

## Case study

## Creating a new name in publishing

### Tottel Publishing

#### Building a leading provider of legal and tax information



Funded by



#### Background

Tottel is a growing professional and academic publisher focused on the law and tax markets in the UK and Ireland. It was formed in 2004 when Matrix Private Equity Partners backed Jim Smith, Jill Williams and Sarah Thomas to purchase over 600 "marginal" titles from LexisNexis. A wide range of books, journals, newsletters and looseleaf products were acquired including the bulk of Butterworths' Scottish list and the entire Irish Butterworths' list. Most areas of law, tax and law-for-business were covered by the business acquired.

The legal, tax and regulatory information market is dominated by three major information providers Thomson Reuters, Wolters Kluwer and Reed Elsevier whose operations span the globe, and whose combined revenues are estimated to represent circa 70% of the total world market. The total size of the global market was US\$13.9bn in 2007 and it grew at 6.6% compound between 2003 and 2007.

Tottel operates in four markets: English law, UK tax, Irish law and tax, and Scottish law. In English law it has a list of over 200 publications, and sixty percent of revenue is from non-annuals which are generally on a publishing cycle of three to five years. Approximately 35% of revenues in this market arise from subscription.

In UK tax Tottel is a market leader and competes directly with LexisNexis and CCH. A large number of titles are published on an annual basis to include updates and amendments arising from that year's Finance Act. Forty percent of list revenue comes from subscriptions and 48% from annuals.

It is also a major player in the Irish law and tax market. Its major competitors are Roundhall (law) and the Irish taxation Institute (tax). The list benefits from over 30 years of investment and the company publishes some of the best selling legal authors in Ireland.

Finally, in Scots law, it has approximately 60 titles. As in Ireland, Tottel's strength is its impressive range of student titles and there are reliable revenues from a number of University adopted titles.

It is based in Hayward's Heath with two small satellite offices in Edinburgh and Dublin.

#### Strategy

Having acquired the titles, management's first priority was to establish the necessary infrastructure such as an office, staff, order-processing and fulfillment operations to be able to market and sell the products effectively.

The portfolio was then reviewed, leading to the decision to discontinue certain books, rewrite or revise some, group others into product clusters, and fill the gaps by commissioning new works.

#### How growth was achieved

The management team revitalised the titles and grew Tottel into a cohesive small company, significantly increasing revenues, profits and employment. The business was sold to Bloomsbury Publishing, the publishers of the Harry Potter series of books, in 2009 for £10m.

Investor:	Matrix Private Equity Partners
Location:	Haywards Heath, West Sussex
Sector:	Telecommunications & Media
Stage:	MBO
Exit:	2009
Company Website:	<a href="http://www.tottelpublishing.com">www.tottelpublishing.com</a>
Investor Website:	<a href="http://www.matrixgroup.co.uk">www.matrixgroup.co.uk</a>

Annual turnover at exit was just over £6m, an 80% increase since the 2004 investment.

The business was, prior to its sale to Bloomsbury Publishing in June 2009, run by three highly successful entrepreneurs, managing director Jim Smith, publishing director Sarah Thomas, and finance director Jill Williams. The company was chaired by Iain Livingston, one of Matrix Private Equity Partners' operating partners.

#### Performance

Tottel now publishes over 400 titles covering a broad range of law and tax subjects for lawyers, tax advisors, lecturers and students. It occupies a market-leading position in UK tax, is number one in the Irish tax market, number two in Irish law, number two in Scots law, and is a major player in the English law market. It derives the majority of its revenue from quasi-annuity income (journals, looseleaves and annuals) and sells to the practitioner and student markets.

Tottel's income is highly resilient, purchases are effectively required spend and consequently demand is inelastic.

#### Job creation

At the time of the original investment by Matrix, the business had only three employees, the founder directors. When it was sold it was employing 27 people, a 900% increase.

"Tottel has performed well with annual revenue growth targets consistently achieved. Matrix has been a supportive financial partner to the business and has played a role in its growth. With a firmly established brand we are now in a strong position to develop further under Bloomsbury's ownership."

**Jim Smith, MD Tottel Publishing**