

Economic uncertainty boosts US research group

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Gerson Lehrman Group, an independent US research company that has partnerships with Credit Suisse and Morgan Stanley, grew revenues from its financial services practice in Europe and Asia by 41% last year as the downturn sparked cost-cutting and strategy reviews across the industry.

Andrew Goldman, a managing director at Gerson Lehrman, said: "The demand for expertise from GLG has increased for financial services companies as they wrestled with the fallout from the credit crisis and focused more than ever on managing their finances and enhancing due diligence."

Goldman said uncertainty over the exposure of financial institutions to risky assets and problems of price discovery in illiquid markets boosted business. At the same time, companies in the sector have been seeking advice on how to cut overheads and review growth strategies.

Total revenues at the New York-headquartered company, which provides a network of more than 200,000 academics and industry executives for clients to draw on, grew 22% to \$284m (?216m) in the 12 months to December 31 compared to a year earlier.

As Gerson Lehrman is privately held, it does not disclose profits. However, it is understood to be "comfortably profitable". The company's owners include US private equity firm Silver Lake Partners, which bought about a 25% stake

in the company for \$200m in December 2007.

Gerson Lehrman intends to grow overseas revenues, of which financial services forms the bulk, from 20% to 30% of its total in the next two to three years.

The company has attracted some clients that formerly would have relied on investment banks' research divisions, which have been pared back over the last few years.

In part, that has been a reaction to the reform of Wall Street research instigated by former New York attorney general Eliot Spitzer during his crackdown on conflicts of interest.

Goldman said Gerson Lehrman addressed concerns over conflicts of interest through extensive compliance procedures and legally binding contracts for all in its network.

Credit Suisse forged an alliance with Gerson Lehrman in September last year. The agreement added at a stroke the Swiss bank's 300 analysts to Gerson Lehrman's network, while providing Credit Suisse with the ability to build industry relationships faster.

Morgan Stanley signed a separate agreement in March last year that provided Gerson Lehrman with a primary research service for investment managers.

Gerson Lehrman is expanding this year and opening offices in Dublin and Beijing to take its total tally to 17 offices worldwide. Goldman said the company was adding 200 to 300 experts to its network every day, but declined to comment on whether that was possibly a result of more redundancies as a result of the downturn.