



A BRIEF HISTORY OF EXPERIAN

Our story

An abridged version of
Experian the story so far... By Nigel Watson

Experian is a remarkable success story about a business built on innovation, global enterprise and, above all, the endeavours and hard work of some amazing people.

Sir John Peace
Chairman, Experian

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This publication is based upon interviews that the author has conducted with various Experian employees and former employees. The views expressed in this publication are those of the author and those interviewed, and do not necessarily represent the views of any Experian group company or directors of Experian companies.

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Foreword

By Don Robert, Chief Executive, Experian



Experian is a company that rarely looks back, but the qualities that define our business today are firmly rooted in the past. If we can understand better the events that shaped Experian, we shall be even better able to navigate the path ahead.

There is no special significance to the timing of this publication, just a realisation of how little we knew of the circumstances that gave birth to our largest businesses – Experian UK (formerly CCN), Experian US (formerly TRW IS&S) and Serasa Experian in Brazil. It occurred to me that we had a unique opportunity to capture those historical facts straight from the memories of the men and women who had guided the earliest formation of these businesses.

It was Simon Ramo's vision of a 'cashless society', made possible by information and technology, that led to the creation of TRW's information business. Dr. Ramo, now aged 100, pursued the development of this business against the stiff opposition of his colleagues and his board. Along the way, he had to convince the largest banks in the US that it was in their best interests to hand over their most sensitive information.

But it was Sir John Peace's vision of building the first global information business that has been the driving force behind the creation of modern-day Experian. John never regarded his role here as a career, let alone a job. It has been his quest, his passion and, indeed, his obsession. The partnership and the friendship that John and I began to develop in 1998 continues to this day and is based on a shared fascination with the power of information and a passion for Experian and its people. On the eve of John's retirement from Experian, it has to be acknowledged that without his forceful and enduring influence, Experian the global leader would simply not exist.

Experian is still a young company and the best part of its history has not yet been written. I hope you will enjoy reading the story so far.

A handwritten signature in black ink that reads "Don Robert". The signature is fluid and cursive, with the first name "Don" being particularly prominent.

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1. Roots

The early pioneers of credit information recognised its value to merchants who no longer knew their customers personally. They went on to build an industry, with the aid of continuously advancing technology.

An industry is born

Experian's story starts as long ago as 1803, when a group of London tailors began swapping information on customers who failed to pay their debts. Forums like this quickly proliferated in the United Kingdom and there was one in particular that would become a cornerstone of Experian's development almost 150 years later.

The Society of Guardians for the Protection of Tradesmen against Swindlers, Sharpers and other Fraudulent Persons was formed in 1826 in Manchester, England. Its members included innkeepers, drapers, hatters and chandlers, who received a monthly circular with information on people who had failed to pay their debts. The Society had decreed that 'As a mutual protection from such fraudulent characters, it is imperative upon every member to give information upon obtaining knowledge of their practices'. But this information was often based on gossip and hearsay, which meant it wasn't always reliable.

As early as 1857, the Manchester Guardian Society, as it became known, had appointed its first 'data accuracy officer'.

Experian's story starts as long ago as 1803

In the United States, mutual protection societies never really flourished and creditors often struggled. Even in the late 19th century, it was still possible for people to 'disappear' almost overnight, racking up debts in one town and then reappearing in another with a completely new identity. During the 1850s, the first credit agencies emerged, with the aim of transforming a broad variety of information into a product that could be sold for profit. The information they collected was usually fragmented and subjective, but it was better than nothing and certainly preferable to racking up a mountain of irrecoverable debt. By 1900, there were some 50 credit agencies in the US.



Jim Chilton (left) founded the Merchants' Credit Association in Dallas, Texas, in 1897. It was later renamed Chilton Corporation and, in 1988, became part of TRW Information Systems and Services.

The story of Jim Chilton

One of the earliest US credit agencies was founded in 1897 by a man called Jim Chilton. Nearly a century later, this would become another foundational part of Experian.

As a young man, Chilton had joined his uncle's law firm in Dallas, a town that was booming thanks to the railways. His work there brought him in contact with many local merchants, who were concerned by the same issue that worried the members of the Manchester Guardian Society; they no longer knew personally the customers to whom they gave credit. It encouraged Chilton to begin noting down the information he gathered from conversations with other merchants. This proved so successful that he left his uncle's firm to establish the Merchants' Credit Association and began providing subscribing members with an annual credit reference directory.

Chilton pioneered two striking initiatives, which would later be copied by other agencies. He began to list good as well as bad credit risks and he persuaded merchants to pool their credit information on a confidential basis for the mutual benefit of members. Above all, Jim recognised the importance of accurate information, scrupulously checking the material published in the annual directory. But he was also acutely aware that the Association depended on the veracity of the information provided by members. One of his favourite sayings was: 'This is your record, not ours. You make it, we just keep it'.

Fuelling the American Dream

By the 1920s, more than 20 per cent of purchases made in US department stores were on credit. Motor cars were also growing in popularity and were often bought on credit. There were now more than 1,000 credit agencies located all over the US, with every major commercial centre boasting at least one.



The motor car was an essential part of the American Dream and, for many, could only be afforded on credit.

After the Second World War, curbs imposed by government were lifted, widening access to credit for consumers. Credit had become the lifeblood of the American Dream. People simply didn't have enough cash to pay for the TVs, washers, dryers, stoves, deep freezers and air conditioners they wanted in their homes. They needed credit and 'good credit' became the holy grail for the American consumer. But the growth in demand for credit meant that agencies were under increasing pressure from their own customers to be more efficient.

Keeping pace with credit demand

In the 1920s, the telephone was almost as great an innovation as the computer half a century later. Merchants could now call an agency and ask for a customer's credit report to be read out over the phone.



Telephone operators at a US credit agency in the 1960s search for credit information from index cards in response to requests from subscribing merchants.

Anne Sheptowski was a telephone operator working for the Michigan Merchants' Association in 1939. She was one of 30 operators in an ill-lit room, seated on hard wooden chairs along a narrow wooden table, receiving calls from subscribers. After writing down the information, she would hand the note to a file clerk, known as a runner, who would retrieve the 3 x 5 inch card on the relevant individual from the alphabetical files stored in cabinets, before carrying it back to the operator, who would then read out the contents to the subscriber. This practice lasted until the 1980s!

The mounting volume of credit information held on handwritten cards raised the problems of safe and adequate storage. Chilton adopted rollaway filing cabinets, which were moved every night into a secure vault. This was data security in the 1930s.

By now, the largest retailers were spreading nationwide and so the agencies began to develop branch networks covering one or more states. By 1960, however, most of the 2,000 agencies in the US remained small and local.

The 'R' and the 'W' in TRW

Experian's roots in the US can be traced back to the Ramo-Wooldridge Corporation, a specialist electronics business founded in 1953 by two brilliant entrepreneurial scientists, Simon Ramo and Dean Wooldridge. These men were very different in nature – Wooldridge donnish and

introspective, Ramo flamboyant and mercurial – but they thought alike. Less than a month after the company was formed, Ramo-Wooldridge started work on the newly-launched Intercontinental Ballistic Missile programme, established in response to the threat from the Soviet Union. The two men became the most famous aerospace engineers in the US, appearing together on the cover of Time magazine in April 1957. Although their business was focused on defence, they were both looking to apply technology to new commercial markets and agreed a deal with the larger Thompson Products to obtain much needed capital. The joint business would eventually become known as TRW.

Simon Ramo was a visionary and in 1961 gave a lecture predicting the 'cashless society'. He could see how information was going to change the way people lived and conjured up a future age that he called 'intellectronics'. Ramo believed that systems would enable the rapid transfer of information to establish patterns of payment and individual credit worthiness.

Simon Ramo could see how information was going to change the way people lived



With the acceleration of the space race between the US and the Soviet Union in the late 1950s, the space programme became a hot topic, with the talented engineering duo of Dean Wooldridge (left) and Simon Ramo appearing on the cover of Time magazine in April 1957.

He was encouraged by senior executives in some of the big US banking corporations, but many of his colleagues thought it was a terrible idea and were not afraid to say so. Ramo persisted, however. He knew TRW had some of the most talented software engineers in the US. These people had worked on Intercontinental Ballistic Missile systems, so they should be able to figure out how to automate credit reporting.

TRW finally entered the credit reporting industry in 1968, with the acquisition of a business in San Francisco called Credit Data. It quickly became one of five leading US credit agencies.

GUS's pioneering steps in the UK

Just as TRW was taking over Credit Data in the US, the seeds of another influential information business were being sown within Great Universal Stores in the UK.

Great Universal Stores, or GUS, was a long-established retail conglomerate with millions of small customers paying for goods on credit through its mail order businesses and home furnishing stores. By the early 1960s, it was estimated that a quarter of all British families were customers of GUS and its subsidiaries. Personal loans were hard to come by and the first UK credit card, Barclaycard, would not appear until 1966, so GUS was probably the largest lender in the country at the time.

The story starts within GUS's popular furnishing chain, Cavendish Woodhouse. This business was generating sales by offering hire purchase credit, which meant lots of small customers making small weekly payments in the stores over a period of one or two years. These credit agreements were administered manually by a small army of clerks employed in the stores. As the business grew, GUS needed a more centralised system of control to manage bad debts and to determine who to extend credit to in the first place.



Cavendish Woodhouse was so popular with the UK consumer that a toy manufacturer produced a limited edition of this delivery vehicle.

To address the growing challenge, GUS gave the go-ahead in 1967 to its first efforts in computerisation. David Stonehouse, who had a background in systems development from the merchant navy, was appointed to lead the project and began work at Talbot House in Nottingham.



Talbot House in Nottingham, the original home of CCN.

Enter John Peace, computer programmer

In the 1970s, someone had the bright idea of combining data from the GUS mail order businesses with the Cavendish Woodhouse database. This was when a young John Peace became involved with the project, after joining one of the mail order businesses as a programmer in 1969. By now electoral roll data and county court judgments were being added to the database, with the help of a unique match code allocated to each individual. Talbot House was quickly becoming the centre of credit reporting activities for GUS and the database was getting stronger and stronger.

Experimenting with credit scoring

In a different part of the mail order empire, the first pioneering experiments were being made in credit scoring as a means of deciding who to appoint as mail order agents. Traditionally, this was done by experienced managers who had a feel for which agents might go bad. Agents were responsible for collecting their customers' payments, but were also encouraged to buy goods for themselves and their immediate family from the catalogue, so continuous monitoring and control of the level of bad debt was a very important management issue. Credit-

scoring systems were enabling this process to be automated and were providing better control by assessing the odds of a new applicant becoming a bad debtor.

GUS database goes commercial

By this stage, GUS had one of the biggest credit databases in the UK, but it was strictly in-house. The decision to commercialise it came after a meeting between GUS Chairman Leonard Wolfson and IBM, GUS's principal computer supplier. The Chairman had tried to secure a discount on some computer equipment, but IBM had suggested instead that GUS try to sell its expertise externally. Wolfson thought this was a great idea and appointed a team to identify internal services that could be exploited commercially. Credit reporting came out top of the list.

The commercial conduit for GUS's credit information services was Commercial Credit (Nottingham) Limited. David Stonehouse was the Managing Director, while John Peace became the only director tasked with running the venture full time. It was 1980 and CCN had been born.

**GUS had one of the
biggest credit databases
in the UK**

2. The US branch

In a race across the US, TRW IS&S takes the lead. Its evolution into a broader information group is followed by a change of ownership and a new name.

TRW's successful bid for nationwide leadership

The acquisition of Credit Data in 1968 provided TRW with the chance to make its mark on the credit reporting industry in the US. It was an industry under pressure to keep pace with an explosive demand for credit, while trying to support clients who were increasingly operating nationwide. The newly acquired Credit Data was not in great shape, but its new leader, Ed Brennan, was given plenty of autonomy by TRW to turn the business around and to try out new ideas. 'We could dream up products, we could take risks', he said. 'We could see it was going nationwide.'

Over the next 10 years, TRW Credit Data used computerisation to capture a much wider range of information. Punch cards gave way to magnetic tapes, and clients were given the opportunity to connect to the database through teleprinter terminals installed in their own offices. Accuracy was always paramount and, for the first time, clients were given a unique identifying number and asked to submit information in a standard format. This not only



Computer technology helped Ed Brennan, general manager of TRW Credit Data from 1969 until 1986, to transform the business.

reduced errors, but speeded up processing and enabled information to be interpreted much more easily.

The business soon began to expand across the US, opening branch offices in Chicago, Baltimore and Miami. It also developed a network of affiliated agencies, licenced to use TRW's data and helping to enrich its database. The industry was by now highly competitive and the winners were

The winners were adopting new technologies and forming partnerships to acquire more data

those adopting new technologies and forming partnerships to acquire more data. By the end of the 1970s, TRW's credit information business had been completely transformed and was now the industry leader in an elite club of national agencies.

Developing a broader information services group

With the success of TRW's entry into credit reporting, a strategy started to emerge for creating a more diverse information division. A mass mailing department was already being developed and a property data business was added in 1983. One senior executive at TRW believed that the newly named TRW Information Systems & Services (TRW IS&S) had the potential to achieve sales of a billion dollars by the end of the 1980s.

The division's multi-faceted growth strategy focused on developing new services for clients, cultivating the consumer market, expanding the affiliate network and continuing to invest in new technology.



TRW's involvement with the US credit industry spanned three decades, during which time American consumers came to regard 'a TRW' as the generic term for a personal credit report.

The Google of its time

One of the most successful new services was target marketing. This was launched right at the start of the boom in direct marketing and enabled the business to grow quickly. Using name and address information from its vast credit database, together with public information, TRW IS&S helped clients to target specific demographic groups across more than 90% of all US households. As one executive remarked, 'We were the Google of our time. We would take five billion records and consolidate, collapse, aggregate them and build models to create a national consumer database.'

The consumer as a customer

TRW IS&S also dipped a toe into the direct-to-consumer market with a service called Credentials, which supplied consumers with copies of their credit report in the mail. The initiative was launched in a mailing to eight million Californian homes and had 85,000 subscribers by October 1986. But Credentials struggled to take off. The concept was ahead of its time and it would require the development of the internet to establish the consumer as a customer.

Faster credit approvals

Deregulation during the 1980s helped double the number of credit cards in the US and the average household credit balance multiplied more than five times. Credit grantors now had to make lending decisions with much greater speed and

Credit grantors now had to make lending decisions with much greater speed and precision

precision. Credit scoring held the key. TRW began to employ analysts and statisticians to develop the new credit scoring models. One of these was for a major US retailer and enabled credit to be granted immediately to customers at the point of sale. 'This was ground-breaking', observed one newly recruited TRW IS&S analyst, who had already been amazed by the extent of the TRW IS&S database. It was to be the first of many retail clients for the emerging decision analytics business.



Aggressive expansion, at a price

By 1986, TRW IS&S had become the first agency to cover all 50 states, although Equifax was not far behind. It was an aggressive period of strategic expansion and, in 1988, led to the acquisition of Chilton Corporation, the business started nearly a century earlier by Jim Chilton. But the acquisition and integration suffered many teething problems and by 1991, with the country in the grip of economic recession,

The average household credit balance increased fivefold during the 1980s.

things were not going well for TRW IS&S.

Van Skilling was given the task of turning the business around. He was described by the Los Angeles Times as a man who 'looked like a buttoned-down corporate manager but who thought like a free-wheeling entrepreneur'. A year later, TRW IS&S had returned to profit, but only after a lot of surgery and the selling of businesses that no longer fit.

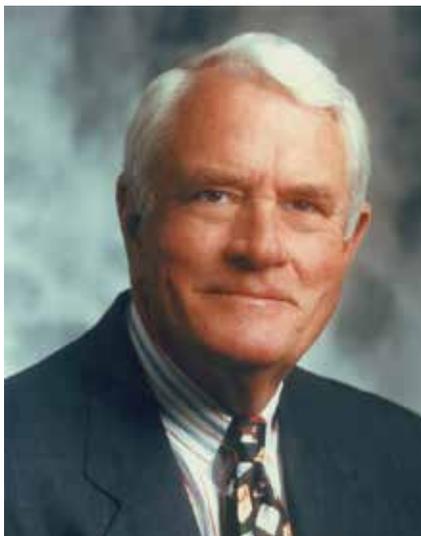
Meanwhile, the core credit reporting business was set to be transformed by two major investment projects. The first was the consolidation of the existing data centres in Anaheim and Richardson into one state-of-the-art centre located in Allen, Texas. This was achieved in 1992 without any interruption to service. The second was the development of the File One consumer credit reporting system, which was especially critical to the future of the business.

At a time when morale was low, the announcement in May 1992 of the File One project reassured employees that investment was being made in the long-term future of TRW IS&S.

The launch of File One

File One was a highly advanced new system intended to replace a 20 year old one that had become inflexible and difficult to maintain. The new system allowed TRW IS&S to create a single file for each consumer using a personal identification number to retrieve data previously splintered across the database. It meant that information would be more accurate and be accessed much more quickly.

File One was a complex project, however, and the original launch date was frequently postponed. The switch-over to the new system eventually took place overnight on 15 June 1996 and everything went smoothly. Peg Smith, the executive leading the project, likened it to 'doing a heart transplant while the patient is still awake'. An industry observer called it 'an amazing technical feat'.



By turning around TRW Information Systems and Services, Van Skilling helped to prepare it for separation from TRW Inc and the creation of Experian.



Peg Smith led the File One project, a new relational database that would give TRW IS&S a significant competitive edge.

Under new ownership

By the time File One went live, the fate of TRW IS&S had already been sealed. The parent, TRW, had decided that the business should be sold once it had returned to profit and the 'For Sale' sign went up in March 1995.

TRW IS&S was now split 80:20 between credit services and a mix of other businesses that included marketing services, credit scoring, business information and real estate information. It had an excellent management team, a good brand name and business model, and excellent cash flow.

**Taking a small gem buried
in a big defence company
and giving it the chance
to flourish**

There was a lot of interest in the sale, particularly from private equity companies. Even GUS in the UK considered bidding for the business. The successful bidders were Bain Capital and Thomas H Lee, two US private equity firms, who said they were 'taking a small gem buried in a big defence company and giving it the chance to flourish'. The deal was finalised on 19 September 1996, shortly after the launch of File One.

Experian or Signifact?

One condition of the sale was that the business should no longer trade under the TRW name. A search began for a new name that would carry the right image. Consultants in New York came up with a long list of suggestions that included *Actua*, *Cogneo*, *Factbase*, *Fidelta*, *Informedia*, *Knosis*, *Newlight* and *Trustin*. The final shortlist came down to two – Experian and Signifact. On 17 July 1996, the new name was announced; the company was to be called Experian.



The headquarters of TRW IS&S in Orange County, California, were rebranded Experian following the sale of the business to private equity investors.

3. The UK branch

CCN quickly becomes the market leader in the UK, with its entrepreneurial spirit and reputation for innovation. The company evolves to provide a blueprint for today's business model.

A flying start

The launch of CCN coincided with the removal of credit controls in the UK, which led to a soaring demand for credit. CCN soon began winning clients outside of GUS and they were often startled by the efficiency of its automated operations. These were far in advance of anything offered by UK rivals. The company grew quickly by demonstrating the value of information in the public domain and then persuading clients to submit their own data. Client confidentiality was absolute and CCN earned the respect of mail order companies, retailers, banks, building societies and insurance companies.



Innovator and thought leader

For CCN's early clients, direct access to data through the Viewdata system was a major attraction.

CCN was an innovator, able to combine technological expertise with entrepreneurial flair. These were the days when credit enquiries were still being sent in by post and when a taxi would set off each day from Nottingham to collect magnetic tapes for processing from the GUS mail order companies. In 1981, CCN had the idea of using ordinary television sets as dial-up terminals and did a deal with a rental company. The TV sets were installed in client offices and linked through the telephone system directly to the database. This meant clients could make credit enquiries from their offices with instant results, which was revolutionary at the time and became a unique selling point for CCN.



In the early days of CCN, John Peace spoke widely to many business organisations about the concept of credit risk.

Hand in hand with technological innovation was a determination to continue building up the company's information resources. One particular development in 1983 would prove highly influential to the future of the business. CCN believed that the risk of extending credit could be more accurately predicted if clients could view, on an anonymous basis, the data submitted by others. John Peace coined the name for a new database, Credit Account Information Sharing, or CAIS. Clients would only be able to view this database if they submitted their entire sales ledger to CCN each month. It was a huge test of their trust in the company, but the CAIS database grew rapidly and, over time, massively increased the depth and value of the information held by CCN.

The Manchester Guardian Society became part of CCN in 1984, bringing further new sources of data in the form of business credit information. The acquisition also injected still greater sales energy and helped bring in new clients. Business and consumer information soon began to be combined to provide an even more complete picture of commercial credit applicants.

By the mid-1980s, CCN had taken almost two thirds of the UK credit information market. The company was seen as the thought leader in the industry and John Peace found himself speaking on credit risk to senior business leaders and even to the Bank of England.

The rock and roll years

The 1980s saw the deregulation of financial services, an increase in unsecured lending, the age of instant retail credit and a relaxation on the provision of mortgage finance. It was a great time to be supporting the lending market and CCN kept on looking for fresh opportunities.

The company started to hire young statisticians from the leading universities to mine its growing database. 'It was an exciting time,' said

one executive, 'we built something special from nothing'. CCN became the only UK-based supplier of credit scoring and its clients were attracted by the significant reduction in bad debt. It was a long way from the subjective methods used to assess credit applications in the past.

Credit scoring paved the way for another big leap forward, the launch of a system that would automate credit application decision-making. Autoscore integrated every available source of information to make a credit decision. It calculated a consumer's credit score and carried out a credit reference search, while simultaneously taking account of a client's own lending criteria. Autoscore also permitted the sharing of data from individual credit applications, making it much easier for clients to determine the reasons

'It was an exciting time, we built something special from nothing'

why some loans were harder to recover than others. The success of this product led to the development of others that would help identify fraudulent applications for credit. CCN's reputation was growing.

In 1985, CCN began turning its analytical skills to the business of target marketing. One notable innovation was a product called

Mosaic that used census information in conjunction with postcodes to classify the population according to where people lived. It was based around the idea that 'birds of a feather flock together'. This started the process of establishing insights into people's demographic and lifestyle characteristics, initially helping the mail order business to create more targeted mailing lists. The product was an instant success and started to broaden CCN's appeal beyond its existing client base.

The direct marketing business had by now also gained a reputation for inventiveness. It had a big national database and was supplying mailing lists to banks, building societies, retailers, manufacturers and charities. Many clients



From 1967 until 1991, David Stonehouse played a formative role in building up GUS's credit information business.

sent their lists to CCN for cleaning and bringing up to date. They also asked CCN to host their databases, taking the company into database marketing.

Despite its growing success, CCN in the 1980s was not much understood by GUS, where the management was more used to running retail businesses than upstart technology companies. David Stonehouse and John Peace fostered their own high-energy culture, attracting exceptionally bright people who worked well together. One executive from this time called it the rock and roll years. This was when the original model came together – the managing of the data, the clever analytics that went with the data to make it more meaningful and the software that sat around it to enable businesses to interpret it. To this day, the business has strong links to this model. But David Stonehouse was frustrated by the lack of recognition given to CCN and left the business in 1991.



The combination of CCN's national database and passion for innovation meant that it was soon supporting the mailing activities of many large organisations in the UK.

David Stonehouse and John Peace fostered their own high-energy culture

The dream of going global

John Peace took over in 1991, becoming Chief Executive of CCN. From the start he had a global vision. He hankered for growth, in the US in particular, and took advantage of new trends to instil greater collaboration between the different divisions of CCN. He was fond of saying that 'the whole is greater than the sum of the parts'. He could see that collaboration and working together across divisions was good for clients, but it also helped to keep CCN ahead of the competition.

This was the time when American card issuers swept into the UK, offering much more competitive deals for consumers than the British banks. It opened up major new opportunities for CCN, as the bankcard market started to outpace the growth in retail credit. The US card marketers wanted everything from CCN, from target marketing and application processing to credit scoring and card processing. CCN won deal after deal, restlessly innovating the whole time.

Despite all this, the size of the UK market remained a restraining factor and CCN began exploring further opportunities overseas. But it was a change at the top of GUS that gave John Peace the chance to start realising his vision.

4. Together

John Peace's vision starts to become reality with the merger of the US and UK businesses. Experian gains independence and shows that it can succeed in both good times and bad times.

The first steps towards a truly global information services company

In 1996, Experian's new owners, Bain and Lee, were eager to implement their expansion plans and employees were just as keen to show what the business could do. Within months, the newly renamed Experian had exceeded the performance targets for the entire year. Bain and Lee were soon starting to look for acquisitions among other information services companies and, with US card issuers now entering the UK, CCN was an obvious target. In August 1996, they approached the head of GUS in North America about buying CCN.

But this was the very moment when CCN executives were successfully persuading the new GUS Chairman, David Wolfson, that they should be making a bid for Experian. It would be the great leap forward CCN needed to realise John Peace's global vision. So, with David Wolfson's backing, John Peace jumped on a plane to New York to tell Experian's new owners that he was 'here to buy, not to sell', but they were not persuaded.

Bain and Lee offered to buy CCN, but this was quickly rejected. GUS counter-offered, and this time Bain and Lee agreed. Within the space of a few months, Experian's ownership had been transferred again. For many people at Experian, it was mystifying to find the business being sold to a British company about which they knew next to nothing.

The deal was completed on 14 November 1996 for a purchase price of \$1.7bn. Two businesses, each leading the field in their countries, had been brought together under the leadership of John Peace. He described it to his colleagues as 'a life-changing experience'.

Experian was now a global business, but the challenge of exploiting the opportunities from the merger was to prove gigantic. The company was really just a loosely structured federation of businesses. Over the next 15 years, it would move inexorably towards a more unified global entity.



The moment of the merger between CCN and Experian in November 1996: (left to right) Eric Barnes, Chairman, CCN; Van Skilling, Chief Executive, Experian; John Peace, Chief Executive, CCN; and David Wolfson, Chairman, GUS.

John Peace realised that a global brand was essential to this process, but was initially undecided about the choice of name. Then came the day of the Nottingham marathon. The race was sponsored by CCN, but the Lord Mayor repeatedly called the company CNN. For Peace, that was enough to make up his mind – the newly merged businesses would be called Experian.

The world catches up with Simon Ramo

There was no shortage of opportunities for the new Experian. Demand for credit around the world was growing. One commentator described later how the 'globalization of credit has changed the world', saying that it 'opened the door to credit for millions of people around the planet, helped stimulate economic development and improved the standard of living', but this was countered by the potentially calamitous effects of extending credit irresponsibly. Credit reporting agencies were coming to be seen as critical elements for an effective global financial system. The digital revolution was transforming the relationship between businesses and consumers, while consumers themselves were becoming increasingly aware of the importance of their personal credit rating and of the risks involved in sharing personal information.

The world was catching up with the vision expounded by Simon Ramo several decades before. And this growing inter-relationship between technology and the consumer economy played to Experian's strengths.

The challenge of merging two very different companies

Experian needed to capitalise on the opportunities presented by this rapidly changing external environment. It would require the successful blending together of the newly merged businesses. This was to be the job of John Peace and later Don Robert. John Peace took one step at a time, favouring evolution over revolution. He understood that destroying the culture in the US, which had only recently been rebuilt, could have been disastrous. Experian may in theory have been one global business, but the reality was that the US and UK operations were run quite separately. Several years would elapse before real progress was made.

Expanding the US marketing business

One of the first priorities was to change the perception of Experian in North America as a credit data business. The aim was to move it towards the more integrated model developed by CCN, which combined data with value-added analytics and decision support software for credit risk management and direct marketing purposes. Achieving this involved several major acquisitions, principally aimed at boosting the relatively under-developed marketing services side of the US business.

The first of these acquisitions was Direct Marketing Technology (Direct Tech), which was based in Schaumburg, a western suburb of Chicago. Direct Tech had initially carved out a niche supplying direct marketing services to the US catalogue market and, by 1996, had become the third largest US direct mail business. It processed 25 billion names a year, using the largest printers in the US and accounted for a third of US business class mail. Direct Tech had benefited from the boom in specialty retailers and catalogues during the late 1980s and early 1990s, quickly moving on from list processing to added-value analytical products that identified groups most likely to respond to particular mail shots.

‘We were IBM and they were Apple’

The acquisition did not go well. ‘We were IBM and they were Apple’, recalled one executive. A year later, Experian acquired an even larger direct mail business, Metromail in Lincoln, Nebraska. It proved to be a step too far and the cultural differences were compounded. People left, clients left. Integration with the credit information side of the business also proved painfully slow, with no sharing of clients, locations or software. There was always a ‘them’ and ‘us’ attitude between Experian Credit Services and Experian Marketing Services, according to one executive.



The merger of Direct Tech and Metromail as part of Experian's expansion into direct marketing highlighted the difficulties of integrating two organisations with very different cultures.

First steps in global integration

John Peace's role after the merger had not been easy. He had been trying to unite the different businesses with a softly, softly approach that had often seen him acting as an arbiter between competing interests. He saw from Direct Tech and Metromail just how challenging the integration of acquisitions could be. But he was undeterred, believing that acquisitions had an essential part to play, and the strategy was prosecuted successfully into the future.

The first attempt to create a global structure came in April 1999, when Experian established a global board. There was also a global management board and separate operating boards for North America and Europe. John Peace recognised the need to attract managers with broad, international experience and this influenced several key appointments at the time. Among them was Paul Brooks, a Cambridge graduate and accountant, who had worked

Robert, Brooks and Callero brought fresh perspectives

in industry and overseas. Another was Don Robert, who joined to lead Experian's North America credit business in 2001. Don Robert knew Experian well, having been on the board of a real estate joint venture company in which Experian held a stake. As newcomers with extensive experience, Don Robert, Paul Brooks, Chris Callero and others brought fresh perspectives to the company and would prove to be as committed and influential as their predecessors in the US and UK.



Paul Brooks joined Experian in 1999, becoming Chief Financial Officer on its demerger from GUS. He played an influential role in the company's development before his untimely death in 2012.

When Don Robert became CEO for North America in 2002, he found the business demoralised and in disarray. The US recession of 1999 to 2001 had brought expansion to a standstill and the leadership team was worn out after the exertions of the Direct Tech and Metromail acquisitions. A big management upheaval took place and the North America business began to take on a different shape. It focused on the type of customer rather than the type of product, the sales force was reorganised and products became more integrated. Financial systems were overhauled and a big strategic decision was taken to acquire independently-owned affiliate



Chris Callero joined Experian North America in 2002, helping to reorganise the business following its acquisition by GUS. In 2008, he was appointed president and Chief Operating Officer of Experian.

credit bureaus. By the end of 2005, Experian had acquired 32 affiliates, but it had also learnt valuable lessons in how to manage future acquisitions.

A game-changing move

One of Don Robert's early moves was the decision to acquire Consumerinfo.com in 2002, which he later described as 'game-changing'. The business had been founded by Ed Ojdana, an engineer by training, who had become interested by how difficult it was for a consumer to see their credit report. He had the idea of making credit reports available to subscribing consumers over the internet in a format that was also easy to interpret. Consumerinfo.com was launched in the US in December 1996 and, with advertising, the number of subscribers grew quickly. Ojdana now needed further investment to fulfil the potential of the business, but the internet was still in its early stages and venture capitalists were wary. Executives at Experian were more confident and, by 2003, the newly acquired business was generating over \$100m in revenue and gaining considerable expertise in marketing to consumers – on the radio, TV and internet. Consumerinfo.com went on to become the foundation for Experian's services to consumers, contributing over a fifth of Experian's sales a decade later.

This success contrasted markedly to the fate of the earlier marketing acquisitions and it was attributed to two factors. Firstly, consideration had been given to Consumerinfo.com's internet-driven culture and it was allowed the latitude to function separately. Secondly, it was acquired at the right



Television advertising proved highly effective in building awareness of Experian's services to consumers.

time, just as the internet went through a tremendous growth cycle, which no one could have fully anticipated. Later acquisitions of internet businesses proved less successful, in part because there was no natural fit with the rest of Experian. In time, it became a lesson that success stemmed not from the internet itself, but from tying in acquisitions to Experian's particular expertise in data and analytics.

The giant awakes

In the meantime, Experian was getting to grips with its sprawling marketing business. Convinced it was a 'sleeping giant', the new leadership team made a determined effort to integrate the business and overcome the issues. One executive likened it to 'changing the tires on a car while speeding down the interstate at 80 miles an hour'.

Everyone could see that the marketplace was changing fast. Advances in technology were changing the behaviour of consumers as they looked increasingly to the internet for the best offers. 'Electronic commerce' was rapidly gaining pace and direct mail was in decline. Companies were starting to market their products across multiple media channels, supplementing telephone marketing and television advertising with electronic mailings and online catalogues. Marketers were pursuing the holy grail of one-to-one marketing, but at this stage no one had quite figured out how to get there.

For Experian, the key was again to be the company's combination of data and technology and it started to win large contracts in the new industry of customer relationship management. The first forays were also made into email marketing with the acquisition of CheetahMail in 2003.

Experian was being described as 'an information services powerhouse'

Overnight, Experian became one of the largest email marketers in America and Don Robert quickly saw the potential for supporting Experian's clients as they expanded across the world – an ambition that was highly attractive to the CheetahMail management team. Once again, Experian was careful to nurture and foster CheetahMail's unique culture, allowing the business to retain its own identity.

Going it alone

Between 1997 and 2005, Experian was becoming the global information services company envisioned by John Peace. One commentator described it as 'an information services powerhouse'. The company had created a huge lead in the marketplace, using its formidable databases to establish major competitive advantage. Experian was also investing and building for the longer term, helped by the support and shelter of its parent, GUS. Not everything had gone smoothly and the faltering progress towards US integration and first uncertain steps in creating a global organisation might not have been tolerated if Experian been an independent public company or if it had been owned by a less encouraging parent. But the time was now fast approaching for Experian to go it alone.

In February 2005, Don Robert was appointed Chief Executive of Experian. He was described by John Peace as a soul mate, because both were always looking ahead to the next big idea, the next initiative to take the company forward. Don Robert recognised that unifying Experian's global operations and preparing for independence were integral. It was time for the management team to start thinking and acting differently and he set about creating the conditions for this to happen. The first Global Management conference took place in Phoenix, Arizona in 2005, when a global vision and strategy were articulated for the first time. The business started to become more structured and a more detailed strategy began to emerge that would play to Experian's combined strengths in credit data, analytics, marketing and direct-to-consumer services.

On 10 October 2006, Experian became an independent company on the London Stock Exchange. The initial share price was £5.60. A big party took



Don Robert (left) with John Peace (second left) and David Tyler (far right), the GUS finance director, at Merrill Lynch on the first day of trading in Experian's shares in 2006.

place at the Savoy hotel that evening to celebrate the successful flotation. 'It was really a very, very successful flotation', remembered Don Robert.

A very important acquisition in Brazil

Experian under Don Robert was intent on developing the potential of the business worldwide. Latin America was high on the list of the most attractive regions. In 2005, two senior executives, Chris Callero and Rick Gallagher, made a series of visits to Latin American economies to meet senior government officials and bankers. From these meetings they concluded that the best prospects lay in Brazil, with its buoyant economy, young population and growing middle class. Experian had limited experience of this part of the world, despite earlier forays, and it was agreed that growth would be achieved more easily by acquisition. Serasa was identified as the ultimate prize and a multi-year courtship began.

**Serasa was identified
as the ultimate prize**

Serasa had been formed in 1968 by a consortium of leading Brazilian banks. It started in a small way, but grew quickly. The owners were ambitious to increase the scale of the business to support their own expanding lending operations. They were also insistent on high standards of data accuracy and client service. Just like the early credit agencies in the US, Serasa provided



The attractive water gardens surrounding Serasa's eco-friendly headquarters in São Paulo.

risk assessments based on negative data, supplied by the banks or taken from public sources. The company developed a branch network, opening a total of 26 branches between 1970 and 1979, which would eventually double. Like its American and British counterparts, Serasa underwent successive waves of technological advancement, installing its first computer in 1981 and linking its database to the banks by 1989. Just like CCN, Serasa stopped concentrating solely on its owners, the banks, and started to sell to other clients, broadening the span of data collected as it did so.

By 2007, Serasa was one of the fastest growing credit reporting agencies in the world and the fourth largest. Experian's acquisition of Serasa that year would prove to be its most significant step forward since the British and American businesses were brought together in 1996.

Culture pioneers

One of the unique features of Serasa was its attitude towards employees. Elcio Anibal de Lucca, who became Chief Executive in 1991, believed that Serasa's success depended on the commitment of every single employee. The company devised a programme that emphasised both personal and professional development and centred on a voluntary social action programme. There was a big focus on quality of life, as well as on corporate responsibility. Employees could study subjects ranging from art and philosophy to food and health, and they staged an annual musical event. Serasa's pioneering

philosophy was highly successful and the company was regularly voted the best place to work in Brazil. The significance of this was not lost on Experian. As Don Robert said, 'culturally it made us aware of what a high-performing organisation really looks like'. In the years after the global financial crisis, it was to become a dominating influence on Experian.

Triumph in adversity

In its first year of independence, Experian continued to grow strongly, but there were signs that all was not well in the world economy.

Revenues started to fall away in some parts of the business as the market for sub-prime mortgages started to falter. In October 2007, Experian reported results that missed the company's revenue guidance by just one per cent. It was a small but hugely significant amount. Experian's share price dipped sharply as investors took fright, thinking something was wrong with the business. Few grasped the broader implications or shared Experian's concern for the economic outlook. As Don Robert said, 'we were out there saying we see it coming, we see it coming', but not many others were picking up on the signs.

The true scale of the financial crisis only became evident in 2008. Banks were facing a rising tide of defaults and many of them went under. Governments were forced to act and take control of the banking system. The world economy was shaken. Several investors thought Experian would go the



This production by Serasa's School of Arts and Music is one of many activities that bring employees together outside of work.

same way as the banks. They sold their stock and, by early October 2008, Experian's shares had slumped to £2.75.

But Experian was about to answer one of the biggest questions put to it by prospective investors. What does Experian look like in the event of Armageddon? The answer surprised many, for in the grip of the global financial crisis Experian continued to grow.

The company's success during the most severe downturn in the world economy since the 1930s was down to three factors. First was a major restructuring programme, which reduced costs. Second was Experian's response to a plea for help from clients. Their needs had changed abruptly. They needed now to determine those borrowers most likely to default, to identify those who would repay their loans and to adjust payment plans for borrowers. Experian was able to help with all of these. Third was the spread of Experian's business. Not everywhere was hit by the global crisis and one of the least affected markets was Brazil. Experian in Brazil grew strongly throughout, as did Experian's consumer business, because consumers had become more anxious about monitoring their credit status as credit became harder to get.

**In the grip of the
global financial crisis
Experian continued
to grow**

The broadness of Experian's operations, its success in developing new businesses outside the financial sector and the quick action by the management team all acted to preserve and, indeed, to advance the business throughout financial crisis. Don Robert and his management team were applauded by the stock market and, by 2009, Experian's share price had started to recover. It had been a testing time and was to be the genesis for the next plank of the Experian strategy, the Global Growth Programme.

A clear eye on growth

In 2008, Don Robert sounded the call to action. The Experian management team gathered in Costa Mesa, California, to be told that 'you can't cut your way to growth'. From this meeting emerged the Global Growth Programme, a platform for future progress that continues to this day. With the world economy in crisis, Experian had taken the bold decision to step up investment.

The programme saw investment in a whole range of projects, totalling more than 20. It established a credit bureau joint venture in India, where a youthful economy was becoming increasingly affluent. It invested more in North America, described by one executive as 'our largest emerging



After successfully weathering the worst of the global credit crisis, Experian stepped up investment and established a clear strategy for growth.

market', with new forays into areas like healthcare where Experian could help hospitals manage their payments cycle. And, having long realised how organisations outside financial services could benefit from its expertise, Experian set about systematically expanding in the government, utilities and telecommunications sectors. Experian was discovering that there was plenty of growth to go for and it was another example of the company's adaptability and willingness to experiment.

Experian today

One of the highest priorities for Experian today is building a winning team to support its global ambitions. As late as 2012, Experian was still being described by one senior executive as 'an accumulation of mini cultures'. Don Robert has done much to build a unified organisation, one that fosters an international ethos. But Experian recognises that it still has work to do in helping clients and employees understand just how much the company has to offer.

The Heart of Experian programme was launched to help address this and to heighten the enthusiasm, commitment and involvement of every employee. Hand in hand with the Heart of Experian is a continuous campaign to marshal talented and entrepreneurially-minded individuals into an effective leadership team, while also finding the right balance between a collaborative working

environment and one that encourages personal initiative. As Don Robert said, 'Experian is not a place for rock stars. Here, either everyone is a rock star or no one is a rock star. We get things done in partnership.'

Experian's predecessors learnt many years ago that the real value of information lay not in its mass but in its interpretation. As the quantity of information multiplies, the company's skills in data management and analysis are in even greater demand. Experian's vision that 'its people, data and technology become a necessary part of every major consumer economy' feels well within its grasp. But integral to this are its enduring qualities of innovation, initiative, collaboration and an occasionally rebellious attitude.

Experian is a business today with nearly \$5bn in revenue. Nearly two thirds of revenues come from outside the financial services sector and its operations span the globe. The company is in a lot of growing economies and in some exciting growth sectors, and it remains firmly a business of the future. The prospects for Experian and its people appear as exciting now, and perhaps just as challenging, as they were in those earliest pioneering days.

**'Here either everyone
is a rock star or no
one is a rock star'**

Don Robert



Heart of Experian used employee stories to bring to life the ideas embodied in 'Connect', 'Protect' and 'Create'.



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