

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Jon Leibowitz, Chairman  
William E. Kovacic  
J. Thomas Rosch  
Edith Ramirez  
Julie Brill

\_\_\_\_\_)  
In the Matter of )  
)  
The Dun & Bradstreet Corporation. ) Docket No. 9342  
)  
\_\_\_\_\_)

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Respondent The Dun & Bradstreet Corporation’s (“D&B”) acquisition of the assets of Quality Education Data, (“QED”), a division of Scholastic, Inc. (“Scholastic”), violated Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

**I. SUMMARY**

1. Market Data Retrieval (“MDR”), a company of D&B, is the leading provider of data for marketing to kindergarten through twelfth-grade teachers, administrators, schools and school districts (“K-12 data”) in the United States. K-12 data includes but is not limited to contact, demographic and other information relating to K-12 educators. K-12 data is sold or leased to customers that use the data to market products and services to educators. In early 2009, D&B acquired the assets of QED, MDR’s primary competitor. As a result of the acquisition, MDR now holds over 90% of the relevant market, with only a small fringe consisting of two firms accounting for the remainder. This transaction is in practical effect a merger-to-monopoly and, if allowed to remain, would likely allow MDR unilaterally to exercise market power in various ways, including increasing prices and reducing product quality and services to K-12 data customers.

## **II. RESPONDENT D&B**

2. Respondent D&B is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business at 103 JFK Parkway, Short Hills, New Jersey 07078. D&B is the ultimate parent entity of and includes Dun & Bradstreet, Inc.

3. D&B is the world's leading supplier of commercial information and insight on businesses. D&B's global commercial database contains more than 140 million business records. In 2008, D&B's revenue exceeded \$1.7 billion.

4. MDR, a company

## **VI. RELEVANT PRODUCT MARKET**

11. The relevant product market in which to assess the effects of the Acquisition is kindergarten through two

- d. Reducing MDR's incentives to improve service or product quality or to pursue further innovation; and
- e. Allowing MDR, unconstrained by effective competition, to increase prices.

## **X. ENTRY CONDITIONS**

18. Entry into the K-12 data market would not be timely, likely, or sufficient to prevent or defeat the anticompetitive effects of the Acquisition.

19. New entry or fringe firm expansion at the scale necessary to restore the competition lost as a result of the Acquisition, or to create a competitively significant firm, is unlikely. A new entrant or expanded fringe firm would need an up-to-date database with the size, breadth and scope of market coverage comparable, at a minimum, to that held by QED prior to the Acquisition. Any such entry or fringe firm expansion would take more than two years and require substantial sunk costs, which are high relative to the size of a profit stream that the new entrant or fringe firm might anticipate.

20. Even if a new entrant or fringe firm could develop a database comparable to that held by QED prior to the Acquisition, it would face significant difficulty marketing its products and services to customers of MDR because its brand is unlikely to have the important reputation for quality that customers require. It would likely require any new entrant or fringe firm at least several years to acquire the necessary reputation for quality to become a potential competitive constraint.

## **XI. VIOLATIONS CHARGED**

21. The Agreement constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

22. The Acquisition may substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

## XII. NOTICE

Notice is hereby given to the respondent that the sixth day of January, 2011, at 10:00 a.m., is hereby fixed as the time and Federal Trade Commission offices, 600 Pennsylvania Avenue, NW, Washington D.C. 20580, as the place when and where a hearing will be had before an Administrative Law Judge of the Federal Trade Commission, on the charges set forth in this complaint, at which time and place you will have the right under the Federal Trade Commission and Clayton Acts to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in the complaint.

You are notified that the opportunity is afforded you to file with the Commission an answer to this complaint on or before the fourteenth (14<sup>th</sup>) day after service of it upon you. An answer in which the allegations of the complaint are contested shall contain a concise statement of the facts constituting each ground of defense; and specific admission, denial, or explanation of each fact alleged in the complaint or, if you are without knowledge thereof, a statement to that effect. Allegations of the complaint not thus answered shall be deemed to have been admitted.

If you elect not to contest the allegations of fact set forth in the complaint, the answer shall consist of a statement that y

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### **XIII. NOTICE OF CONTEMPLATED RELIEF**

Should the Commission conclude from the record developed in any adjudicative proceeding in connection with this matter that the Agreement violates Section 5 of the Federal Trade Commission Act, as amended, or the Acquisition violates Section 7 of the Clayton Act, as amended, or Section 5 of the Federal Trade Commission Act, as amended, the Commission may order such relief against Respondent D&B as is supported by the record, including, but not limited to:

1. The divestiture with appropriate updates, of all assets necessary to restore the lost competition between MDR and QED, and in a manner that creates two or more distinct, separate, viable, and independent businesses in the relevant market(s), each with the full incentive, ability, and assets needed to offer the kinds of products and services that MDR and QED prior to the Acquisition had been offering, or had planned to offer.
2. A requirement that D&B divest and not retain all data obtained from QED.
3. A requirement that D&B provide prior written notice to the Commission of all acquisitions, mergers, consolidations, or other combinations of its K-12 data business or assets with any other company providing K-12 data.
4. A requirement to file periodic compliance reports with the Commission.
5. Other relief appropriate to correct or remedy the anticompetitive effects of the Acquisition, or to ensure the creation of one or more viable, competitively significant, independent new entities, able to provide the same products and services as MDR and QED.