

SAP to pay \$3.4B for SuccessFactors

December 4 2011, By JORDAN ROBERTSON , AP Technology Writer

(AP) -- SAP said Saturday it is paying \$3.4 billion to acquire SuccessFactors, a software company specializing in human resources tasks. It is the latest move in the escalating rivalry between SAP and Oracle Corp., and underscores the increased interest in technology companies that deliver software over the Internet, or in the so-called "cloud."

The deal calls for subsidiary SAP America Inc. to pay \$40 per share in cash for SuccessFactors. That is a 52 percent premium over SuccessFactors' closing stock price of \$26.25 on Friday. The deal is expected to close in the first quarter of 2012.

[SAP AG](#) is one of the world's biggest business [software makers](#). The German company's specialty is business applications, such as those used for payroll and managing relationships with customers and suppliers.

SuccessFactors, based in San Mateo, Calif., is a big maker of cloud-based human resources applications. The company focuses on applications for managing relationships with employees, such as organizing and developing performance reviews and bonuses. The company says it has more than 3,500 customers. It lost \$12.5 million on \$205.9 million in revenue last year.

"The cloud is a core of SAP's future growth, and the combination of SuccessFactors' leadership team and technology with SAP will create a cloud powerhouse," Bill McDermott, an SAP co-CEO, said in a statement.

The deal is part of the growing rivalry between SAP and Oracle. Oracle's push into SAP's turf of business applications has been a multibillion-dollar affair. Oracle's boisterous CEO [Larry Ellison](#) has pursued big-ticket acquisitions that have made his database software company a major player, behind SAP, in many different realms of the business software world. SAP is the dominant maker of business applications.

The feud has gotten personal. Oracle won a \$1.3 billion jury verdict against SAP last year over the widespread theft by a now-shuttered SAP subsidiary of documents from password-protected Oracle customer websites. Oracle alleged the information was used to steal business. A judge threw out the award, calling it "grossly excessive" and setting the stage for a retrial.

Oracle landed a publicity jackpot from the trial. Ellison used it to repeatedly shame SAP publicly. [SAP](#) admitted the theft and agreed to pay \$20 million to settle criminal charges filed by the Department of Justice over the former subsidiary's practices.

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