



INDUSTRIAL SAFETY TECHNOLOGIES (IST): BUILDING A GLOBAL INDUSTRIAL-SAFETY PLATFORM

BACKGROUND

Battery's goal in forming IST was to build a global platform company focusing on industrial safety, a fragmented market we felt we could consolidate. By 2011, it was clear many industrial companies were willing to increase their investment in technology solutions that could help avoid and manage accidents and protect infrastructure. Events like the Deepwater Horizon oil spill and several high-profile, natural gas explosions helped create this mindset; many industrial companies also have recently created a "chief safety officer" position to address the issue.

STRATEGY

Working with Adam Markin, an experienced former Tyco executive who was then a Battery executive-in-residence, Battery in 2011 began to research the industry. Markin and Battery spent a year mapping the market and analyzing hundreds of companies, finally zeroing in on gas-detection technology as an initial area of focus. They set a goal to consolidate companies with either a geographical focus or with a particular specialism in one type of product including portable-gas, fixed-gas, open-path, flame and leak detection. The high level of fragmentation the market would create opportunities for multiple acquisitions.

Within a year of kicking off the project, Battery acquired portable-gas detection company Gas Measurement Instruments (GMI), based in the U.K. This company would serve as the anchor for Battery's Industrial Safety Technology (IST) platform, with Markin at the helm. Three months later, Battery acquired U.S.-based Detcon, a prominent company in the fixed-gas detection market, to complement GMI.

Overall, as Battery rolled up more companies under the IST banner, our strategy was to:

- Leverage the combined capabilities of all the companies in areas including sales channels, geographic expansion, and service coverage
- Accelerate new product development and offer a full range of products in the various markets sharing the combined resources in the Group
- Maintain and invest in each business's brand, human capital and technology
- Search for technologically differentiated businesses with gross margins of more than 40% across North America and Europe

RESULTS

Ultimately we combined five complementary companies into the IST platform. Each had a long history of brand recognition and significant market share in their respective application and geographies. Specifically, with IST, we:

- **Grew sales** from \$20 million in 2011 to **more than \$140 million in 2015** including a significant element of organic growth in each of the businesses
- Sold products including fixed-gas and flame detectors; portable gas detectors; flame detectors; gas-leak measuring instruments; open-path infrared and laser-gas detectors
- Sold into markets including oil and gas; industrial manufacturing; energy production and distribution; petrochemicals; government / homeland security; and others
- **Ran seven manufacturing facilities** strategically located around the world
- **Attributed more than 25% of company revenue** to recurring aftermarket service, spares and consumables

TIMELINE OF IST ADD-ON ACQUISITIONS:



In 2015, IST was acquired by Scott Safety, a division of Tyco International, for just under \$330 million.