

Salesforce to buy
demandware for
about \$2.8 billion
essay



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Cloud-based software maker Salesforce.com Inc.

said it would buy Demandware Inc., whose software is used by businesses to run ecommerce websites, for about \$2.8 billion. The deal will help Salesforce open a new front as it look to take away more market share from traditional software providers such as Oracle Corp. and SAP AG, both of which already offer cloud-based ecommerce services.

The ecommerce market has been growing at a blistering pace as retailers expand their online presence, boosting demand for software that helps manage functions such as payment processing and inventory management. Salesforce's cash offer of \$75 per share represents a 56.3 percent premium to Demandware's Tuesday closing. Demandware's shares, which have fallen about 21 percent in the past year, were up 52.1 percent at \$73 in premarket trading on Wednesday.

Shares of Salesforce, considered a barometer for the cloud-computing industry, slipped 2 percent. Demandware, whose customers include Lands' End Inc., L'Oreal SA and Marks and Spencer Group Plc., has reported sales growth of more than 30 percent for the last 10 quarters. Global spending on digital commerce platforms is expected to grow over 14 percent annually to about \$8.5 billion by 2020, Salesforce said, citing research firm Gartner. The deal, slated to close in Salesforce's second quarter ending July, is expected to increase the company's 2017 revenue by about \$100 million-\$120 million. Salesforce had forecast fiscal 2017 revenue of \$8.16 billion-\$8.2 billion in May. BofA Merrill Lynch is Salesforce's financial adviser for the deal, while Goldman Sachs is advising Demandware.(Reporting by Anya George

Tharakan and Kshitiz Goliya in Bengaluru; Editing by Saumyadeb Chakrabarty)