

Client: Salvo Technologies
Project: Spectrecology Acquisition Case Study
Date: 9.10.21



Background

Spectrecology is a supplier of high-performance, cost-efficient spectroscopy products ranging from spectrometers to oxygen systems, as well as custom-built solutions to all industries and applications. The company also features a rental system to provide a convenient and risk-free experience for customers.

Spectrecology was started in 2007 by Mike Morris, the inventor of the world's first miniature fiber optic spectrometer, as well as the founder and former proprietor of Ocean Optics. The amazing success that Mike achieved with Ocean Optics, growing the operation from his garage into a 300-employee business with multiple locations in the U.S. and a facility in Germany, eventually led to its sale in 2004. After working through an earnout period, he parted ways with his old company, but missed the interaction with customers and solving their problems in unique ways to enable unprecedented scientific achievements.

To fill this need, Mike founded Spectrecology, which began as a distributor of Ocean Optics' products and soon added some additional products and consulting services. After a period of operation, Mike realized that many of his customers were engineers and scientists trying to get their projects off the ground, but lacked the funding to recover after the purchase of his equipment if their ideas didn't work. After acquiring an inventory of equipment through trade-in deals, Mike launched a rental program. It was an immediate success since it addressed his clients' budget issues that prohibited their initial experiments, and positioned him to make the sale when their experiments turned out to be successful. For the second time in his life, Mike once again found himself at the head of a profitable business that he had built from the ground up, facilitating exciting scientific advancements.

Deciding to Sell

Mike started Spectrecology without an exit strategy, never even considering it a business to be sold. But as the years went on and he reached closer to the age when others begin considering what their retirement will entail, Mike became interested in a different opportunity that he found a passion for through his church, providing charitable ministry work and outreach to people around the world. But he could never imagine walking away from all the clients he had helped over the years, at least not without leaving them in good hands.

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While Mike had been approached several times before by different groups asking if he would consider selling Spectrecology, he always declined without a second thought. But having been in the industry for so long, Mike was well aware of Salvo Technologies and took note of the work they were doing. They had even absorbed a division of his former company, Ocean Optics, and he regarded them as infinitely familiar with the product line he developed and currently distributed through Spectrecology. So when Salvo approached Mike asking if he'd be willing to sell, he was very comfortable entertaining the idea.

The Acquisition

Having been through the acquisition process before during the sale of his first company, Mike was accustomed to six-digit legal fees and contractual agreements several inches thick. His experience with Salvo was completely different, due in part to his familiarity with Salvo, and the simplicity and transparency with which they approached the process. After drawing up a straightforward contract, Mike made several modifications, and the deal was finalized. From beginning to end, the process took less than two months. Salvo carefully packed and shipped Spectrecology's inventory to its headquarters in Seminole, Florida.

Conclusion

After the acquisition was finalized, Mike made himself available for several months to train, assist and mentor his replacement. And while he occasionally checks in to offer product advice, help scope new projects that come in, or send acquisition leads to Salvo's management, today he spends the majority of time training for his new calling, with plans to travel the world with his ministry team.

"Deciding on the right buyer for your business depends on the business owner's personal aspirations," said Mike. "But I would advise considering an organization that makes long-term plans for ensuring that your customers continue to be treated right. Salvo made this a priority from the very beginning. They had a vast understanding of my products and are building impressive in-house capabilities to provide one-stop service to clients. It just felt like my company was going into good hands."