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Whole Lotta Movin' Goin' On

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Full Text:
WHEN I LIVED IN California, the hot, dry days of September and October were always referred to as "earthquake weather." Although the term may not be accurate geologically, shaking and moving was the autumnal activity of some of the major California-based information companies. The parent companies of both Dialog and Information Access Company (IAC) announced in September that they would be moving corporate headquarters out of California (see InfoTech, U 10/15/98, p. 25-26). What will it mean for us, their customers?

Dialog to North Carolina

Although its computer operations will remain in Palo Alto and Mountain View, CA, the Dialog Corporation will relocate all U.S. administrative and marketing functions to Cary, NC. Near Research Triangle Park, Cary is several time zones closer to Dialog's London home. It already houses Dialog's national sales operations.

According to Sara Parker, head of corporate communications at Dialog, "The cost of doing business and the overall cost of living are significantly lower in Cary than in the Bay Area. Also, Raleigh-Durham is home to other technology-oriented companies and offers ... a strong community, a well-educated population, and a good school system."

It sounds as if Parker is trying to persuade Dialog employees. Approximately 150 jobs--in marketing, finance, customer service, and administration-from the California and Philadelphia offices will be moved to North Carolina. Dialog claims that no jobs will be lost although some employees either cannot or will not make the move. Morale reportedly has not been high among many longtime Dialog employees since all the changes and turmoil brought about by new owners. Although Dialog's products and services will remain, your favorite customer support representative may be gone. However, Parker claims the move will not affect Dialog's customer support operations, which are handled through Dialog's regional sales offices.

Technological advantages

Although Dialog's technical operations will remain in California, the move to Cary may be advantageous technically. The city is connected to the North Carolina GigaPop, a high-speed communications network that will provide increased bandwidth for DialogNet, Dialog's proprietary telecommunications network. Dialog will encourage use of that network to provide enhanced security and increased access speeds. Dialog CEO Dan Wagner mentioned at the Online World conference this October in Washington, DC, that on top of its traditional text-based offerings, the company plans multimedia products that will deliver motion and more graphics. Wagner promised the release of audio and video products in the first quarter of 1999. This next generation of information products requires highband-width communications.

In a related move, Dialog has purchased Responsive Database Services (RDS), an indexing and abstracting service that has indexed business and trade literature since its founding in 1994. Dialog has funded RDS from the beginning in order to compete with large business indexing companies such as IAC. This purchase puts Dialog into the content creation business--something it has not done much of in the past--and reinforces its current emphasis on business information.

The Gale Group

The other major move from California also involves a corporate restructuring. IAC, headquartered until this fall on the San Francisco Bay in Foster City, CA, has merged with Gale Research and Primary Source Media to form The Gale Group. All three have shared the Thomson Corporation as corporate parent for several years, so it is not surprising that Thomson has examined its disparate information holdings and created some new alignments.

IAC creates a variety of popular full-text, bibliographic, and directory databases available online through its SearchBank service, internally in organizations through InSite and on CD-ROM through InfoTrac. In addition, much of its proprietary content, such as the Magazine Database, Trade & Industry Database, and Computer Database, is available through other online vendors such as Dialog and Lexis-Nexis. Its main customers are libraries.

Gale Research, best known as a content publisher, has recently pursued electronic distribution with its GaleNet service and DISCovering CD-ROMs. Gale's reference materials are well known in libraries. Particularly strong are its humanities and general reference offerings: Contemporary Authors, Encyclopedia of Associations, and Gale Directory of Databases.

Primary Source Media (PSM), formerly Research Publications, Inc., is less well known. It publishes microform archives in the humanities, social sciences, and news areas: the London Times, City Directories of the United States, and Nineteenth and Twentieth Century Legal Treatises Collections, as well as document-based history CD-ROMs.

More than a move

Patrick Tierney, president of Thomson Business Information, explained that the unique expertise of each company should allow new products to be developed and strengthen existing ones.

Allen Paschal, former president of IAC, becomes CEO of the Gale Group. I spoke with him in the middle of his move from the Bay Area to the Detroit suburbs, where the Gale Group will be headquartered. According to Paschal, the company by Christmas will determine who will move to Farmington Hills, MI, and who stays in California. However, the Corporate Division, headed by Bruce Cardinal, will definitely stay out west, and database production may remain as well. The group's newly created Library Education Division is based in Michigan, home of Gale Research, and is headed by Dedria Bryfonski, that company's former president. [For an interview with Paschal, see "Three CEOs, Three Futures," LJ 11/1/98, p. 38-41.]

The formation of the Gale Group is more than just a move east. It resulted from Thomson's examination of its many holdings in terms of markets served rather than products created. The newly established Corporate Division will deal with corporate clients, including special libraries, while the Library Education Group will work with academic, public, and school libraries. Both divisions will offer old IAC, Gale Research, and PSM products and will develop some new ones. Paschal says the new name was selected because market research revealed that "Gale" was more recognizable to customers than "Information Access Company." Customers tend to know IAC product names, such as InfoTrac, but not the company name.

Traditionally, libraries have been the main customers for all of these companies. That will still be true in the Library Education Group, but the formation of a separate Corporate Division should better serve corporate information centers and end users. Cardinal told me that currently Gale Research materials are being sold only to libraries. The new division "will look for opportunities to take Gale content and repackage it for the corporate market, either in print or electronic forms," Cardinal said.

Short- and long-run plans

According to Paschal, customers soon will see: 1) more full text available, thanks to a new inhouse production system, and 2) "better product selection, especially in the humanities and homework areas." Gale Research "was good at literature and biography." The new Gale Group plans to strengthen those areas, combine them with new content, and provide new services that will allow customers to "drill deep in the humanities."

In the short run, GaleNet products will be bundled with those from IAC so customers who buy either will be able to get the other's content. At the American Library Association conference this summer, the company introduced its "Total Access Platform," which provides access to both Gale's and IAC's content.

As with Dialog, the Gale Group is planning for multimedia products in the long run. Although Paschal says video-oriented multimedia products "are not in our 1999 plans," the company will move in that direction.

Gale also plans specialized products that combine deep subject-specific content with new software tools for increased functionality. Paschal says the Gale Group "doesn't want to be a technology company, we just want to use it. We will work with partners of technology" to provide better end user services.

The first example of such cooperation was announced at the October Online World meeting. The Gale Group will be the first partner for the Aeneid Aggregation Platform, software that allows Gale's proprietary content to be integrated with web content. The first joint product, Knowledge Manager, is aimed at high-tech end users. It will combine access to focused journal literature, selected web sites, and other information relevant to high-technology issues. Cardinal explains that "we want to be able to streamline the research environment" so high-tech professionals can search the web and Gale Group databases at the same time. Knowledge Manager will be available through Gale's InSite intranet product.

Thomson Science and Technology

The Canada-based Thomson Corporation also owns the Institute for Scientific Information (ISI) in Philadelphia and Derwent Information in London (not to mention West Publishing in Minnesota). Soon after the announcement of the formation of the Gale Group, Thomson announced it would merge ISI and Derwent to form Thomson Science and Technology, with Michael Tansey, former president of ISI, as its new CEO.

This combination has proceeded a bit differently from that which produced the Gale Group: ISI and Derwent will not be relocated or merged. Instead, Tansey explained, Thomson will be "simply aligning the two organizations under a common management structure." Joint products and services will be easier to create.

Derwent Information is the major indexing service for worldwide patent information. ISI is the originator of citation indexing and the Current Contents journal awareness services. ISI founder and former president Eugene Garfield, a pioneer in citation indexing, is the incoming president of the American Society for Information Science.

Those within the Gale Group and Thomson Science and Technology are already working together to bring about new lines for the academic and corporate markets. By the end of 1999 customers should see specialized products that combine scientific and technical information from ISI and Derwent with the more general and business information available from the Gale Group. This is a good trend; all too often different parts of huge multinational companies don't work together.

The bottom line

All of these mergers, realignments, and moves show that the information industry is now truly global, with corporate parents, subsidiaries, and customers all over North America and Europe.

What does all of this activity mean for customers? New merged products, new output aimed at increasingly targeted groups of end users, and new choices for software. Expect to see end user creations that incorporate hot trends and buzz words such as "multimedia," "knowledge management" and "data mining." All of this targeted activity may come with a higher price tag as well; 1999 will be an interesting year.

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