

Targeting new vertical markets and increasing internationality

Interview with the Management of Garz & Fricke

AFINUM has invested in Garz & Fricke with headquarters in Hamburg. Company founders Matthias Fricke and Manfred Garz explain the reason behind this decision.



Matthias Fricke (Garz & Fricke), Elias Tuerk (AFINUM), Manfred Garz (Garz & Fricke) and Kai Roolf (AFINUM)

Boards & Solutions: AFINUM typically invests in the healthy medium-sized sector. What will the inflowing capital be used for?

Manfred Garz: The main idea is to use the inflowing capital to finance growth measures that we would not be able to implement at the desired pace otherwise. We intend to develop local sales in the German-speaking countries, which we are currently focusing on, and to increase international sales in Europe and North America. In addition, our engineering and in-house production capacities will be significantly expanded, because we also want to maintain our reputation for high quality and supplier reliability in the future of course, even with an increasing number of clients and projects.

Boards & Solutions: How high is the investment in the company, in euros and as a percentage?

Manfred Garz: It is important to guarantee continuity, and we have done just that. We – the two founders Manfred Garz and Matthias Fricke – are going to remain crucially involved in the company in any eventuality and continue to manage operations as the sole managing directors. AFINUM holds a majority interest in Garz & Fricke GmbH, but the par-

ties involved have agreed not to publish any further details about the exact percentage or the purchase price.

Boards & Solutions: Is the investment set for a certain time period?

Matthias Fricke: The main goal of the investment is to financially support further growth measures such as foreign trade and the development of small/new industry segments. In that respect, there is no time objective for the duration of the financial investment of AFINUM.

Boards & Solutions: What are the favoured future target markets, and what are your plans for international expansion?

Matthias Fricke: Of course, those areas where we are market leaders or particularly strong, such as control and operating units and interfaces for cigarette-vending machines with telemetry, so called smart-vending. This so-called smart vending was virtually already an IoT application before this term was even created. Our clients – OEMs and systems integrators – mainly come from the vending machine, restaurant electronics, safety/security technology, medical and laboratory technology, digital signage, industry automation, and transportation sectors. This also applies

to operating units for professional high-end coffee machines for restaurants and catering. We are well-positioned in the field of HMIs for laboratory technology, which will be developed further in the future; we also intend to grow in the associated medical sector. Internationally, we are planning to increase our base of clients and sales partners in Europe significantly. We have also earmarked increased involvement in North America.

Boards & Solutions: “...and continue to manage operations as the sole managing directors” – What will this look like?

Manfred Garz: As we have already said, operations will continue to be managed by us, and we will of course keep an eye on strategy – remember that we by now have more than 25 years of experience. In the case of large-scale strategic decisions or associated large financial investments, AFINUM is of course also involved, and we will come to an agreement beforehand. We even welcome this involvement, because one of the aims of the investment was to involve the high level of expertise of AFINUM in many areas as well as capital, for example in potential further acquisitions etc.

Boards & Solutions: Can you tell us a bit about the main points of your strategy?

Matthias Fricke: The inflowing capital will be used to significantly increase resources in sales, development, product and project management, and production. This should generate accelerated revenue growth, e.g. by targeting new vertical markets while simultaneously increasing international engagement. I have already mentioned some of these markets, and there will be others in the near future. Local-in-house development and production is one of the core skills of Garz & Fricke, and will remain an integral part of our future growth strategy. Amongst other things, it will ensure that we have the necessary flexibility and guaranteed quality, which is necessary to be a long-term player in the embedded market.

Boards & Solutions: What significance will the new company building have?

Manfred Garz: It will be our own headquarters, tailored to suit our needs and wishes. The new construction and the relocation are absolutely necessary and a prerequisite to achieve our planned growth objectives, because our constant growth and increase in personnel over the past few years have had us literally bursting at the seams in the building we are currently renting, both in the production areas and the office space we have available. It is also an additional motivational boost for our employees to soon be working in an ultra-modern, spacious working environment, designed with the latest ergonomic aspects in mind. In addition, transport accessibility has been increased significantly. Last but not least,

we have kept our great advantage of being close to the university in Hamburg.

Boards & Solutions: What support will AFINUM provide?

Matthias Fricke: AFINUM sees itself as a partner and reliable company that supports its investments and their management in the achievement of its long-term goals, and stands with them as a strategic pillar for operatively responsible company management. Our main principle is to make a significant contribution to positive further development and growth. AFINUM has extensive consulting expertise and experience to offer, which is what makes it such a great sparring partner, e.g. for add-on acquisitions, organisation and process optimisation, and much more.

Boards & Solutions: You have just celebrated the company's 25-year anniversary. It would be fair to say that it is an established company. Is there any specific reason for making this step with an investor now?

Manfred Garz: Things are looking good for us right now for various reasons, especially because of increased demand from abroad, and high growth in end markets such as catering and medical technology, which is set to develop further. This has resulted in a need for greater capacity, which will provide opportunity for further growth after our relocation.

Boards & Solutions: Thank you very much.

About AFINUM

AFINUM invests in successful mid-market companies. Since its foundation in 2000, we accompanied many companies in various industries and situations in their further development. Today AFINUM is one of the leading mid-market investors in German speaking Europe. We know the specific challenges, opportunities and limitations of the mid-market. Therefore our investment focuses on offering tailor-made solutions for every entrepreneurial challenge. We understand the mid-market entrepreneur as well as his needs and seize them in a creative and constructive way.

About Garz & Fricke

Garz & Fricke is a medium-sized enterprise for microelectronics. We have been established in 1992 and we design and manufacture exclusively at our home base in Hamburg. Our customers are OEMs and system integrators, mainly from the automation, catering technology, mobile computing, security, medical, measurement and control, transport, aviation and naval industries which appreciate our high level of vertical integration. To us "Made in Germany" not only means a local integration of end products, but our own design and production of the entire electronics within one site - from the first idea to the final industrial serial product.