

# The Detroit News

Business | Wednesday, December 17, 2014

## Compuware deal splits company in 2; new CEO named

BY LAUREN ABDEL-RAZZAQ (excerpt)

Compuware Corp.'s new CEO reaffirmed the company's commitment to Detroit Tuesday following a completed buyout that took the software business private and split it into two entities.

"We're not going anywhere," said Chris O'Malley, the former president of mainframe operations who was named CEO Tuesday. He succeeds Bob Paul, who will step down from his role at the end of the year.

The computing services company announced Tuesday that Chicago-based private equity investment firm Thoma Bravo LLC closed on a purchase deal worth \$2.4 billion. Under the agreement, Thoma Bravo has split Compuware into two separate companies: the mainframe software business Compuware that has been the backbone of the company; and Dynatrace, which is focused on real-time software management and maintenance.

No matter what Thoma Bravo intends to do with it, the Compuware of the future will look a lot different than the Compuware of last week, says David Kudla, CEO and chief investment strategist for Mainstay Capital Management in Grand Blanc.

"When we talk about this deal, this is what could change the fate of Compuware," said Kudla. "They are on a path of decline now. Depending on how they are viewing these businesses, it could breathe some life into the company." ...

... O'Malley, 51, has a different vision for the company. He says the projected declines can be turned around if Compuware works more like a start-up and focus on quick innovation. There are no plans for outsourcing work from Detroit.

"The fact that (all our resources) are here allows us to be agile," said O'Malley. "We're doing what a

startup would do, but we're doing it with a large company with an enviable customer base." ...

... John Van Sicken will return as CEO for Dynatrace. He held the position since before Compuware acquired the business in July 2011, after which point he was named general manager of the division. ...

... The deal with Thoma Bravo first surfaced early in the year and the merger was made official Sept. 2. It means Compuware is now removed from the NASDAQ Stock Market.

"Compuware has established market-leading franchises in both application performance monitoring and mainframe solutions," Orlando Bravo, a managing partner at Thoma Bravo, said in a statement. "The Thoma Bravo team is excited to bring our expertise to both divisions to help fuel innovations that will benefit their growing customer bases." ...

... "Thoma Bravo's investment strategy... (involves) investing in businesses in those sectors that can grow both organically (through changes in their cost structure and expansion of their revenues) and by acquiring and integrating similar businesses," according to the company website.

Kudla says Thoma Bravo tends to follow the same business plan for its investments.

"I think the strategy is to buy and build, combine it with other businesses, make it profitable and sell it in three to five years," Kudla said. "What they've tried to do before is study a fragmented industry, identify the high potential areas and put those companies together."