

TO SELL BRIDGE, ALEX. BROWN TOUTED ORDER FLOW POTENTIAL AND BUY-SIDE CLIENT LIST

IN the wake of the recent sale of Bridge Information Systems Inc. to Welsh Carson Anderson & Stowe (IMT, March 3), sources familiar with the purchase say that Alex. Brown & Sons Inc. touted Bridge's institutional order flow potential and buy-side client list as key selling points. Alex. Brown is the Baltimore-based investment bank which handled the search for potential investors for Bridge, the combination equity and analytics vendor/soft-dollar broker.

Alex. Brown tried to reel in bids by both trumpeting the advancements Bridge is making with its Institutional Order Entry (IOE) automated order execution network and by highlighting the company's growth in the institutional marketplace, these sources say. Bridge's buy-side customers include: Alliance Capital Management L.P., Fidelity Management & Research Co., Merrill Lynch Asset Management, Scudder Stevens & Clark, T. Rowe Price Associates, Trust Company of the West and Wellington Management Co.

According to sources, Bridge's strategy for the future places heavy emphasis on the development and

marketing of IOE—the nearest thing Bridge currently has to a competitor product to Reuters' Instinet Corp. equities trading service. Bridge is currently developing an advanced version of IOE, which it plans to release as an integrated display on the Bridge Workstation sometime in 1995, sources say.

What's more, these sources say that Alex. Brown is forecasting 90 percent growth for the combination of Bridge's IOE service and its other Ordpro broker order entry system in 1995. Sources say that sales from IOE and Ordpro play a major role in Alex. Brown's projected 17.3 percent revenue growth for Bridge in 1995. Alex. Brown is expecting revenues from IOE to really pick up towards the end of 1995, sources say, when Bridge's entire institutional client base should have access to what Bridge has labeled its IOE broker-neutral network.

IOE currently has 10 clients, including J.P. Morgan & Co. and Wellington Management. Ordpro, which runs on Tandem Computer Corp. PCs, is used by Ernst & Co., a Bridge affiliate, to clear trades for the company's trading arm. Sources say that Bridge has to date invested in excess of \$10 million in the development of both Ordpro and IOE.

Tip of the Iceberg

The integration of IOE and Ordpro into the Bridge workstation may represent just the tip of the iceberg with regard to an attempt by the company to build a powerful institutional workstation offering. Throughout the Bridge bidding competition, sources consistently told *IMT* that WCAS—which lists interdealer-broker Liberty Brokerage Investment Corp. among its business partners—would try to give both Instinet and Bloomberg L.P. a run for their money if it got control of Bridge (*IMT*, Feb. 3). And, given the amount of money WCAS has invested in Bridge, making a run at Bridge's bigger competitors seems to be the only way that WCAS could justify its purchase. WCAS coughed up in excess of \$140 million for Bridge—a company which netted just over \$100 million in revenues in 1993. Adding to its financial burden, WCAS also assumed Bridge's \$38 million in debt.

However, just when and how WCAS and its Bridge subsidiary will attempt to challenge either Instinet and/or Bloomberg remains to be seen. WCAS now sits at the center of a complex network of companies. In addition to owning a 51 percent stake in interdealer-broker Euro Brokers Investment Corp and a majority share in Seer Technologies Inc., WCAS also

March 17, 1995

