

CEOCast

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Private Company

Steven Goldstein
Chairman & CEO



Alacra, Inc. is a rapidly growing provider of online business information services. Established in 1996, the Company has developed a set of fast, sophisticated services through which its customers can find, analyze and present mission critical business information.

alacra[®]

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CEO: *Could you begin with an overview of the company, and then we'll get into ways that users capitalize on all this data?*

ALACRA: Alacra™ is about five years old. We were originally founded as Data Downlink Corporation in 1996 and just recently changed our brand identity to better reflect our offerings. Alacra has about 70 people spread among four offices in New York, London, Paris, and San Francisco. Basically, we are in the information packaging business. We take information in from a wide variety of sources, including the Web, and repackage and add value to that information so that it meets the needs of business professionals. Our target market is financial institutions, Wall Street firms, management consulting and law firms. We also provide services to many corporations nationally and internationally.

CEO: *The company recently launched Alacra Book™. What is that, and how does this streamline the process of putting together what are euphemistically known as "PIBs"?*

ALACRA: Well, Alacra Book is our latest packaging product. Generally speaking, before either a consultant or an investment banker pays a visit to a prospect or a client, he typically puts together a collection of documents or a lot of information from a wide variety of sources. These sources contain content such as investment research, market research, M & A statistics, company financial data, news information, SEC filings, and more. Generally what happens is that the banker or consultant would call the information center of his or her organization and the information professionals would gather up this information, tapping multiple electronic or online services and then printing out all the information. They'd build a table of contents and a cover sheet and then send all this information to document processing so that it gets published as a book. Based on our research, this typically takes between two and four hours per book. Alternatively, Alacra now offers a service called Alacra Book, which essentially does all of this for you over the Web within minutes. The user selects a company and the information they want included in the book. Then, about three or four minutes later, they get a PDF file that contains all of the information with a customized cover sheet and a customized table of contents.

CEO: *How will this streamline the process for users, and how big an audience is there for this?*

ALACRA: Well, in terms of streamlining, this service is a big time saver, in that right now it's a manual process that no one's really happy doing. But at many large financial institutions and consulting firms hundreds of these books are run off per month. So we're saving these companies huge amounts of time, and giving users

flexibility to tap exactly the information they want in their books and customize how that information appears. Initially, we thought the market size was limited to high-end management consulting firms and large sell-side institutions who use this process. We've since not only expanded the content set that's available through this application, but also added a variety of bells and whistles that make Alacra Book applicable to law firms and other corporations who do competitive intelligence, as well as other professional-service type firms that need to keep profiles on lots of public companies. Alacra Book is a great tool for many types of companies.

CEO: *As you look at the opportunity here, how do you market to this audience, and how do you generate revenue from a pricing perspective?*

ALACRA: Well, our target market for most of our packaging products is information professionals first and then end users at investment banks and consulting firms. So in many cases, we are selling this new application, Alacra Book, to our existing customers, and that makes it easier. With regard to expanding the market, we have a direct sales force that calls on people in strategic planning or business development, or information professionals at lots of other companies. With our direct sales force, we intend to get this product into the hands of many people who need it over the next year or so.

CEO: *Given the opportunities here, what about other services? How do you now integrate all of this content from premium providers, and what are some of the providers that you use?*

ALACRA: Well, we've been in business for about five years. And over that time period, we have licensed and offer to our customers about 80 different databases of premium business information. Not all of this is available yet through Alacra Book, but we suspect that most of it will be in coming months. Generally, the types of information that we make available to our customers include company financial information, M & A statistics, security issuance information, shareholding data, bondholding data, market research. Pretty much any set of business or financial data that a user would need to conduct a thorough study of a company, we have available. And typically, we make that information available from more than one source.

CEO: *What are some of the other ways that you utilize these databases to deliver information in the streamline fashion?*

ALACRA: Well, we have two other services that have been in the market for the past few years, and they're now integrated under our new Alacra brand. Formerly called Portal B™, Alacra takes a lot of this premium information and lets users do robust searching. They get exactly the information they need in the format they need. For example, we have a couple of different mergers and acquisitions databases. Alacra allows the user to go in and look at all the deals that have happened in a given industry over a given timeframe that were advised by a specific investment bank that met certain financial criteria, and then deliver the resulting deals into a customized spread sheet. Alacra also includes a very robust Web-searching tool that, similar to, say, Google or Yahoo, indexes the entire Web. But unlike those services, we are exclusively business focused. We have a service that finds the best business information that's out on the Web and allows users to search for that information and then sort results based upon a wide range of criteria. With Alacra you can search the Web looking for quantitative information that can be popped into a spreadsheet, or you can search the Web for reports that might appear in PDF documents. And, you can search the Web for reports on legal issues that have been published by law firms, for example.

CEO: *As you look at the opportunities now in this particular sector, what about the cost side? How does the Internet take many of your costs out of the equation?*

ALACRA: Well, for us the key benefit of the Internet both as a provider and which gets passed along to the consumer is that the cost of distribution of the information is essentially free. Five years ago you would need to have a dedicated leased line of some sort and you'd have to have software that resided at the customer's workstation that you needed to support in order to deliver this type of information. So the fact that everything is Web-based dramatically reduces the cost of distributing the information. Then, there's a lot of neat things that you can do with a browser on Web-based software very quickly from a programming or technological point of view that would take a long time to develop in, let's say, Windows.

CEO: *Whom are you competing with, and in what ways do you differ?*

ALACRA: Well, I don't want to say that we don't have any competition, but the content set that we have under license and the ways in which we package the information are very different from a lot of the other aggregators or value-added resellers of information that exist in the marketplace. We really view ourselves as a company that packages information for the most effective use by the professional user. And there's really no one out there who's executing the packaging concept to the extent we are.

CEO: *How many financial institutions have you penetrated at this point, and how do you make further inroads there?*

ALACRA: We've probably penetrated the top 150 to 200 commercial and investment banks. Our penetration varies amongst these customers. Generally speaking, we sell first to the information center where the use of this information is most concentrated. Then, we try to expand either the products that we offer to the information center and/or get our information and our tools out to the various end users at those organizations, the actual bankers themselves.

CEO: *What about other product innovation? What are some of the areas you might look to in the future?*

ALACRA: I think the next important product we plan to release will probably happen late in the summer. We're developing a current awareness service that lets the user keep track of a company or a set of key words across three different sets of data – hundreds of news sources, our 80 premium databases and millions of Web pages. We think the ability to do the search on those three distinct sets of content is going to provide a lot of value.

CEO: *With many information providers such as Bridge struggling, why are you able to succeed where others have struggled?*

ALACRA: Well, I think Bridge is struggling from size problems and is trying to digest a bunch of acquisitions. I think that the differentiator for us is that we're still small. We're very nimble. We're very customer and customer-service focused. And we bring a very interesting and unique slant to how information gets packaged most effectively and put in the hands of the user. That's really what Alacra pride's itself on.