

KLA Tencor Corporation Acquires SensArray

Overview

SensArray was the market leader in instrumentation for the semiconductor process test market. SensArray made a variety of products designed to very accurately measure temperature and other process variables during the production process, allowing the equipment operator to calibrate the machine and to change process variables.

Because most processes operate at high temperature and pressure, the life of the products is limited and new instruments must be purchased regularly by integrated circuit manufacturers (making this a classical “razor and razor blade” market).



Pagemill Engagement

Pagemill was retained when SensArray learned that its only real competitor had retained an investment banker and was looking for an acquisition. SensArray was concerned that it might have difficulty competing if its competitor was acquired by a larger company and SensArray also wanted to consider acquiring the competitor, so it needed a banker to help evaluate its options.

Pagemill provided SensArray with an analysis of a range of options, including raising funds and acquiring the competitor or selling instead. Pagemill made introductions to and brokered discussions with a range of potential acquirers in the semiconductor capital equipment market. Ultimately, KLA Tencor made an offer to acquire both SensArray and the competitor. Pagemill helped negotiate a difficult three-way transaction to a successful close.

Pagemill Delivers Results

Pagemill helped the entrepreneur who founded SensArray understand and evaluate the full range of options and ultimately helped him select the best one. Pagemill screened a range of buyers, presented several alternatives, negotiated an attractive price, and helped overcome due diligence and closing issues. The deal was especially difficult because it involved two competitors who needed to keep their trade secrets from each other.

KLA-Tencor acquired the two leading companies in the space, locked up valuable intellectual property, and gained entrance to a recurring revenue “disposable” business to augment its existing service business.