JOINING FORCES BUT STAYING YOURSELF

Teledyne Marine Instruments

In August 2005 Teledyne Technologies Incorporated acquired RD Instruments, manufacturer of underwater acoustic Doppler products. Five short months later, oceanographic products company Benthos, Inc also joined the Teledyne Technologies family, which included its own marine organisation, Teledyne Geophysical, for offshore seismic-exploration products. The three marine organisations are now pooling their talents and technologies as the new Teledyne Marine Instruments Group.

Teledyne Technologies Incorporated is a publicly-held (NYSE: TDY) company that provides a wide array of sophisticated electronic components, instruments and communications products for defence, industrial, aeronautical and environmental applications. The company is structured to serve niche market segments where performance, precision and reliability are crucial. Expansion into marine markets is representative of the Teledyne Technologies business model. The philosophy is to select and acquire key companies that are highly successful in their own right and have core technologies, talents and capabilities that favour co-operative development and market growth. Each entity, whilst retaining all the attributes of its successful business, is able to leverage the expanded technology, distribution channels and manufacturing capabilities of the larger Teledyne. The new Teledyne Marine Instruments Group is witness to this philosophy and puts the ball in motion for additional marine acquisitions and exciting technology advancements.

Teledyne Geophysical

The group's three key organisations are Teledyne Geophysical, Teledyne RD Instruments, and Teledyne Benthos. Teledyne Geophysical is one of the longest-standing members of the Teledyne family, with over forty years experience in the manufacture of highly sensitive hydrophones and marine streamers for offshore seismic exploration, scientific research and military applications. The organ-isation maintains a large sales, manufacturing and repair facility in Houston, Texas, with a workforce of 330 employees. To service its customers across the world Teledyne Geophys-ical also maintains an engineering and repair facility in Gloucester, England. With the upswing in offshore oil & gas exploration in addition to its product offerings, Teledyne Geophysical has been extremely busy in recent years servicing the needs of the industry and generating impressive organic growth.

Teledyne RD Instruments

Teledyne RD Instruments, located in San Diego, California, specialises in the design and manufacture of under-water acoustic Doppler products for a wide array of current profiling, wave measurement, and precision navigation applications. Originally founded in 1982 as RD Instruments by Fran Rowe and Kent Deines, the organ-isation is credited with designing and manufacturing the industryâ€™s first Acoustic Doppler Current Profiler (ADCP), capable of measuring currents at up to 128 points throughout the water column. This technology has undergone continual evolution over subsequent years and Teledyne RD Instruments remains the industry's leading provider of acoustic Doppler products for measuring water in motion and motion in water.

The company is subdivided into distinct business units, including Water Resources for inland flow and discharge measurements, Marine Meas-urements for current profiling and wave measurements in coastal and offshore environments, Navigation for the precision navigation for sub-sea vehicles, surface vessels and diver applications, and an emerging low-power imaging product line. The company now employs over two hundred industry professionals, growth that demanded physical expansion. In June 2006 Teledyne RD Instruments moved into a large, modern facility that it shares with two smaller San Diego-based Teledyne companies. Teledyne RD Instruments also maintains a sales-and-service facility in La Gaude, France and a technology development and service centre in Shanghai, China.

Teledyne Benthos

Sam Raymond founded Benthos Inc in 1962. Through the years the organisation has developed a wide array of high-quality undersea products, becoming a cornerstone of the oceanographic industry. Teledyne Benthos consists of two distinct business units: undersea systems and package-inspection systems. The undersea-systems business focuses on the development and manufacturing of survey systems highlighted by C3D technology for 3D sonar imaging, wireless underwater communication, inspection-class Stingray Remotely Operated Vehicles (ROVs), acoustic transponders/releases, underwater locators, and hydrophones for geophysical and military applications.

The company operates from a facility in North Falmouth, Massachusetts in the heart of the Massachusetts Oceanographic Industry, and employs 130 industry professionals. The recent acquisition of Benthos by Teledyne is aimed at maximising future product-market synergies and improving customer service through integration of existing products like the Teledyne RD Instruments ADCP and the Teledyne Benthos Wireless Modem to facilitate the installation, deployment and operation of otherwise complex underwater solutions. The

new company also plans to explore other possibilities with customers, representatives and OEM partners in order to give them the competitive advantage of working with the Teledyne Marine Instruments Group.

The New Group

Shortly after the acquisition of Benthos in January 2006, the three Teledyne marine organisations were tasked with creating a plan to leverage their combined strengths and create new market opportunities. Thus the Teledyne Marine Instruments Group was formed and the three organ-isations have since been working together to pinpoint opportunities to better serve their customers and create new opportunities. Almost immediately the companies recognised areas within which they could share sales and marketing resources to expand their reach, reduce redundant effort and access joint customer segments.
Group members have also embarked on two new, joint product developments. One major programme underway is the integration of Teledyne RD Instruments' Acoustic Doppler Current Profiler (ADCP) with the Teledyne Benthos Telesonar Acoustic Modem. When completed, customers will be able to purchase and deploy a single Workhorse ADCP with a self-contained acoustic modem board and an acoustic telemetry transducer designed to allow users to wirelessly access real-time, compressed ADCP and/or wave data from a single seafloor instrument and topside system. The bi-directional communication will also allow the customer to wirelessly modify ADCP settings and/or collect periodic QA/QC data.

Joint Initiatives

Teledyne Benthos and Teledyne Geophysical are also in the initial phase of a joint hydrophone-development programme. Both organisations manufacture and supply hydrophones for offshore seismic applications. A significant opportunity has been identified to combine these technologies to create a next-generation hydrophone with superior features. Other joint product development projects have also been identified and are under review for implementation within the next six to twelve months.

The Teledyne Marine Instruments Group customers will also benefit from the geographic diversity of the organisations. As noted, these companies have offices throughout the United States, Europe and the Far East. The companies are working closely to leverage the availability of these facilities and their resources to service Group organisations.

Acquisition Strategy

The Teledyne acquisition strategy appears representative of a new trend within the industry, characterised by smaller companies being purchased by larger entities. In most instances these smaller companies are acquired and merged into larger organisations. But, in keeping with the Teledyne phil-osophy, the organisations within the Marine Instruments Group remain committed to their origins, each continuing to do what it does best for its customers and employees whilst sharing resources and knowledge with other synergistic organisations.

In keeping with this model, Teledyne Technologies is committed to expanding its marine business segment. Teledyne RD Instruments, Teledyne Benthos and Teledyne Geophysical represent the initial phase of this strategy. With guidance from these marine organisations, Teledyne Technologies is already at work planning its next marine acquisition to further enhance the strength and capabilities of the growing Marine Instruments Group.