

## GOING TO THE SOURCE

By ERIC MOSKOWITZ

Using the insight and opinions of traditional Wall Street analysts for high-stakes investment decisions has become so last decade.

Hedge fund managers, struggling to get the best and most timely information about a company or sector, are now bypassing analysts and reaching out directly to industry experts for their info.

And so-called expert-matching companies, like the Gerson Lehrman Group, Nitron Advisors and Vista Research, all based in the Big Apple, are more than happy to oblige.

The companies have been growing at a phenomenal clip as the need for speedy, on-the-money opinions has stepped up.

The firms, which match consultants, company executives, academics and scientists with money managers, are expected to generate over \$250 million in sales this year, up from \$40 million just three years ago, said Stanton Green, chief executive officer at Vista Research.

"By talking with a Nitron Advisors expert, our \$600 conversation led to north of a million dollar profit for us and our clients," said Lyron Bentovim, managing director of Skiritai Capital in San Francisco, a micro-cap hedge fund with \$50 million in assets.

"Within 48 to 72 hours, I was trading facts with the actual person we wanted to be connected to, and that allowed us to form an extremely fast, investable idea."

With the sharp rise in the number of hedge funds, especially in the New York City area, managers are looking for any actionable idea that allows them to beat their peers, said Green, who estimates 50 percent of his firm's clients are within a 10-block radius in midtown.

"Even Wall Street analysts themselves are supposedly using expert matching services," said David Teten, CEO of Nitron Advisors, which is expected to more than double its sales in 2005 compared with last year. "Analysts have lost tremendous credibility with both investors and clients, and they see how we offer value-added information."

The nascent industry got its game on when the Wall Street research community was slapped on the wrist by Attorney General Eliot Spitzer two years ago for offering biased company advice to clients.

The action greatly limited the flow of information available to money managers. The expert-matching companies simply rewired the machine.

S&P, a pioneer in independent research and credit ratings, decided to buy into the expert-matching business rather than to build an entity from scratch, acquiring Vista Research in April.

"S&P has a great, global platform," said Green, who co-founded Vista in 2002 after selling his previous business to Goldman Sachs.

Mark Gerson, 32, founder and chief executive of the industry's oldest and best-known expert-matching company, Gerson Lehrman, originally wanted to form a niche-business book-publishing company catering to academics, financial managers and consultants. "But then our audience kept wanting to talk to our authors, and the concept just took off from there."

[Home](#)