

Audiotonix Group

Audiotonix Group is an audio mixing console designer and manufacturer comprised of three independent brands. Electra Partners first acquired Allen & Heath in 2013, investing further to acquire Calrec in 2014 before merging with DiGiCo to create a new professional audio group. All three businesses have strong premium brands, celebrated products and a long history of innovation, managing live sound in settings ranging from concert venues or houses of worship to live television broadcasts. The international market for professional audio products is consistently growing, fuelled by an increasing number of live events in both developed and developing markets.

In 2013, Electra Partners first invested in Audiotonix Group

- Since Electra Partners' initial investment, Audiotonix Group has stimulated growth by investing in new product development as well as sales and marketing, and has improved margins with a reorganisation of its manufacturing operations.
- Electra Partners played an instrumental role in combining the three companies and growing the business into a wider international market.
- Together with Electra Partners, Audiotonix Group is continuing to gain market share by optimising new product development and sales and marketing activities across the brand portfolio.

Interview with James Gordon, CEO, Audiotonix Group

Can you talk to us about the partnership with Electra Partners, and its role in getting the three companies to combine and create the group?

Private equity has brought a different dynamic to that of other investment opportunities – Electra Partners have been very keen to invest a great deal of time, effort and capital to grow the business. I think that if you can get management and private equity aligned with the same goal in mind it can be a very powerful combination.

We originally met Electra Partners several years before the deal was done and spoke at length about our aspirations and what we wanted to do. Combining three very successful businesses and three very strong brands is something that's never happened in our industry before, it's a big challenge we've taken on, but I think we've got the right elements to make it successful. Both parties are learning how to work together and so far it's been a great relationship.

What is your exporting strategy and has that changed since Electra Partners' investment?

Exporting has always been second nature to us because our industry is so niche. If we had to rely on just one marketplace it would be very difficult to survive, having an international market to play in is definitely much more exciting and rewarding. Although Allen & Heath and DiGiCo are already very well represented internationally, having the private equity expertise within the group has helped us get a

better view on international representation and the best path to take to broaden our export business even further.

Do you believe you've gained better R&D capabilities as a result of the investment?

Definitely. The advantage with the merger in terms of R&D is that we had three companies that were basically doing a number of routine jobs the same – this can now be streamlined. For example, if a new format comes out; whereas before we would have had three R&D teams working on that format, now one team can work on it and the other two can share in that development work. Not only does this save time, but allows for better connectivity and creates added value for our customers.

Has it been helpful having private equity on the board since the investment?

Absolutely. While managers tend to be very focused on the business or industry they're in and are motivated to keep that going, having someone who is not so heavily involved on a day to day basis is very useful. Because Electra Partners are exposed to so many different businesses, they come at things from a different angle and can identify the big picture issues. This is particularly helpful because we've got three businesses facing some very different challenges.

Whether it's the company, or the advisors or the non-execs, it's important to be able to find people with similar personalities to you. Alignment of thinking helps everyone to understand you and your business, which in turn enables them to contribute more effectively and hopefully gain more comfort from knowing that the management is going in the right direction. Ultimately, we're all on the same side.



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James Gordon,
CEO, Audiotonix Group