HP Buys 3COM

Written by Bob Snyder
15 November 2009

HP will purchase 3Com for approximately $2.7 billion

"Companies are looking for ways to break free from the business limitations imposed by a networking paradigm that has been dominated by a single vendor," says Dave Donatelli, executive vp/gm, Enterprise Servers and Networking, HP.

Uh, that's HP-speak for "Companies are buying too much Cisco."

So guess who the "HP+3COM" punch is aimed at?

The acquisition of 3Com expands HP's Ethernet switching offerings, add routing solutions and significantly strengthen the company's position in China. In addition, the combination will add a large and talented research and development team in China could drive the acceleration of innovations in HP's networking solutions.

3Com also brings its network security capabilities through its TippingPoint portfolio. For the past four years, TippingPoint has led in Gartner's "Magic Quadrant" of network security products. Approximately 30% of the Fortune 1000 companies already deploy TippingPoint intrusion prevention systems, says 3Com.

HP itself will dump all its Cisco gear internally and go 3Com.

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"We are confident that we can run our entire global business of 300,000-plus employees, including our next-generation data centers, entirely on the new HP networking solutions," notes Randy Mott, executive vice president and chief information officer, HP. "Based on our experience and extensive testing of 3Com's products, we are planning to undertake a global rollout within HP as soon as possible after the completion of the acquisition."

The transaction is expected to close in H1 2010. HP anticipates this transaction will be only "slightly dilutive to fiscal 2010 non-GAAP earnings".

Which means its an affordable way for HP to take its swing at Cisco.

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