

DUN & BRADSTREET CORP/NW  
Form 10-K  
March 01, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**Form 10-K**

**Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Fiscal Year Ended December 31, 2010

Commission file number 1-15967

**The Dun & Bradstreet Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)  
**103 JFK Parkway, Short Hills, NJ**  
(Address of principal executive offices)

Registrant's telephone number, including area code: (973) 921-5500

**22-3725387**  
(I.R.S. Employer Identification No.)  
**07078**  
(Zip Code)

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>Common Stock, par value \$0.01 per share</b>	<b>New York Stock Exchange</b>
<b>Preferred Share Purchase Rights</b>	<b>New York Stock Exchange</b>

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2010, the aggregate market value of all shares of Common Stock of The Dun & Bradstreet Corporation outstanding and held by nonaffiliates\* (based upon its closing transaction price on the New York Stock Exchange Composite Tape on June 30, 2010) was approximately \$3.346 billion.

As of January 31, 2011, 49,709,142 shares of Common Stock of The Dun & Bradstreet Corporation were outstanding.

**Documents Incorporated by Reference**

Portions of the registrant's definitive proxy statement for use in connection with its annual meeting of shareholders scheduled to be held on May 3, 2011, are incorporated into Part III of this Form 10-K.

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\* Calculated by excluding all shares held by executive officers and directors of the registrant. Such exclusions will not be deemed to be an admission that all such persons are affiliates of the registrant for purposes of federal securities laws.

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**PART I**

**Item 1. Business  
Overview**

The Dun & Bradstreet Corporation ( D&B or we or our or the Company ) is the world's leading source of commercial information and insight on businesses, enabling customers to Decide with Confidence® for 170 years. Our global commercial database as of December 31, 2010 contained more than 188 million business records. The database is enhanced by our proprietary DUNSRight® Quality Process, which transforms commercial data into valuable insight which is the foundation of our global solutions that customers rely on to make critical business decisions.

D&B provides solution sets that meet a diverse set of customer needs globally. Customers use D&B Risk Management Solutions to mitigate credit and supplier risk, increase cash flow and drive increased profitability; D&B Sales & Marketing Solutions provide services to enhance customers' marketing data bases to increase revenue from new and existing customers; and D&B Internet Solutions to convert prospects into clients faster by enabling business professionals to research companies, executives and industries.

**Our Aspiration and Our Strategy**

D&B is a company that has been and remains committed to delivering Total Shareholder Return ( TSR ). To achieve this objective, we remain focused on three key drivers of TSR over time: revenue growth; margin expansion; and maintaining a disciplined approach to deploying our free cash flow. These have been the central drivers of our success, and they will remain the key areas of focus for us going forward. We continue to execute our strategy in the following ways:

First, we remain focused on the commercial marketplace and continuing to be the world's largest and best provider of insight about businesses. This is reflected in our aspiration, which is To be the most trusted source of commercial insight so our customers can Decide with Confidence®.

Second, maintaining our fundamental competitive advantage in the market place (i.e. data quality), we will continue to improve our data quality (better coverage and accuracy) and provide new sources of insight by leveraging advances in technology.

Third, we will leverage our data assets to better enhance our products and services within our three solution sets: Risk Management Solutions business ( RMS ), Sales & Marketing Solutions business ( S&MS ) and Internet Solutions. To accomplish this, we are investing in a new technology platform that is scalable and far more agile, and will allow us to more readily provide innovative new products so we can meet emerging customer demands faster, and at a much lower cost over time.

Our strategy relies on four core competitive advantages that support our commitment to driving TSR and our aspiration to be the most trusted source of commercial insight so our customers can Decide with Confidence®. These core competitive advantages include our:

Trusted Brand;

DUNSRight Quality Process;

Winning Culture; and

Financial Flexibility.

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For the reasons described below, we believe that these core competitive advantages will continue to drive our growth and profitability going forward.

### ***Trusted Brand***

The D&B® brand dates back to the founding of our company in 1841. We believe that the D&B brand is unique in the marketplace, standing for trust and confidence in commercial insight; our customers rely on D&B and the quality of our brand when they make critical business decisions. The Hoover ® brand is also very well respected within its customer segment and we will seek to further leverage both brands going forward.

### ***DUNSRight Quality Process***

DUNSRight is our proprietary quality process that powers all of our customer solution sets and serves as our key strategic differentiator as a commercial insight company.

The foundation of our DUNSRight Quality Process is Quality Assurance, which includes over 2,000 separate automated and manual checks to ensure that data meets our high quality standards.

In addition, our five DUNSRight Quality Drivers work sequentially to enhance the data and make it useful to our customers in making critical business decisions.

The process works as follows:

**Global Data Collection** brings together data from a variety of sources worldwide;

We integrate the data into our database through our patented **Entity Matching** process, which produces a single, more accurate picture of each business;

We apply the **D-U-N-S® Number** as a unique means of identifying and tracking a business globally throughout every step in the life and activity of the business;

We use **Corporate Linkage** to enable our customers to view their total risk or opportunity across related businesses; and

Finally, our **Predictive Indicators** use statistical analysis to rate a business' past performance, to predict how a business is likely to perform in the future.

### ***Winning Culture***

Our culture is focused on developing strong leaders, because we believe that great leadership drives great results, improves customer satisfaction and helps increase TSR. To build such leadership, we have developed and deployed a consistent, principles-based leadership model throughout our Company.

Our leadership development process ensures that team members, which include our management and employees, performance goals and financial rewards are linked to our strategy. In addition, we link a component of the compensation of each of our senior leaders to our overall financial results. Our leadership development process also enables team members to receive ongoing feedback on their performance goals and on their leadership. All team members are expected to focus on their own personal development, build on their leadership strengths and work on their areas of development.

We have a talent assessment process that provides a framework to assess and improve skill levels and performance and acts as a tool to aid talent development and succession planning. We also administer an employee engagement survey that enables team members worldwide to provide feedback on areas that will improve their performance, drive customer satisfaction and evolve our winning culture.

### ***Financial Flexibility***

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Financial Flexibility is an ongoing process that reallocates our spending from low-growth or low-value activities to activities that will create greater value for shareholders through enhanced revenue growth, improved



profitability and/or quality improvements. We are committed through this process to examining how every dollar is spent and optimizing between variable and fixed costs to ensure flexibility in changes to our operating expense base as we make strategic choices. This enables us to continually and systematically identify improvement opportunities in terms of quality, cost and customer experience. In executing our Financial Flexibility process, we seek to improve, standardize, consolidate and automate our business functions.

### Segments

Through December 31, 2010, we managed and reported our business globally through two segments:

North America (which consisted of our operations in the United States ( U.S. ) and Canada); and

International (which consisted of our operations in Europe, Asia Pacific and Latin America).

*North America.* Our North America segment accounted for 75%, 78% and 79% of our total revenue for the years ended December 31, 2010, 2009 and 2008, respectively.

*International.* We conduct business internationally through our wholly-owned subsidiaries, joint ventures that we hold a majority interest in, independent correspondents, strategic relationships through our D&B Worldwide Network® and minority equity investments. The International segment, which primarily represents revenue generated through our subsidiaries, accounted for 25%, 22% and 21% of our total revenue for the years ended December 31, 2010, 2009 and 2008, respectively.

As a result of our recent acquisition of Dun & Bradstreet Australia Holdings Limited ( D&B Australia ), we began reporting our business as of January 1, 2011 through three segments:

North America (which consists of our operations in the U.S. and Canada);

Asia Pacific (which primarily consists of our operations in Australia, Japan and China); and

Europe and other international markets (which primarily consists of our operations in the United Kingdom ( UK ), the Netherlands, Belgium and Latin America).

Since 2000, we have entered into strategic relationships with strong local players throughout the world that we do not control and who have become part of our D&B Worldwide Network, operating under commercial agreements. Our D&B Worldwide Network enables our customers globally to make business decisions with confidence, because we incorporate data from the members of the D&B Worldwide Network into our database that is subject to our DUNSRight quality assurance standards, and utilize it in our customer solutions. Our customers, therefore, have access to a more powerful database and global solution sets that they can rely on to make their risk management, sales and marketing decisions. Over the last few years, we have strengthened our position in our International segment through majority-owned joint ventures in Japan, China and India.

In connection with our strategy, we acquire complementary businesses, products and technologies. For example:

In 2008, we established majority-owned joint ventures in China with Beijing Huicong International Information Co., Ltd., and we increased our indirect minority ownership stake in Dun & Bradstreet Information Services India Private Limited ( D&B India ) to a 53% direct majority ownership;

In 2009, we acquired substantially all of the assets of Bisnode s UK operations and a 100% equity interest in Bisnode s Irish operations ( ICC ), we acquired all of the assets and assumed certain liabilities related to Quality Education Data and we acquired a 90% equity interest in RoadWay International Limited ( RoadWay ), the leading provider of integrated services of direct marketing in

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China. As part of the RoadWay transaction, D&B Huaxia, our existing joint venture company with Huaxia in China, transferred its Sales & Marketing Solutions business to RoadWay; and

In 2010, we acquired a 100% equity interest in D&B Australia.

Segment data and other information for the years ended December 31, 2010, 2009 and 2008 are included in Note 14 to our consolidated financial statements included in Item 8. of this Annual Report on Form 10-K.

## **Our Customer Solutions and Services**

### *Risk Management Solutions*

Risk Management Solutions is our largest customer solution set, accounting for 62%, 60% and 57% of our total revenue for the years ended December 31, 2010, 2009 and 2008, respectively. Within this customer solution set, we offer traditional and value-added solutions. Our traditional solutions, which includes our DNBi® based business offering and also consists of reports from our database used primarily for making decisions about new credit applications, constituted 74% of our Risk Management Solutions revenue and 46% of our total revenue for the year ended December 31, 2010. Our value-added solutions, which constituted 20% of our Risk Management Solutions revenue and 12% of our total revenue for the year ended December 31, 2010, generally support automated decision-making and portfolio management through the use of scoring and integrated software solutions. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion of trends in this customer solutions set.

On January 1, 2008, we began managing our Supply Management business as part of our Risk Management Solutions business, which constituted 6% of our Risk Management Solutions revenue and 4% of our total revenue for the year ended December 31, 2010. This is consistent with our overall strategy and also reflects customers' needs to better understand the financial risk of their supply chain. As a result, the contributions of the Supply Management business are now reported as a part of Risk Management Solutions, as set forth above.

Our Risk Management Solutions help customers increase cash flow and profitability while mitigating credit, operational and regulatory risks by helping them answer questions such as:

Should I extend credit to this new customer?

What credit limit should I set?

Will this customer pay me on time?

How can I avoid supply chain disruption?

How do I know whether I am in compliance with regulatory acts?

Our principal Risk Management Solutions are:

DNBi, our interactive, customizable online application that offers our customers real time access to our most complete and up-to-date global DUNSRight information, comprehensive monitoring and portfolio analysis;

Various business information reports (e.g., our Business Information Report, our Comprehensive Report, and our International Report, etc.) that are consumed in a transactional manner across multiple platforms such as DNB.com; and

eRAM, our enterprise solution for large global and domestic customers for automated decisioning and portfolio analytics. Certain solutions are available on a subscription pricing basis, such as our Preferred Pricing Agreement with DNBi. Our subscription pricing plans, which continue to represent a larger portion of our revenue, provide increased access to our risk management reports and data to help customers increase their profitability while mitigating their risk.



### *Sales & Marketing Solutions*

Sales & Marketing Solutions is our second-largest customer solution set accounting for 29%, 28% and 28% of our total revenue, respectively, for each of the years ended December 31, 2010, 2009 and 2008. Within this customer solution set, we offer traditional and value-added solutions. Our traditional solutions generally consist of marketing lists, labels and customized data files used by our customers in their direct mail and marketing activities. These solutions constituted 38% of our Sales & Marketing Solutions revenue and 11% of our total revenue for the year ended December 31, 2010. Our value-added solutions generally include decision-making and customer information management solutions. These value-added solutions constituted 62% of Sales & Marketing Solutions revenue and 18% of our total revenue for the year ended December 31, 2010. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion of trends in this customer solutions set.

Our Sales & Marketing Solutions help customers increase revenue from new and existing customers by helping them answer questions such as:

Who are my best customers?

How can I find prospects that look like my best customers?

How can I exploit untapped opportunities with my existing customers?

How can I allocate sales force resources to revenue growth potential?

Our principal Sales & Marketing Solutions are:

Our solutions for Customer Data Integration, which are a suite of solutions that cleanse, identify, link and enrich customer information with our DUNSRight Quality Process. Our D&B Optimizer solution, for example, uses our DUNSRight Quality Process to transform customer prospects and files into up-to-date, accurate and actionable commercial insight, enabling a single customer view across multiple systems and touchpoints, such as marketing and billing databases and better enabling a customer to make sales and marketing decisions; and

Our Direct Marketing Lists, which benefit from our DUNSRight Quality Process to enable our customers to create an accurate and comprehensive marketing campaign.

### *Internet Solutions*

Our Internet Solutions business provides highly organized, efficient and easy-to-use products that address the online sales and marketing needs of professionals and businesses, including information on companies, industries and executives, integration tools that bring this information into the day-to-day workflow of our customers, and research and advice regarding starting up and managing a business.

Internet Solutions represent the results of our Hoover's business, and includes the AllBusiness.com division. Internet Solutions accounted for 7% of our total revenue for each of the years ended December 31, 2010, 2009 and 2008. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion on trends in this customer solutions set.

Growth of our Internet Solutions business depends upon the development of improved and new products targeted to our primary customer segments, as well as the development of Internet products targeted to the needs of customer segments outside our core audience. During 2010, we invested in significant upgrades to our Hoover's platform and user interfaces to improve customer satisfaction and reduce the cost and time for new feature development.

Hoover's, primarily a prospecting tool, provides information on public and private companies, and on industries and executives, sales, marketing and research professionals worldwide. The database includes industry and company briefs, information on competitors, corporate financials, executive contact information, current



news, including social media and research, family trees, and contact information including biographies. Hoover's subscribers primarily access the data online via Hoover's Online® and AccessHoover's, a customer relationship management integration solution.

AllBusiness.com is an online media and e-commerce company that leverages its proprietary publishing platform and a broad range of content to help users run their small businesses. AllBusiness.com operates one of the leading business information sites on the Internet. Its content helps professionals save time and money by addressing real-world business questions with practical solutions.

Our Internet Solutions help customers convert prospects to clients faster by helping them answer questions such as:

How do I identify prospects and better prepare for sales calls?

Who are the key senior-level decision makers?

How does the prospect compare to others in their industry?

Our principal Internet Solutions are:

Our subscription solutions delivered online through Hoover's Online (such as Researcher, Prospector, Relationship Manager, Executive, and our First Research industry data solution) and via electronic data feeds;

Our advertising and e-marketing solutions provided through [www.hoovers.com](http://www.hoovers.com), [www.AllBusiness.com](http://www.AllBusiness.com), [www.firstresearch.com](http://www.firstresearch.com) and related Internet sites; and

Licensing of Hoover's proprietary content to third-party content providers.

#### **Our Sales Force**

We rely primarily on our sales force of approximately 2,300 team members worldwide to sell our customers solutions, of which approximately 1,100 were in our North American segment and 1,200 were in our International segment as of December 31, 2010. Our sales force includes relationship managers and solution specialists who sell to our strategic and commercial customers, telesales teams, a team that sells to federal, state and local governments, and a team that sells to resellers of our solutions and our data. Our global sales force is also a source of competitive advantage, which allows us to go-to-market across three key customer segments. We identify these customer segments as strategic customers; commercial customers (or middle market in our international businesses); and small businesses.

#### **Our Customers**

We believe that different size customers have different needs and require different skill sets to service them. Accordingly, we have adopted a go-to-market sales strategy that focuses on distinct groups categorized internally as large customers, middle market customers and small business customers. Our principal customers within these groups are banks and other credit and financial institutions, manufacturers, wholesalers, retailers, government agencies, insurance companies and telecommunication companies, as well as sales, marketing and business development professionals. None of our customers accounted for more than 10% of our 2010 total revenue or of the revenue of our North American or International segments. Accordingly, neither we nor either of our segments is dependent on a single customer, such that a loss of any one would have a material adverse effect on our consolidated annual results of operations or the annual results of either of our segments.

#### **Competition**

We are subject to highly competitive conditions in all aspects of our business. However, we believe no competitor offers our complete line of solutions or can match our global data quality resulting from our DUNSRight Quality Process.





In North America, we are a market leader in our Risk Management Solutions business in terms of revenue. We compete with our customers' own internal business practices by continually developing more efficient alternatives to our customers' risk management processes to capture more of their internal spend. We also directly compete with a broad range of companies, including consumer credit companies such as Equifax, Inc. and Experian Information Solutions, Inc. (Experian), which have traditionally offered primarily consumer information services, but also offer products that combine consumer information with business information as a tool to help customers make credit decisions with respect to small businesses.

We also compete in North America with a broad range of companies offering solutions similar to our Sales & Marketing Solutions. Our direct competitors in Sales & Marketing Solutions include companies such as Experian and infoGROUP (infoUSA).

In our Internet Solutions, Hoover's competition varies based on the size of the customer and the level of spending available for services such as Hoover's Online. On the high end of product pricing, Hoover's Researcher, Hoover's Prospector and Hoover's Relationship Manager products compete with other business information providers such as infoUSA. New, less established entrants are also pursuing some of these same customers. On the lower end of product pricing, our Hoover's Exec and Lite solutions mainly competes with advertising-supported Internet sites and other free or low-priced information sources, such as Yahoo! Finance and MarketWatch, Inc.

Outside the U.S., the competitive environment varies by region and country. In Europe, our direct competition is primarily local, such as Experian in the UK. In addition, we compete with certain companies such as Coface for cross border business. However, we believe we offer superior solutions when compared to these networks because of our DUNSRight Quality Process. In addition, the Sales & Marketing Solutions landscape is both localized and fragmented throughout Europe, where numerous local players of varying size compete for business.

In Asia, we face competition in our Risk Management Solutions business from a mix of local and global providers. For example, we compete with Sinotrust in China, which is majority owned by Experian, with Teikoku Data Bank (TDB) in Japan and with Experian in India. In addition, as in Europe, the Sales & Marketing Solutions landscape throughout Asia is localized and fragmented.

We also face significant competition from the in-house operations of the businesses we seek as customers, other general and specialized credit reporting and business information services, and credit insurers. For example, in certain international markets, such as Europe, some credit insurers have identified the provision of credit information as an additional revenue stream. In addition, business information solutions and services are becoming more readily available, principally due to the expansion of the Internet, greater availability of public data and the emergence of new providers of business information solutions and services.

As discussed in Our Aspiration and Our Strategy above, we believe that our Trusted Brand, our DUNSRight Quality Process, our Winning Culture and our Financial Flexibility form a powerful competitive advantage.

Our ability to continue to compete effectively will be based on a number of factors, including our ability to:

Communicate and demonstrate to our customers the value of our existing and new products and services based upon our proprietary DUNSRight Quality Process and, as a result, improve customer satisfaction;

Maintain and develop proprietary information and services such as analytics (e.g., scoring) and sources of data not publicly available;

Leverage our brand perception and the value of our D&B Worldwide Network;

Maintain those third-party relationships on whom we rely for data and certain operational services; and

Attract and retain a high-performing workforce.

## Intellectual Property

We own and control various intellectual property rights, such as trade secrets, confidential information, trademarks, service marks, trade names, copyrights, patents and applications therefor. These rights, in the aggregate, are of material importance to our business. We also believe that the D&B name and related trade names, marks and logos are of material importance to our business. We are licensed to use certain technology and other intellectual property rights owned and controlled by others, and other companies are licensed to use certain technology and other intellectual property rights owned and controlled by us. We consider our trademarks, service marks, databases, software, copyrights, patents, patent applications and other intellectual property to be proprietary, and we rely on a combination of statutory (e.g., copyright, trademark, trade secret, patent, etc.) and contract and liability safeguards for protection thereof throughout the world.

Unless the context indicates otherwise, the names of our branded solutions and services referred to in this Annual Report on Form 10-K are trademarks, service marks or registered trademarks or service marks owned by or licensed to us or one or more of our subsidiaries.

We own patents and patent applications both in the U.S. and in other selected countries of importance to us. The patents and patent applications include claims which pertain to certain technologies which we have determined are proprietary and warrant patent protection. We believe that the protection of our innovative technology, especially technology pertaining to our proprietary DUNSRight Quality Process, through the filing of patent applications is a prudent business strategy, and we will continue to seek to protect those assets for which we have expended substantial capital. Filing of these patent applications may or may not provide us with a dominant position in the fields of technology. However, these patents and/or patent applications may provide us with legal defenses should subsequent patents in these fields be issued to third parties and later asserted against us. Where appropriate, we may also consider asserting or cross-licensing our patents.

## Employees

As of December 31, 2010, we employed approximately 5,200 team members worldwide, of which approximately 2,600 were in our North American segment and Corporate and approximately 2,600 were in our International segment. We believe that we have good relations with our employees. There are no unions in the North American segment. Works Councils and Trade Unions represent a portion of our employees in the European and Latin American operations of our International segment.

## Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Investors may read and copy any document that we file, including this Annual Report on Form 10-K, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, from which investors can electronically access our SEC filings.

We make available free of charge on or through our Internet site ([www.dnb.com](http://www.dnb.com)) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish the material to, the SEC. The information on our Internet site, on our Hoover's Internet site or on our related Internet sites is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC.

## Organizational Background of Our Company

As used in this report, except where the context indicates otherwise, the terms D&B, Company, we, us, or our refer to The Dun & Bradstreet Corporation and our subsidiaries.

We were incorporated in 2000 in the State of Delaware. For more information on our history, including the various spin-offs leading to our formation and our becoming a public company in September 2000, see Note 13 in Item 8. of this Annual Report on Form 10-K.

### Item 1A. Risk Factors

***Our business model is dependent upon third parties to provide data and certain operational services, the loss of which would materially impact our business and financial results.***

We rely significantly on third parties to support our business model. For example:

We obtain much of the data that we use from third parties, including public record sources;

We utilize single source providers in certain countries to support the needs of our customers around the globe and rely on members of our D&B Worldwide Network to provide local data in countries in which we do not directly operate;

We have outsourced certain portions of our data acquisition, processing and delivery and customer service and call center processes; and

We have also outsourced various functions, such as our data center operations, technology help desk and network management functions in the U.S. and the UK.

If one or more data providers were to experience financial or operational difficulties or were to withdraw their data, cease making it available, be unable to make it available due to changing industry standards, substantially increase the cost of their data, not adhere to our data quality standards, or be acquired by a competitor who would cause any of these disruptions to occur, our ability to provide solutions and services to our customers could be materially adversely impacted, which could have a material adverse effect on our business and financial results. Similarly, if one of our outsource providers, including third parties with whom we have strategic relationships, were to experience financial or operational difficulties, their services to us would suffer or they may no longer be able to provide services to us at all, having a material adverse effect on our business and financial results. We cannot be certain that we could replace our large third-party vendors in a timely manner or on terms commercially reasonable to us. In addition, if we change a significant outsource provider, an existing provider makes significant changes to the way it conducts its operations, or we seek to bring in-house certain services performed today by third parties, we may experience unexpected disruptions in the provision of our solutions, which could have a material adverse effect on our business and financial results.

***Our business performance is dependent upon successful implementation and the ongoing operation of our Strategic Technology Investment, and appropriate investment in our technology infrastructure thereafter, the failure of which could materially impact our business and financial results.***

In February 2010, we announced a Strategic Technology Investment program aimed at strengthening our leading position in commercial data and improving our current technology platform to meet the emerging needs of customers. We will rely in part on third-party providers to implement and update certain aspects of our technology infrastructure and to thereafter run certain of such operations both from within D&B and from their own remote locations. Upon completion of this investment, we expect that it will:

Simplify and re-architect our data supply chain in order to, among other things, supply intra-day updates;



Create a services layer to optimize access to our data for customers and third parties and to make it easier for us to innovate and develop new products;

Consolidate many of our legacy products to provide fewer but more impactful applications for customers;

Accelerate revenue growth in our North American segment upon the completion of the investment; and

Significantly reduce our technology costs upon completion of the investment.

We expect the Strategic Technology Investment to be completed during the second half of 2012 and the total cost to be closer to the higher end of our previously disclosed range of approximately \$110 million to \$130 million.

In the event we fail to execute on this investment in a timely manner and/or without interruption to service, including hiring and retaining appropriate technology personnel, engaging and managing third parties, re-architecting our data supply chain, and simplifying our product portfolio while migrating our customers to new products, and maintaining such data and technology operations on an ongoing basis, we will not achieve our expected revenue acceleration or growth, or the anticipated cost savings from this investment, and we could experience a significant competitive disadvantage in the marketplace, such as the inability to offer certain types of new services or to collect certain types of new data, which could have a material adverse effect on our business and financial results. In addition, upon the successful completion of our Strategic Technology Investment, if we fail to appropriately invest in our technology infrastructure thereafter, we could experience a material adverse effect on our business and financial results.

***We may be unable to achieve the financial and operational expectations that we have established for the 2012 timeframe, which could negatively impact our stock price.***

We have established financial and operational expectations for the 2012 timeframe that we believe would be achieved based upon our business strategy for the next several years. These financial and operational expectations can only be achieved if the assumptions underlying our business strategy are fully realized, including the achievement of our Strategic Technology Investment. In addition, we cannot control some of these assumptions (e.g., market growth rates, macroeconomic conditions, competitive conditions, pricing pressure and customer preferences). As part of our ongoing planning process we will review these assumptions and we intend to provide updates on these expectations from time-to-time as appropriate.

***We face competition that may cause price reductions or loss of market share.***

We are subject to competitive conditions in all aspects of our business. We compete directly with a broad range of companies offering business information services to customers. We also face competition from:

The in-house operations of the businesses we seek as customers;

Other general and specialized credit reporting and other business information services; and

Credit insurers.

In addition, business information solutions and services are becoming more readily available, principally due to the expansion of the Internet, greater availability of public data and the emergence of new providers of business information solutions and services. Large Internet companies can provide low-cost alternatives to data gathering and change how our customers perform key activities such as marketing campaigns. Such companies, and other third parties which may not be readily apparent today, may become significant low-cost or no-cost competitors and adversely impact the demand for our solutions and services, or limit our growth potential.

Weak economic conditions also can result in customers seeking to utilize free or lower-cost information that is available from alternative sources such as the Internet and European Commission-sponsored projects like the



European Business Register. Intense competition could adversely impact us by causing, among other things, price reductions, reduced gross margins and loss of market share.

We are facing competition outside the U.S., and our competitors could develop an alternative to our D&B Worldwide Network.

We are also facing competition from consumer credit companies that offer consumer information solutions to help their customers make credit decisions regarding small businesses. In addition, consumer information companies are seeking to expand their operations more broadly into aspects of the business information space. While their presence is currently small in the business information market, given the size of the consumer market in which they operate, they have scale advantages in terms of scope of operations and size of relationship with customers, which they can potentially leverage to an advantage.

Our ability to continue to compete effectively will be based upon a number of factors, including our ability to:

Communicate and demonstrate to our customers the value of our products and services based upon our proprietary DUNSRight Quality Process and, as a result, improve customer satisfaction;

Maintain and develop proprietary information and services such as analytics (e.g., scoring), and sources of data not publicly available, such as detailed trade data;

Demonstrate value through our decision-making tools and integration capabilities;

Leverage our brand perception and the value of our D&B Worldwide Network;

Continue to implement the Financial Flexibility component of our strategy and effectively reallocate our spending;

Obtain and deliver reliable and high-quality business and professional contact information through various media and distribution channels in formats tailored to customer requirements;

Adopt and maintain an effective information technology infrastructure, including our approximately two-year Strategic Technology Investment, to support product delivery as customer needs and preferences change and competitors offer more sophisticated products;

Attract and retain a high-performance workforce;

Enhance our existing services and introduce new services;

Enter new customer markets; and

Improve our International business model and data quality through the successful management of the members of our D&B Worldwide Network and through our undertaking of acquisitions or entering into joint ventures or similar relationships.

***Our business performance might not be sufficient for us to meet the full-year financial guidance that we provide publicly.***

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We provide full-year financial guidance to the public which is based upon our assumptions regarding our expected financial performance. This includes, for example, assumptions regarding our ability to grow revenue, to grow operating income, to achieve desired tax rates and to generate cash. We believe that our financial guidance provides investors and analysts with a better understanding of our view of our near-term financial performance. Such financial guidance may not always be accurate, due to our inability to meet the assumptions we make and the impact on our financial performance that could occur as a result of the various risks and uncertainties to our business as set forth in these risk factors and in our public filings with the SEC or otherwise. If we fail to meet the full-year financial guidance that we provide or if we find it necessary to revise such guidance as we conduct our operations throughout the year, the market value of our common stock could be materially adversely affected.



*We may lose key business assets or suffer interruptions in product delivery, including loss of data center capacity or the interruption of telecommunications links, the Internet, or power sources which could significantly impede our ability to do business.*

Our operations depend on our ability, as well as that of third-party service providers to whom we have outsourced several critical functions, to protect data centers and related technology against damage from hardware failure, fire, power loss, telecommunications failure, impacts of terrorism, breaches in security (such as the actions of computer hackers), the theft of services, natural disasters, or other disasters. The online services we provide are dependent on links to telecommunications providers. In addition, we generate a significant amount of our revenue through telesales centers and Internet sites that we use in the acquisition of new customers, fulfillment of solutions and servi