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NetSuite hikes IPO price again

Software maker's offering follows Google's format

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NEW YORK - NetSuite Inc., a software maker majority owned by Larry Ellison, Oracle Corp. chief executive, yesterday raised the estimated price range for its initial public offering for the second time in as many days.

The company now expects to sell its stock for between US\$19 and US\$22 a share, it said in a filing with the U.S. Securities and Exchange Commission.

NetSuite, which is selling 6.2 million shares, had on Tuesday raised the estimated price to US\$16 to US\$19 a share from an earlier range of US\$13 to US\$16. The offering is expected to begin trade on the New York Stock Exchange today under the symbol N.

Including an overallotment of up to 930,000 shares, NetSuite could raise up to US\$156.9-million.

NetSuite offers its products over the Web to small-and mid-sized companies, and competes in the business software market with companies such as Microsoft Corp., SAP AG, Intuit Inc. and Salesforce. com Inc.

NetSuite's offering is being run as a modified Dutch auction, allowing investors to submit bids and thereby have more control over the IPO's pricing -- a process usually managed by underwriters.

Analysts said that investors have been driving up Net-Suite's price either to benefit from a potential rise in the stock price when the company debuts, or in anticipation of strong near-term growth.

"Investors, or traders, put artificially high bids in, which forces the price range up," said Scott Sweet, managing director of IPOboutique.com. He added that while he thinks NetSuite has strong long-term potential, the second price revision values the company too richly.

Under the auction process a clearing price is set, which is the highest price at which all of the shares offered may be sold to investors. However, the company does have the discretion to price the offering below the clearing price.

Google Inc. went that route with its IPO several years ago, also a modified Dutch auction, choosing to price the shares at US\$85 each although it could have priced them in the region of US\$100, analysts said.