

DCA Capital in the News

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Cash Influx May Spur Growth for Superior Vision Services

VSP isn't the only booming vision-plan provider in the Sacramento region. It isn't even the only one in Rancho Cordova.

A private-equity deal this week puts a spotlight on Superior Vision Services Inc., which serves 2 million workers at more than 3,000 employers nationwide — two numbers that the company expects to grow substantially this year.

On Monday, a private equity firm in Rhode Island announced it has acquired a majority stake in Superior Vision, already one of the fastest-growing companies in the Sacramento region. Nautic Partners LLC bought out former investors and said it will provide funding to continue aggressive growth while allowing Superior Vision to remain under its current management. None of the parties would discuss financial details of the deal.

“As we grow our business, as we have historically, we expect to increase employment in the Sacramento metropolitan area,” said Superior Vision chief executive officer Rick Corbett, who predicts Sacramento employment will double in five years. The company has 140 employees now, 80 of them at company headquarters on White Rock Road in Rancho Cordova.

Superior Vision generated \$500,000 in sales in 1996. That figure hit \$138 million in 2011 and is projected at \$151 million in 2012.

Unlike VSP, its much larger competitor, Superior Vision includes ophthalmologists, optometrists and retail optical locations in its network. This means members can get care and glasses in a medical office setting, at a high-end retail shop like Lens Crafters or at Wal-Mart.

VSP, which serves more than 56 million members nationwide, was started in 1955 by optometrists for optometrists, although subsidiaries offer eyewear and an online portal to communicate with suppliers and get other services. The company reported \$3.5 billion in revenue in 2010.

“Superior Vision can get lost in VSP's very long shadow, but its building recognition in its own right,” said Curt Rocca, managing partner at DCA Partners, one of the investment firms bought out by Nautic.

Growth has continued at a steady clip of about 15 percent, despite the economic downturn. Rocca applauded Corbett for “building the company in an economy that stunk.”

Superior Vision was founded in 1993 by Dr. Charles Fritch, an ophthalmologist involved in several big eye-care companies, who also practices and teaches in Southern California.

Fritch invested some of his own money and brought in investors and partners. They were bought out in a \$54 million financing deal in 2007.

DCA Capital Partners in Roseville and ABS Capital Partners in Baltimore invested a total of \$19.25 million; the balance was \$35 million in debt financing from ORIX Venture Finance LLC in New York City. ORIX was removed in 2009; the deal announced Monday buys out DCA and ABS and brings in Nautic as majority owner in partnership with management.

“The ride was great. The company has grown significantly,” said John Stobo, managing general partner at ABS Capital Partners. “After five years, we decided to go ahead with this transaction. We’ve had a very good outcome that’s exceeded our growth targets.”

Nautic is a \$2.5 billion private equity fund that targets investments of \$25 million to \$75 million. Its focus is health care, business services and manufacturing. Nautic goes for majority ownership in niche businesses with strong market share and growth potential.

Corbett has headed Superior Vision for 16 years — and much of the same management team has been in place during that time.

The company had 20 employer clients and about 20,000 members when Corbett arrived in August 1996. It now has more than 3,000 employer clients and covers more than 2 million people nationwide.

Some larger clients include the states of Kansas and North Carolina, University of Texas, MillerCoors, US Airways, United Continental Holdings Inc. and Fruit of the Loom.

Among the company’s local customers is the Folsom Cordova Unified School District, which picked Superior Vision as its sole vision plan in 1999 because “it offers us the most benefits at the best rate and they have a very large provider panel,” said Ana Simental, employee benefits specialist for the school district. Most of the district’s 2,100 eligible employees use the benefits.

“Locally, there are a lot of companies on the books, which is beneficial to us,” said Bob Hoffman, a Folsom optometrist in the Superior Vision network. “It’s also very easy for us to check coverage.”

Dr. Brent Reed, an ophthalmologist, discovered Superior Vision when a patient worked there. Griffin & Reed Eye Care has offices in Sacramento and Roseville.

“That’s why we initially got in the network,” Reed said. “Why we stayed? What a doctor really wants is to take care of patients without a lot of intrusion and somebody pushing buttons and telling us what we can and can’t do. Not every (company) is like that.”