

CapitalValue Case Study: Protogenic Inc.

Company Sold: Protogenic Inc.

Date of Transaction: June 2008

Advisors: CapitalValue

Buyer: Spectrum Plastics Group

History: Protogenic Inc. (Company) is a professional service bureau that specializes in additive manufacturing technologies. The Company manufactures prototypes and conceptual models using stereo lithography and laser sintering rapid prototyping technology. Protogenic also offers silicone rubber molds and cast polyurethane parts for limited 'pre-production' quantities. The owners were looking to transition the business to the second level of management and a new owner, while still allowing the Company to continue its growth.

Choosing CapitalValue: CapitalValue understands that each client is different, and deserves personalized service. As such, each transaction is customized to meet the specific needs and goals of each client. "Building a business requires both an emotional and financial investment from the business owner," says CapitalValue Managing Director David Tolson. "Having the right advisor through the exit process assures the business owner will receive the maximum return on that investment, while achieving all their goals."

Prior to working with CapitalValue, Protogenic had worked with another large national investment bank, but were not happy with the results. Steve Stewart, co-owner and CEO of Protogenic became aware of CapitalValue's unique value proposition. This led him to ask Tolson, and fellow Managing Director Chris Younger for their opinion on Protogenic's situation. After speaking with the two Managing Directors, Protogenic decided to retain the CapitalValue team as their advisors for the sale process with a hope of better results. "Steve and Horst were clearly frustrated by their previous experience, and they wanted better results," according to Tolson.

The CapitalValue Process: Because Protogenic placed such a high importance on regular communication and service, the CapitalValue process was a perfect match for them. Utilizing CapitalValue's proven process for identifying buyers and facilitating the transaction, they were able to close the deal within nine months. Before they could go to market, however, the CapitalValue team needed to gain a better understanding of the personal and business goals of the owners.

With a clear sense of Protogenic's expectations, CapitalValue embarked on the OwnerAnalytics™ phase of the sales process. Within this phase, the team begins its evaluation using specialized tools to identify, understand and quantify Protogenic's needs, determine the market value of the business, and evaluate the strengths and weaknesses of the business. In this phase, the team was able to present the owners with a transaction strategy to suit their personal and financial goals. Simultaneously, the CapitalValue team worked on the ValueDrivers™ and

MarketProfiler™ phases. While targeting a very specific buyer list using the MarketProfiler™ process, the CapitalValue team began to analyze the business from the inside out to determine how to effectively market its strengths. "We use the ValueDrivers™ tool to uncover areas of hidden value within the business. These areas of hidden value (called the ValueDrivers™) are: customer value, financial value, strategic value, employee value, and organizational value. These are the key components we use to position the business appropriately to our strategic buyers." Once the values of the organization had been uncovered, CapitalValue was ready to take Protogenic to market. What further complicated the MarketProfiler™ process, was the fact that Protogenic's previous engagement with the other investment bank meant that CapitalValue could not contact the potential buyers they had contacted. In essence, CapitalValue's MarketProfiler™ process had to uncover a unique set of buyers, independent from the previous list of 200 companies.

Finding a Buyer: After all of Protogenic's goals were clear to the CapitalValue team, they put together the company 'book' to describe the company to potential buyers. The CapitalValue team worked hard to showcase the strengths of Protogenic and the benefits the company would bring to either a strategic or a financial buyer. They used the Company's unique market position, strong reputation, and strong management team to create value in the eyes of potential buyers. Throughout the marketing process, over 300 potential buyers were contacted, resulting in three serious offers in only three months. The buyer identification process was complicated by the fact that CapitalValue could not contact any of the potential buyers the previous business brokers had, without financial implications for Protogenic. One unique strategy the CapitalValue team employed was identifying buyers up and down the value chain within Protogenic's vertical. Although this is part of the normal CapitalValue buyer identification process, the Protogenic owners were not sure it would pay dividends. The strategy, however, paid off in the end - as the eventual buyer, Spectrum Plastics Group, was found through this unique and innovative approach.

After only six months of working with CapitalValue, Protogenic received a letter of intent from Spectrum Plastics Group. Before Protogenic accepted the offer, CapitalValue provided a complete analysis of the process and market to give the owners the proper perspective, and help them make the best decision. "The CapitalValue process was very valuable, and the level of effort the team put forth was obvious," said co-owner and CEO Steve Stewart. "Everything was high class, and the communication we had with David far exceeded our expectations." The only challenge the Protogenic owners encountered was in the amount of information and number of documents the sale process required, but was pleased with the constant guidance from the CapitalValue team, which kept everything from becoming overwhelming. "Their guidance and experience allowed us to continue operating throughout the whole process without any disruptions. This was incredibly valuable," said Steve Stewart.

Working with CapitalValue: CapitalValue's goal with each transaction is to turn each client into a reference. "We measure our success by the level of client satisfaction," says Tolson. CapitalValue places a high level of importance on personalized service and open communication. The whole team is available to answer any questions or solve any problems whenever clients may need them. This was one of the highlights for Stewart, who said "It was nice to know that David was available to answer any questions, no matter what time of day or

night. Though we never took advantage of this, it was reassuring to know the CapitalValue team was available whenever I needed them.”

When looking back on their experience working with CapitalValue, the Protogenic owners believe they chose the right advisor. “Working with CapitalValue was a great experience from start to finish,” said Stewart. “They provided us with a high level of context for each of the three offers we received, kept us up to date with regular updates, and completed the transaction much quicker than we expected. Overall, the CapitalValue team far exceeded our expectations with everything from the effort they put forth to the open communication. We would absolutely work with CapitalValue again. They have a superior team to any other company we have worked with.”