

M&A hiring moves up a notch

By Sarah Butcher

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M&A is on a high: the first half of 2005 was one of the best for corporate matrimony since 2000. So, which sectors are banks hiring for?

US hiring: Healthcare and technology are hot, not steaming

Things look good for US M&A. According to Thomson Financial, the information provider, US target transactions announced in the first half of the year reached a mammoth \$592bn, driven by mega-deals such as Bank of America's \$35bn acquisition of credit card company MBNA.

The remainder of the year shows signs of staying strong: the Goldman Sachs Confidence Index rose dramatically during the third quarter, suggesting US chief executives are optimistic and interested in doing deals.

Anyone could be forgiven for thinking this is encouraging an upturn in hiring. The past few months have seen the likes of Lehman Brothers and HSBC bringing in senior M&A talent. Recruiters confirm the trend.

"Technology and healthcare are active right now," says **Linda Bialecki**, of search firm **Bialecki Inc.** "On the technology side, everyone was pretty cautious last year and banks are making up for that now the recovery looks more sustainable. Healthcare's just a huge sector, and there's always a subset of that that's on an upward trend."

Recent hires lend validation to this verdict. HSBC, Harris Nesbitt, Wachovia, Leerink Swann and RBC Capital markets have added to healthcare teams since June. Meanwhile, in the past three months, Lehman Brothers, Merriman Curhan Ford & Co and ThinkEquity Partners have added tech specialists.

However, some industry specialists deny a hiring boom. Michael Baldock, global sector head of healthcare at HSBC, which made four hires in the last few months, says the bank's recent hiring was the completion of a long term plan to build a team where none previously existed. He says hiring elsewhere has mostly been about filling in gaps in M&A and equity-related healthcare teams created by departures of bankers: "I don't see the recent hiring of health care bankers as a sudden move to increase the size of teams," he says, "Most firms are hiring to fill gaps left by bankers who have left the industry, or moved to other firms."

Gary Goldstein, chief executive of Whitney Group, is equally keen to scupper any notion of the technology sector as unduly hot. "The technology sector is picking up, but most firms are thick with technology bankers right now," he says. Instead, he points to financial institutions (FIG) bankers as flavor of the moment: "Every single firm has been looking for FIG bankers in the past few months. The real estate market has been pretty good too."

Europe: Junior tech bankers needed

If the US hiring market for tech bankers is merely tepid, the European market is a little more steamy. According to M&A advisors Regent Associates, the number of technology deals involving European companies rose more than 100% year on year in the first half of 2005, to \$107bn.

Separate figures from VentureOne, a venture capital and private equity research company, suggest the number of Venture Capital backed companies going public in Europe also doubled during the second quarter of the year to 14, the highest number in any quarter since 2001.

Recruiters say the upsurge in technology activity is impacting hiring, but mostly at the junior end of the scale.

London-based recruiter Badenoch & Clark is currently advertising for a technology M&A associate/VP for a leading investment bank. Krista Parker, team leader of the corporate finance and private equity team at Badenoch & Clark says there's plenty of demand for second and third year technology analysts elsewhere, and that venture capital firms are also back in hiring mode. "Tech hiring has definitely picked up," says Parker, "Technology teams were some of the first hit and there are a lot of gaps to be filled."

Headhunters working the senior end of the market are less certain of any improvement. Simon Hall, head of the financial services practice at Heidrick & Struggles in London, says technology remains off the map for most large banks: "It's only really the smaller and mid cap firms that are looking at it right now," he says.