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## NexTech Solutions chief engineered a merger

Austin Business Journal - by [Laura Hipp](#) ABJ Staff

Blips, blurs and blemishes on a flat television screen can distort Natalie Portman into something more along the lines of James Gandolfini.

At **NexTech Solutions Inc.** in Austin -- which produces technology that inspects flat-screen displays -- President and CEO Tony Di Napoli is the makeup artist who ensures screens are free of imperfections.

Since it was founded in 2002, NexTech (OTC: NXSL.PK) has gained steady business due to the growing demand for flat-screen displays used in televisions and computers. The company's products are built into the manufacturing lines for flat-panel displays.

But when it came time to quickly grab a bigger share of the market, Di Napoli turned to a business with a complementary technology. In January, his NexTech merged with Dallas-based **FAS Holdings Group** LLC, a company Di Napoli worked with a decade earlier. FAS produces a special coating for flat-screen displays.

"We're both playing in the same space," says Di Napoli, who is president and CEO of the company now known as NexTech FAS. "I knew the management of FAS for many years."

Di Napoli initially met FAS managers in the mid-1990s when he led a **Progressive System Technologies** in Austin. The two companies collaborated on a project for a flat-panel display manufacturer.

He focused on one selling point to convince management of the 19-year-old FAS to join NexTech: Together, the two companies could fight with larger competitors for contracts and improve profit margins and pricing.

"This [offers] great synergy for all of us," he says.

Management on both sides had push aside their personalities to focus on the ultimate goal: A company with more bargaining power.

"In the end, everyone realized that our business interest was first and foremost," Di Napoli says. "This allowed us to make decisions merely based on our desire to succeed as a new company, rather than dealing with our individual needs and wants, which has made it easier to merge our cultures together."

Melding the personalities inside two companies is one of the most difficult and overlooked challenges, says Kurt Wilkins, managing director of **Tatum Consulting** in Austin, which helps companies



Sarah Kerver

NexTech FAS makes technology that inspects flat-screen displays.

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prepare for mergers and combine operations afterwards.

"One of the biggest things to think about is not necessarily financial, it's cultural," Wilkins says.

"Think about what your company provides and whether the people of your company are going to be able to co-exist with the new company."

Communication is the key to make sure the two staffs combine smoothly, he says.

"People don't like change," Wilkins says. "That scares people. Over communicate what you are doing. People are going to be concerned about their jobs..."

Managers should also talk with their top employees and give them incentives to stay during times of change, he says.

Another matter that causes executives of merging companies to reach for the aspirin is combining "back-office" operations, says Wilkins, who suggests hiring additional financial staff to ease the workload.

"Just know to expect the unexpected," Wilkins says. "Things are going to happen that they never thought of."

Today, NexTech, which also works with solar panels and organic light-emitting diodes, employs more than 50 people in Austin and Dallas. It has a constant need for workers with expertise in software, engineering and other highly skilled areas.

"We're adding people on a weekly basis," Di Napoli says.

NexTech FAS has a 36,000-square-foot facility in Dallas and a 10,000 square-foot-facility in Austin. There is an office in Tokyo, too.

The combined revenue of the companies will be between \$4 million and \$5 million in 2007, Di Napoli says. By focusing on acquiring customers in the United States and Europe, Di Napoli predicts revenue will hit \$17 million in 2008.

### **Lessons Learned**

- Persevere through the details of a merger by focusing on the benefits of being a single entity.
- Mergers often occur between companies that already do business together as partners.
- Mixing merging companies' cultures is often the hardest part of bringing two firms together.

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