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Interview with an entrepreneur: Alexander Saint-Amand, Chief Executive Officer and co-owner of the Gerson Lehrman Group

“Economists are especially in demand right now.” People will pay a lot for good advice. This is what Gerson Lehrman is banking on, with its online network of experts who share their knowledge for a price.

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In the age of the internet, hardly a single question goes unanswered. Online, the possibilities abound for quenching one's thirst for knowledge. Someone who needs information can simply run a search in Google, consult the online encyclopedia Wikipedia, or if a more interactive option is preferred, mobilize his or her network of contacts via the micro-blog service Twitter and hope to find a competent answer that way.

For Alexander Saint-Amand, these are all valuable sources of information, but they also have their limits. For example, when questions are so specialized that one needs an expert's knowledge. Frequently such information is not freely available on the internet. As Chief Executive Officer of the Gerson Lehrman Group in New York, Saint-Amand provides the platform for tapping into a pool of expert knowledge. Gerson Lehrman has built a network of more than 200,000 experts from all over the globe, who stand ready to provide their know-how upon request. Like a matchmaking service, the company connects those seeking consultation with the most suitable experts possible, using an online platform developed by the company which resembles internet marketplaces such as eBay or Amazon. Only at Gerson Lehrman it is not products, but specialists, that are on offer. “We are something like a filter for today's flood of information,” says Saint-Amand.

The company, which was founded in 1998, is seeing the popularity of its services grow. Last year it saw sales climb 22% to USD 284 million. This year, the economic crisis put the brakes on growth, Saint-Amand admits. “But things are getting better from month to month,” he says. While Saint-Amand does not give any information about profits, he does indicate that Gerson Lehrman has been in the black for eight years.

The company is in no way immune to the crisis, because 90% of its turnover comes from clients in the especially beleaguered financial sector. Gerson Lehrman works with 15 of the world's 20 largest banks, and its clients also include private equity firms and hedge funds. Clients hope that the sector-specific knowledge the Gerson experts provide will help them make better investment decisions. In a typical case, an investment company might be planning a takeover in the pharmaceutical industry and seeks consultation with a Gerson Lehrman sector expert in order to better evaluate the target company. Or a hedge fund might want a contact person who understands the workings of the commodities markets, hoping to get a better feel for price trends.

Clients can use the internet site to look for the contact who seems to offer the highest level of expertise and initiate a conversation, either with a phone call or a face-to-face meeting. Frequently, Gerson Lehrman also directly assists with getting advice-seekers and givers together and organizes 6,000 to 7,000 personal meetings between clients and experts each year. Because users pay on a subscription basis rather than per conversation, they enter into long-term contracts. “You don't come to us when you just have a single, burning question,” says Saint-Amand. He says that the average fees paid for the services are USD 120,000 a year.

Who are these experts? They come from many professions, working as doctors, economists, and lawyers. The expert network also includes many members of management – frequently from the

executive board level and major companies. Policy makers are also represented in large numbers. For example, former Romanian President Emil Constantinescu, a former foreign minister from India, and a former economic minister from Greece are members of the network. However, Saint-Amand emphasizes that these politicians are only there as providers of expertise. "We are not a lobbying network."

According to Saint-Amand, money is not the primary motivation for experts to join the network. They receive from USD 200 to 300 for each discussion. Although a couple of particularly active members make more than USD 100,000 annually, the majority limit their work for Gerson Lehrman to a few hours a year. So why do they do it? "Our experts enjoy intelligent conversation," explains Saint-Amand. For many, however, the conversations present opportunities to establish contacts that could later prove valuable in their own careers. "Sometimes, clients even offer our experts a job."

Still, working as a specialist for Gerson Lehrman is not free from pressure, and its experts are under observation. An evaluation system is in place, similar to those found on eBay or Amazon. Experts with especially good ratings receive a special status in the network and thus are called on more often. But the converse is also true, and members at the bottom of the ladder find their services hardly ever used for projects – although Saint-Amand says that it is rare that someone is removed from the network entirely.

With the economic crisis, the focus of the work provided by the Gerson experts has shifted. Before the crisis, many clients sought expertise to help prepare acquisitions. However, mergers and takeovers have become rarer, especially in the previously so active private equity sector. These financial investors are now looking for advice on how they can improve business in their existing investment portfolios. Some areas of expertise have seen a boost in popularity from the crisis. "Our economists are especially in demand right now," says Saint-Amand. Specialists who are well acquainted with regulatory issues are also being sought after because of increasing state supervision.

Expert networks such as Gerson Lehrman are not free from controversy, however. Critics keep pointing out the risk that members could pass information that is not meant for the public along to clients. In line with this, public prosecutors and supervisory bodies in the US have taken a close look at the industry and launched investigations. These investigations have looked into questions such as whether employees of companies divulged corporate secrets without authorization or whether doctors leaked confidential data from government clinical tests. Saint-Amand stresses that his company is staying vigilant so that such conflicts will be avoided. In their contract, Gerson Lehrman's clients and experts are obligated to agree to a comprehensive set of rules. For example, experts cannot discuss the company where they currently work.

Gerson Lehrman is not yet a listed company, but Saint-Amand suggests that this could change in the not-too-distant future. "We're working on it. But it won't happen this year, that's for sure." According to Saint-Amand, the company does not yet have an urgent need to raise capital on the markets, because it brought a new investor on board just a year and a half ago. That was when the private equity firm Silver Lake bought a 25 percent stake in the company for USD 200 million. "Now that we have that, we can finance our expansion," says Saint-Amand.

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The company Gerson Lehrman was initially founded in 1998 as a financial publisher. After little success, the company repositioned itself as a provider of specialist information by giving clients access to experts. Today, with a network of 200,000 experts, Gerson Lehrman sees itself as the market leader. There are also a number of smaller providers such as Vista Research. Gerson

Lehrman employs a staff of 700. Around half of them are responsible for recruiting experts and nearly 200 employees are software developers working on the company's online platform.

The key personalities at Gerson Lehrman include the entrepreneur Alexander Saint-Amand and the company's namesakes, Mark Gerson and Thomas Lehrman. In 1999 Saint-Amand was the driving force behind the strategic realignment of the company as a provider of expert knowledge. Before joining the company, he worked in New York and Frankfurt as an economic journalist for the Bloomberg news agency. The 35-year-old Saint-Amand is one of several major shareholders of Gerson Lehrman, though he declines to disclose his exact share.