

INTERVIEW

# Dr. William Ribich

President and CEO  
Foster-Miller, Inc.



**DM&A:** What distinguished QinetiQ as an acquirer?

BR: The cultural fit and the opportunities jumped out at us. While immersed in defense markets, Foster-Miller also has a sizable commercial practice, as did QinetiQ. Seldom had we found a company with experience in both markets, nor with the collection of disparate and advanced technologies that we had. It was relatively easy for both parties to relate to each other.

The opportunities beyond what we could have achieved on our own are already apparent. They bring additional technical capabilities, extraordinary IP (intellectual property) and superior legal support that Foster-Miller can use. It would have taken us years internally to create the same opportunities for ourselves, and then with only great cost and risk.

## **Life** has been a blur of late for Foster-Miller, Inc. President and CEO Bill Ribich. M&A can do that to you.

A privately held company since its founding in 1956 by three MIT graduates, Mass.-based Foster-Miller grew over the years on the strength of its technology innovation, becoming particularly adept in developing mission-critical DoD applications. The company became the 'kingpin' in use of the U.S. government's Small Business Innovative Research (SBIR) program, which has handed out \$20 billion in grants and contracts to companies with fewer than 500 employees.

Over time Foster-Miller attracted suitors but never bit. Then came QinetiQ, the burgeoning UK firm with a passion for invention and an even wider breadth in technology and scientific products and solutions. Foster-Miller decided to sell to QinetiQ late in 2004, netting \$163 million.

Ribich remains as President and CEO of Foster-Miller, which now comprises one of three legs of QinetiQ's North American business. (QinetiQ bought Westar Aerospace and Defense last year and is in the process of acquiring Apogen Technologies.)

The impact of the QinetiQ deal on Foster-Miller showed up quickly. Foster-Miller announced August 1 it was acquiring Virginia-based \$44.6 million Planning Systems, Inc. (PSI), whose technology developments include multi-level security networks, gunshot location, precision military air drop, data mining, on-the-move landmine and IED detection, precision vibration control, and speech-capable PDAs.

Minuteman Ventures LLC President Paul Serotkin, reporting for **DM&A**, caught up with Ribich recently.

**DM&A:** Any specific opportunities to date you can point to?

BR: Absolutely. We just bid on a \$500 million project that would have been a non-starter for Foster-Miller on its own. With QinetiQ and its pieces in our past performance, capture becomes much more plausible.

Another example is the transaction we completed shortly after the QinetiQ transaction closed. As we were approaching the 500 employee size limit for SBIR award eligibility, Foster-Miller had designed different options to keep our strong technology base while understanding we'd operate without the full benefit of SBIR contract dollars. With QinetiQ as backers, Foster-Miller spun off a piece of our business, transferring certain Foster-Miller employees and

some IP in exchange for a minority stake in that company, called Infoscitex. Without QinetiQ, this transaction would have been much harder to pull off.

**DM&A:** After a long legacy of internal growth, under QinetiQ's wing Foster-Miller will soon complete its first significant acquisition, that of PSI. Why did you decide to use M&A as a growth tool?

BR: Foster-Miller had completed some small transactions including the purchase several years ago of the research portion of Mechanical Technology, Inc. With QinetiQ's strong encouragement and our desire to grow, we approached PSI, a partner on several projects over the years.

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## Buybacks

The board of directors of **Teleflex, Inc.** (NYSE: TFX) authorized the repurchase of up to \$140 million of outstanding Teleflex common stock over the next 12 months.

Repurchases of Teleflex stock will be made from time to time, at the company's discretion, in the open market and through privately negotiated transactions.

If the shares were purchased at the July 26 closing price of \$61.83, the buyback, if fully executed, would purchase 2.26 million shares, or 5.56% of the company's 40.68 million outstanding shares.

## Contested

During August two major planned acquisitions of European companies attracted competitive bids from third parties. In one case the party-crasher was U.S., in the other, European.

Plans by **Danaher Corp.** (NYSE: DHR) to acquire **Leica Geosystems Holdings AG** (SWX Swiss Exchange: LGSN.S) were dealt a blow when Sweden's **Hexagon AB** emerged with a higher offer. Leica Geosystems specializes in geospatial measurement instrumentation.

And **Parker Hannifin Corp.** (NYSE: PH) and **Eaton Corp.** (NYSE: ETN) engaged in a spirited campaign to acquire **domnick hunter group plc** (LSE: DHK.L), a British firm specializing in the design and manufacture of filtration, separation, and purification products and technologies.

Parker Hannifin's initial bid of \$382.4 million drew a counteroffer from an unidentified third party, which later turned out to be Eaton. Despite Parker Hannifin's decision to increase its bid to \$418 million, on Aug. 24 domnick hunter's board announced that it was still in talks with Eaton.

Both firms are believed to be interested in the homeland security applications of domnick hunter's products.

## Bill Ribich ..... Continued from page 6

Ironically, QinetiQ already had discussions with PSI, so the rationale made sense all around. Both QinetiQ and Foster-Miller continue to look for well run companies with very strong technology components

### **DM&A:** *How well did you know PSI?*

BR: We had worked together on space-based antenna systems and at the U.S. Air Force Research Laboratory.

### **DM&A:** *Do I understand that each of the three U.S. subsidiaries (Foster-Miller, Apogen and Westar) are empowered to make their own acquisitions?*

BR: Indeed. We are specifically looking for \$20-\$50 million firms.

The acquisitions must fit the respective mission of the three firms as they relate to the overall QinetiQ North American strategy. Foster-Miller drives advanced technology. Westar is undertaking more of a SETA approach, while Apogen pursues IT work. There will be some complement across all three, of course.

### **DM&A:** *As this is your first major transaction, how are you coming down on key M&A integration points?*

BR: We live in a people business so it is important for the leaders and others to stay. In the case of PSI, Dr. Alan Friedman and his team will join with us in growing the combined business.

The companies will operate relatively independent for the foreseeable future, including the retention of the PSI brand. We plan on tightly amalgamating the business develop-

ment endeavors to take advantage of cross-selling opportunities.

### **DM&A:** *QinetiQ is rumored to be considering a public offering of its stock. What would be the impact of that if it happened?*

BR: It will add an even larger resource for the parent and its components by which to grow.

### **DM&A:** *While headquartered in an allied country to the U.S., QinetiQ nonetheless is a foreign entity with ownership of US companies performing classified work. How has Foster-Miller dealt with that issue?*

BR: We established a Proxy Board, comprised of Peter Marino, former CEO and President, Fire Arms Training Systems, Inc.; John Currier, former General Counsel and Secretary for BAE Systems, North America; and Rear Admiral (Ret.) Riley Mixson, currently Chairman of Rolls-Royce Allison. This Board ensures that the respective companies respect the government directed practice in dealing with cross-national data protection and communication.

Within Foster-Miller, we have set up a system through our security office that calls for disclosure of any contemplated conversations and meetings with QinetiQ. If the subject area is approved internally, then such conversations are summarized and stored for government audit. We pay particular attention to the mandate that we be free of foreign influence. We remain a U.S. company. ♦