

Client: Salvo Technologies
Project: EOITech Acquisition Case Study
Date: 8.23.21



Background

EOITech is a provider of image sensor services for components used in a wide range of applications including biomedical imaging, electron microscopy, X-ray imaging and space applications. Specialty services include bonding fiber optic faceplates and tapers to image sensors, image sensor cover glass removal, electro-optic assembly, precision filter alignment and UltraTech UV coating. The company was started in Tucson, Arizona in 2014 when EOITech founder, Hugh Garvey, took over a portion of his former employer's fiber bonding business that was left behind after a consolidation. Over the next few years, Hugh steadily grew his customer base by finding the demand for services and adding them on to his offerings. After only three years, Hugh had created a viable and profitable business with several employees on his payroll.

Deciding to Sell

With his expanded service offerings, business continued to pick up for Hugh. But without investment capital, he often experienced cash flow issues when the demand for his services would spike. Additionally, by funding his company fully from his own bank account, he was a little too close to the natural ebb and flow of the work, sometimes forgoing his own salary to make payroll for his employees.

In 2017, Hugh attended a large photonics industry trade show with the goal to sell one of his new service offerings to a number of potential customers. Of the customers who took him up on his offer, one was Salvo Technologies vice president, John Dougherty. After performing a test alignment on a pixelated filter, John was impressed with the quality of EOITech's work, as well as the cost for which they were able to perform it. John along with his business partner, PJ Bass, decided that this was a core competence that they needed to have in-house at Salvo, and approached Hugh with the offer to acquire EOITech.

The offer came at the perfect time for Hugh. With the option to continue his work without the added stress of funding EOITech from his own pockets, and the assurance of collecting a steady salary again, all while creating more business opportunities, it seemed like a natural fit.

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The Acquisition

After some brief discussions, PJ and John presented Hugh with a simple and straightforward agreement for EOITech to join the Salvo group of companies. While Hugh had several adjustments to propose, he never felt the need to involve a lawyer or even travel to Salvo headquarters in Florida during the negotiation process. His past interactions with PJ and John had built a base of trust and transparency, which Hugh found reflected in their acquisition offer. In July 2018, only three months after Hugh's decision to pursue the offer, EOITech officially became a division of Salvo Technologies. EOITech's equipment was carefully packed and shipped to Salvo headquarters.

Throughout the process, it was always Hugh's wish to continue the work he was performing as president of EOITech. As part of his agreement, he relocated to Salvo headquarters where he was made director of imaging, continuing to focus on bonding and alignment, as well as developing new processes, without the responsibilities for accounting and budgeting he had previously.

Conclusion

Since joining Salvo, Hugh has enjoyed concentrating on the work he enjoys without the administrative duties to distract him. He has been able to increase his number of patents from one to five, and is shifting more and more from the day-to-day processes that need to be completed, to working on higher level engineering projects and research and development. He was also lucky enough to join Salvo Technologies toward the beginning of their upward trajectory, and has enjoyed the exponential growth over the past few years.

"Joining Salvo Technologies was the best business decision I've ever made in my life," said Hugh. "You become a part of the vertical integration of the company, and it enables a whole range of new possibilities as well as expanding your customer base dramatically. I was able to attract a lot of lucrative offers from big customers that I wouldn't have been able to close on my own because of my size and the amount of support I could offer. At Salvo, there's so much equipment and skills here that it makes anything possible. When the right opportunity comes along, you have to grasp it and go with the flow."