



Written by [Steven J. DuBord](#) on September 16, 2009

Adobe Expands With Omniture Purchase

Adobe Systems Inc., the largest producer of graphic-design software in the world, has announced a deal to purchase Omniture Inc. for \$1.8 billion. Omniture's focus is tracking website performance and measuring the effectiveness of online advertising campaigns.

Omniture is Adobe's second-biggest purchase, after its 2005 acquisition of Macromedia Inc. for \$3.4 billion.

Adobe's purchase of Omniture is the company's second-most costly acquisition; it bought Macromedia Inc. in 2005 for \$3.4 billion. [Bloomberg reported](#) on September 16 that "Adobe will pay \$21.50 a share for Omniture, 24 percent more than the closing price yesterday. Adobe fell the most in almost three months in Nasdaq trading today, a day after announcing the deal and forecasting sales that missed some analysts' estimates."



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Adobe fell \$2 to \$33.62 on the Nasdaq Stock Market as of 9:37 a.m., a drop of 5.6 percent. Up until this point in the year, Adobe shares had gained 67 percent. Omniture shot up \$4.31 to \$21.63, a 25-percent gain that is the company's largest since going public in June 2006.

Michael Olson, an analyst for Piper Jaffray & Co., believes Adobe's Chief Executive Officer Shantanu Narayen is looking to expand the graphics giant beyond design software. Too many of Adobe's clients are cutting back on software purchases during the current recession. Omniture brings Adobe a new revenue source that may cause investors to be less concerned about the update schedule for Adobe's flagship products, such as Adobe Creative Suite.

"Adobe is trying to diversify beyond being just a maker of development tools," Olson said. "Any time you do a big acquisition, the acquirer's shares are down because of the element of risk that some investors aren't comfortable with."

Sasa Zorovic, an analyst with Janney Montgomery Scott LLC, estimates Adobe is paying about 18 times Omniture's expected 2010 earnings, before interest, taxes, depreciation, and amortization. "It's an expensive acquisition, but not an outrageous one," Zorovic commented in an interview. "Omniture's shareholders ought to be pleased with the deal they struck. Adobe paid a decent valuation, but it's not a steal."

Narayen stated that Adobe is looking to combine Omniture's technology with its own media and website creation software as a response to customer needs: "The inability to monetize media on the Web is a



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pain point we hear, especially from customers in advertising, media and entertainment industries.”

Paul Weiskopf, who oversees acquisitions for Adobe, didn't want to get specific on how Omniture's technology could be added to Adobe products: "It's premature to comment on future product releases, but there's opportunity to integrate."

According to Narayen, Omniture will become a unit of Adobe, and Omniture CEO Josh James will become a senior vice president. Adobe expects to finalize the purchase by the end of its fiscal fourth quarter in November.

The Adobe-Omniture deal is another sign that the Internet is steadily growing in importance, perhaps at the expense of print media. The need for companies to generate a steady online revenue stream may make the deal beneficial not only for Adobe and Omniture, but for their customers.

Photo: AP Images



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