

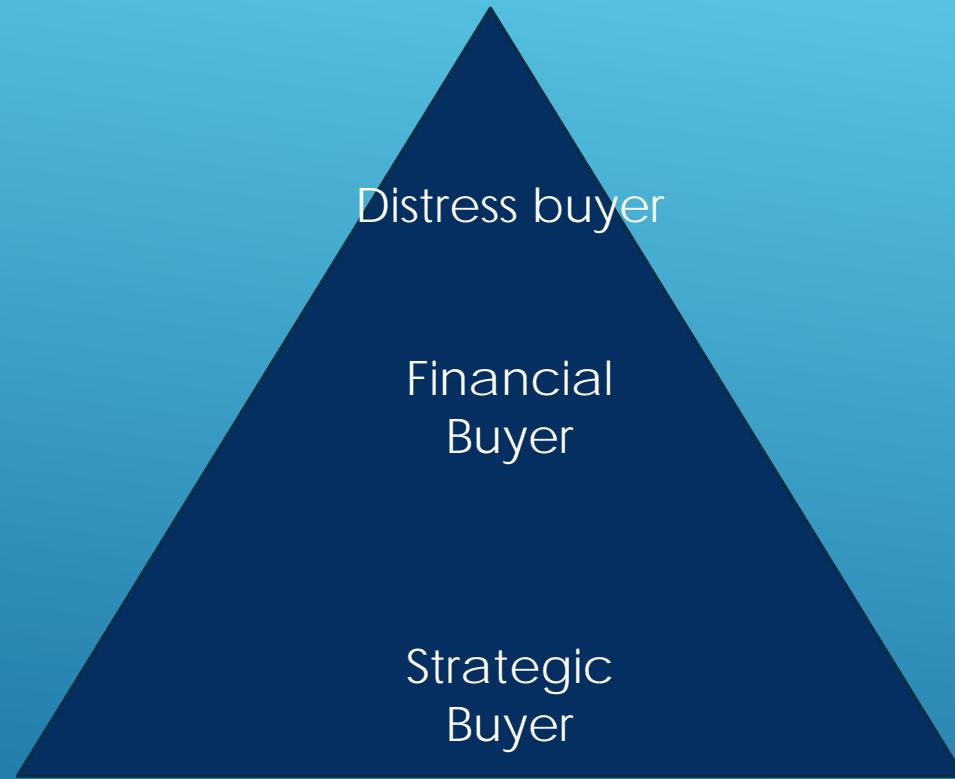
# CHRIS CRANE

ENET June 6<sup>th</sup> 2017

- 1976 – Came to USA as a Sales person for a start-up reseller of - Digital Equipment Manufacturer computers and software
- 1981 – Joined a small struggling DEC reseller as a partner (ASA)
- 1982 – 1986 acquired many small troubled DEC resellers
  - Added customers to service
  - Added new markets to sell to
  - Customs Clearance – Legal Systems – Tire Dealers – Manufacturers – Distributors etc.
- 1986 – Made the mistake of going public
- 1986 – 1996 continued to add underperforming companies to our vertical markets
- 1996 – left the company and took one of the divisions (TradePoint)
- 2004 – Sold TradePoint
- 2006 – 2012 Helped ASA go private and dismantle the company by selling the divisions
- Now – Own two small hotels and restaurant – buy underperforming products and renovate
  - 2003 – Purchased “INNontheblues.com” – Sold April 2016
  - 2012 – Purchased “Stonesthrowhotel.com” –
    - Two distressed properties next to each other combined and renovated
  - 2017 – Purchased “Viewpointhotel.com” – Renovated prior to the season start
  - 2012 – President of small SaaS software company – Vartopia LLC

## BIOGRAPHY

- As a buyer - There are three main triggers that determine the price of a “property”



\$ The price is often an indication of how well organized the company is.....

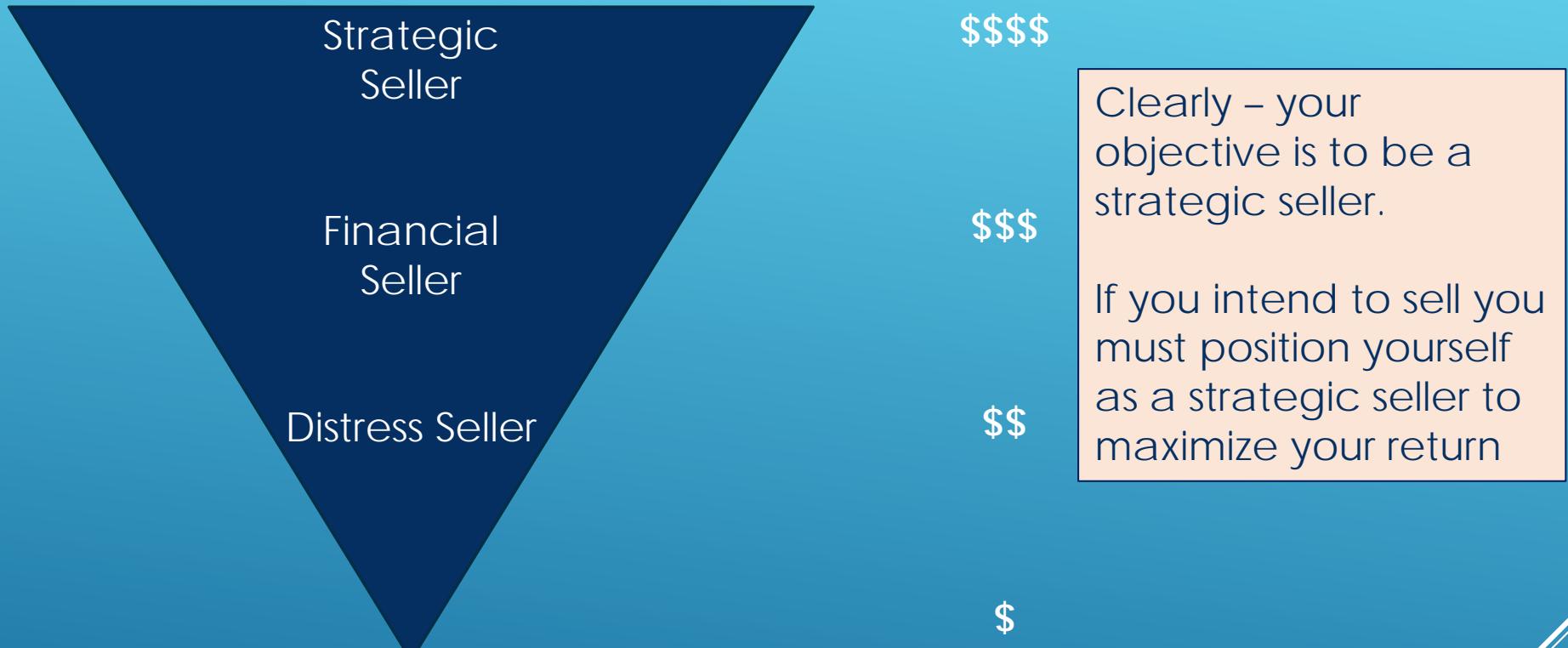
\$\$ Can your company absorb a mess for the greater good

\$\$\$ If the price is higher, is it accretive or will the products leap frog you over the competition

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## WHAT HAVE I LEARNED

- As a seller - There are three main triggers that determine the price of a “property”



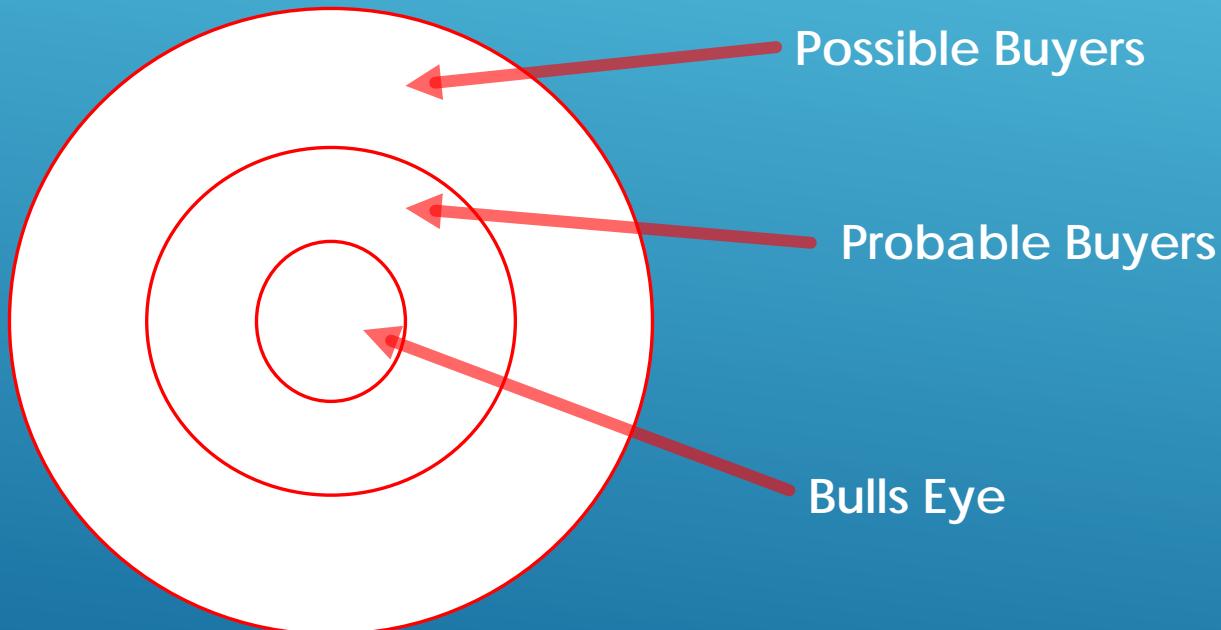
WHAT HAVE I LEARNED

- If you are in a space that is hot, with good products and your growth rate is high – don't distract yourself with acquisitions.
- For everyone else
- Organic growth is very hard to sustain
  - Can I do a roll-up in a market place that is in disarray? – Example – Tire Dealer Software market
  - Can I find companies in the same market that are underperforming and can add customers less expensively than through the cost of new sales
  - Do we have product weaknesses that an acquisition will fix
  - Can I find companies with great new products that are under financed or are not well run
- Is what I want to add accretive?
- Do I like the people? Will they fit with my culture? Can I operate the business without them?
- Is what I want to add going to add too much disruption to my organization?

THINGS I LOOK FOR ON THE BUY SIDE

- What strategic buyer would want what I have?
  - Have I identified my potential buyers?
  - Are my company and products attractive to any particular strategic buyer
  - Is this the right time for me and for the potential buyers
- Can I get three of them to be all interested at the same time

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THINGS TO LOOK FOR ON THE SELL SIDE

- I purchased the Customer Clearance Software company in 1996 and re named it “TradePoint Systems” – Sales about \$5m
  - I added two or three distressed properties in the US, England and Holland.
  - I moved to more and more of a recurring revenue model
- In 2004 with sales of \$12m+ I went looking for a buyer
  - The buyer we chose had the following needs
    - They were European with some business in the US but wanted a stronger presence
    - They were public and under extreme pressure to show growth
    - They were floundering with their strategy and saw my company as their solution
    - They expressed commitment to the people who worked for me
  - I was worried that our products were not keeping pace
  - I was lucky to find a Strategic buyer – with a financial product

A CASE STUDY OF WHAT HAPPENS

- For a couple of years things went as planned
- Then the company decided to consolidate to improve profitability
  - Any commitment to the people went out of the window
- Then management lost their way with the strategy
  - Competition just ate their lunch
- What is the lesson?
- Do not be married to your business?
- When your company sells, no matter what your view of staff loyalty and vision is...You are unlikely to be in control for long



A CASE STUDY OF WHAT HAPPENS

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THANK YOU

