

SDC User Guide (Version 10.2017)

I. What is the SDC Database?

The SDC Database offers information regarding worldwide financial transactions. With the license from the Chair of Corporate Finance, you have access to the databases “Global New Issues” and “Mergers & Acquisitions”. The database “Global New Issues” is divided into seven subcategories, which contain information about categories of different securities: common stock (IPOs and secondary offerings), non-convertible debt, convertible debt, taxable municipal debt. Unfortunately, there is no data available for best efforts offerings. The Database Mergers & Acquisitions has statistics for two database categories. On the hand, it contains information about single transactions (characteristics and participating parties). On the other hand, there is also information about aggregated transactions. The desired data can be accessed through implementing appropriate filters (company, sector and/or time frame). A detailed list of the different data categories can be found on the desktop of the SDC-computer. Besides the specific information about deals, there are general statistics about countries and deal-categories and league tables as well.

II. Getting started with the SDC-database

The SDC-database can be started using the desktop icon “SDC”. With the button “Login” one can open the window to enter the User information. Please use the User initial “lscf” in order to establish a connection to the database. The following window requests additional information about the purpose of the database usage (for what reason/project one is accessing the database). For example, if you use the database for your master thesis, you can just type in “master thesis”.

III. Preparing a request (standard request)

The first window that appears is the selection menu for the desired database (Figure 1). The appropriate database can be selected using the respective button.

In the following, we will focus on using the database “Mergers & Acquisitions”. Depending on the data to request, one can select either “US Targets” and/or “Non-US Targets” or “Joint Ventures/Alliances”.

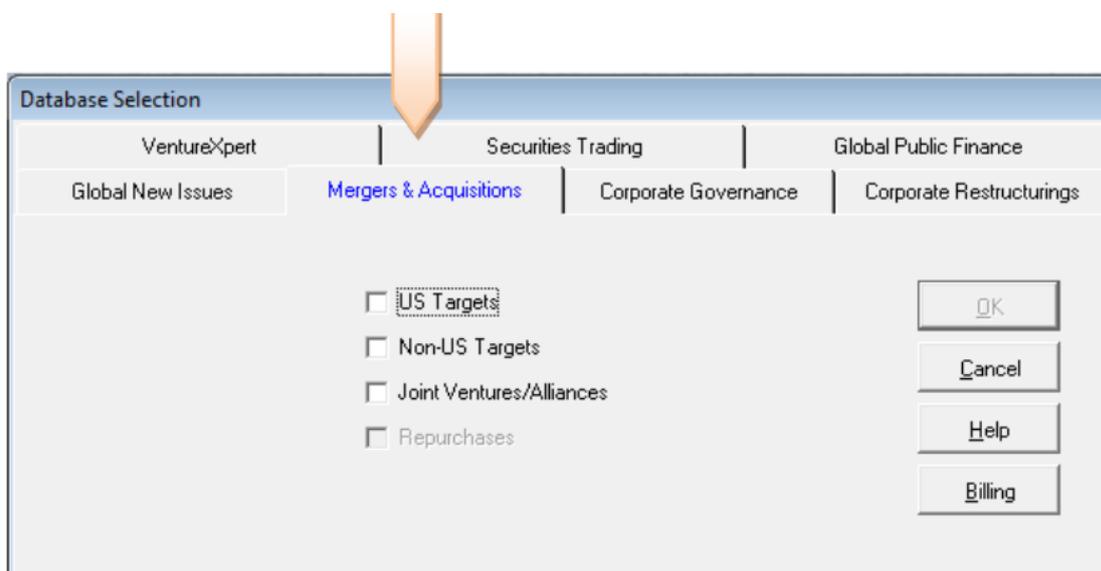


Figure 1: Selection of the database

After you selected your preferences, the input window for the timeframe of the announcement date pops up, where you can select different options to specify the timeframe. The specification of the timeframe is the first major filter, which can narrow down the possible hits and thereby reduce the processing time of the request. In Figure 2 the input window for the timeframe is depicted.

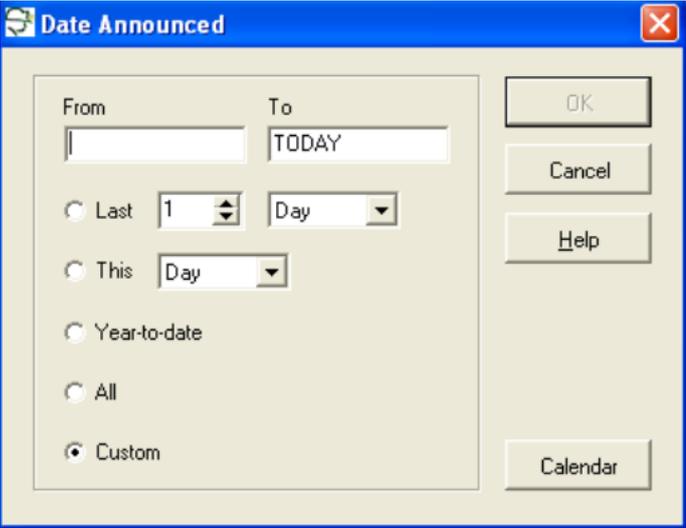


Figure 2: Input window time frame

In the following, we consider the case that the options “US-Targets” and/or “Non-US Targets” were selected in the first step. The procedure for having selected “Joint Ventures/Alliances” is similar to the case we are considering now, thus the explanations can as well be useful for the other case.

After you indicated your desired timeframe and confirm it by hitting “OK”, the next window appears with further criteria to filter your request (as in Figure 3). Some criteria are organized into categories, which can be accessed using the respective tab (Figure 3: A). However, you can as well search the desired criteria manually from a list of all criteria (Figure 3: B).

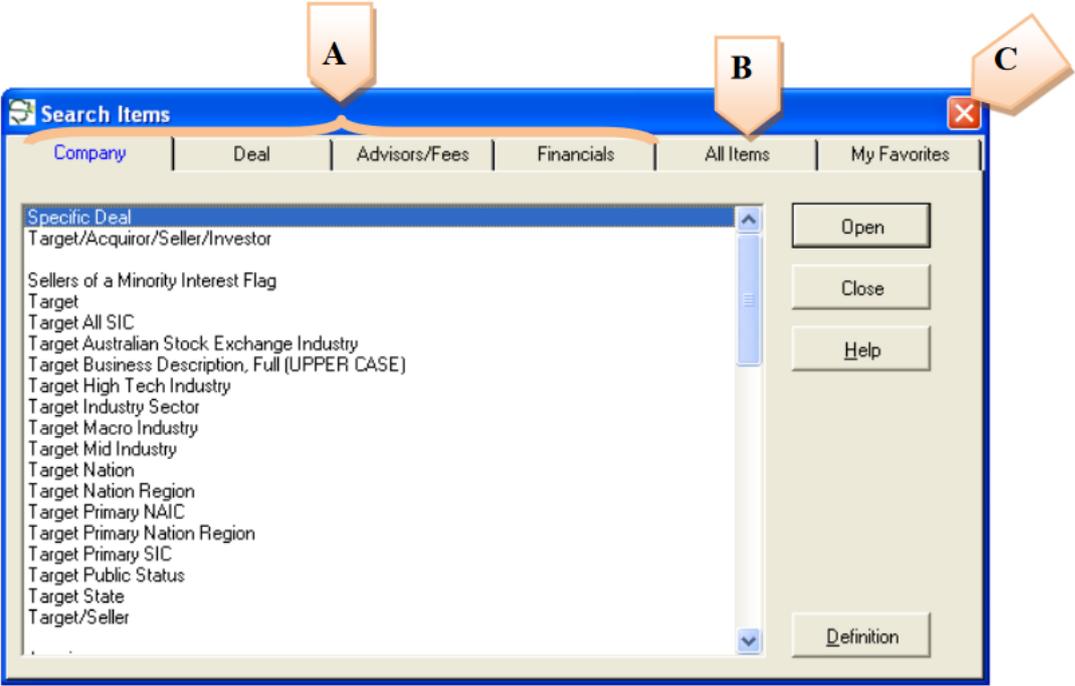


Figure 3: Input window filter measures

Depending on the purpose of the request, one can select the specifications and criteria differently. However, in many cases the nationality or the industrial classification (SIC) of the acquiring company or the company that was taken over is of huge importance. These filter options can be exercised using the tabs “Acquirer Nation” and ”Target Nation” for the nationality of the respective companies and “Acquirer All SIC” and “Target All SIC” for the industry classifications. We will illustrate the

appropriate course of action for defining and specifying a filter measure with the example of the industry classification of the target company (Figure 4).

After selecting “Target All SIC” in the “Search Items” menu the input window depicted in Figure 4 appears. One can look up industries by using the “Find” option in the top left-hand corner of the window. There you can type in either the 4-digit SIC-Code or a keyword. Another option is the usage of the list in the center of the window. If you have found your desired criteria, you can confirm your selection with a double-click. This selection is verified with a red check. Furthermore, it is possible to select multiple criteria. For instance, if the target is supposed to manufacture aircrafts or aircraft engines, one should identify the criteria by double-clicking the respective criteria as depicted in Figure 4. In addition to the previously described option to include certain industries, one can exclude other industries as well using the “Exclude” button located at the bottom left-hand corner of the window (Figure 4: A).

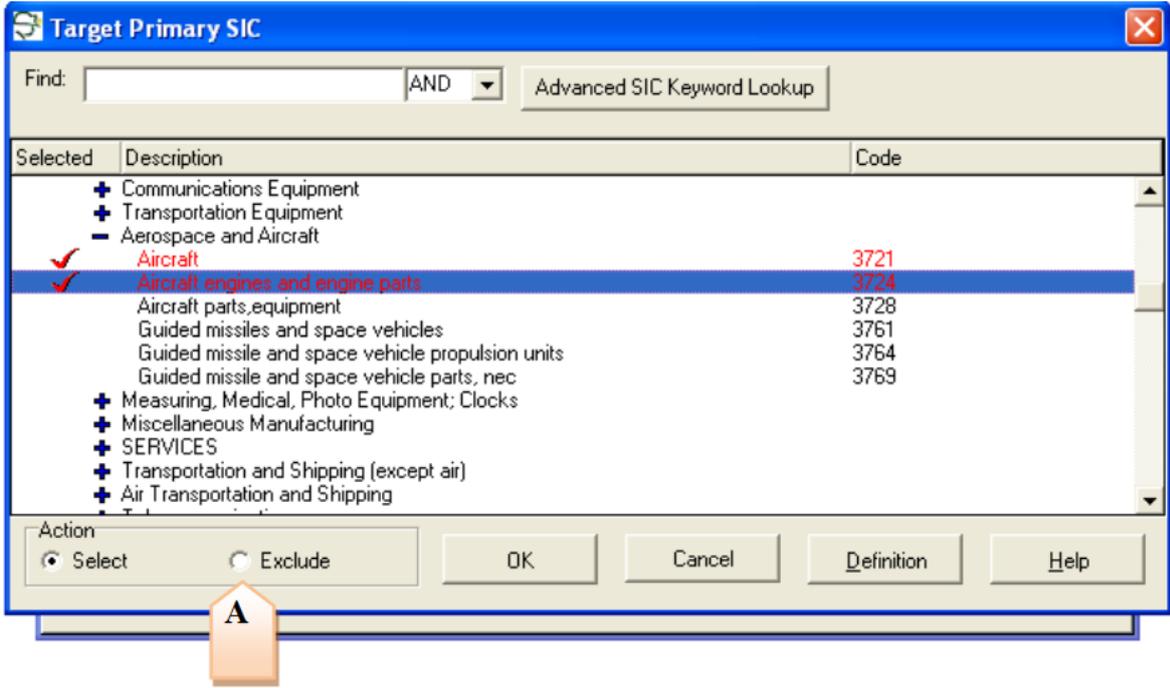


Figure 4: Selection of filter criteria (sector of the target)

After you have finished your selection of filter criteria, you can confirm your selection by pressing “OK”. The selection of filter criteria will be saved in the list of filters and is therefore available for requests at a later point in time. If you wish to specify further filter measures, you can create additional specifications and selections afterwards.

After you are finished defining your filter measures, you can close the window by pushing the close-button in the top right-hand corner (Figure 3: C).

Besides the binary filter criteria, there are size filters as well. One example is the filter for a minimum or maximum deal value. Another example is the indication of a minimum size of the target. As mentioned above: the selection of filter criteria depends on the purpose of the request.

IV. Adjustment of filter measures and report settings

In the next step the window shown in Figure 5 is used for preparation of the data request (it appears after closing the “Search-Items” menu).

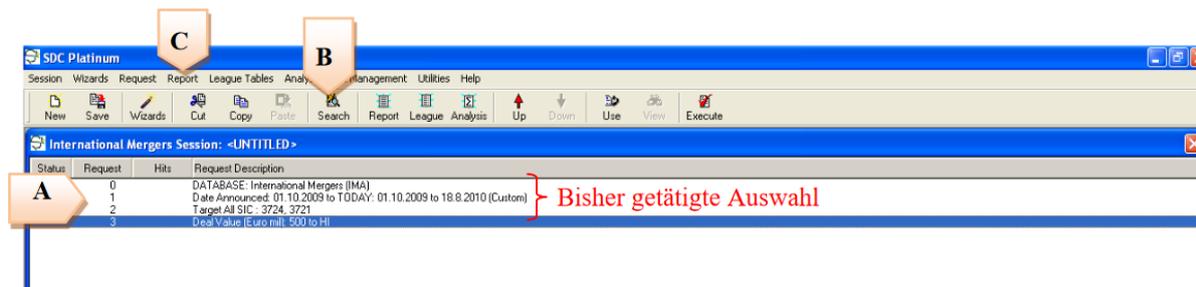


Figure 5: main menu

In this input window, the structure of a SDC-request and logic of the program becomes clear. All criteria and the steps for the execution of the program are shown in the list of the input window. Those steps are executed one by one when processing a request. The requests are listed in tabular form (Figure 5: A) and contain the selection of the regional database (request 0), the selection of the timeframe (request 1) and further measures for filtering the results (request 2 and 3). All those filter measures can still be modified afterwards. The input window to modify the measure can be opened with a right-click on the respective row and clicking on “Modify”. If you would like to add additional filter measures, you can do so by clicking on the “Search” button (Figure 5: B).

After you are finished with defining all filter measures, you need to select the desired output. You can do this using the “Report” tab (Figure 5: C). After opening the tab, select “New Custom...” in order to open the appropriate input window (Figure 6).

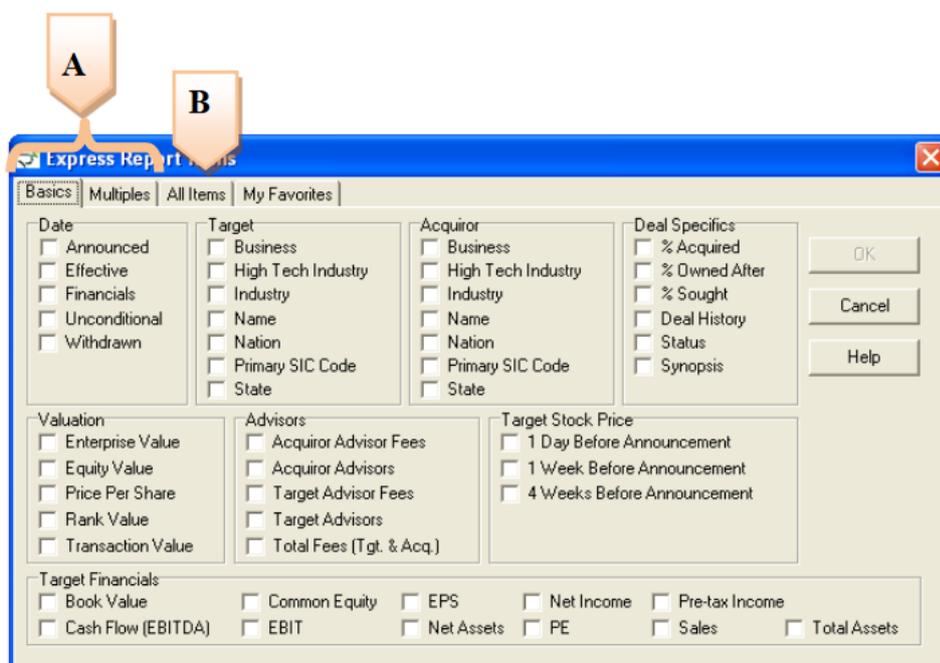


Figure 6: report menu

In general, the first two tabs contain the most important data sets, whereas the “All Items” (Figure 6: B) tab includes a complete list of all possible data sets. Just like the selection of appropriate filter measures,

the choice of data sets depends on the purpose of the request. The “Deal Number” is used as the “Identifier”, which can identify every transaction uniquely and thus should be included in every request.

After you completed your selection of data sets and confirmed your selection with “OK”, another input window appears, where one can specify the formatting of the report (f.e. width of the columns). Usually, you can stick to the default option. If you don’t want to modify the format, you can proceed with pressing the “OK” button and the program starts to create the report. Furthermore, the program requires you to save the report style in a file.

After having saved the report style, another menu appears to adjust further report-options. Please don’t forget to define the file name and file type in the tab “Save As” (Figure 7). You can either save the request as a text file (.txt) or as an excel-file (.xls) (Figure 7). When you are done specifying the data type, save location, and data name you can confirm it with “OK”.

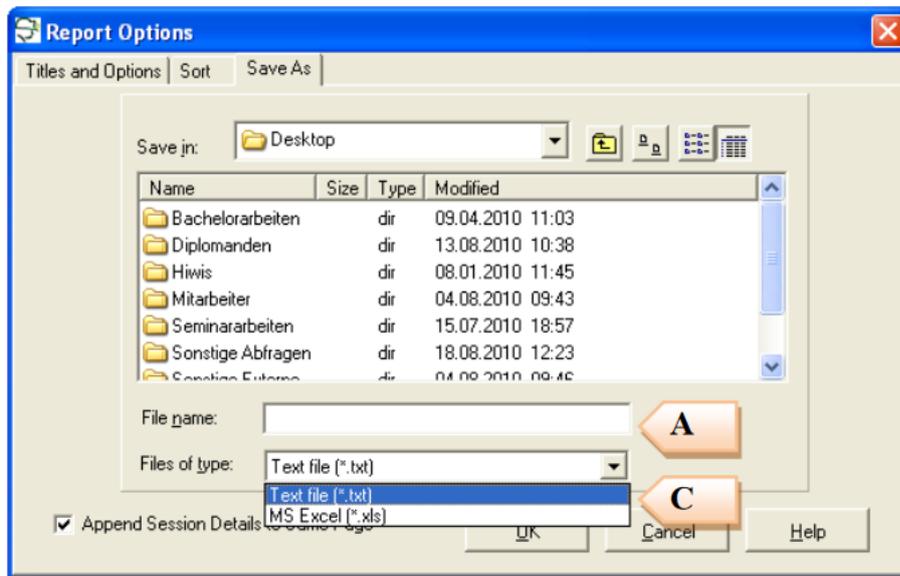


Figure 7: Specify output file

In general, a data request via an xls-file is a reasonable choice. However, the columns in the database are not always defined/formatted as numerical values. This issue often appears with values above 1000 and thus are separated with a thousands separator (for instance the “Deal Value”). Sometimes dots used as a separator are not interpreted as part of a number. As a result, the cell is saved as a cell containing a text. To avoid this problem and mistakes in the analysis, it is necessary to save data sets that contain values larger than 1000 as a txt-file in addition to the xls-file. In the txt-file one should replace all dots using the “Replace” function (Search= “.” – Replace=“ ”). As a next step, one should create an xls-file out of the txt-file. Therefore, one needs to import the data using the “Daten importieren” command (Daten//Externe Daten importieren//Daten importieren). In the next step, one should integrate the data contained in the new xls-file into the original xls-file from the request with the “SVERWEIS” command (please make sure to use the variable “Deal number” as the identifier). In general, we recommend eliciting balance sheet data from other databases such as Datastream or WRDS.

V. Information regarding the matching with CRSP-Data

In order to link data from SDC with requests from CRSP or COMPUSTAT, it is necessary to use the CUSIP for identifying a company. The CUSIP is a six digits number. Unfortunately, when one is saving the SDC-request in excel, the CUSIP is sometimes saved with less than the six required digits. This is due to the fact that some CUSIPs start with zeros, which get lost during saving process in excel. Therefore, it is very important to double check, whether all CUSIPs have six digits before linking the

CRSP and SDC data. If there are any zeros missing, make sure to add them back in a new cell. If you don't add back the zeros, some linkages are not found and the matched datasets will be narrowed down.

VI. Final request and execution

After you are finished specifying the settings for the output file of the request, the preparation of your request is done. Figure 8 illustrates the main menu before the execution of the request. The main menu shows the selection of databases (Figure 8: A), the specification of the time frame (Figure 8: B), the filter measures (Figure 8: C) and the report settings (Figure 8: D). SDC will execute the request step by step.

The request starts when the “Execute” button is pushed (Figure 8: E). During the execution of the request the column “Hits” (Figure 8: F) provides an overview of the number of hits after each filter measure and thus gives an idea, to what extent the constraints/filter measures reduced the number of hits. When the process of the request is finished a window with all the hits shows up. This list contains the same data as the output report file, which we described in section IV. and is just another option to quickly gain an overview of the SDC request. The actual report file can be found in the folder, which was specified in step IV. and contains the desired data in the requested datatype.

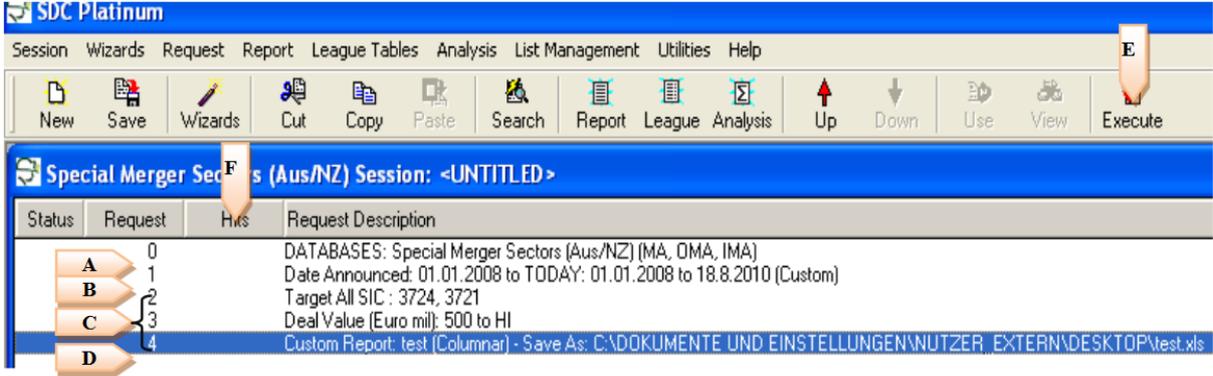


Figure 8: Menu before the execution of the request

VII. Further options

The tabs “League Tables” and “Analysis” provide the opportunity to generate an analysis or output statistic. While dealing with these Templates, one needs to keep in mind that the output format is the only thing that is predefined. Thus, one should define the filter measures and the timeframe as well, which should be specified before inserting the predefined report.