

Report: HP close to buying ArcSight for \$1.5B

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(AP) -- Computer maker Hewlett-Packard Co. may be close to another major acquisition.

The company is nearing a deal to buy security software provider ArcSight for about \$1.5 billion, The Wall Street Journal said on its website Sunday. Based on ArcSight's 34.6 million shares outstanding at Sept. 1, that would value the company at about \$43.34 per share - a 23 percent premium to the stock's closing price Friday.

Calls to HP and ArcSight seeking comment on a potential buyout were not immediately returned.

The news comes just a few weeks after HP successfully wrestled [data storage](#) company 3Par Inc. from rival Dell Inc. for \$2.07 billion, or \$33 per share. The deal raised eyebrows among analysts who questioned whether 3Par was worth more than triple what the market had valued the company before Dell and HP started their bidding war.

Now, in its effort to continue expanding beyond personal computers and printer ink, HP may put up more cash for a company that provides technology for protecting business and government computer networks from hackers.

HP, along with many of its rivals in the tech industry, wants to gain market share and diversify its business by offering a broad set of products rather than supply just one piece of the puzzle. The company

branched into technology services two years ago with the \$13.9 billion acquisition of [Electronic Data Systems](#) and last year agreed to buy the computer networking company 3Com for \$2.7 billion.

HP isn't the only big tech company tapping the computer security industry for growth. [Intel](#) Corp., the world's main provider of chips for PCs, said last month that it will buy McAfee Inc. for \$7.68 billion.

ArcSight, based in Cupertino, Calif., is a smaller competitor, with annual revenue in its most recent fiscal year of about \$181 million to McAfee's \$1.9 billion. It reported a 39 percent jump in quarterly revenue for the three months ended July 31, with earnings more than doubling from the year before to \$6.6 million.

The company helps organizations keep tabs on the data flowing through their computer networks and analyze it for signs of hacking, theft or fraud.

The Journal reported last month that ArcSight had been looking for a buyer, naming Oracle Corp., EMC Corp. and IBM Corp. as other potential bidders.

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