

Dutch company acquires firm in Brighton

By **KERRY FELTNER**

Brighton firm Social Science Research Network has been acquired by Elsevier B.V., a \$2 billion publishing company based in the Netherlands.

SSRN is a scholarly research preprint repository at 2171

Monroe Ave. that has been in operation for 22 years. The firm has 300,000 authors, 600,000 published papers and users are downloading 1 million PDFs per month.

"It's serendipitous; it really just worked out beautifully," CEO Gregg Gordon said. "We have an incredibly strong position in the social sciences that is one of the positions and the communities that they're looking to build. We have proven that we're a community, not just a depository of papers."

SSRN employs 70 people, including roughly 20 people in New York with the others spread across the country. All employees of SSRN will remain with the firm.

Financial details of the deal, which closed last month, were not disclosed.

SSRN was founded by Michael Jensen, Wayne Marr and a third individual in 1994. Gordon was involved with the company at the time, starting as its chief financial officer before investing in the firm. Jensen, SSRN's chairman, is one of the founding editors of the *Journal of Financial Economics*, which specializes in aggregating scholarly studies on a variety of aspects of the field.

Jensen is a professor of business administration emeritus at Harvard Business School. He joined the school in 1985. He was at the University of Rochester's Simon Business School from 1967 through 1988. Jensen played a key role in development of the use of stock options as compensation.

SSRN officials considered many firms before making the deal with Elsevier. The deal had been in the works for a year.

"I began to realize I'm probably not going to be here forever, so it came upon me



CEO Gregg Gordon

that I really needed to pay attention to find a long-term home status for SSRN to ensure its continued growth and survival," Jensen said. "Elsevier—they've always been terrific. They're changing their business model in some parts of the organization and (for) what they're doing there, SSRN is a perfect fit."

A major requirement of the deal was keeping SSRN's model—free content to submit and download—intact.

"The risk would be that some organization buys it and decides to charge a fortune for (what) we now give away for free; that would destroy the firm," Jensen said.

SSRN earns revenue from the more than 400 institutions that outsource the distribution of their research papers to SSRN through SSRN's Research Paper Series; subscription fees for SSRN's subject matter abstracting eJournals; fees received for professional and job announcements; conference fees for SSRN's Conference Management System; and from fees shared with SSRN by publishers who distribute their papers through SSRN on a pay-per-download basis.

Elsevier acquired Mendeley Inc. three years ago. Based in London, Mendeley is a free reference manager and a scholarly collaboration network, officials said. SSRN will be further developed alongside Mendeley.

"SSRN has established a solid network in social science domains, sharing working papers and showcasing researchers and institutions," said Jan Reichelt, co-founder and managing director of Mendeley, in a statement. "Together we can provide greater access to a growing user-generated content base on which we can build new tools and increase engagement between researchers and their papers. We intend to scale and maximize SSRN in ways that benefit authors, institutions and the entire scientific ecosystem."

Mendeley served as an ample case study for leaders at SSRN.

In three years, Mendeley's users have grown from 2.5 million to 5 million and its employee base has ballooned from 50 to 200 developers under Elsevier's watch.

The hope is that such growth will happen for SSRN in the next few years, its leaders said.

"It impacts Rochester in the sense that SSRN is now going to be way more important than it's been in the past," Jensen said. "I'm not saying it was unimportant—it was the leading organization of its type—(but) now it's going to be turbocharged, and Elsevier and Mendeley have the resources to invest in it. My own belief is it's going to strengthen the Rochester office."

"We've got lots of things to do and we're now going to have the resources to do them sooner."

Gordon said the industry has shifted, heightening the need for a progressive company outlook.

With a larger focus on sharing their work, the community of researchers now can comment on papers and collaborate much more efficiently than in the past when authors often worked independently of their peers, he said. Today's industry allows for more data and more flexibility around its transfer.

"It's very easy for a company who is successful to rest on your laurels," he said. "It's very easy to say the world is not going to change; we've certainly seen examples of that around town. And here's a company (Elsevier) that is focused on 'what does it look like tomorrow?' It's a company that gets that it's changing."

"The more that we can make the scholar and the scientist successful, the more we can shorten the research lifecycle," he added.

The deal is a win for Monroe County as much as it is for global goliath Elsevier, Gordon said.

"I think that we should all feel great about Rochester," he said. "This isn't SSRN or a little office on Monroe Avenue, this is about Rochester. Our staff is from Rochester, we've been here in Rochester, (and) we have the support of the community in so many different ways and forms."

"This to me is about Rochester being successful on a global stage. I think it's a great Rochester story," he added.

kfeltner@rbj.net / 585-546-8303