



The Web Site of The Sacramento Bee

This story is taken from [Sacbee](#) / [Business](#).

Sacramento solar company's owner comes full circle

By Jon Ortiz - jortiz@sacbee.com

Published 12:00 am PDT Thursday, July 3, 2008

This business tale ends just as it started: Same J Street office, same conference table, same attorneys. Edmond Murray had been there to sell his solar energy company to a big Germany-based conglomerate.

Then he went there to buy it back.

"It gives Independence Day a whole new spin," the jovial 50-year-old founder of Aztec Solar Inc. said after closing the deal with Conergy AG. "It feels great to control my own destiny again."

Murray declined to disclose how much he got for the company when he sold it or how much he paid to get it back, although he said the two transactions "were essentially a push."

Conergy, a renewable energy company based in Germany, did not return calls to its Sacramento office seeking comment.

Like many business leaders who sell to a larger rival, Murray dealt his 20-employee business to Europe's biggest solar energy firm convinced it would inject money and propel his firm from a regional player to a national presence in the solar industry.

But it didn't work. Most mergers don't.

Murray and a partner had started the business in 1978, emphasizing rooftop-mounted systems that use the sun to heat water. Along with its solar electric panel sales and installations, Aztec gross annual revenue reached \$5 million, Murray said.

A marriage with with publicly traded Conergy seemed like a perfect fit. The conglomerate's U.S. unit, Sacramento-based Suntechnics Energy Systems Inc., logged \$440 million in yearly revenue by building and installing solar electric panels and other renewable energy systems. And it wanted to expand its footprint in Aztec's specialty – solar water heaters for homes and pools.

Meanwhile, demand for solar energy products was soaring, but the relatively young industry was – and is – small enough to offer vast growth potential.

Solar makes up just one-tenth of 1 percent of the nation's total energy supply, according to a recent report by Clean Edge Inc., a clean technology industries research firm based in San Francisco.

But industry revenue in solar photovoltaics, wind, biofuels and fuel cells grew to \$77.3 billion last year, up 41 percent from 2006. Government incentives helped boost solar energy installations by 24 percent.

"I wanted to grow the company," Murray said. "The only way to do that quickly was to merge."

The allure of a perfect marriage – and cheap sources of money – helped push U.S. mergers past \$1.4 trillion last year, according to Thomson Reuters, a New York City-based company that reports on financial markets.

From 2002 to 2007, the average deal size more than doubled from \$232 million to \$536 million and the number of mergers and acquisitions went from just under 4,000 to nearly 10,000.

However, Private Equity Hub.com reported on Monday that U.S. mergers and acquisitions are down 41 percent from last year.

Aztec merged with SunTechnics in the months just ahead of the slowdown. Murray and his attorney met with Conergy representatives and their lawyers in May 2007 at SunTechnics' second-floor Sacramento office on J Street and signed the deal.

"It was scary," Murray said during an interview in Aztec's 13,000-square-foot warehouse and office complex in Rancho Cordova. "I had worked for myself since 1978. I was a little nervous about working for somebody else, but I was confident we were doing the right thing."

Murray became SunTechnics' solar thermal division director. His mission: develop a national expansion strategy. By November, Murray had opened a SunTechnics branch in San Diego, the first step in the company's national expansion plans.

Meanwhile, Conergy was losing money. It racked up \$400 million in net losses for 2007, compared with a \$1.5 million loss in 2006. The losses came from expansion – the company nearly doubled its staff – just as falling solar cell prices and tight supplies of silicon and solar modules squeezed sales and profits.

"We had just opened in San Diego, and that's when I saw the press release," Murray said. "Our division was up for sale."

Experts say that, depending how you measure it, between 40 percent and 80 percent of mergers bomb.

"They fail for a lot of reasons, but one of the biggest is that the companies get together and find it's not a good fit," said Rick Mauer, whose Arlington, Va., consulting firm specializes in helping organizations embrace change.

Conergy offered to sell the company back to Murray, but he declined since he hadn't yet been fully paid for selling Aztec. The company then told Murray to shop the division around. Two or three suitors surfaced, but the talks never got to the point of negotiating a price, he said.

It looked like the division might close. After intense negotiations Murray agreed to buy it.

"The price was right," he said.

In the same second-floor SunTechnics office on J Street where he had sold Aztec, at the same table with the same attorneys in the room, Murray signed the papers to buy back Aztec. The deal closed June 25.

"I was jubilant," Murray said. "But my attorney joked that I should stop selling solar panels – and start selling solar companies."

Go to: [Sacbee](#) / [Back to story](#)

This article is protected by copyright and should not be printed or distributed for anything except personal use.
The Sacramento Bee, 2100 Q St., P.O. Box 15779, Sacramento, CA 95852
Phone: (916) 321-1000

Copyright © [The Sacramento Bee](#)