

MCF Adds Buyside Research Group

The wholly owned subsidiary will extend the company's research offering to a larger group

MCF Corp.'s acquisition of **MedPanel**, a healthcare research outfit that produces fast online analysis, gives the parent of boutique investment bank **Merriman Curhan Ford** a unique product to offer to the buyside.

With so many hedge funds and private equity firms looking for an edge, MCF reckons that being able to deliver proprietary, tailored research for a chunky subscription price has to be a good bet.

MedPanel, formed in 1999 and based in Boston, has some 700,000 doctors and assorted medical experts globally that it can call on to deliver customized research for its clients. The firm can also conduct online surveys. Until early 2005, MedPanel's clients were exclusively big pharma companies. But realizing that investors would be happy to pay for access to indus-



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try specialists, the firm in February 2005 created a group that caters to the financial community. But penetrating Wall Street is not easy, so MedPanel inked this deal with MCF, which can sell the research through its distribution network.

Once the \$6.5 million stock deal closes, MedPanel will change its name to Panel

Intelligence. MCF will pay up to \$11.5 million in additional incentive fees when certain targets are reached. MedPanel CEO **Will Febbo** will continue as CEO of Panel Intelligence.

While MCF provides traditional sellside research and hopes to get paid with trading orders, it considers MedPanel a buyside product that clients will pay for in cash. To keep some distance between its sellside and buyside services, MCF will operate MedPanel as a wholly owned subsidiary.

MedPanel is not an NASD company, so it is in effect hiring MCF's sales force and will share part of the subscription price. MedPanel will continue to offer industry research to industry clients.

But what excites **Greg Curhan**, MCF's executive vice president, is not only the

size of the healthcare sector, but also the idea that MedPanel's research method can be applied to other sectors that MCF specializes in, such as alternative energy and technology.

"The technology is completely scalable and is industry agnostic," Curhan says. "Next generation energy and technology are wonderful sectors for this product."

The Panel Approach

MedPanel designs each research assignment for each client. Subscriptions range from \$45,000 to close to \$1 million, depending on the client's needs. Also, depending on the size of the fund, MedPanel estimates the number of touch points it will need with experts over a six-month period and charges an upfront sum. It then designs and executes the research.

Febbo describes his system as similar to a plan that offers several levels of service and varying numbers of minutes, which he equates to research credits.

Say an asset manager wants to decide whether to invest in a certain medical device. MedPanel summons the appropriate

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experts and doctors, who answer questions anonymously online. After they complete their answers, a panel discussion is opened among the doctors, and the client can watch all of that unfolding. The client can also ask follow-up questions and then read the entire discussion in a report.

While unique, MedPanel is not alone in the field. Competitors include a number of play-

ers from **Harris Interactive**, on the industry side, to **Medicorp** and **Gerson Lehrman** on the financial side.

Febbo points out that the doctors sign in anonymously, which makes for unbiased research in an industry rife with conflicts. "We have a unique method that is efficient and produces an unbiased answer," he says. And he explains that by recoding and resynthesizing the data, "we take time and money out of the effort."

Febbo says that when MedPanel started offering research to industry players, he and his team were able to cut down the time of the research from weeks to as little as two days. And because the entire process is performed online, "we are actually able to get to people who won't take a phone call."