

Adobe to buy Omniture for \$1.8B; 3Q profit slides

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FILE - In this Dec. 16, 2008 file photo, Keeble & Shuchat photography store salesman Don Dimitratos poses with Adobe Photoshop and Adobe Photoshop Lightroom software at the Palo Alto, Calif. store. Adobe Systems Inc., best known for its Photoshop and Acrobat software, is expected to report quarterly earnings after the closing bell Tuesday, Sept. 15, 2009. (AP Photo/Paul Sakuma, file)

(AP) -- Adobe Systems Inc. said Tuesday it will buy Web analytic software company Omniture Inc. for about \$1.8 billion, giving the maker of content-creation software a way to let marketers measure the effectiveness of such content.

San Jose, Calif.-based Adobe, which makes Flash, Acrobat and Photoshop software, said it will buy Omniture for \$21.50 per share in cash, a premium of 24 percent to Omniture's closing [stock price](#)

Tuesday. Omniture shares jumped nearly 26 percent in extended trading.

The announcement came as Adobe said it earned \$136 million, or 26 cents per share, in the fiscal third quarter that ended in August, down 29 percent from the same time a year earlier.

Excluding one-time items, Adobe earned 35 cents per share, a penny above what analysts polled by Thomson Reuters were expecting.

Revenue fell 21 percent to \$697.5 million, inching past analyst expectations of \$686.2 million.

The recession has slowed demand for Creative Suite 4, the most recent version of the software package that brings in the bulk of the company's revenue. But analysts say this will likely mean more pent-up demand for Creative Suite 5 when it launches.

For the current quarter, Adobe forecast earnings of 23 cents to 29 cents per share and adjusted earnings of 33 cents to 39 cents per share. The latter compares with analyst expectations of 37 cents per share.

Adobe expects sales of \$690 million to \$740 million for the quarter, bracketing Wall Street's estimates of \$719.2 million.

Omniture, based in Orem, Utah, offers a variety of Web traffic analysis and other products for companies to improve their marketing over the Internet. Its customers include Apple Inc., Time Warner Inc. and Walt Disney Co.

The acquisition would marry Omniture's services for figuring how to best deliver messages with Flash and other Adobe tools for creating Web sites and ads. Omniture services could then be used to monitor how effective the messages are.

"Adobe's Creative Suite products and Flash platform help customers create and deliver engaging experiences. The addition of Omniture's online marketing suite will help customers measure, analyze and optimize the impact and value of those experiences," said Adobe CEO Shantanu Narayen in a conference call with analysts.

Trip Chowdhry, an analyst with Global Equities Research, said the deal would allow Adobe to create new streams of revenue even as its existing businesses face a decline. The recession and the corresponding decline in technology spending has hurt Adobe's profit and revenue, as many companies have put off upgrading costly software packages.

Though he called the deal "very timely," Chowdhry believes Adobe is overpaying for Omniture, especially because that company's paid products have been losing market share to Google's analytics service, which is free. He said \$12 to \$13 per share - rather than \$21.50 - would have been a fair value for the company.

Adobe expects the Omniture deal to close by November. The company will operate separately under [Adobe](#) as a new business unit, with Omniture CEO Josh James working as senior vice president reporting to Narayen.

Adobe's shares took a hit in after-hours trading, falling \$1.64, or 4.6 percent, to \$33.98. The stock had closed regular trading up 43 cents at \$35.62 before the report.

Omniture's shares, meanwhile, soared \$4.47, or 25.8 percent, to \$21.79 after-hours. The stock closed earlier at \$17.33, up 33 cents.

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