

Workday prices IPO at \$21 to \$24 per share

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The Associated Press

Workday Inc. said Monday it expects shares of its planned initial public stock offering to price at \$21 to \$24 each, valuing the company at about \$3.61 billion.

The Pleasanton, Calif.-based cloud computing software company said in a Securities and Exchange Commission filing that it plans to sell 22.8 million shares of Class A stock, which at the midpoint of its pricing range would raise \$511.9 million.

Workday also granted the offering's underwriters the right to buy up to an additional 3.4 million Class A shares to cover possible over allotments. If the shares sell at the midpoint of their range, the company said it expects its net proceeds from the sale of the Class A shares to total about \$472.7 million, after the deduction of estimated underwriting discounts and commissions, along with the offering's expenses.

The company said it plans to use the proceeds for working capital and other general corporate expenses.

Like other technology startups, Workday will have two classes of stock. The shares will be identical, except when it comes to voting power. Each share of Class A stock is entitled one voting right, while each Class B share is entitled to 10 voting rights. After the offering is complete, Class B shareholders will hold 98 percent of the voting power. David Duffield and Aneel Bhusri, the company's co-founders and co-CEOs, and their affiliates, will hold about 67 percent of the voting power, according to the filing.

Together with the 137.5 million Class B shares expected to be outstanding after the IPO, based on the midpoint of its price range, the company would have a market capitalization of about \$3.61 billion, not including the possible overallotment shares.

Duffield founded business software maker PeopleSoft. The billionaire started Workday in 2005, shortly after PeopleSoft was sold to rival Oracle Corp. for \$11.1 billion. He also was PeopleSoft's CEO when that company went public 20 years ago.

Bhusri also is a former PeopleSoft executive.

Like PeopleSoft, Workday specializes in software that helps companies manage their personnel departments. Workday provides its software from data centers that distribute programs to any device with an Internet connection. The delivery mechanism has become known as "cloud computing," a rapidly growing field that has become a hot commodity on Wall Street.

Although its revenue has been steadily growing, Workday still isn't profitable. The company has lost nearly \$330 million since its inception. Workday's' loss during the

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first half of this year totaled \$47.3 million on revenue of \$119.5 million, according to its IPO documents.

The company plans to list its stock on the New York Stock Exchange under the ticker "WDAY."

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