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Technology
ZocDoc CFO Hails From Morgan Stanley

By Kristin Broughton
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Medical startup ZocDoc Inc. named Edward Liu, a former Morgan Stanley investment banker, as its new chief financial officer as it looks to grow its business.

Mr. Liu served as co-head of **technology** banking for the Americas at Morgan Stanley for about five years before joining ZocDoc on Monday. In his new role, he succeeds Netta Samroengraja, who was CFO of the New York-based company for 11 years. She is moving into a newly created role of chief corporate development officer, the company said.

Mr. Liu during his tenure at Morgan Stanley advised a number of tech and e-commerce companies on their public listings, including online pet-supply store Chewy Inc. in 2019. He also advised software company Red Hat on its $34 billion sale to International Business Machines Corp. that same year. In 2015, he advised ZocDoc on a funding round.

Mr. Liu joins ZocDoc, which allows consumers to schedule medical appointments online, after it recently overhauled its pricing model. It previously charged practitioners a subscription fee of $3,000 a year to use the platform. Since January 2020, it has charged between $40 and $140 per new patient, in an effort to expand its customer base and attract smaller practices.

ZocDoc adjusted its product offering because of the pandemic, said Oliver Kharraz, the company's founder and chief executive. The company in April 2020 began allowing consumers to book telehealth appointments. The following month, it launched a service that enables medical providers to meet patients using the ZocDoc app.

"Now that that's in the rearview mirror for us, it's now about scaling up and building for greatness," said Mr. Kharraz.

Mr. Kharraz declined to comment on whether ZocDoc is exploring an initial public offering, saying he is focused on building the company. He also declined to say if the company planned to raise additional capital.

ZocDoc in February received $150 million through a debt-and-equity financing from investment firm Francisco Partners. That is in addition to $220 million in equity funding the company previously raised from investors including Khosla Ventures and Founders Fund, it said.

Mr. Liu said his first priority in his new role will be to spend time meeting with his finance team, senior management and the board. He also plans to help the company establish growth priorities now that it has a new pricing model in place, he said. ZocDoc employs 650 people, including about 20 people in finance.

Scott Eisenberg, an investor with Francisco Partners, praised Mr. Liu's experience advising other tech companies. "His intellectual library of what are best practices for a financing organization -- he's just going to be able to roll them out," Mr. Eisenberg said.

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Banking & Finance: Morgan Stanley Profit Rises 10%

By Peter Rudegeair
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Morgan Stanley said Thursday that second-quarter profit rose 10% from a year earlier, thanks to a boost in fees from deal making and advising wealthy clients.

The New York-based bank reported profit of $3.51 billion, or $1.85 a share, on revenue of $14.76 billion. That exceeded the consensus estimates of analysts polled by FactSet of per-share earnings of $1.66 on revenue of $13.97 billion.

Like the other big banks that reported earnings this week, Morgan Stanley delivered strong results across several business lines on the back of corporate America's rapid rebound this spring. Yet calmer markets, especially compared with the frenzied second quarter of 2020, damped trading revenue, albeit to levels that are still high by historical standards.

At Morgan Stanley, investment-banking revenue increased 16% to $2.38 billion, driven by a 44% rise in fees on advising on mergers. Morgan Stanley's investment bankers in Europe and Asia had their best period in more than a decade, and deal activity was higher across a variety of industries including **technology**, healthcare, financial services and real estate.

Revenue at Morgan Stanley's wealth-management division increased 30% to $6.1 billion. The bank attracted $71 billion in net new assets, more than triple last year's second quarter. Growth came from do-it-yourself investors that use the bank's E*Trade brokerage, clients of Morgan Stanley's financial advisers and employees of companies where Morgan Stanley administers stock plans, a business bolstered by two recent acquisitions.

"We kind of are creating -- not to be arrogant about it -- but a new mousetrap," Chief Executive James Gorman said on a conference call with analysts. "Every now and then in business you look and you sort of see a wave coming and you catch the wave, and it's a beautiful thing."

Meanwhile, trading revenue fell 20% to $4.51 billion, thanks to a 45% drop in bond-trading revenue, partially offset by a 8% increase in stock-trading revenue. That caused overall revenue in its institutional securities division to decline by 14%.

Trading activity among individual investors at Morgan Stanley's E*Trade unit helped offset some of the pullback in activity among big money managers. The number of retail-trading clients at Morgan Stanley increased 3% over the course of the second quarter to 7.4 million and the average daily number of retail trades the company handled for the quarter exceeded 1 million.

Retail-trading levels declined about 36% from the first quarter at the height of meme-stock mania but are still above their full-year 2020 averages, said Sharon Yeshaya, Morgan Stanley's new finance chief.

At Morgan Stanley's investment-management division, revenue nearly doubled, helped by the recent acquisition of Eaton Vance Corp.

Unlike other banks that have reported weak demand for loans among their consumer and commercial clients, Morgan Stanley boosted lending by 21% to $320 billion outstanding. The volume of loans backed by clients' securities portfolios and other collateral, a popular product among rich Americans, expanded 43% to $75.8 billion.

Operating expenses increased 12% to $10.12 billion thanks in part to a 6% increase in compensation and benefits. Morgan Stanley's second-quarter compensation expense of $6.42 billion was 44% of revenue, a similar ratio from a year earlier.

Morgan Stanley's return on tangible equity, a measure of how profitably it puts shareholders' money to use, was 18.6% on an annualized basis for the quarter. That is above the bank's long-term profitability target.

Shares in Morgan Stanley are up 35% since the start of 2021 and hit an all-time high of $93.96 last month. It recently announced plans to double its quarterly dividend and buy back up to $12 billion of stock in the following year.

Shareholders deserve a higher dividend because Morgan Stanley's earnings have become more predictable, especially in wealth and investment management, Mr. Gorman said.

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