

DTx finds demand high for its computer controllers Melbourne integrator rings up nearly \$20 million in sales in 2004.

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MELBOURNE – If you ask Arthur Schmitt and Gene Garofalo about their prescription for success, for them the answer likely would have to include something about busying back their company.

In 1991, they founded Melbourne's DTx Inc., which, at the time, was essentially a general purpose integration company that supplied its wares and services to a variety of industries such as telecommunications and medical.

They sold it to a larger competitor, Digicon Corp. of Bethesda, Md., in 1996, but they stayed on as management. However, seeing an opportunity to focus on a niche medical market, Schmitt, Garofalo and their investors bought it back in early 2003 for an undisclosed sum.

Since 2002, revenues have grown from \$7 million to \$19.4 million in 2004, generated by the sale of custom-made computer controllers for medical diagnostic systems as well as the management of technology services for those systems.

"Nobody is focused strictly on what we do," explains Phillip Gerard, DTx's executive vice president of sales and marketing. "Competitors tend to have computer controllers as just a piece of their overall business, but a lot of them prefer to use our controllers to fit in with their products."

High praise for work

One customer that's a fan of DTx, is Fullerton, Calif.-based Beckman Coulter (NYSE: BEC), a \$2 billion-a-year global medical equipment company.

"Of all the years I've been in procurement, I've never seen a supplier so customer-oriented," says Jose Valdesuso, a Beckman Coulter group procurement manager in Minnesota who oversaw the selection process about three years ago that led to DTx being the one supplier for Beckman Coulter for diagnostic monitors and computers. "Everything is done professionally and the whole company is great to work with."

DTx, which has had a number of write-ups in the trade publications *The Manufacturers*, is not content to rest on its laurels. In October, the company completed the first phase of a two-phase project to streamline the manufacturing process at its recently enlarged 20,000-square-foot facility, which has nearly 50 employees. The second phase, which will include more automation, is expected to be finished in three months.

Still, the first phase already has produced a 40 percent improvement in efficiency, says Luis Alvarez, DTx's vice president of operations.

Insuring against storms

Somewhat concerned about last year's devastating hurricane season, DTx also plans to set up a duplicate manufacturing facility in the Midwest – the Milwaukee or Chicago area – as a hedge against any storm-induced plant shutdowns at its headquarters as well as to handle its burgeoning market penetration in the Midwest and West, company officials say.

The company goal

Is to triple revenues in the next three years and to increase the local employee base to about 100 people

Schmitt, DTx's president, who also acts as chief financial officer, calls the plan his "insurance policy." He notes the company had a disaster plan that moved the inventory out of the way during the storms, but then it encountered significant problems after the storms passed.

Overall, the company goal is to triple revenues in the next three years and to increase the local employee base to about 100 people.

Schmitt, in fact, has an even bigger focus. "We want to be the dominant player in this marketplace," he says.