

SolarWinds shares climb during first trading day

20 May 2009, By RACHEL METZ , AP Technology Writer

(AP) -- Shares of SolarWinds Inc. climbed Wednesday during the network management software maker's first day of trading, marking the latest flicker of life in an IPO market that has barely registered a pulse this year.

SolarWinds shares rose \$2.19, or 17.5 percent, to \$14.69 in afternoon trading. The stock trades on the New York Stock Exchange under the ticker "SWI."

The Austin, Texas-based company's offering raised \$151.5 million, since it priced 12.12 million shares of common stock at \$12.50 per share on Tuesday night. This per-share price is above the range of \$9.50 to \$11.50 that had been initially set for the stock. Solar Winds is offering 9 million shares of stock, while existing shareholders are offering the remainder of the shares.

Eric Guja, an analyst for Greenwich, Conn.-based Renaissance Capital, said SolarWinds' IPO, plus the expected debut of online restaurant reservation management system provider OpenTable Inc. this week, are signs the IPO market is starting to thaw.

SolarWinds is the sixth company to price an IPO this year, and OpenTable would be the seventh. By comparison, in the first five months of 2008, 33 companies priced IPOs.

One sign that investor interest in newly public companies is starting to rebound is that the last three IPOs priced above their proposed price ranges, Guja noted. These ranges are set by the offerings' underwriters and reflect what they think people will pay for the [stock](#).

He doesn't expect the IPO market to ramp back up to the levels of activity seen in 2007 and 2006, though.

"I think it's going to gradually pick up," Guja said.

SolarWinds is a 10-year-old company whose software helps companies' information technology employees monitor and manage networks to make sure they are running and performing well. The company has more than 80,000 customers of various sizes, including [Microsoft Corp.](#), Ford Motor Co., and The New York Times Co.

Guja said that SolarWinds differs among enterprise software companies in offering a low-cost product that can also be downloaded from its Web site, eliminating the need for the large sales teams that such companies tend to have. This leads to high margins and lots of cash flow, he said.

Kenny Van Zant, SolarWinds' chief product strategist, said the company will put some of its portion of the offering's proceeds - \$104.6 million, before expenses - toward paying down debt. It may also look into acquisitions.

Van Zant said SolarWinds started the IPO process more than a year ago. Despite the economic slump, he said the company believed it was ready for a public offering and did not consider abandoning it.

"You don't try to wait for the absolutely perfect time," he said.

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