

Oracle Set to Acquire NetSuite

By Sami Jarbawi, J.D. Candidate 2018 | December 4, 2016

On November 7, Oracle completed its proposed [acquisition](#) of NetSuite, a cloud storage company. Oracle had initially launched its cash-for-stock tender [offer](#) in July, proposing to acquire NetSuite for \$109 per share, in a deal valued at \$9.3 billion.

The software giant's merger comes in response to market challenges from rivals, including Workday and Salesforce, who have already released popular cloud-based software applications.

A majority of the unaffiliated shares, totaling 20.4 million, had to be tendered in order for Oracle's minimum condition to be satisfied and the tender offer to be completed. Unaffiliated shares are those owned by shareholders other than NetSuite's largest shareholder, Larry Ellison, co-founder and executive chairman of Oracle, or any person affiliated with Ellison or his family, or any of NetSuite's directors or executive officers.

Acquiring a majority of the unaffiliated shares proved challenging for Oracle, which had to extend its tender offer twice. Specifically, Oracle pushed its September 15 deadline to October 6 "to facilitate the completion of outstanding antitrust reviews." The U.S. Department of Justice gave its final antitrust [clearance](#) to Oracle on September 26.

However, having [received](#) only about a quarter of the required shares, a total of 4.6 million unaffiliated shares, Oracle was forced to extend the tender offer until November 4. "This will be the final extension that Oracle is obligated to make under the merger agreement," Oracle stated in a [statement](#) released on October 7.

Many unaffiliated shareholders initially hesitated to tender their shares due to concerns expressed by NetSuite's largest institutional shareholder, T. Rowe Price Group Inc., who believed that Oracle's offered price of \$109 per share undervalued the company.

But, before the second extension expired on November 4, 53 percent of unaffiliated NetSuite shares had been tendered, enabling Oracle to finally seal the merger deal.