

Michael Dell Takes Dell Private

Written by Marco Attard
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Michael Dell has plan on how to bring Dell back on its feet-- and acquires the company sharing his name for \$24 billion, reportedly the biggest leveraged buyout since 2007.



The huge deal combines cash from investors Silver Lake, debts with four banks, a \$2bn loan from Microsoft and Dell's own 16% share of the company. It also ends the company's 24-year run on Wall Street.

No specific details are available on how going private will change things Dell-- the company will continue its transformation towards IBM-style software and services, while no mention is given whether it will spin off the low-margin PC business.

Michael Dell returned to his company in 2007 after a brief hiatus, but since then Dell missed the consumer shift to tablets and smartphones and its fortunes slid further and further. According to Gartner, Dell is #3 in the global Q4 2012 PC vendor rankings, with just 10.2% share of the market. PC sales still make the majority of Dell revenues.

Analysts comment that while a private Dell might be more nimble, it still has to face the same difficult market conditions as everyone else. Others suggest a reinvigorated Dell might apply its cheap custom-built consumer PC business model to enterprise IT in order to beat rivals to the low-cost punch.

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Meanwhile rival PC makers do not fail to make sharp comments on the announcement. HP says the deal will "leave existing customers and innovation at the curb," while Lenovo describes it as "distracting financial maneuvers and major strategic shifts" before emphasising how well it is doing at the moment.

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