

Dell has not ruled out going private, CFO says

November 6 2010



US computer giant Dell has not ruled out going private as it weighs its options for the future, chief financial officer Brian Gladden said in an interview. "We spend a whole lot of time thinking about this," Gladden told CNNMoney.com

US computer giant Dell has not ruled out going private as it weighs its options for the future, chief financial officer Brian Gladden said in an interview published Friday

"We spend a whole lot of time thinking about this," Gladden told CNNMoney.com.

"There are many options for us, and we have lots of cash on hand," he said. "We talk about everything from keeping everything the same, to doing a bigger and broader buyback while still keeping the company public, all the way to doing a leveraged buyout and taking the company private with (chief executive Michael Dell) as the primary shareholder."

Michael Dell, who founded the Texas-based company more than 25 years ago, first raised the possibility of going private at a conference of [financial analysts](#) in June.

Gladden told CNNMoney.com that "every option has its plusses and minuses."

"The key element of taking the company private is that our cash will be tied up in the deal," he said. "It would be hard to complete our transformation if that were the case.

"If the company were strategically where we wanted it, however, then we're having a different conversation," Gladden said.

"We always explore all of our options, and we'll discuss it again in December when we meet with the board," the Dell CFO said.

"After Michael talked about it, it got a lot of ink in the press, and 26 banks called my office offering to help us get the deal done," he said. "But it's not something we think is going to happen anytime soon."

Gladden described Dell as a "company in transformation."

"We're investing more in enterprise [business](#) solutions, which is now a 17 billion dollar business for us," he said.

"The explosive growth in online video, [virtualization](#) and the move to the cloud is driving a huge need for storage capacity," he said. "Our server sales are up, and the bulk of our acquisitions will be in those areas."

Dell lost out to US rival Hewlett-Packard in September in a bidding war for [data storage](#) company 3PAR and Gladden said Friday that HP "just was willing to pay more than we were."

He said 50 percent of Dell's revenue comes from its personal computer business and "about 80 percent of that is business customers."

"Consumers are still important," he said. "The entire PC market is 50 percent consumer, so that's a potential growth area for us."

"We had long resisted getting into the retail business, but that's now a six billion dollar business," he added. "We'll have multiple smartphones and tablet devices."

"But that also doesn't mean we're going to attack HP in the consumer business," Gladden said. "That's not our primary focus."

[Dell](#) shares lost 0.41 percent on Wall Street on Friday to close at 14.46 dollars.

(c) 2010 AFP

Citation: Dell has not ruled out going private, CFO says (2010, November 6) retrieved 26 June 2024 from <https://phys.org/news/2010-11-dell-private-cfo.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.