

# Stability in the Face of Change

## It took Qioptiq just 5 years to become a global player in the photonics industry

●▶ Qioptiq came into being in 2005 when Thales sold its High Tech Optics group to Candover Investments Plc. Qioptiq acquired German company LINOS AG in 2006 and British Point Source Ltd. in 2008. Today, Qioptiq is a true global player in the photonics market – a dramatic achievement in a competitive environment. How did this come about? Andreas Thoss talks to the man with all the answers: Volker Brockmeyer, Qioptiq Executive Vice President managing the Photonic Systems Division at Qioptiq and Managing Director of LINOS Photonics GmbH & Co. KG.

**Optik & Photonik:** Over the last few years, Qioptiq has made a number of interesting acquisitions, including firms such as LINOS in Germany, parts of Thales in France and Point Source in Great Britain. Now you are placing all of these companies under one brand, namely Qioptiq. What exactly are the advantages of this?

**VOLKER BROCKMEYER:** Let me explain that the name change process began at the start of the year and that it will not be complete until mid 2010. By July 1, we expect all subsidiaries to be carrying the Qioptiq name. Then we will pursue the roll-out of a new logo and new style. Why are we doing this? The best way a company can present itself in the market is under one name. The reasoning behind this is that we want to improve the manner in which we present our technologies, and to show a united front. This sends out the right signals to the market, namely that this is a company which can offer a complete technological package. We also want to reinforce the team spirit across the company, and the fact that we are a united company – not just a group of individual businesses.

**O&P:** The various subsidiaries are active in widely differing markets. What benefits can your customers expect from this rebranding?

**BROCKMEYER:** We wish to clarify to our customers that each Qioptiq division has

access to the same technological resource pool, irrespective of where it is or what it is doing. As a result, the technological resources at our disposal are complementary. At Point Source, for example, the laser is used as a light source. Any optical system, particularly when it is an optical imaging system, needs to use a light source. Point Source can now turn to our pooled technology resources and use this to expand their laser technology further into systems. Moreover, we want to be one single technology partner in order to be able to provide solutions to any problem for our customers. We are a global company, and we can now offer on-site development, production solutions and support for customers locally.

**O&P:** LINOS is a well-known and reputable brand in Germany. To what extent will the LINOS brand be maintained?

**BROCKMEYER:** Although LINOS as a brand or company name will no longer be used, we will continue to use it as a catalog and product name. We will continue issuing the LINOS catalog. Only the brand and name are changing, not the reputation and quality people associate with LINOS – we will continue our product development at the highest standards, especially in Germany.

**O&P:** If we may go back to the Qioptiq takeover of LINOS in 2006. How was LINOS positioned at the time? What has changed since then?

**BROCKMEYER:** At the time it was strategically important for us to find a way to maintain consistent strategic development at LINOS. This led to the question of whether we could prepare ourselves for the challenge and continue alone on the market as LINOS. We then decided to join forces with Qioptiq. Not only because it used similar technologies as LINOS, but also, Qioptiq were already active in other markets which would complement our growth interests. Qioptiq's international locations in the UK, US, and in Singapore made it even more appealing. Another important factor was that LINOS by itself was not in all cases an attractive part-

### THE PERSON

#### VOLKER BROCKMEYER

Volker Brockmeyer serves as Executive Vice President of the Qioptiq



Group and is responsible for the Group's global activities in the Photonic Systems Division. Volker Brockmeyer is also Managing Director of LINOS Photonics GmbH & Co. KG.

In 1985, after earning his degree in business administration, Brockmeyer made his start at the automotive supplier Kolbenschmidt AG in Neckarsulm. Starting in 1994, he held leadership positions with the Rexel Group, the industrial division of Bertelsmann AG as well as the automotive supplier Kromburg & Schubert Group.

In April 2002, Volker Brockmeyer joined LINOS AG as board member. LINOS AG was taken over by the Qioptiq Group in October 2006. In connection with this change, Brockmeyer took over the positions mentioned above.

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ner for large companies. Our turnover and company size at that time was not always attractive for those customers. After we joined Qioptiq, this changed significantly.

**O&P:** So which markets have actually opened up to LINOS?

**BROCKMEYER:** Of course, North America is a more accessible market, as Qioptiq was already established there with its own operations, development and production teams. LINOS only had one sales team

there, despite this being a market in which it is important for the development and production teams to be close to the customer.

**O&P:** If we just look at the whole system from an organizational perspective, Qioptiq has made some further acquisitions besides LINOS in the last few years. This means that you are now active in various sectors in several countries. How did you end up uniting these companies? Was it not a huge effort to bring them all together?

**BROCKMEYER:** Yes, of course it was a challenge. And this process will continue in the coming years. This is of course quite normal when you bring people from different cultures and companies together. The integration brings together many historical elements, differing skills and organizational styles. So first we addressed our wide-ranging responsibilities, and we restructured the group into three divisions. We began by bringing the sales and sourcing teams together. We have started to balance capacities and we have carried out our benchmarking and best practice activities. We have also begun to exploit internal sourcing, and therefore make use of cost advantages which exist in the group. These developments will continue, and will be expanded further.

**O&P:** What are you doing to effectively bring such differing mindsets together?

**BROCKMEYER:** Of course it is important to be in touch with the "human" side: Working on projects together, setting common goals, having incentives which are based on these same goals. I believe that it is most important to have employees from different cultures working closely together to successfully finish projects, to complete the tasks together. The people need to learn how to bring their own skills into a new cultural and working environment.

**O&P:** Growth in turnover continued even during the period of acquisitions. How do you succeed in not only maintaining, but increasing turnover during this difficult integration phase?

**BROCKMEYER:** It is important to present our technical expertise, our photonics know-how, to our potential partners in the marketplace. Hence the rebranding. We are aware that we still have some work to do in this area, and that we have to increase our public relations efforts on this. For this reason, we began a very specific rebranding campaign at the beginning of the year. We know that we have the technological know-how to offer comprehensive solutions to our customers' and our market's photonics problems. Of course we will develop tech-

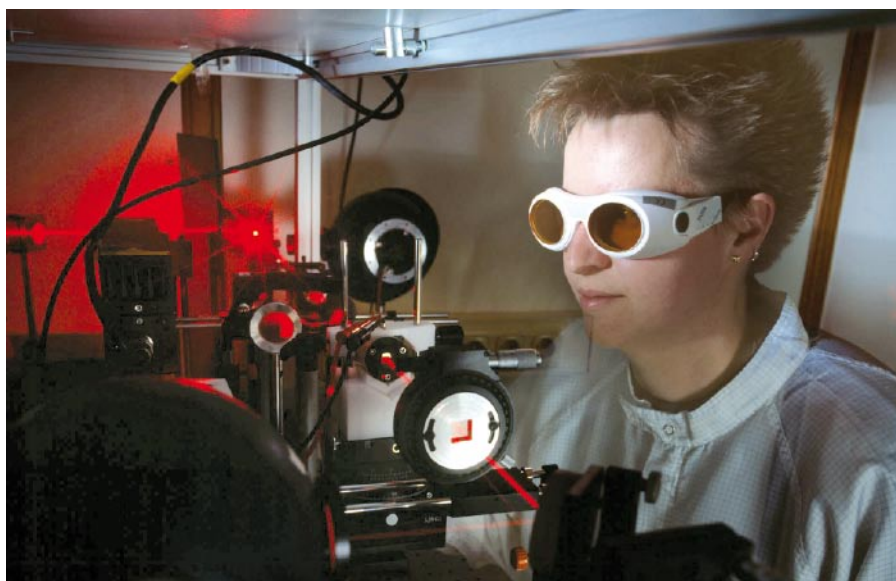


FIGURE 1: Quality control with a laser at Qioptiq.

nologies which will help our sales teams to intensify market penetration and continue to create values for customers. So we try to use our worldwide organization for the good of our customers, and of course to implement best practices.

**O&P:** You have acquired quite a lot. Are you done, or will Qioptiq continue this acquisition strategy?

**BROCKMEYER:** I think we have a broad basis now, and that with our available technologies and those in development, we can ensure continued growth in the market. From our current perspective, expansion is not necessary, but if any opportunity arises, we will definitely weigh up the options and look into it.

**O&P:** You already spoke about the significance of R&D in Qioptiq. You also have an internal program which is designed to attract and retain good people in the industry. Could you please give us some details on this?

**BROCKMEYER:** Of course we try to find suitably qualified staff for our projects. I believe that we offer a very interesting working environment, and we have a very varied market portfolio. Furthermore, we offer our staff ample freedom to work independently in corresponding market-oriented teams. Also, consistent orientation in the technology sector creates interesting opportunities. Moreover, we collaborate with universities, running a combined university and corporate education, including internships. We also offer the opportunity to work abroad, which is important for our younger staff. These people know that we are located in Germany, the UK, the USA and Singapore - all very interesting places with equal-

ly interesting development and production tasks. There they have plenty of scope for their work, and we constantly find out that young scientists are very interested in our broad market base and technology.

**O&P:** Speaking of science... do you consider the collaboration of science and business in Germany to be enough, or should there be more done so that companies such as Qioptiq can remain competitive in the international high-tech market?

**BROCKMEYER:** Of course Germany has a strong and competitive research environment. The important thing is that we will be able to further count on continued political support and that targeted application-oriented research will continue to be funded. Some action has been taken here. Support was significantly increased despite financial pressures, and that is very important, I believe. We regularly benefit from the work of various research institutions. This can be either on research assignments or joint research projects. So we would be delighted to see further expansion. It would be especially great if the support was more clearly application-oriented. As is done in other countries, this could provide a great push forward and provide interesting opportunities to young scientists. In other countries, there is definitely more application-oriented research support or development support.

**O&P:** Could you give some examples of some of these countries?

**BROCKMEYER:** France would be one example. France awards billions of Euros every year to support R&D operations in industry. There they can count on thirty percent and more support for their projects and R&D budgets.

O&P: Pre-competitive development is also partially supported in Germany, but probably not for such a large company as yours.

BROCKMEYER: Yes, but something can surely be done about that.

O&P: If we look a bit more at the development of the market, what do you think of the present economic situation in the various market sectors relevant to you?

BROCKMEYER: The most relevant markets for us are in North America and Europe. We are B2B suppliers, we deliver highly-complex modules and systems. So these areas are important for us and I see that there are definitely strong positive signals in these markets. The Asian market is growing considerably, and is not independent from other parts of the world. This market will become more important for us in the near future.

O&P: Could you break that down again into the product types and divisions, just like you have done in the Qioptiq program and organization?

BROCKMEYER: If you look at the medicine and life sciences sector, you can see that the main operators and main contacts are mostly based in the USA and Europe. Development takes place there for the most part, but companies also sometimes produce in and deliver to Asia, too. This is also the case for industrial manufacturing – take semiconductors, for example, or inspection technology, two areas which offer the best turnover potential – most of our customers are in North America and Europe. Of course there are some areas in Asia that are also interesting for those segments. Then there is research, which is a worldwide market. For the defense market, which is also a big sector for Qioptiq of course, we focus principally on Europe and North America.



FIGURE 2: Volker Brockmeyer, Qioptiq Executive Vice President and Managing Director of LINOS Photonics GmbH & Co. KG.

O&P: Most companies have had some financial difficulties over the last two years. Can you already say what Qioptiq's future looks like now in the areas of semiconductors, military technology and research, for example? What do you expect in the next one to two years?

BROCKMEYER: There is a perceptible improvement in the semiconductor market. We are very active in the lithography market and the inspection market, and we see clear positive trends there. We assume that this trend will continue over the next two years, also because of the consistently steady demand for the finished product.

In the defense sector, our growth is definitely very robust, influenced by conflicts throughout the world, and as such, there is continuing demand for equipment. We see that the German Federal States' research budgets are still relatively well financed, although in other budget areas there have been big cuts. I think that this is also a very important development to support growth for us.

O&P: You forgot the medical sector. Could you talk about the medical outlook?

BROCKMEYER: The medical market has hardly suffered from any crisis over the last few years. And it looks like it is going to stay that way. Medical-technical applications will keep gaining ground. Technology to improve the patient's wellbeing will con-

tinue to develop, right up to diagnosis. Personalized medicine is a buzz word, for example, so more tools for diagnosis will be developed. I believe we will see uninterrupted growth in this sector in the coming years.

O&P: If we may go back to the three main global regions of Asia, America and Europe – where do you see the key growth areas for Qioptiq over the coming years?

BROCKMEYER: I believe that the key growth areas will be in North America, to begin with. In certain areas, the focus will surely shift towards Asia, as more potential customers are moving into this region.

O&P: Could you say where exactly in America you expect growth?

BROCKMEYER: In America, it will definitely be in the medicine and bio markets, and the semiconductor market will also show a significant growth.

O&P: And not industrial solutions?

BROCKMEYER: Industrial solutions will in my opinion come mostly from Europe and Asia.

Thank you very much for the interview.

## THE COMPANY

### Qioptiq

Qioptiq designs and manufactures photonic products and solutions that serve a wide range of markets and applications in the areas of industrial manufacturing, medical and life sciences, research and development, defense and aerospace. Qioptiq benefits from having integrated the knowledge and experience of LINOS, Point Source, Spindler & Hoyer, Gsänger, Optem, Pilkington, and others. Qioptiq's 2,300 people work at sites across Europe, Asia and the USA.

[www.qioptiq.com](http://www.qioptiq.com)