

HP boosts bid for 3Par to \$1.88B, topping Dell

August 27 2010, By JESSICA MINTZ , AP Technology Writer



In this file photo taken Aug. 23, 2010, the interior of 3Par headquarters is seen in Fremont, Calif. Hewlett-Packard Co. is raising its offer for data-storage maker 3Par to about \$1.69 billion. That tops rival Dell Inc.'s offer Thursday, Aug. 26, 2010, of \$1.52 billion. (AP Photo/Paul Sakuma, File)

(AP) -- Hewlett-Packard Co. boosted its bid for 3Par Inc. to \$1.88 billion Friday, topping [Dell Inc.'s offer](#) by 11 percent and again raising the stakes in the bidding contest for the data-storage company.

The \$30-per-share offer from HP came just hours after Dell matched HP's Thursday bid of \$27 per share. The latest price is three times what [3Par](#) was trading at before Dell made its first bid last week, for \$18 per share, or \$1.13 billion.

Dell and 3Par said earlier Friday that 3Par's board had accepted the

latest bid from Dell, which only has to match the terms of other offers under its initial agreement with 3Par, which is based in Fremont, Calif.

In early trading Friday, 3Par saw shares surge \$5.43, or 21 percent, to \$31.46. That's above HP's latest offer price, signaling that investors expect Dell to respond. In a statement, Dell spokesman David Frink said the company will review HP's latest offer and "act in the best interests of our customers, shareholders and long-term value creation."

HP and Dell, among the world's largest personal computer makers, are looking at 3Par as a way to build up their "cloud computing" businesses, delivering software, [data storage](#) and other services to customers over the Internet.

They're also both trying to expand beyond the PC business, where profits are shrinking as PC makers compete with lower prices, and the cost of parts has increased.

Cloud computing holds the promise of rich profits for technology providers. Many companies aren't buying their own [computer servers](#) for certain tasks anymore. Instead, they're paying to have software they would have stored on those machines delivered to them over the Internet.

Dell, HP and others are taking advantage of the trend by offering cloud-computing services on a subscription basis and selling equipment and software to help customers build their own cloud systems.

Cloud computing can help reduce data-center expenses because the systems are designed to be shared by multiple customers, which spreads out the cost of operating pricey equipment. The servers and storage computers need to ramp up or scale down quickly based on demand to give all the customers the same high level of service; 3Par's storage machines are made for that kind of system.

Both PC makers can afford to continue bidding. Even though Dell is half HP's size - Dell had \$53 billion in revenue last fiscal year, compared with \$115 billion for HP - Dell has almost as much cash as HP. Dell reported \$12.4 billion in cash and short-term investments at the end of last quarter. HP had \$14.7 billion.

Shares of [Dell](#), which is based in Round Rock, Texas, gained 21 cents, or 1.8 percent, to 11.96 in morning trading. HP, which is based in Palo Alto, Calif., saw shares decline 46 cents, or 1.2 percent, to \$37.76.

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