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HOW MEDROBOTICS CEO SAM STRAFACE’S MANTRA HELPED THWART POSSIBLE CORPORATE ESPIONAGE

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First IN,
HOW MEDROBOTICS CEO SAMUEL STRAFACE'S CONSISTENCY THWARTED POSSIBLE CORPORATE ESPIONAGE

Medrobotics CEO Samuel Straface has a habit of being last out the door – a habit that may have saved his company from corporate espionage.

Good leadership isn’t a trait that manifests itself only when there’s a team to oversee. It’s a persistent quality that, when managed correctly, requires constant and consistent effort and can be the most valuable when it’s least expected.

This is a truth that Medrobotics CEO Samuel Straface learned on the night of Aug. 28, 2017, after he thwarted what could have been an act of corporate espionage – thanks to a tenacious commitment to his team and his habit of being the last man out the door.

“I’ve always been pretty dogged in the pursuit of my vision – and that can be a good or bad trait depending on who’s on the receiving end of it,” Straface told Medical Design & Outsourcing.

The night was supposed to be a celebration for Medrobotics executives, engineers and staff. The Raynham, Mass.-based company’s Flex robot-assisted surgery system had been used earlier in the day in the world’s first scar-free robotic colon resection at George Washington University Hospital – a major milestone and the culmination of months of work.

But that’s not why Straface remembers the night.
Although his peers and coworkers left to celebrate together at a nearby pub, Straface ended up spending the night dealing with a man he'd never met before: Dong Liu.

In dealing with this stranger, he had to unravel why Liu was alone in a mostly secured conference room with several laptops and recording equipment after every other employee had left for the night.

“I’m usually the last person out of the building every night – I generally close the facility and follow after the cleaners,” Straface recalled. “So, I put my hand out and I said, ‘Hi, I’m Samuel Straface. I’m the chief executive officer. Who are you?’”

Court documents would later officially identify Liu as a 44-year-old former partner at a Chinese patent law firm who “appears to be a dual citizen of both Canada and China.” After his arrest, Liu was reported to have current passports from both countries.

Per court documents, Liu had entered the U.S. over the Canadian border a day earlier and traveled to Boston, though his motivation is still unknown.

Perhaps Liu – as his lawyer would later argue – has suffered a brain injury and just wanted to be seen as brilliant again.

Straface said he believes Liu must have scouted out the facility at an earlier date, as he seemed to know the limits of the medical robotics company’s headquarters during his appearance Aug. 28. Staffers later told the FBI that they had seen Liu a month before trying to get into the building, but he was denied entry by an engineer who said he’d have to arrange a meeting, Straface told MDO.

The actual night of his intrusion was either intricately planned or incredibly lucky, as he took advantage of the commotion associated with the facility-wide celebration to slip in.

“That day, we had made a recommendation to the program leaders that they take everyone down to the local pub, which is just short minutes from our facility, and celebrate in the afternoon,” Straface explained.

This led to a rush of engineers and employees out the facility’s front door at the same time. It was during that rush that Straface assumes Liu made his entry into the foyer, having already been hiding away in an entryway vestibule.

Medrobotics headquarters features a large, two-story foyer with multiple exits to different departments and a staircase that leads to the glass-walled conference rooms where Liu would eventually be caught.

“He stayed in there for over two hours,” Straface said. “In that two hours, he was confined to the foyer area because every other door into the main part of the facility, to the offices, labs and conference rooms on the top floor, and to the training facilities and manufacturing facilities on the bottom floor, have a special lock.”

The area behind those locked doors is secure, Straface said, and for good reason – Medrobotics is developing technology for the increasingly competitive, multi-billion-dollar robotic surgery industry. Trade secrets and intellectual property are at the core of the company’s value.

“He was seen by several staff members as they were rushing for the door to celebrate the big event, in the foyer taking pictures with his camera and watching the promotional video – and that’s fine, it’s all public information,” Straface said. “We believe he tried multiple times to get in through the other doors, but was not able to do so, so he ended up packing himself in a room upstairs sort of overlooking the foyer.”

It was one of two glass-walled conference rooms that the company used for non-confidential meetings, Straface said – and was directly on the path from his own office to the front door.

“I decided that because I had an early board meeting the next day, I’d take an early night and go home and say hi to my family and try to get an early night’s rest,” Straface said. “So it was about 7:28 when I walked out of the top
“I’m usually the last person out of the building every night. So, I put my hand out and I said, ‘Hi, I’m Samuel Straface. I’m the Chief Executive Officer. Who are you?’

secured door, past the glass conference room which is on the right, and put one of my feet on the staircase coming down – and stopped.”

Straface said he thought he saw something out of the corner of his eyes as he walked past – which would be highly unusual, as he thought he was the last person left in the building for the night. He had no plans for visitors or meetings and assumed none of his employees would be hiding out in a conference room while their peers celebrated.

“I saw what looked like a bank of laptops on the table and a tuft of hair sticking out of the top. You couldn’t identify a person,” Straface said. “The thing that got me was the fact that there were three laptops – side by side – sitting on the conference table with screens facing away from the doors.”

He quickly turned on his heel and walked back into the room, although he had no malicious intent – Straface said he always stopped in to greet faces he didn’t know, even if they were wearing badges. So long as he didn’t know who they were, they earned themselves an introduction.

Finding people that are the right fit and maintaining a personal connection with his team is an important aspect of Straface’s leadership principles, he said, so speaking to an employee he might not have met before wasn’t out of the ordinary.

“His first response was not good. He just mumbled. He did put out his hand to shake, but mumbled his answer,” Straface said. “So I said, ‘Who are you with?’ and he mumbled again.”

Liu, who seemed not to speak fluent English, would eventually offer that he was there to see the company’s sales director for its European division. Straface responded that that person had been out of the country for three weeks. Liu then stated he was there to see the company’s head of intellectual property – another no-go, as Straface knew his IP chief was also traveling.

In his last attempt, Liu said he was there to meet with the very CEO whose hand he was shaking – which didn’t make sense.

Later, Straface and police would discover that Liu was looking at LinkedIn profiles for individuals working at Medrobotics and had boldly listed names to Straface without knowing who they were.

FBI documents also indicate that Liu spoke fluent English, though it’s uncertain whether he was intentionally affecting poor language skills or if he was merely struck by being caught.

“This all raised red flags for me,” Straface recalled.

Alone, standing in between Liu and the door out of the conference room, Straface grilled him on who let him in, how long he’d been there and why he was there. Liu had no information to give.

“What?” and I said, ‘Look, it’s 7:30 at night, my entire organization is gone and I’m the last person leaving.’”

The CEO stayed in the doorway and remained on the phone until officers arrived. Liu had been in earshot of the entire conversation with the police, but didn’t make any moves.

“He would be pretty stupid to try. I’m 6-foot-4, 270 pounds. I’m sort of a big guy, and not unassertive. I was pretty assertive,” Straface recalled.

It took only seven minutes for police to arrive, he said. Unsurprisingly, the Raynham police department, things got out of hand.

“Eventually they came out and one said, ‘You know, I’ve got a feeling you may be right on this one.’ And he instantly says, ‘I’m going to call the FBI.’”

The FBI took approximately two hours to show up. After arriving and talking to Liu, the FBI escalated the investigation, bringing in its counterintelligence group after another two hours.

The FBI confiscated a number of electronic equipment, including two laptops, two smartphones and a number of SIM cards, an iPad, two digital camcorders and a wealth of digital storage equipment including flash drives.

“I’ve got an intruder sitting in my upstairs conference room and I believe he is here for corporate espionage.

“So I said, ‘You sit right there,’ and I just backed to the door, blocking it, and rang the police,” he told us. After quickly being connected with the Raynham police department, things got a little strange.

“I said, ‘I’ve got an intruder sitting in my upstairs conference room and I believe he is here for corporate espionage,’” Straface said. “They said, and external hard drives, according to court documents.

“So I ended up getting home around 2:00 a.m., and getting to be closer to 3:00. I still had my board meeting at 8:00 a.m., though,” Straface said. “It was only at the end of the board meeting I said, ‘Chairman, I need to tell you something. A funny thing happened last night as I was leaving the facility.’”

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Charges were filed against Liu in August, but would be dropped, without prejudice, in October. U.S. prosecutors have not revealed why they dropped the charges.

Liu’s lawyer alleged that the prosecution lacked evidence and claimed that Liu suffered a brain injury in 2012 and was “struggling to accept the fact he was no longer brilliant.” Liu was released under a nearly $1.5 million bond, under conditions that he participate in a mental health treatment program, according to court documents.

Despite the case being dropped, Straface believes that Liu had a plan that would have put him in direct contact with the facility’s protected areas and the computer systems within them if he hadn’t been caught.

“The cleaners, who I normally leave after, would open each of the [secure] doors separately, and vacuum the floor around the door – but by doing so, if there is someone already in the foyer … they don’t know the employees. They don’t know names. They don’t know who is in the building during the day. They wouldn’t stop someone who’s already in the building from getting through those secured doors,” Straface theorized. “If he got in that door, he would have full access, and that was probably his plan – to get access during the course of the cleaning and pack out or camp out during the night with his recording devices.”

Straface surmised that Liu could have observed this behavior by the cleaners from a parking lot that overlooked the foyer.

“If he was in the parking lot overlooking the two-story foyer, which is very well lit at night so you can see everything going on inside the foyer, he would have noted that at certain times, late at night and usually after I’ve left, that the cleaners open the secured doors to vacuum,” he said.

Liu would have had to deal with overcoming the facility’s cybersecurity to access most of Medrobotic’s sensitive data, but his intentions are unclear.

“You don’t know what he could do. He could implant viruses, take images of papers, all sorts of things,” Straface noted. “There’s a lot of things he could have done, if indeed his true intent was to do harm.”

The incident, although troubling, hasn’t set the company back, he added, noting that the closeness of the team at Medrobotics was an essential element in his catching Liu – he never passed a face he didn’t know without saying hi, and that attitude is disseminated through the company.

“We have an extremely low turnover for a high-tech company, extremely low. For a couple years, we had a zero turnover rate. We were hiring hand-over-fist, almost as many people as we already had in a given year,” Straface said. “We’ve doubled, especially in the last year or two. I had a good fortune to have found the right people at the right time who could translate our vision into a real end point that is tangible.”

The company’s Flex robotic surgical platform continues to flourish, cleared in 17 countries including the U.S., where it has five separate FDA indications with more in the pipeline.

“We are a true surgical platform company covering multiple surgical specialties all over the world. There are not too many companies that can claim that,” Straface said.

One thing’s for certain – the next time the team piles out of the office for the pub to celebrate the next milestone, Straface will be sure to scope out all the private conference rooms before he checks out.