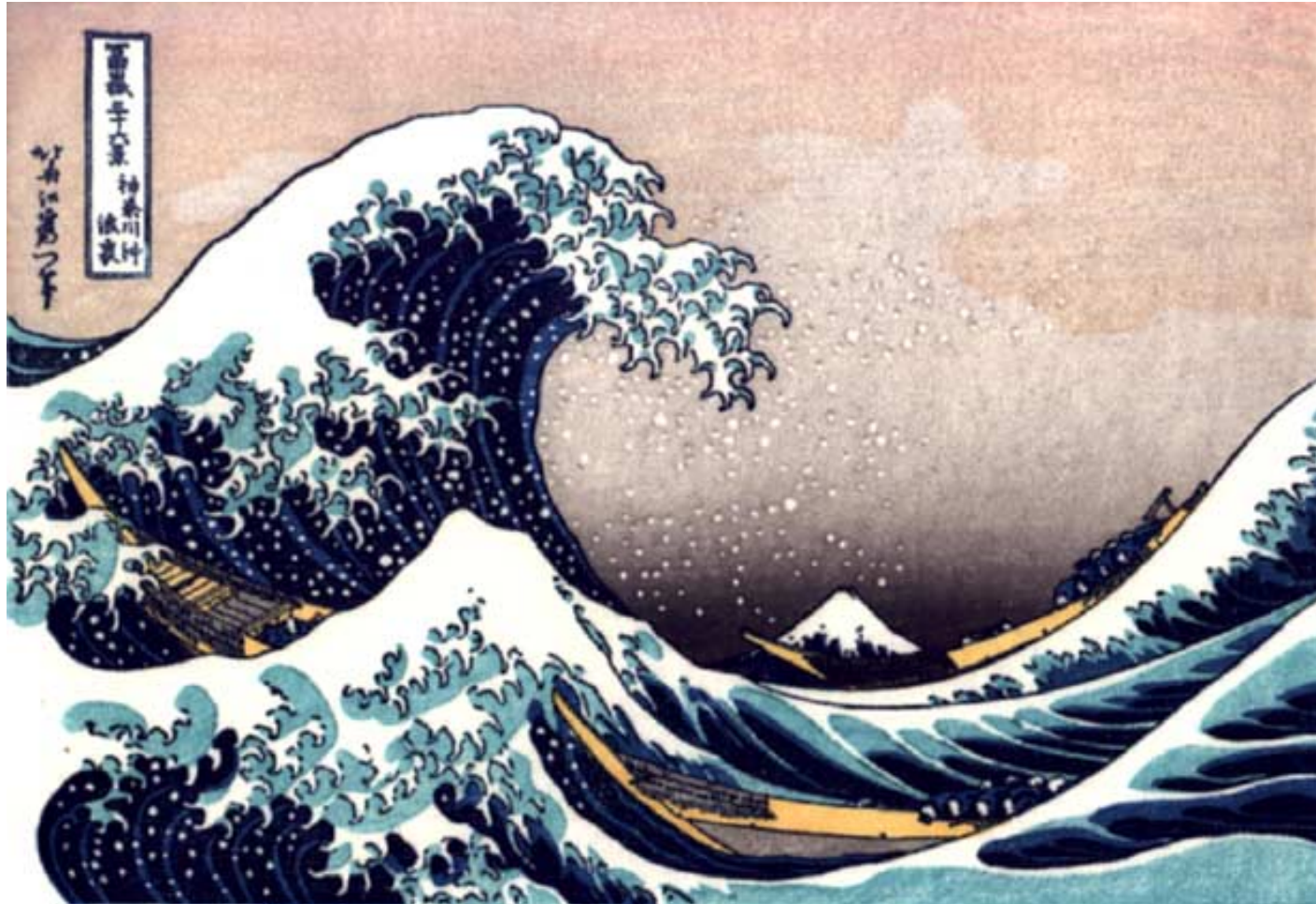
What it Means for Information Vendors and Customers

Vin Caraher
President & CEO
Thomson Scientific

Agenda

- **Organizational Change**
- Industry Trends
- Thomson Scientific Experience
- Issues, Benefits and Planning

Organizational Change

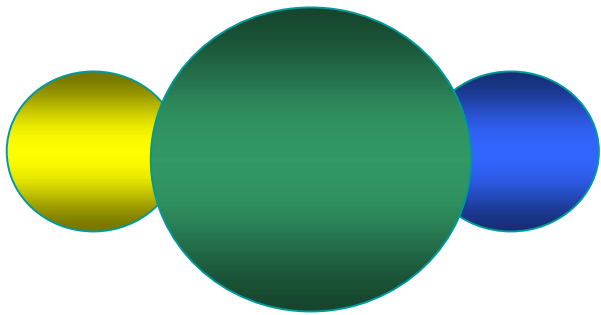


Agenda

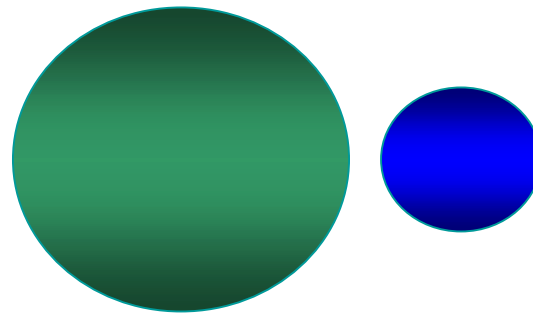
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Corporate Re-structuring Trends

Merger



Acquisition



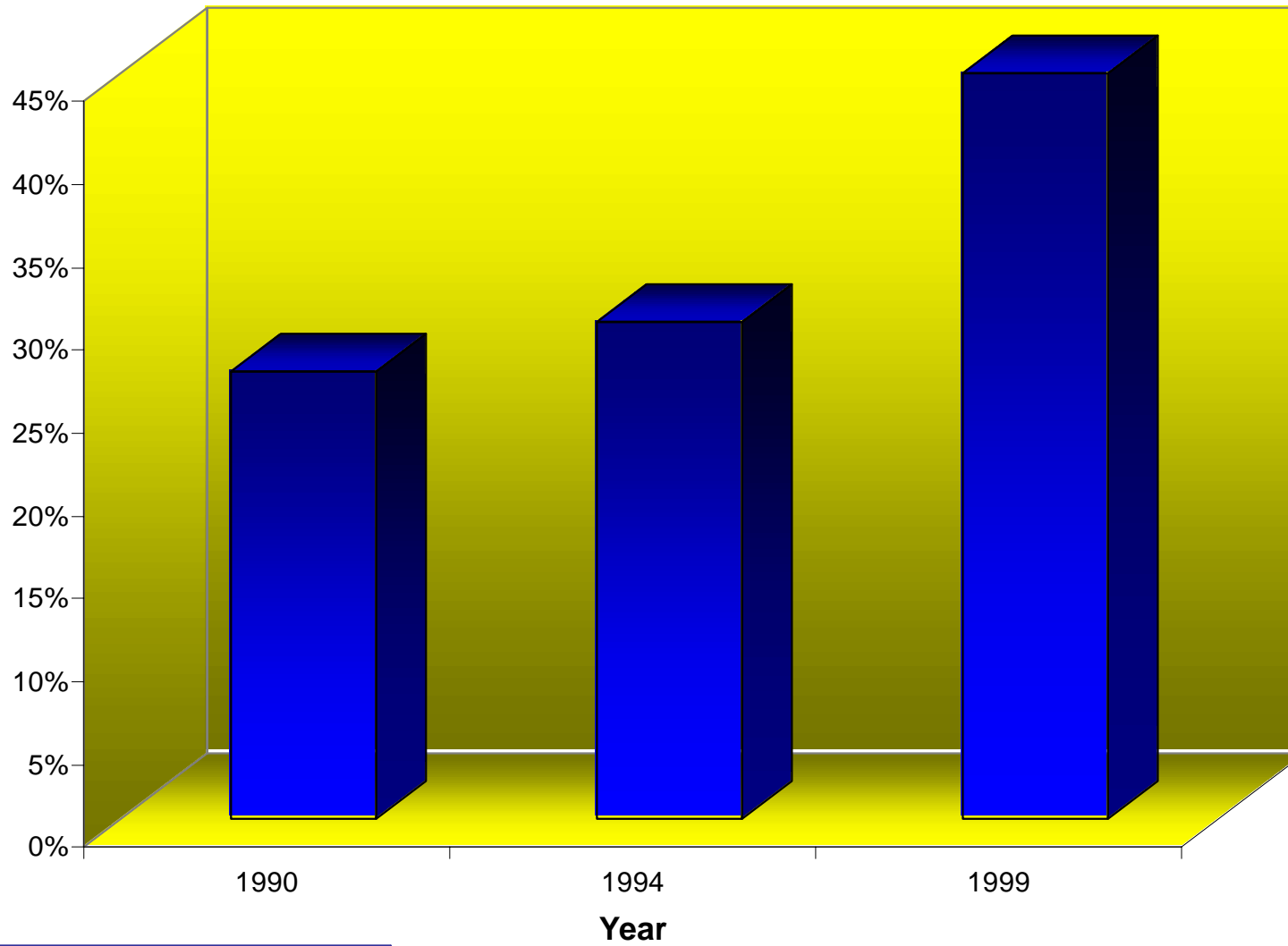
Divestiture



Pharmaceutical Industry



Market Share of Top 10 Pharma Companies



Information Industry

 Reed Elsevier

 LexisNexis®

 Questel • Orbit
Intellectual Property Group

 MDL®
an Elsevier company

 espacenet

 Springer

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A division of the
American Chemical Society



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General Trends within Information

- Economies becoming increasingly knowledge-driven  • Increased demand for information
- Pressure to do more with less  • Increased demand for productivity tools
- Decentralization of knowledge functions  • Increased demand for broad solutions

Drivers

- Trend of consolidation within Corporate industry continues
- Trend of consolidation amongst “traditional” information suppliers
- New competition rising from many quarters
 - Established organizations releasing new products (e.g. Questel with PlusPat)
 - New players (Microsoft, WIPS, Univentio, PatentCafe)
 - easier market entry
- Trend toward significantly improved free information
 - Patent office initiatives (EPO)
 - Open access and archiving in scientific literature circles

Customer Perspective

- Customers looking for flexible, cost-effective solutions that enable them to make better decisions faster
- Customers searching for integrated workflow tools
- Customers want information “faster, better, cheaper”
- Customers demand high quality products & service

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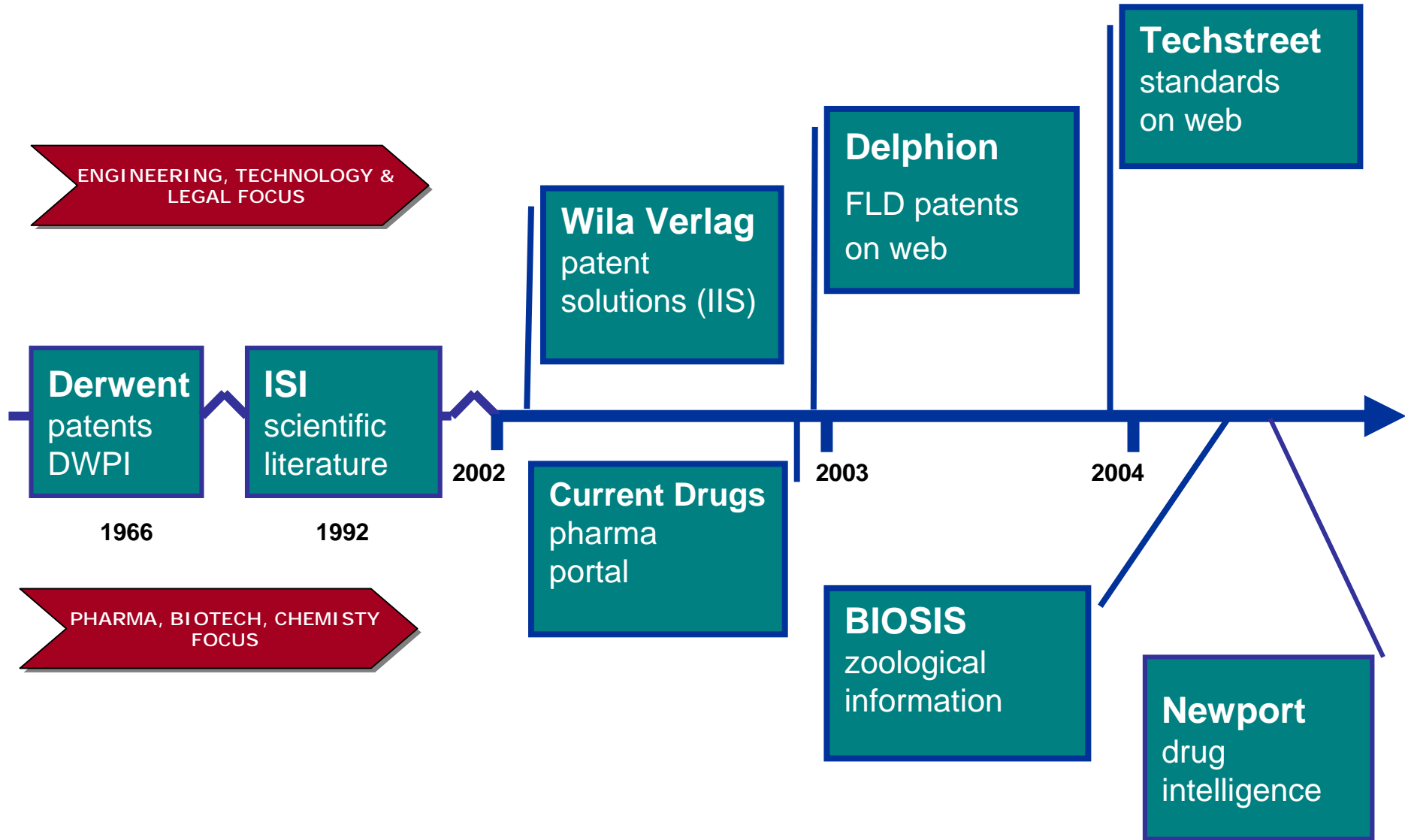
Thomson Scientific Vision

- To be the global leader in the provision of **integrated information solutions** that advance the innovation process in the global scientific community
- We help our customers make **better decisions faster** through our deep understanding of your business, the industry's largest portfolio of must-have information, and leading edge technology

Thomson Scientific Strategy

- Extend solutions offerings that meet the needs of scientific researchers by providing critical, must-have information that is comprehensive and informative
- Develop specific vertical offerings that meet end-user requirements via value-added solutions that are embedded in the enterprise workflow
- Enhance and extend the value-added content, technology platforms, and tools that form the basis of the solutions offerings
- Continue integration of recent acquisitions and pursue new opportunities to add value to our offerings for customers

Evolution



IHI Acquisition - Why?

- Outstanding complement to TS product offerings
- Enhances Thomson Pharma workflow solution
 - Integrated product offering
 - Additional patent coverage
 - IP management and payment services
 - Value-added regulatory information
 - Regulatory filing software and consultancy services
- Improves value to Patent Customers in a highly competitive marketplace
 - Micropatent and Delphion combination brings more to customers
 - Visualization and analytics
 - Comprehensive coverage
 - Increased development resources and greater enhancements

Integration of Content, Tools and Technology



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Issues

- “Culturization”
- Retention of key people
- Organizational reporting
- Back office alignment
- Systems integration
- Process review
- Sales force optimization

Benefits

- Enhanced customer offerings
- Potential for accelerating product development
- Better integration of information
- Transfer of best practice knowledge
- Economics
- Synergies

Planning

- Consult with customers first!
- Dedicated integration team
- Plan carefully
- Engage as partners from the beginning
- Allow time
- Clear and timely communication
- Listen, learn, integrate

Thank you!