

## Lightwave of the future

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### With \$791m deal for Boston's Color Kinetics, Philips deepens its investment to reinvent the bulb

By Carolyn Y. Johnson, Globe Staff | June 20, 2007

The Boston lighting company that illuminates the ziggurat silhouette of the Hyatt hotel on the banks of the Charles, the antics of Broadway shows, and the wheel in Wheel of Fortune yesterday agreed to be acquired by a European electronics company for \$791 million.

Color Kinetics Inc., a decade-old company based in the North End, designs lighting systems that use light-emitting diodes, or LEDs -- a long-lasting, energy-efficient light source that may one day succeed the incandescent light bulb.

"Our vision from day one has been all about the idea of replacing the archaic technology utilized for lighting," said William Sims, the president and chief executive of Color Kinetics. "LEDs are inherently smart. They are semiconductors similar to the ones that operate your computer, and they bring the opportunity to bring control to illumination . . . instead of settling for the dumb lighting we've had to live with for 135 years."

Under the agreement, Amsterdam electronics giant Royal Philips Electronics NV would pay Color Kinetics stockholders \$34 per share, creating a merged entity called Philips Solid-State Lighting Solutions to be headquartered in Burlington and led by Sims. Color Kinetics stock closed at \$33.65 yesterday, a 52-week high. The deal is expected to be finalized by the third quarter.

The acquisition is part of a push into LED lighting that Philips began in 2005 with the acquisition of Lumileds and continued with the purchase of [TIR Systems Ltd.](#), which makes lighting technology.

Theo van Deursen, chief executive of Philips' Lighting Division said in a statement that the acquisition would serve as a "springboard" for Philips. "We will foster the company's creative and entrepreneurial flair in the future while boosting growth by integrating it into the global lighting leader."

Industry analysts have projected that the market for such lighting products, based on semiconductors, is growing approximately 30 percent each year, and will reach \$20 to \$30 billion by 2025. Many are waiting for the day when LED lighting, now used largely in commercial and industrial settings, will replace the common light bulb.

LEDs are longer-lasting and more efficient than traditional forms of lighting and give off little heat, raising the tantalizing possibility for performers that they could take the stage without getting so sweaty and that store and restaurant owners could use lots of lighting without cranking up the air-conditioning.

Sims said the bulbs themselves last for 50,000 or more hours; a traditional incandescent lamp usually has a lifespan of 1,000 to 2,000 hours. The lights use a fraction of the electricity required to light an incandescent bulb.

LED displays from Color Kinetics are at work in 15,000 installations -- lighting the Mapparium at the Mary Baker Eddy Library, giving Oprah Winfrey's set a telegenic glow, and setting the mood at Boston's hangouts.

The frosted pillars at the downtown bar Saint, and the red, white, and blue illumination atop the [Bank of America](#) pavilion are also LED lighting systems designed and deployed by the company.

"I've used a lot of different lighting sources -- the reason I like Color Kinetics is the versatility," said Jim Cafarelli, the owner of Rustic Kitchen in downtown Boston. "We say in this industry: seduce with the eyes -- and people are seduced when they come into the restaurant, and Color Kinetics plays a large part in that."

Stephen Sousa, of Sousa Design Architects, said he used Color Kinetics' products to light the Saint nightclub. The lighting system, which gives off very little heat, freed him to place lights near liquor or behind glass without fear that the bulbs would heat up and "bake the wine."

It also allowed him to create a venue capable of dramatic mood swings.

"A lot of times, when you're designing a restaurant you're trying to create that amber glow for the dining experience, but then the saturation of color can be heightened for music or a late night crowd," Sousa said. "You can dial in the color and drastically change the perception of the room."

Fredric Russell, who runs his own money management firm in Tulsa, Okla., said he bought 31,000 shares of the stock last month because he could see that it was a leader in an emerging technology. "Based on the falling price of LED components, intelligent lighting is about to take off because the conventional lighting consumes a tremendous amount of energy," said Russell, who said he sold his stock yesterday -- making 20 percent off his original investment in only four weeks.

LED lighting is more expensive than traditional forms of lighting, but as the price drops it should become a compelling alternative for homes, according to Jim Ricchiuti, an analyst at Needham and Co. in New York.

"Over time, [LED] should make in-roads into general illumination market. It saves on the maintenance cost because they last a long time," and it is more power efficient -- a significant factor at a time when energy prices are rising, he said.

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