Interest In Chloride Signals Further UPS Consolidation May Be On The Horizon

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15 May 2008 Â A possible acquisition of Chloride by Emerson would result in the top 3 suppliers controlling an even greater share of the $7 billion global UPS market. Such a venture would continue the recent trend of major UPS suppliers growing through acquisition. At the time of writing, Chloride has rejected Emersonâ€™s initial offer.

Earlier this week it was revealed that Emerson had made an offer to purchase the UK-based Chloride Group. Emerson, the number two UPS supplier behind leader APC-MGE in 2007, could enhance its position in the market as well as expand its European and Asian business by incorporating Chlorideâ€™s product offerings into its portfolio. â€œThe UPS industr
is no stranger to large-scale takeovers,â€• comments Jason dePreaux an analyst with IMS Research. â€œSchneider Electricâ€
acquisition of America Power Conversion in early â€˜07 created a dominant supplier. In March this year, Eaton purchased a majority share of Phoenixtec resulting in a significant gain of share. As the number four UPS player worldwide, Chloride is an attractive target for the likes of Emerson or Eaton or even possibly Schneider,â€• adds dePreaux.

As of Q4 2007, the top three suppliers accounted for just under half of the worldwide market. The prospect of Chloride joining ranks with Emerson would push that figure well over 50%, a considerable figure given that the worldwide UPS market is worth over $7 billion and expected to exceed $10 billion by 2011. Demand for uninterruptable power supplies is expected to grow strongly in coming years as power quality and reliability concerns are addressed in high-value applications like data centers, telecommunications, and continuous manufacturing.

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