

A buyout for Lenexa-based Rush Tracking

**By Suzanne King
Special to The Star**

Lenexa-based Rush Tracking Systems has been acquired by Pharos Capital Group, a private equity firm based in Nashville and Dallas, the companies said Monday.

Financial terms of the deal were not disclosed, but the companies said the deal includes a capital investment that will allow Rush, which specializes in outfitting warehouses with radio frequency identification (RFID) technology, to grow at an accelerated pace.

Rush president and founder Toby Rush said the 100 percent buyout meant company founders and investors “made out very well.”

“It’s great timing for exiting investors to make a great return,” he said.

While his company could have remained healthy without the acquisition, Rush said, the infusion of outside dollars would put his company at a significant advantage over competitors that are “just trying to hang on for dear life.”

Rush said he and his management team will remain in place under the new owners, and he said the company does not intend to shed any jobs. The company employs between 20 and 30 full-time and contract employees. About two-thirds of them are based in Lenexa.

“It’s just a pit stop,” Rush said of the acquisition. “We’re just shifting into another gear.” Jim Phillips, a partner of Pharos Capital Group, said in a statement that the acquisition represented “a true vote of confidence in the company’s management team, service and product innovation, expanding client base and growth potential.”

Rush Tracking Systems was founded in 2003 as a consulting firm to help companies purchase and install RFID systems. Within months of the company’s inception, Walmart announced that it would begin using RFID technology to track its inventory.

The move by the retail behemoth was a boon for what then was still a nascent technology, and it prompted growing interest in RFID among companies of all sizes and orientations.

Rush Tracking Systems played into the trend by consulting with companies across a broad array of industries that wanted to adopt RFID. Eventually Rush turned to a specific niche — warehousing and logistics — and today sells a tracking system that allows a forklift to pinpoint a specific pallet in a warehouse.

The imbedded radio tracking technology eliminates the need for forklift operators to manually scan pallets when they are stored. With Rush’s RFID system, location is automatically read and registered when the pallet is put in place.

Rush’s acquisition represents the first major success story to come out of the Kansas-funded Pipeline entrepreneurial fellowship program.

Toby Rush was among the first class of fellows selected to participate in that program and he credits it with helping him push his company to the next level.

“It gave me a lot of perspective on thinking bigger — helping us think a lot about how big we can get and how fast we can grow,” Rush said.

Past and present Pipeline fellows, who are meeting this week in Kansas City, include entrepreneurs from throughout Kansas. The Pipeline organization, which has been funded through the Kansas Technology Enterprise Corp., is currently interviewing applicants for its 2010 class.

Pipeline president Joni Cobb said Rush’s success came sooner than anyone had hoped for a program fellow.

“Toby was certainly aiming for an exit of this kind so he could grow this opportunity as much as possible and then move on to another endeavor,” Cobb said. “He’s a serial entrepreneur in the making.”

His company’s acquisition is a wonderful story for Pipeline and for all the individuals who invested in Rush Tracking systems, Cobb added.

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