

EMC to Sell VMware Stake... or Not?

Written by Marco Attard
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Conflicting reports emerge on whether VMware is going to sell its 80% stake in EMC or not-- the New York Post says the company is set to do exactly that, while Re/code and Reuters sources insist it is not the case.



EMC acquired VMware for \$600 million back in 2004, a smart investment accounting for around 22% of EMC 2013 revenues.

Rumours on VMware selling its EMC stake emerged on July 2014, when activist investors Elliot Management acquired a 2% stake in EMC, one around \$1 billion. Back then [the Wall Street Journal](#) reported this was done in order to push EMC into spinning off VMware, making more of it available to potential shareholders.

Elliot Management is owned by billionaire Paul Singer, and is famous for suing Argentina over \$3 billion in default bonds. It owns stakes in Juniper Networks and Riverbed Technologies.

The New York Post report confirms the WSJ story, with a source saying "VMware is more of a distraction [to EMC] than anything else." Another unnamed source says HP might be a possible VMware buyer.

However both Re/code and Reuters deny the story. Re/code sources "familiar with the matter" say there is "no truth" in the reports of a VMware sale. Reuters adds Elliot Management did

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suggest the spin-off to EMC CEO Joseph Tucci, but the CEO "balked," claiming VMware is one of EMC's "most strategic assets."

Later on, at the 3 September Citi Conference, EMC Information Infrastructure unit CEO David Goulden is reported saying "we believe that there are real synergies and real benefits, hard dollar benefits, in having VMware [as part of] EMC, and Pivotal and VMware and RSA in the same company [...] if we separate we would actually destroy value by doing so. It wouldn't be as efficient a mechanism and it wouldn't be as strong a competitor in the marketplace as we are today."

Is this saga over? Probably not-- Elliot Management has a history of pushing companies into making changes for the benefit of shareholders, as seen earlier this year with its forcing a shakeup on Juniper Networks.

Go [EMC Explores Selling Stake in VMware \(NY Post\)](#)

Go [EMC Has No Plans to Sell VMware Stake \(Re/code\)](#)

Go [EMC Plans to Keep Stake in VMware Despite Investor Pressure \(Reuters\)](#)