

Monroe Fund gets boost with deal for Spectracom

By TOM ADAMS

Spectracom Corp., bought out in 2000 by four members of its management team with the help of \$750,000 from the Trillium Group LLC's Monroe Fund, is merging with Temex Sync, a Paris subsidiary of Orolia SA, a French maker of high-precision timing and synchronization devices.

The transaction occurred last Thursday and is scheduled to close by the end of 2007.

It is the first liquidity event for the Monroe Fund and will return three times the investment amount, said Kevin Phelps, a general partner at Trillium and chairman of Spectracom.

A subsequent \$100,000 investment increased Trillium's contribution to



Lisa Withers

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\$850,000, or some 25 percent of ownership in the company. At three times the investment, Trillium returned some \$2.55 million for investors in a transaction estimated to have exceeded \$10 million. Officials did not disclose the amount of the deal.

Some 50 Spectracom employees, including CEO Lisa Withers, will remain with the company, Phelps said. Some 20 Temex Sync workers will be absorbed by Spectracom and will remain at the Paris location.

Located on Methodist Hill Drive in Henrietta, Spectracom designs and manufactures global positioning system synchronized network time servers and precise transmitter frequency control devices.

Phelps called the merger a bellwether event for the Monroe Fund because Spectracom is the first company in the portfolio to be sold for a strong positive return.

"It's a good situation in that the employees, and the leadership of Lisa Withers, will stay in place," Phelps said. "She will now have responsibilities not only for the U.S. but for the European component. The employees at the Henrietta facility will continue to be in place, and hopefully some additional positions will be added."

Spectracom revenues have been sporadic in recent years but have been "reasonably profitable for the last several years," Phelps said. Revenues have increased from \$3.5 million at the time of the buyout to more than \$10 million.

"It's growing in the neighborhood of 30 percent a year," Phelps said. "Part of the reason we brought Lisa in was because she could grow the company and did have these kinds of networks that would enable her to identify potential candidates to do this kind of transaction."

Withers was hired in August 2004. She was formerly a vice president and general

manager at Symmetricom Inc. in northern California.

"Spectracom's merger with Orolia gives us the global presence—the global footprint, if you will—to continue to grow in an increasingly competitive marketplace," Withers said in a statement.

Symmetricom, Withers' former employer and a \$150 million company, is a major player in the industry, Phelps said.

Spectracom is the U.S. leader for synchronization systems for 911 emergency call centers, with a 95 percent market share, Trillium officials said. Orolia is a leading provider of precision systems for the defense and aerospace, space and navigation, and telecom and broadcasting industries.

"(Orolia) is a European company that had very minimal U.S. operations," Phelps said. "They also are in a slightly different space than Spectracom. They complement each other, and a lot of the value created is the geographic synergies."

Spectracom will become a wholly owned subsidiary of Orolia, a family-owned company that recently completed an initial public offering on Alternext, a subsidiary of NYSE Euronext Exchange in Paris, raising \$16.3 million from institutional investors. Its symbol is ALORO.

Spectracom employed 32 prior to the 2000 buyout. The company projected as many as 150 new jobs over five years, but employment was at less than 40 when Withers came on board in 2004.

The firm has added some 10 jobs since Withers' arrival.

"Spectracom could've continued to grow in a very systematic process," Phelps said. "They were growing fine and profitability was there. But this was an opportunity to jump-start the whole process and become a global player in a much quicker fashion and with a much broader product base."

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