

A Guide To Understanding And Profiting From Business Information Resources

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Why Use A Business Information Resource?

The rules that apply to conducting business in today's global marketplace are changing, with a greater emphasis being placed on how effectively firms are able to leverage quality business information to achieve their short and long-term goals. As markets become more competitive, the ability for businesses to find new customers and research their existing clients is becoming a key differentiator in determining whether organizations will succeed or fail in today's hyper-competitive business environment.

The impact of data quality on profitability is turning the "Company Information" industry into a significant growth sector within business services. According to Outsell, Inc. a research and advisory firm that supplies market analytics for the information sector, the company information industry recorded over \$16.9 billion in sales in 2003, with a healthy 6% growth level over the previous year.

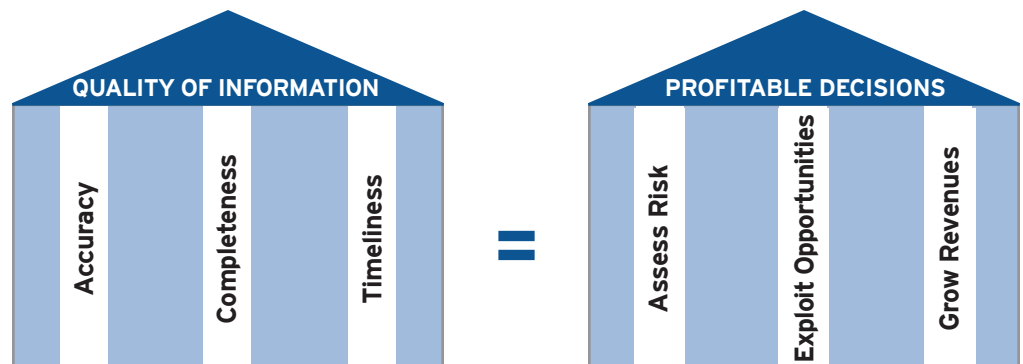
Companies spend a considerable amount of money for this information: Outsell estimates that companies using business information spend an average of \$250 per person, and over \$800 per year for the use of this data. And the investment pays off. According to D&B, companies that use a business information resource grow 40% to 50% faster than those that don't.

Why is business information so effective? Access to highly reliable, high-quality news, contact, and financial information about companies, industries, and executives is absolutely key to profitable decision making. Companies benefit from:

- ▶ **Accuracy** - having the right information about the right businesses
- ▶ **Completeness** - providing a breadth and depth of data
- ▶ **Timeliness** - making frequent updates to keep the information fresh

Once companies obtain high-quality business information, they can leverage that information by taking an appropriate level of action that will ensure success. Based on their newfound knowledge, they can exploit untapped opportunities with existing customers, acquire new high-growth customers, accurately assess business risks, and achieve a greater return on investment that will lead to more profitable outcomes.

“According to D&B, companies that use a business information resource grow 40% to 50% faster than those that don't.”



*Source: Outsell, Inc. October 2004

Who Is Using Business Information Resources?

The Outsell data also points out that the top five areas that most frequently use this information include Executive Management, Finance, Strategic Planning, Competitive Intelligence, and Marketing. The same surveys show that individuals in these areas spend more than seven hours per week gathering this information and approximately six hours per week analyzing it.

Users turn to business information resources for two key purposes. The first is to **identify new business opportunities**. Here the purpose of business information is to perform traditional demand creation functions such as sales, marketing, and business development.

The second segment uses information to **conduct research** within the business landscape to better understand their existing customers. Activities of this nature include financial intelligence, executive recruiting, industry trend research, and strategic planning.

“The top six sources for business information are market analysis, trade journals, news, best practices Web sites, and publicly available financial and market data.”

- Outsell, Inc.
October 2004

The table below provides additional insight into each of these two use case areas and the specific benefits that can be achieved by using business information resources.

Now that we have identified who is using company information and what they are using it for, the next question that must be asked is, where are they getting this information? According to the Outsell survey, the top six sources for business information are market analysis, trade journals, news, best practices Web sites, and publicly available financial and market data.

Managing Information Change

No matter how much time and effort goes into collecting business information, once it is acquired that information doesn't stay current forever.

The dynamics of our fast-paced business environment, the impact of the Internet, and a hyper-competitive marketplace all create dramatic changes within industries, companies, and the executives that run them. Acquisitions and mergers, new business locations, and turnover within executive positions make the business information purchased today inaccurate within the course

Primary Use Cases

Identifying New Business

Sales:

- Telemarketing Lists
- Prospect Research
- Customer Development
- Sales Presentation Content

Marketing:

- Mailing Lists
- Identify Prospects that Share Top Customer Traits
- Research Company Relationships
- Research and Monitor Competition
- Research Markets
- Forecast Trends

Business development:

- Identify Business Partnering Opportunities
- Identify Segments for Growth and Expansion
- Identify High Risk Segments

Researching The Business Environment

Strategic planning:

- Prioritize Strategies Based on Market Trends
- Analyze and Forecast Industry Trends
- Gain Insights Into Executive Group

Executive recruiting:

- Identify Potential Employees
- Research Prospects' Work History and Compensation
- Identify Job Functions within Specific Industries
- Obtain Insights into Company Executives including Biographies, Salaries, Bonuses, and Backgrounds

Library and information research:

- Obtain Insights about US and International Businesses including News, Financials, Competitors, and Industries
- Gather Information about Corporate Affiliations and Organizational Structures

Finance and credit research:

- Investigate Prospective Customers and Suppliers
- Manage Risks with Current Suppliers

of only weeks or months. For example, according to business information provider, D&B®:

In The Next 60 Minutes...

- 251 businesses will have a suit, lien or judgment filed against them
- 183 business telephone numbers will change or be disconnected
- 43 business addresses will change
- 36 directorship (CEO, CFO, etc.) changes will occur
- 33 new businesses will open their doors
- 8 companies will change their names
- 7 businesses will file for bankruptcy

So In A Year...

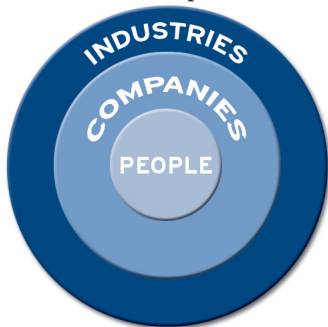
- 21% of CEOs will change
- 20% of all addresses will change
- 18% of telephone numbers will change
- 17% of business names will change

With this degree of change, how does a user determine who will be a resourceful business information provider that manages information on an ongoing basis and supplies it at a cost that will generate a positive ROI for the bottom line? In the next section, we will provide some insight into this issue.

Evaluating Business Information Resources

Every information provider employs different methodologies to organize their business data into a form that their customers can use to establish and manage relationships in five primary areas: **prospects, customers, suppliers, partners, and competitors.**

The ease with which businesses can most effectively use this data lies with an information provider's ability to establish a cohesive inter-relationship between three key content areas:



Industries – Industries are made up of groups of companies with a common focus. Information about industries pertains to groups of businesses and specific areas of specialization. Sources for this information include analyst reports, and sales forecasts.

Companies – Companies are publicly and privately owned entities that have distinct product and service offerings. Information about companies is focused on their locations, divisions, financials, history, products, solutions, services, market trends, and prospects for the future. Sources for company information include news sites and trade journals, press releases and company Web sites.

People – People form the core contact information by which relationships are established. Information gathering for people requires techniques to compile background information (age, salary, experience, biographies, affiliations, etc.) around the key executives within a particular business, and their associations and relationships with other influential people and businesses. Sources for people-related information include one-on-one interviews and articles that may be found within the mass media.

The better an information provider understands how these three concepts impact the quality and scope of business information, the more useful that information will be to their customers. Information providers that go beyond basic contact data to include supplemental information about industries, companies and people find that their customers can use this enhanced information to produce a higher success rate in their business and research development activities.

Beyond integrating diverse sets of segmented business data into a cohesive and useable form, business information providers must make that information easy to access and to use. They must provide a variety of distribution and access methods for the greatest flexibility for users. Multiple access methods are a must, such as:

- Online
- Mobile (phone or PDA)
- Downloadable data and documents
- Customized CRM integration

In the next section, we will discuss the various ways that information providers enable you to use business information using specific tools that allow their customers to better find, understand, contact, and track the specific information that they need.

Applying Business Information: Finding, Understanding, Contacting And Tracking

One way in which business information providers allow users to establish and manage their key business relationships is to incorporate features into their products and services that enable efficient information management. These features help businesses FIND, UNDERSTAND, CONTACT, and TRACK their relationships to companies, industries, and people.

Examples of features include:

1. Features for FINDING business information, or "data mining"

Providing searches for data such as SIC Code, NAICS code, geography, size, revenue, number of employees, and earnings

Data mining capabilities provide cross-referencing that can include data about other branches or divisions, biographies of key executives, competitors, and companies with similar attributes.

A select group of information providers such as global aggregators can offer online data mining tools for cross-referenced and extensive background searches that will uncover very specific sets of quality business information.

2. Features for UNDERSTANDING business information

Providing information such as history, news, biographies, financials, products, and operations

While specific information that segments industries, companies, and persons is an essential ingredient to business sales, marketing and research functions, the additional information that can be obtained by background research can provide a broader foundation that enhances that data. This includes any relevant information pertaining to current news stories, relevant historical articles, executive biographies, company and division financials, product reviews and operational data.

3. Features for CONTACTING businesses and people

Providing information such as contact names, phone numbers, Web addresses, mailing addresses, branch locations, affiliates, subsidiaries, and e-mail addresses, and making this information available via mobile devices.

Field sales teams are no longer tethered to their desks in order to access online lead prospecting information. Using a handheld Web-enabled smart phone or downloading critical account

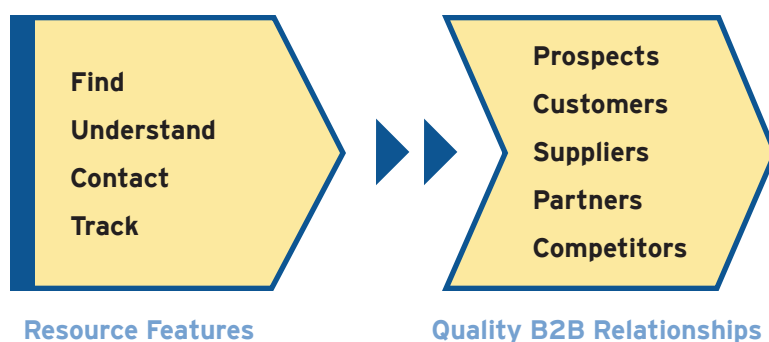
information into a handheld PDA before visiting an account can be extremely useful for relationship building. Many of today's leading information providers have enabled wireless network capabilities as a key differentiator for their customers.

4. Features for TRACKING business information

Providing information such as saved searches, custom views, and update alerts

Having ready access to pertinent business information as soon as it becomes publicly available allows a business to take appropriate action in a timely manner. For example, if Enron had been your most important client, wouldn't you have wanted to know at the first available opportunity that they were under investigation so your organization could immediately go to work devising an action plan? A leading business information provider should have a news service that will update you when changes occur within your targeted accounts. This information should be updated on a real-time basis as soon as press releases are distributed.

The ability to FIND, UNDERSTAND, CONTACT and TRACK enables you to fully leverage key B2B relationships. The value in fully leveraging these relationships directly drives efficiency, allows you to identify opportunities and reduce risk, and promotes profitable decision-making.



Identifying Your Business Information Needs

Asking the right questions is an important step in determining the right information provider for your specific business needs.

Toward this goal, a series of questions have been compiled that will help you assess your needs and determine the best type of information provider for your business.

For each question, circle your response on the right hand side, with 1 being the least important and 5 being most important. When you've finished, add up your rating for each question and determine the total score. Then you can match that number up to the type of provider in the next section, entitled "Selecting a Business Information Provider Type."

Business Information Tasks	Rating				
	Low	High		
Find prospective customers, suppliers, and partners	1	2	3	4	5
Conduct pre-call sales planning	1	2	3	4	5
Conduct competitive analysis	1	2	3	4	5
Monitor news and events about companies of interest	1	2	3	4	5
Research markets and prioritize strategies based on market trends	1	2	3	4	5
Perform legal and financial "due diligence" reviews	1	2	3	4	5
Analyze and forecast industry trends	1	2	3	4	5
Research prospective candidates for employment	1	2	3	4	5
Research corporate officers and their affiliations	1	2	3	4	5
Identify opportunities and risks among parent companies and subsidiaries	1	2	3	4	5
Total Score For All Questions					

Total your responses and use this value on the following page to help you determine the type of business information provider that will best meet your business needs.

Selecting A Business Information Provider Type

Every business has a unique set of information needs that address their specific focus. To some businesses, the issue of cost is their most important factor; to others, quality, selection and availability are most essential. Still others insist that having internal control over their information is critical, while a separate group of customers believe that outsourcing this task to other organizations is the most flexible for their needs.

Fortunately, the wide assortment of information providers in the marketplace offers a selection that can address every unique customer issue. To better understand the type of information provider that can best meet your company's needs, use your tabulated score from the previous section and match it up with the types of providers listed below.

Total Score	Provider Type	Description	Pros/Cons
46 to 50	In-House Research Staff	An internal research staff dedicated to global business intelligence. This may include internal functions such as a business and legal research library.	<p>Pros – Dedicated, highly professional. Offers full control over the information.</p> <p>Cons – Most expensive, high cost for personnel, facilities and research subscription services.</p>
25 to 45	Global Information Aggregators	Information providers that are collectors and distributors of business data, relying on a wide range of outside sources to produce their content. Subscribing clients can select from a broad range of information to meet specific needs.	<p>Pros – Timesaving as a one stop shop. Utilize a wide variety of sources for consolidating information.</p> <p>Cons – Can be expensive due to the cost of subscription services. Some aggregators may lack objective content.</p>
11 to 24	List Generators	Service providers that offer basic contact information from standard information sources to produce mailing labels and lists.	<p>Pros – Allows you to pay only for what you need. Relatively inexpensive.</p> <p>Cons – Lacks depth. Not updated frequently. Lacks accuracy. Must pay for multiple uses.</p>
0 to 10	Search Engines	Online information sources such as Google, Yahoo Search, and MSN Search. The quality of the information found is based on the use of appropriate search criteria and syntax.	<p>Pros – Free</p> <p>Cons – Accuracy of information depends on user search criteria. Search results can be outdated. Can be time consuming when attempting to accumulate large volumes of records.</p>

Summary

The rules governing today's fast-paced and competitive business environment warrant a re-evaluation of how enterprises procure, use, and analyze business information. While traditional mailing lists with an acceptable level of inaccuracy were common in a previous era, today's requirements call for highly reliable and higher quality business information that includes data about industries, companies, and key decision makers. Businesses are finding it essential to be able to establish, monitor, and manage their key relationships with prospects, partners, customers, and others.

Just as the need for information is changing, a new generation of business information providers are coming to market that can address these needs. Selecting a business information provider on its ability to deliver tools and services that enhance your relationships with your partners, suppliers, and customers will help you succeed in today's highly competitive global business environment.

About Hoover's, Inc.

Hoover's, a D&B company, gives its customers a competitive edge with insightful information about industries, companies, and key decision makers. Hoover's provides this updated information for sales, marketing, business development, and other professionals who need intelligence on U.S. and global companies, industries, and the people who lead them. This information, along with powerful tools to search, sort, download and integrate the content, is available through Hoover's (www.hoovers.com), the company's premier online service. Hoover's business information is also available through corporate intranets and distribution agreements with licensees, as well as via print products.

Not only do the experts at Hoover's provide quick and accurate financial and background information about corporations, but they also offer news, demographic details, competitor information, executive leadership, association connections and other key industry specifics for salespeople researching companies during pre-call planning.

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