

Novell draws new bid of \$2.2 billion

November 22 2010, By ANDREW VANACORE , AP Business Writer

Novell Inc. has tried many times to turn itself around since it began slipping from its place as the No. 1 provider of computer network software back in the 1990s - one such effort even spearheaded by Eric Schmidt before he became Google Inc.'s CEO.

It doesn't look like it will get another chance, at least not as a stand-alone company.

Instead Novell has agreed to sell itself for \$2.2 billion to Attachmate Corp., a business software provider owned by the private equity firms Francisco Partners, Golden Gate Capital and Thoma Bravo.

Novell said Monday it has agreed to a price of \$6.10 per share, a comedown for a company that once traded at \$43.60. It will also sell some of its [intellectual property rights](#) to a consortium of technology companies organized by Microsoft Corp. for \$450 million.

Attachmate's offer beat out a rival bid from one of Novell's biggest shareholders, Elliott Associates L.P., which offered \$5.75 per share back in March but has agreed instead to receive a stake in the combined company.

Novell grew into a technology behemoth before the age of the Internet by dominating the market for software that managed the networks linking office PCs and printers. At the top of its game in the 1990s it was running 70 percent of the world's computer networks.

"In its day, it was revolutionary," Cross Research analyst Richard Williams said. "But obviously a lot of other things have come up and others continue to innovate along those lines."

By the time Novell hired Schmidt away from [Sun Microsystems](#) in 1997, Microsoft Corp. was eating into its share of the market, Web-based competition was on the rise and Novell's lagging share price was angering investors.

Under Schmidt, the company's financial performance improved and it pushed into Internet-based networking technology. But spending on information technology plunged after the dot-com bubble burst and Novell started losing money.

In 2001 it bought the tech consulting firm Cambridge Technology Partners and hired the company's CEO, Jack Messman, to lead another turnaround effort.

As the company expanded into distributing the free Linux operating system, it struggled with competition from rivals such as Red Hat Inc. Novell ousted Messman in 2006 and appointed Ron Hovsepian, the company's chief operating officer, to take over.

The latest economic downturn put the company through more losses, totaling more than \$212 million last year because of accounting write-offs.

For the latest fiscal quarter, which ended in July, the company reported an 8 percent drop in revenue, while net income slipped by \$1 million to \$15.7 million.

[Novell](#) began considering a sale in March after Elliott Associates made its bid. The company called Elliott's \$5.75-per-share offer "inadequate"

but said it would review other options, including a sale.

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