

Client: Salvo Technologies
Project: Arrow Thin Films Acquisition Case Study
Date: 7.19.21



Background

Arrow Thin Films is a high-volume manufacturer of film coatings, optics, high damage threshold coatings, and UV coatings for the medical, industrial, military, scientific, government research and development, and telecommunications markets. Founder Jon Herringer spent almost 20 years managing various coating departments with several companies before he incorporated Arrow Thin Films in 2009. Under his guidance, the company flourished, growing both organically and through the acquisition of a competitor.

Deciding to Sell

With business humming along and still very much enjoying the work, selling Arrow Thin Films was not exactly top of mind for Jon. That's why it was meant to be funny when he ran into his customer and vendor, Salvo Technologies, at a large photonics industry trade show and joked that instead of working on a particular project together they should just buy his business. Jon's comment that day started a discussion, and he was soon approached by Salvo vice presidents, John Dougherty and PJ Bass, to ask if joining the Salvo group of companies was something that he would consider.

"Once the possibility of selling Arrow Thin Films became a reality, I thought back on the reasons why I started the company in the first place," said Jon. "I eventually came to the realization that the company had always been for sale if the move would strengthen what I started and help ensure the future of Arrow Thin Films and everyone involved."

The Acquisition

Jon informed Salvo Technologies of his interest in February 2020. When the pandemic started the following month, he was forced to pump the brakes and focus on keeping his business in operation. The environment stabilized around August and negotiations resumed. By October, they had arrived at an agreement and the acquisition was official.

Throughout the process, Jon was impressed by how straightforward Salvo Technologies' offer was. Having grown accustomed to complex 15-page documents outlining earnouts, holdings and other details, he found Salvo's easy approach a refreshing change.

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As part of the agreement, Jon decided to stay on board and was given the title of Director of OTF Salvo Corporate, while remaining president of Arrow Thin Films, a division of Salvo Technologies Inc. After folding into the Salvo group, Arrow Thin Films continued to operate in their same space in New Jersey while equipment was gradually packed and shipped to Salvo headquarters in Seminole, Florida over the next several months.

Conclusion

Jon's arrangement allows him to work remotely in his new role, which he has chosen to do so for now with plans to relocate his family to Florida in the near future. While the acquisition is still somewhat new, watching Salvo Technologies round out their in-house capabilities with every addition of his equipment reaffirms that Jon made the right decision for his company.

"I am impressed with the amount of different markets Salvo has expanded into, and their continual focus on adding new capabilities through strategic acquisitions," said Jon. "This group has an incredible amount of potential and is growing very quickly. For any business owners hesitant of considering joining the group for fear of complex and drawn-out negotiations or being cut out of their own business, I would recommend they keep an open mind."