

Strategic Activity

Tim Keane is the Marquette University Entrepreneur in Residence, the director of the Golden Angels Network and a friend of the firm. Tim has bought and sold several companies and also works as an independent consultant with a special focus in business intelligence, growth strategy and harvesting value.

Tim sent me a copy of his latest e-mail to members of the Golden Angels. I thought our clients would find it interesting, so I asked Tim if I could pass it along:

I've seen a significant uptick in the quantity and quality of strategic buyers sniffing around portfolio companies - ours and others - in the last 30-45 days. I've taken the time to talk to several substantial VCs who confirm, in the words of one, that strategics are "out in force across a broad industry spectrum" seeking to buy companies at an earlier stage and at a level he has not seen "in at least ten years." My own qualitative data suggests the same thing.

This seems in a macro sense to be a product of companies with a lot of cash on their balance sheets, flat growth, and in some cases reduced R&D spending in the last year. Many seem interested in paying up for earlier opportunities. They are also, of course seeking to put cash to work at a higher rate of return than they're currently receiving. I'm convinced this is a significant trend that we may not see again for some time as these things come and go quickly. My reason for this note is to underscore this phenomenon in the event that you are seeing this kind of activity. In relative terms, I'd tend to approach these situations less skeptically and perhaps more aggressively than in the past, and if something seems to heat up, I'd think about a way to get a real market reading, quietly. This includes, in my mind, seeing if adequate interest exists to get two or more players in the game.

If you would be interested in exploring whether you can take advantage of the conditions described in Tim's e-mail, please contact your Reinhart attorney. In addition, you may call Tim Keane directly at (414) 288-5722.

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