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Dear Committee,

I would like to be considered for the NBER Productivity, Innovation and Entrepreneurship (PIE) Program Post-Doctoral Fellowship in Innovation Policy. In this letter, I first present my dissertation work, and then discuss my proposal for the Post-Doctoral position.

I am currently completing my Ph.D. in Managerial Economics and Strategy at Kellogg School of Management, Northwestern University. My primary fields are industrial organization, economics of innovation, and entrepreneurship. I anticipate defending my dissertation in the Spring of 2015.

My dissertation work focuses on the production, diffusion, and re-distribution of innovation. In my job market paper, I examine the impact of internal innovation quality on acquirer and target choices in Mergers and Acquisitions markets. In other essays I research the de-concentration in the sources of innovation over the last four decades (with Shane Greenstein), and how the commercialization speed of innovation increases with open access to research papers (with Kevin Bryan).

There are two lines of work I would like to pursue at NBER, both building on the data I used for my dissertation, and my recently approved US Census Bureau proposal. The data utilized in my job market paper is the result of a major data construction effort, and is conducive to further studies that I intend to pursue. I have compiled raw USPTO patent data files from 1976 to 2010, and then I linked the newly constructed patent data to SDC's Mergers and Acquisition (M&A), Initial Public Offerings (IPO), and Venture Capital (VentureXpert) data, along with CRSP stock market data, and COMPUSTAT firm data. This linking effort is a major task as the different data sources have no unique firm identifier except the firm name and address information, which are susceptible to errors. I have used a crowd-sourcing site, Amazon Mechanical Turk, to scale the linking exercise at a low cost.

In the first project, I am planning to utilize this linked data to analyze the tradeoff between human capital and innovation in M&A and IPO markets. My recently approved project with the US Census Bureau provides me with access to confidential individual level employment and wage data, as well as firm payroll and revenue data (LEHD data file). I will combine this

confidential data with my outside data on patents and corporate restructuring activity. Through this project, I will pursue an agenda to investigate the redistribution of human capital and how it is valued following structural changes (Mergers and Acquisitions, and Initial Public Offerings). More specifically, using the post-restructuring high paid employee retention as the proxy for tacit know-how retention, and the patents as the tangible know-how retention, I will investigate the value retention through corporate restructurings, and how human capital is valued vis-à-vis the innovative capital of the firms, and the role of intermediaries (Venture Capital firms) in these processes, followed by the analyses of performance impacts.

In my second project at NBER, I would like to analyze the innovation acquisition behavior of established firms, and identify the conditions under which firms acquire solely patents, as opposed to acquiring an entire firm. This will shed light on the role of complementary assets of the target firm in the acquirers' decision. Prior research has utilized the patent sales to address questions on the redistribution of innovation. However, most of the patents in these studies change hands through outright patent sales (~96% based on my preliminary analyses), and we have limited information on patents transferred through M&A activity. My linked data provides information on the patents transferred through M&A activity, and combining my data with the USPTO patent re-assignment data yields the census of patent transfers through M&A and outright patent sales. In this project, I am planning to first compare and contrast the patents transferred through M&As against those transferred through outright patent sales. In addition, I will take advantage of the state-level anti-takeover legislations during the 1980s as the exogenous variation to identify the differences across industries on the importance of non-patent assets of the seller firm.

With its in-house Census Bureau Research Data Center, NBER is the perfect location for me to pursue my projects. Therefore, I would like to be considered for the Post-Doctoral Fellowship in Innovation Policy.

I am a permanent resident of the US and I do not require visa sponsorship. Please let me know should you require any additional information.

I will be attending the January ASSA meetings in Boston, and would appreciate an opportunity to meet with you there.

Thank you in advance for your consideration.

Sincerely,

Yasin Ozcan