

## Revitalized Business Model Makes Caltec a Prime Acquisition Target

*Energy Ventures identifies promising production technology and assists in a rapid market introduction*

### BACKGROUND

Caltec Limited, created in 2003 through a management buyout, specializes in production process technologies. While the process industry is not usually seen as a fertile ground for innovation, Caltec very quickly developed several creative solutions to boost production and improve separation operations. The company's flagship technology, Wellcom, harnesses the excess energy of high pressure wells to reduce the backpressure in low pressure wells. As a result, each well operates at maximum production pressure, increasing overall field production. Caltec also offers I-SEP, a system that uses high centrifugal forces to separate gas, oil, water and solids. I-SEP is compact, lightweight and requires no additional moving parts or power input.

### OPPORTUNITY

When Caltec Limited was referred to Energy Ventures as a potential portfolio candidate, the Energy Ventures team was impressed with the utility and promise of their ground-breaking process technologies. Their solutions were unique, and the engineering behind them was solid. Caltec was the perfect candidate to take advantage of a partnership with Energy Ventures and fully utilize their venture capital and upstream business expertise.

### DEVELOPMENT OF A HIGH-GROWTH BUSINESS

As seasoned leaders and experts in the oil and gas upstream sector, Energy Ventures brought an experienced finance director to Caltec's board as part of the investment. Together, they set out to define the company's value proposition and revamp the current sales process and pricing model.

Up to this point, Caltec had relied on a fixed, one-time pricing model. The team quickly realized there was an untapped market of customers who only needed the equipment for a predetermined length of time. Energy Ventures assisted Caltec in creating a leasing model that not only met customer needs but also reduced equipment costs and increased Caltec's margins.

With a profitable pricing model in place, Energy Ventures and Caltec turned their attention to the oil and gas marketplace. Originally designed for applications within the topside industry, Caltec's Wellcom system and I-SEP technology was also extremely attractive to the high-growth subsea sector for its ability to substantially increase production and overall recovery. Focusing on this sector and taking advantage of Energy Ventures' network of industry contacts, the company pursued new opportunities with operators. This tactical, step-by-step marketing process immediately resulted in major contracts with buyers in West Africa.

### SUCCESSFUL EXIT

Caltec's changing business model was the catalyst to enhancing the company's value creation and brand equity. Equipped with a highly desirable product along with a strategically sound and aggressive sales approach, Caltec was now ready for growth fueled by both selling and leasing equipment to the topside market as well as subsea. The company began to generate significant interest from potential strategic partners with complimentary offerings, such as Petrofac, an international provider of facilities solutions for production and processing.

After solidifying a relationship in 2008, Petrofac acquired Caltec in a transaction valued at GBP 30 million—marking Energy Ventures' sixth successful exit. To fund investors, Caltec represented yet another solid venture and served as a testament to Energy Ventures' mission to bring promising entrepreneurs and technologies to the marketplace.