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## [HP to Buy Electronic Data Systems for \\$13.9 Billion](#)

*The buyout deal will close in the second half of the year*



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This is HP's first successful attempt at buying a service company  
Hewlett-Packard

Hewlett-Packard announced that it would buy services outsourcing EDS company for about \$13.9 billion. The news was broken today in a joint press statement from the two companies. HP will completely buy EDS in order to strengthen its position on the market and compete with rivals such as IBM.

"The combination of HP and EDS will create a leading force in global IT services", said Mark Hurd, HP chairman and chief executive. "Together, we will be a stronger business partner, delivering customers the broadest, most competitive portfolio of products and services in the industry. This reinforces our commitment to help customers manage and transform their technology to achieve better results", Hurd continued.

Analysts claim that the merger will bring Hewlett-Packard new business opportunities. While the computer manufacturer owns high-performance data centers, EDS is a worldwide specialist in outsourcing technical services for companies.

"It is a very bold move but I wouldn't say it's a super surprising move given what HP's core strengths are", stated IDC executive vice president of worldwide research Crawford Del Prete. "They complement each other very well. There is a lot of synergy that can go on", he continued.

EDS is currently offering its services to the corporate sector, especially to banks, hospitals, shops, as well as energy producers, among others. The company was founded by Ross Perot who bought computer access time from an insurance company in order to process data for other companies.

The EDS buyout is Hewlett-Packard's first attempt at acquiring a top-level consulting company. The computer manufacturer previously tried to purchase PricewaterhouseCoopers in 2000, but failed to carry on with its plan because of a significant revenue shortage.

The buyout deal is expected to close in Q2 2008, after it has been ratified by the US trade authorities. More details about the deal are expected during the analysts' meeting to take place next week.