

# Cloud's Silver Lining

## Vendor initiated buy-out of Cloud Electronics Limited

**Cloud Electronics Limited has been acquired in a vendor initiated management buy-out.**

Cloud's multi-channel amplifiers and zoners are widely used to provide background music in hotel lobbies, restaurants, shopping centres and coffee shops. Although Cloud is not a name known to the retail public, it is the leading brand used throughout the UK by installers wishing to provide low volume background music.

The buy-out was led by Simon Curtis, who was previously Director of Sales at Sennheiser UK Limited, the UK subsidiary of the global electro-acoustic products group.

We advised the vendors from the very start of planning for the sale of the company. Our team started working with the vendors in the autumn of 2006 and initially advised on the range of possible different exit strategies.

We then arranged a vendor initiated buy-out, creating a commercial deal that the purchaser and the vendors were happy with, advising on how to fund the buy-out, working with several different funders to get the best deal and project managing the disposal through to completion.

At an early stage in putting the buy-out together, Simon Curtis was invited to join the management team as a director with the intention of him leading a management buy-out around one year later. Simon resigned from Sennheiser and joined the board of Cloud in March 2007.

The decision to sell the company by way of a vendor initiated buy-out led to a smooth transition of ownership. It also led to a close and productive working relationship between Simon Curtis and the vendors during the 12 months before the deal completed. Working together on Simon's plans for the future ensured that the strategy for growth took full account of the vendors' long standing experience of running the business and their technical product knowledge.

The decision taken that Simon should join the board 12 months before the deal completed allowed him to demonstrate that he was the right person to take the company forward and this gave comfort to funders, the vendors and not least to himself that this was the right acquisition for him.

