Case Study: Informatica

Key Takeaways

- In January 2015, Elliott announced it was the largest shareholder of Informatica, a $4 billion enterprise software company.
- Elliott filed a 13D in January and began discussions with the company on ways to improve shareholder value, including through a sale.
- Within three months, Informatica announced that it was being sold to Permira and the Canada Pension Plan Investment Board for $5.3 billion.

The Facts

- 1/14/2015: Elliott Management announced that it held an 8% stake in the software giant, Informatica. Informatica assists with companies in integrating and analyzing data from various sources, counting Western Union Co, Citrix Systems Inc, American Airlines Group Inc and Bank of New York Mellon Corp among its customers. In an SEC filing from January 2015, Elliott said Informatica was significantly undervalued and in need of a new strategy that included steps to maximize shareholder value.
- In February 2015, Elliott announced that it had lifted its stake to 9.4% after initiating talks with Informatica's management and board. After several weeks of constructive communications, following Elliott's advice Informatica's Chairman and CEO, Sohaib Abbasi, released a statement saying that a sale of the company was in the best interest of all stakeholders. On April 5, 2015 Informatica announced it agreed to be sold to Permira Advisers and the Canada Pension Plan Investment Board for approximately $5.3 billion. Under the terms of the deal, Informatica shareholders received $48.75 in cash for each share of common stock.
- In response to the deal, Jesse Cohn said in a statement, "Sohaib has built a great company with a market leading product portfolio and today he and his board have delivered truly outstanding value to shareholders."

Crucial Metrics

- After the deal with Permira funds and CPPIB was announced, shares initially climbed 4.4%, and as of April 2015, 25.5%.