

Expect a Lot of Acquisitions in Lighting

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By Michael Kanellos

Expect to see a lot of acquisitions in lighting, now that everyone is shopping.

[Kuniaki Kumamaru](#), general manager of Toshiba's ([TOSBF.PK](#)) New Lighting Systems Division, said at the Reuters Global Climate and Alternative Energy Summit that the Japanese giant may need to start buying LED companies to boost its market share.

Toshiba now has about 2 percent to 3 percent of the market for LEDs and wants to expand it to 15 percent. LEDs (chips that emanate light) now mostly get installed in cars, consumer electronics and traffic signals. Declining prices and policy directives, however, are expected to push them into architectural, commercial and residential lighting over the next several years. Lighting consumes around 12 percent of the total energy in America and around 22 percent of the electricity and a lot of the light fixtures we use are incredibly inefficient. The incandescent turns [130 years old in December](#).

[Philips \(PHG\)](#), No. 1 in lighting globally, has already been on a spree. It snapped up \$5.4 billion worth of lighting companies between 2005 and 2007 and bought two this year: Teletrol (lighting fixtures) and Dynalight (lighting control). General Electric ([GE](#)) and Osram have been buying too.

So who will get bought? You can assume that every lighting start-up and mid-sized company is on the block. Lighting is a global, logistics- and manufacturing-intensive business. Going from the lab to the Fortune 500 just isn't practical. Success will mean selling out.

LED companies likely have the greatest chance to be acquired because LEDs are considered the likely replacements for conventional bulbs. Three companies come to mind: Bridgelux (low-cost LEDs), Luminus Devices (a novel large LED that touts high brightness and low costs) and Renaissance Lighting (fixtures). Because of the conditions of the market, [Renaissance](#) may go first. The company specializes in fixtures – i.e., lamps. All of the giants realize that they will have to sell complete fixtures rather than just bulbs: When a light source lasts 50,000 hours, there is no replacement market. And fixtures are likely easier to absorb into a conglomerate than a completely new chip.

Over the next two years, [Bridgelux](#) and Luminus will be busy showing how they can cut the cost of LED bulbs in half. Now, high-quality LED bulbs for offices can go for close to \$100. Whoever succeeds the best could be bought next. One ding against Luminus: It has raised \$139 million in VC funds.

Lighting control companies will be popular too. Only 1 percent of the lights in commercial buildings are networked. Candidates: Adura Technologies, Lumenergi, HID Laboratories, and Metrolight.

Plasma lights will also attract shoppers but it could take longer. Luxim and Topanga specialize in outdoor plasma lights. These will compete with the LEDs for streetlights. Live customer demos are relatively still new. Interior plasmas from Eden Park are still in the development phase.