



The DATA CAPTURE Report

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Special SCAN: The DATA CAPTURE Report Reprint

PDC Receives \$75 Million Shot In The Arm

On July 19, **Precision Dynamics Corporation (PDC)** announced that **Water Street Healthcare Partners**, a Chicago private-equity firm focused exclusively on the healthcare industry, has acquired a significant stake in the San Fernando-based leader in patient identification wristband systems. Water Street has committed \$75 million in equity financing to accelerate PDC's growth and expand its market position by pursuing future acquisitions.

"As we weighed various options to help us achieve our goal of more aggressive growth, Water Street stood out as the ideal partner," said PDC President and CEO Gary Hutchinson. "Our company will benefit immensely from Water Street's healthcare expertise and operational experience as we look to further our leadership position in patient safety, one of the healthcare industry's highest priorities today. Water Street's track record in successfully investing in and building market-leading companies makes us very confident in and excited about our future."

With a recent study by the **World Health Organization** showing that an average of one in 10 patients admitted to a hospital experiences a preventable medical error that can result in disability or death, patient safety is rapidly becoming

the number one issue that healthcare practitioners, government officials and consumers are focused on improving.

In a company press release, Kip Kirkpatrick, a partner with Water Street, said he sees strong potential for increasing PDC's sales by expanding the company's offerings. "We're already working with PDC's management team to evaluate several attractive acquisition candidates," he stated.



*Gary Hutchinson,
president/CEO,
Precision Dynamics
Corporation.*

Noting that PDC was first to market with bar coding identification wristbands used by most hospitals today, Chris Sweeney, a principal with Water Street commented, "The founders of PDC have built a strong company that is highly regarded for its innovation and leadership in healthcare ID

bands. We look forward to contributing Water Street's industry expertise and experience to support the management team in taking the company to the next level and establishing it as a leading global patient safety products company."

PDC's Hutchinson was traveling and unavailable for an interview, but was willing to answer several of

our questions by email. Here are his responses:

Q1.) At \$75 million, what exactly is the percentage of PDC owned by Water Street?

Hutchinson: Water Street owns ~44% of the company on a fully diluted basis.

Q2.) What is the exact role that Water Street will play in managing or decision making at PDC?

Hutchinson: They will primarily assist us in our business development and acquisition strategy.

Q3.) Will future acquisitions be financed from the current \$75 million or from more money supplied by Water Street?

Hutchinson: The objective is to utilize the \$75M to execute our acquisition strategy.

Q4.) What role will Water Street play in choosing potential acquisition targets?

Hutchinson: As previously stated Water Street will be working with top management on our acquisition strategy.

Q5.) Gary, how will you personally work with Water Street? Daily, weekly, monthly meetings? Will someone from Water Street serve as your liaison?

Hutchinson: Rick Ellis, VP Business Development, Mark Segal, CFO and I will be working with Water Street on strategic objectives at the Board of Directors level. Two members of the Water Street team, Kip Kirkpatrick and Jim Connelly serve with Gary Hutchinson on the Board.

Q6.) How will you use the money to increase growth? What avenues will you take in marketing PDC that you couldn't do before the influx of cash?

Hutchinson: The funds are targeted for strategic acquisitions.

Q7.) What does Water Street hope to achieve from its investment? Is this a long-term investment or is Water Street hoping for some type of quick returns and then an exit of some sort?

Hutchinson: The business relationship between PDC and Water Street is based on long term growth initiatives.

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