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Cooper's Take: What Is Slowing the Pace of Tech Take-Private Deals?

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By Laura Cooper

Although private-equity firms have money to spend, the well-performing public markets and desire to exercise price discipline may be keeping them from splurging on take-private technology deals.

A report by investment bank Cassel Salpeter & Co., which focuses on initial public offerings and public company takeovers, notes there were 20 public company acquisitions for both private-equity and corporate buyers for the first half of 2017, compared with 61 completed for all of 2016.

If deal making continues at the same pace, the figure also would represent a decrease from the 50 deals recorded by the bank for 2015.

Of the 20 deals closed so far this year, 18 of them were made by strategic buyers—only two were completed by private-equity managers.

Acquisitions of public companies overall have dropped because of a number of factors, including large megadeals in the space last year, according to the report. Among the deals are Dell Inc.'s acquisition of EMC Corp. and Microsoft Corp.'s purchase of LinkedIn Corp. As a result, a number of corporate buyers are on the sidelines digesting previous acquisitions.

The idea that some corporate buyers are resting after a banner year for acquisitions may have been good news for private-equity players if public markets weren't performing as well as they have been. For even the biggest spenders, industry watchers have noted that no matter the size of the fund, private-equity firms have been doing due diligence and practicing discipline when it comes to pricing.

Although private equity seemingly has been exercising control when buying in the public market, three private firms led the report's list of most active buyers of public companies for the three years ended June 30.

Siris Capital Group, Thoma Bravo and Vista Equity Partners topped the chart with five take-private deals apiece. They were followed by a slew of corporate buyers including Oracle Corp., which made four acquisitions of public companies in the same period.

Although midyear indications suggest total 2017 take-privates could decrease compared with previous years, there is still time for private-equity investors to put money to work in the public market—and potentially reap rewards that could result from bullish bets.