

Internet Appliance Company High Tech Liquidation and Successful Strategic Repositioning



The Company

A company providing easy-to-use Internet terminals and associated services in a pleasing form factor for use throughout the house was facing financial distress. The company had gone public through an offering right at the end of the dot-com boom. Hired as president, Bridgepoint was asked by the board to review the prospects for the company.

The Situation

Following an intensive three-week review of the business plan, customers, markets, manufacturing and other business factors, Bridgepoint determined that the company's business model was not viable within the constraints of a reasonable amount of capital and recommended it be liquidated. However, according to the plan Bridgepoint presented to the board, the company would be left with approximately \$65 million in cash at the end of the liquidation, and should use that cash to start another business.

The Solution

With the accepted, Bridgepoint liquidated the old business, negotiating with customers and suppliers. The result was remaining cash exceeding initial estimates.

In parallel a Bridgepoint member chaired a strategy committee to determine the company's next business. The company changed its name, and Bridgepoint assisted in starting it on its new path. Following Bridgepoint's departure, the company was sold to a large, high tech company. The result was significant returns to its shareholders.
