

Thoma Bravo Acquires Blue Coat Systems for \$1.3 Billion

By Evelyn M. Rusli

An investor group, led by private equity firm Thoma Bravo, announced on Friday that it has agreed to purchase Blue Coat Systems, a maker of enterprise security and network software, for \$1.3 billion in cash.

The group, which includes the Ontario Teachers' Pension Plan, will pay Blue Coat's shareholders \$25.81 — a 48 percent premium to Thursday's closing price.

The acquisition of Blue Coat — the third enterprise software transaction in seven days — is yet another sign that deal-making in the sector is heating up. On Thursday, I.B.M. announced a \$440 million deal to buy DemandTec, a Web-based data analytics company. And on Saturday, Germany's SAP agreed to buy SuccessFactors, a human resource management service. In each case, the target was an enterprise software company with Web-based applications and the buyer was willing to pay a roughly 50 percent premium.

Blue Coat, based in Sunnyvale, Calif., specializes in applications that help businesses optimize their online networks for speed and efficiency. Its security products, which are also offered through the so-called cloud, also help companies control and monitor the data that flows from the Web.

"Our partnership with Thoma Bravo will assist Blue Coat in more aggressively realizing the opportunities in its two markets, by providing a platform that enables greater focus on the business that supports the future growth of the company," Gregory S. Clark, Blue Coat's chief executive said in a statement.

Although the deal offers a healthy premium to Thursday's closing price — and a 62 percent premium over the 60-day average — the bid may be a underwhelming for some of Blue Coat's shareholders seeking a higher price.

Earlier this year, shares of Blue Coat were trading as high as \$32, or 19 percent above Thoma Bravo's offer price. The company, like other technology stocks, has been bogged down by broader equity market declines and tepid earnings reports. In mid-August, Blue Coat announced the abrupt departure of its chief executive, Michael Borman, on the same day that it announced a steep 81 percent drop in quarterly profits. It replaced Mr. Borman — who was at the post for less than a year — with Mr. Clark, a former chief executive of Mincom, an enterprise technology business that was bought by the ABB Group in July.

Still, hedge fund Elliott Management, which owns a 13 percent stake in Blue Coat, said it was pleased with the outcome.

“This is a terrific outcome for shareholders,” Jesse A. Cohn, an Elliott portfolio manager said in an e-mailed statement. “Blue Coat has leading technology in good markets, and we are pleased this compelling value was recognized.”

Goldman Sachs advised Blue Coat on the transaction, while Jefferies advised Thoma Bravo. The deal is expected to close in the first quarter of 2012.