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9-2013

PrivCo Review

Kerry Wu
Portland State University, wuq@pdx.edu

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Citation Details

Advisor Reviews – Standard Review

Your Product Title: PrivCo

Date of Review: October 18, 2012

Composite Score: 4.3

Reviewed by (include name, institution, address and email): Kerry Wu, Portland State University Library, Post Office Box 1151, Portland, OR 97207, wuq@pdx.edu

Abstract

PrivCo <http://www.privco.com> is a unique database with in-depth information on private companies and private market investors. It excels in providing private company financial data that are usually elusive to the public. Company reports in PrivCo often include not only hard data, but also value-added content such as expert analysis on business models and growth strategies. The quality and quantity of PrivCo's data are unmatched in the current market. Information on small, local firms is sometimes limited or not available. If a target company is not listed, unless it's a very small one, PrivCo strives to generate a report within 48 hours based on information already in their pipeline. This custom research service is free to subscribers.

The database is easy to navigate. It's a simple website where users can search for a company by keyword, generate a list of companies based on multiple criteria, and export information to Excel or PDF. The license for libraries is fairly reasonable, allowing for both unlimited remote access for authenticated users and onsite access for public patrons. Pricing is flexible with several options: one-time purchase of a single company report, site-wide access for individual users, and IP-based institutional access by FTE.

Pricing Options

PrivCo works with libraries on an individual or consortial basis. It has collaborated with organizations such as LYRASIS < http://www.lyrasis.org/>, AMIGOS < http://www.amigos.org/>, and SCELC <http://scelc.org/> to provide more favorable pricing.

As of the writing of this review, pricing tops at $9,800 for institutions with FTE over 15,000, before any consortial discounts, with the base pricing locked in for subscribers. With the LYRASIS deal, discounts between 15% and 35% were applied depending on how many institutions (who didn't need to be LYRASIS members) joined the deal. However, the company is willing to negotiate with individual institutions.

PrivCo offers one-time single company report purchase and individual site-wide access. This is a boon to independent information professionals, small businesses, and libraries that can't afford a full subscription. A single report costs $99. Promotions are sometimes available on individual site-wide access.

Product Description

Private company information has always been elusive to the general public. Unlike public companies (those traded on stock exchanges and regulated by the SEC), private companies in the US are not required to disclose their internal information. Traditionally, unless one conducts primary research (e.g., surveys or interviews), gathering intelligence on private companies involves scanning newspapers, magazines, and trade publications, and after the advent of the Internet, a Google search, which can return results from dubious sources. Faculty and students have long lamented the lack of reliable information, especially hard financial data, on these important enterprises in our economy.

PrivCo fills this gap by providing reports on over 60,000 (and rapidly growing) active private companies, focusing on U.S. major private companies with $50-100 million in annual revenues. The general starting point for initiating coverage is $10 million in annual revenue, even though many companies with revenue well under $10 million or well over $100 million are also included.

With revenue as the main factor for inclusion, PrivCo also gathers information on "smaller but high-value private companies" such as firms with significant growth, M&A/funding activities, or media attention.

The majority of the companies in PrivCo are US firms, with about 15% of foreign companies. The foreign countries PrivCo currently focuses on are Canada, UK, and Italy, although it plans to expand coverage to other geographic areas as well.

Certain types of private firms are not included in the PrivCo database. They are:
- Billable hour firms or companies with ownership restrictions, such as law firms, accounting firms, medical practices, and hedge funds.
- Nonprofits.

The main target users of PrivCo are business professionals, such as business brokers, investment banks, consulting firms, private equity (PE) firms, and market research firms. However, it is making an aggressive expansion into the higher education market. The aforementioned consortial deals illustrate the company's desire to meet the much discussed but rarely met need for private company information, in both coursework and student entrepreneurial activities. Current academic clients include prestigious schools such as University of Pennsylvania, Georgetown University, UCLA, BYU, Michigan State University, University of Oregon, Washington University in St. Louis, and more.

Critical Evaluation

An outstanding database for its stated audiences, PrivCo boasts the following strengths:

- Well-researched and continuously updated content
- User-friendly interface
    - Powerful search engines featuring a unique industry classification system
    - Smooth linkage between multiple data points
    - Full export capabilities
- Free custom research service for subscribers

Content:

Compared to other products that claim to cover private companies, PrivCo has far superior content, at least when it comes to the types of companies it focuses on. For this review, I compared the search results on three companies from PrivCo vis-à-vis three commonly used academic databases, namely, Mergent Online, LexisNexis Academic, and ReferenceUSA. The companies are Cargill (a "traditional" large private company), Living Social (a technology company with a lot of media attention), and Upwind Solutions (a venture-backed Oregon company in a niche, emerging industry).

In all three cases, all three comparison databases provide very limited information (e.g., very short company description, some management information, estimated sales, and in the case of LexisNexis, news). In PrivCo, however, company reports on all three companies cover (to varying degrees, more on Cargill and Living Social, less on Upwind Solutions) the following:
- business summary (recent news and analysis)
- company overview and detailed business description (history and strategic analysis)
- listings of industries and competitors
- detailed financials (sometimes specific items from financial statements, and other key operating metrics), and employee numbers for the past few years
- details on Mergers & Acquisitions (M&A) and Venture Capital (VC) activities with footnotes

It's clear that PrivCo provides not only more, but also deeper, content. Furthermore, the information in PrivCo is much better organized and includes proprietary content not found elsewhere (e.g., a CEO email was cited as a source in one of the company reports).

The main weakness of PrivCo is its somewhat limited coverage. Small, local companies are either not included or have very sparse information. This is an inherent weakness for all business databases, however, as data on small private firms is notoriously hard to find or verify. The company is very quick to address user inquiries. I once contacted Dan Gingert, the VP in charge of library clients, regarding a problem with information on a local company. He and his research team acknowledged the issue and revised the company profile with much better content within two days. I was very impressed with their customer service and genuine care for their product.

According to PrivCo, the company gets its data from about 15,000 proprietary sources, including companies themselves, former employees, and investors. They use a hybrid model that combines proprietary data technology and expert human financial analysis. The research team comprises financial analysts, accountants, venture capitalists, and corporate attorneys. Information is typically verified with the company's CFO or Corporate Communications Department before it

goes live on the database. As a result of the high level of quality assurance and unique content, PrivCo has been cited in major business media outlets such as *The Wall Street Journal*, *Forbes*, and *Bloomberg*. (PrivCo 2012).

Search Interface:

Anyone can search the database from the website. You have to pay or become a subscriber to view the full report. However, the website provides a free sample so you know what to expect in a typical report. Note that the breadth and depth of coverage still depends on the target company.

The homepage looks a bit busy, with a lot of access points. There are two search engines (a search box and a screener), dynamic listings of popular reports on private companies and private investors, featured company research, IPO watch, recent M&A/PE/VC deals, as well as promotional information.

Front and center on the homepage is the Quick Private Company Screener, where users can generate a list of companies based on location, industry and annual revenue. There is also a link to the Advanced Search, where more variables are available, such as number of employees, growth rate, ownership (whether they are PE/VC-backed, or woman/minority/family-owned), and company age. On the same Advanced Search page users can also browse company by alphabetical order or by state. Another search box is available on the upper right hand corner, where one can type in a company or investor name, and the search engine will suggest a list of matches that contain the keyword.

Despite the high information density on the homepage, the different sections (companies, private investors, private M&A/PE deals, and VC funding) are well integrated. For example, one can click on links in a company profile to get information on a specific private investor, or details on a particular deal. Users can also search for specific deals based on variables such as deal size, region, and target industry.

Unlike most other databases, PrivCo doesn't rely on the traditional SIC/NAICS system. While useful, SIC and NAICS are overly broad and not quite keeping up with the times, especially in the technology and service sectors, where new and niche industries continue to emerge and flourish. Although one can search by SIC/NAICS in PrivCo, the database has its own PICS (PrivCo Industry Classification System), where new and niche industries are singled out for easy research. For example, there is a category called Clean Energy Technology, where you can drill down to more refined sectors such as biofules, geothermal power, solar energy, and so on.

Each company report can be exported into PDF, and financials can be exported to Excel. PrivCo tracks usage through keyword searches, page views, as well as document downloads and exports. Full statistics are available upon request and can be useful to librarians that need such information in making budget/renewal/cancellation decisions.

Even though new information keeps rolling in, currently one cannot, say, sign up for an email or RSS alert when specific information on a company/investor/deal has been updated. According to Gingert, this feature is in the pipeline for next year.

Custom Research for Subscribers:

In addition to providing unparalleled access to private company financials, PrivCo also stands out with its "custom research" service. A subscriber can request PrivCo to generate a profile on a company that is not yet covered, or ask the research team to improve an existing profile. Typical turnaround time is 24-48 hours.

I experimented with the "create a new company profile" service for an undergraduate capstone class, and according to the instructor, the information in the new profile in PrivCo is accurate and very similar to what the students collected through primary research. This is an extremely attractive feature for students in entrepreneurship classes, where they often want to do competitive analysis but have a very hard time getting reliable and substantive information on potential competitors, which are often also private firms. Keep in mind, though, there won't be much information on very small firms (e.g., a two-people laundry shop). Customized company reports requested by clients are automatically added into the full database.

Contract Provisions

The license terms offered by PrivCo are quite reasonable, with clear understanding of the nature of scholarly and practical work that students and faculty are engaged in. Unlike many commercial products, it doesn't stipulate that the information from PrivCo can only be used for scholarly purposes. Therefore, faculty and students can use PrivCo data with external parties such as collaborating with faculty members from another institution on a project, or consulting with real businesses in the local area. It also accommodates "walk-in users" as long as they use the database on computers inside the library building.

The standard license includes a 5% annual rate increase and a 30-day notice period for cancellation. Detailed terms are negotiable between library and provider.

Authentication

The PrivCo database is a plain Web site compatible with major browsers, such as Firefox, IE, Safari, and Chrome. The database can be proxied to grant IP-based access to only authenticated users.

References

PrivCo. 2012. "PrivCo: Private Company Financial Intelligence." Accessed October 23, 2012, http://www.privco.com/media/assets/etc/Privco-Brochure.pdf

Acknolwedgement

About the Author

Kerry Wu is working as Business Librarian at the Portland State University in Portland, Oregon. She serves as liaison to the School of Business Administration and the Department of Economics. Ms. Wu obtained her MLIS from the University of Illinois at Urbana-Champaign and worked at UIUC's business library for two years prior to joining Portland State.

Scoring

Composite Score: 4: valuable product with unique content to those that can afford it; excellent customer service.

Content: 4: excellent content from a wide range of sources, including proprietary ones; rigorous quality assurance; limited or no coverage on very small, local companies.

User Interface/Searchability: 4.5: homepage is a bit cluttered but overall easy to use, with smooth linkage between data points.

Pricing: 4: FTE-based for libraries; larger institutions with small budgets are at a disadvantage.

Contract Options: 5: very flexible and library-friendly.

Contact Information

Kerry Wu
Portland State University Library
Post Office Box 1151, Portland, OR 97207
503-725-4124
wuq@pdx.edu
http://library.pdx.edu