



**DECISIONPOINT**

# **DATAPOINT:**

SAP's acquisition of Ariba, Inc. (NasdaqGS:ARBA)

SERVICES

— [ SOFTWARE ] —

COMMUNICATIONS

**DecisionPoint**

[www.DecisionPointINT.com](http://www.DecisionPointINT.com)

Corporate Headquarters

3420 Toringdon Way, Suite 350

Charlotte, NC 28277

Phone: 704.248.1111

# SAP'S ACQUISITION OF Ariba, Inc. (NASDAQGS:ARBA)

SAP America, Inc. entered into an agreement to acquire Ariba Inc. (NasdaqGS:ARBA) from T. Rowe Price Associates, Inc. and other shareholders for \$4.4 billion in cash on May 22, 2012. SAP America, Inc. will pay \$45 per share to Ariba Inc.'s shareholders. SAP America, Inc. will also pay \$9.9 million for acquiring all the outstanding options of Ariba Inc. The transaction will be funded from SAP's free cash and a €2.4 billion term loan facility. Ariba Inc. will pay a termination fee of \$150 million to SAP America, Inc. in the event of breach of agreement. The existing management team will continue to lead Ariba Inc. which will operate as an independent business under the name "Ariba", an SAP company. The SAP Executive Board intends to nominate Ariba Chief Executive Officer, Bob Calderoni to the SAP Global Managing Board after closing of the transaction and subject to the approval of the SAP Supervisory Board. The deal is expected to close in third quarter of 2012. The transaction is expected to be accretive to SAP's non-IFRS earnings per share in 2013.

The deal is subject to approval by Ariba Inc.'s shareholders, the expiration or termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and approval by applicable committees. The Board of Directors of Ariba Inc. has approved the merger agreement unanimously. However, some analysts believe that there is good reason -- and precedence -- to expect the U.S.-based Oracle to make a rival bid since many of Ariba's customers use Oracle services. In 2005, Oracle snatched retail software maker Retek away from SAP after a bidding war that reached \$630 million.

## Transaction Rationale:

Ariba is the leader in cloud-based collaborative commerce applications, counting BHP Billiton Ltd. and Deutsche Bank AG among customers it connects to more than 730,000 suppliers. As competition in on-demand software intensifies, SAP has increased its pace of acquisitions, last buying SuccessFactors Inc. in December. With businesses increasingly choosing to store and process data on the Web, SAP is shifting many of its staple applications to the Internet. SAP intends to integrate Ariba into Hana, a business intelligence tool to help companies analyze large quantities of data quickly. Hana came to market last year and generated 160 million euros in sales through the end of 2011, surpassing SAP's own expectations of 100 million euros.

"We are looking forward to optimizing Ariba so it can be used in real-time. This is a new category of the cloud. We want to accelerate the platform for collaboration between companies," SAP co-chief executive Jim Hagemann Snabe said on a conference call. SAP's announcement comes just weeks before Oracle CEO Larry Ellison is due to announce the Silicon Valley company's latest cloud software strategy, on June 6. Oracle and SAP are locking horns as both transform themselves into major players in the cloud and reduce their reliance on traditional business software. SAP's purchase of Web-based software company SuccessFactors Inc, announced late last year, was seen as accelerating their running battle.

## Transaction Details:

### Equity & Enterprise Value

Equity Value (\$m): 4,413.14

Enterprise Value (\$m): 4,216.75

### Ariba Valuation Metrics Based on the Enterprise Value of the Pending Transaction

#### Latest Twelve Months <sup>(1)</sup>

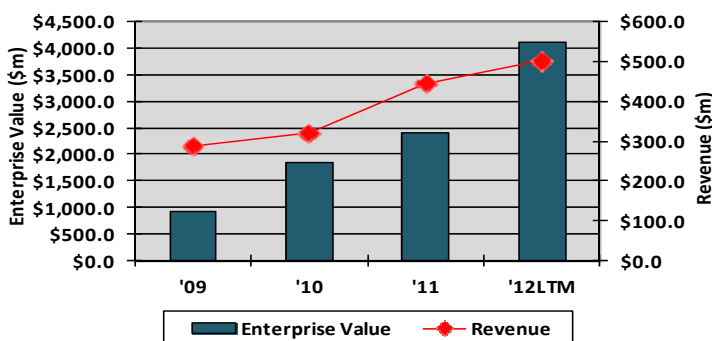
| Revenue | EBITDA |
|---------|--------|
| 8.4x    | 103.2x |

#### Next Twelve Months

| Revenue | EBITDA |
|---------|--------|
| 7.4x    | 30.8x  |

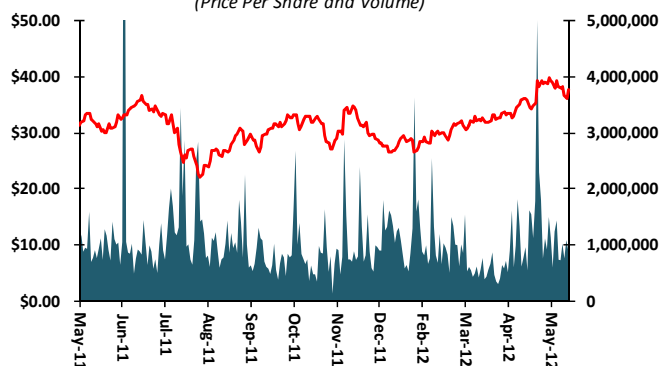
## Historical Performance of Ariba:

### Enterprise Value & Revenue Performance (Ariba, Inc.)



### Latest 12 Month Stock Performance (Ariba, Inc.)

(Price Per Share and Volume)



The information contained herein was obtained from public sources and should not be relied upon without independent verification.