

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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ARIBA INC

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event Reported): September 20, 2007

ARIBA, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

000-26299
(Commission File Number)

77-0439730
(IRS Employer Identification No.)

807 11th Avenue, Sunnyvale, California
(Address of Principal Executive Offices)

94089
(Zip Code)

Registrant's telephone number, including area code: (650) 390-1000

Not Applicable

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.**The Merger Agreement**

On September 20, 2007, Ariba, Inc., a Delaware corporation (“Ariba”), Axe Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Ariba (“Merger Sub”), Procuri, Inc., a Delaware corporation (“Procuri”), and Insight Venture Partners, LLC, as Stockholders’ Representative, entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”).

Pursuant to the Merger Agreement, Merger Sub will merge with and into Procuri (the “Reverse Merger”) and, promptly thereafter (but no later than five business days thereafter), Procuri will merge with and into Ariba or a first-tier, wholly-owned subsidiary of Ariba with Ariba or such first-tier wholly-owned subsidiary being the surviving entity of such merger (the “Second-Step Merger; and together with the Reverse Merger, the “Merger”). Under the terms of the Merger Agreement, the total consideration pursuant to the Merger is approximately \$92.6 million payable half in cash and half in Ariba common stock plus the paying off of Procuri’ s debt. For purposes of the Merger Agreement, the stock consideration is based on the average closing price per share of Ariba’ s common stock on The Nasdaq Global Market for the twenty trading day period up to and including the trading day that is three trading days immediately preceding (but not including) the closing date of the Reverse Merger.

Pursuant to the Merger Agreement, \$14 million of cash will be held in escrow for indemnification claims. The escrow shall be released eighteen months following the closing of the Reverse Merger. There is an additional indemnification obligation of \$7 million by the stockholders of Procuri outside the escrow that shall expire on the 30th month following the closing of the Reverse Merger with respect to certain intellectual property and tax representations. The funds held in escrow and the additional \$7 million will be the exclusive source of recovery for Ariba with respect to indemnification claims, subject to certain exceptions.

The Merger Agreement contains customary representations and warranties, covenants and conditions, including approval of the Merger Agreement by Procuri’ s stockholders and the expiration or termination of the applicable waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976. No vote of Ariba’ s stockholders is required to approve the Merger. This transaction has been approved by the board of directors of both Ariba and Procuri. Ariba expects to complete the transaction in the first quarter of Ariba’ s fiscal year 2008.

The foregoing description of the transaction does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which will be filed with Ariba’ s Form 10-K for the fiscal year ended September 30, 2007.

Stockholder Consent

In connection with the execution of the Merger Agreement, each of Procuri’ s principal stockholders entered into a Written Consent and Agreement with Ariba (each, a “Stockholder Consent”), pursuant to which each principal stockholder, among other things, approved the Merger and agreed not to transfer any shares of stock that such principal stockholder held prior to the consummation of the Merger.

The foregoing description of the Stockholder Consent does not purport to be complete and is qualified in its entirety by reference to the complete text of the Stockholder Consent, a form of which will be filed with Ariba’ s Form 10-K for the fiscal year ended September 30, 2007.

Item 8.01. Other Events.

A copy of the joint press release of Ariba and Procuri announcing the signing of the Merger Agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit**Number****Description**

99.1

Joint Press Release of Ariba, Inc. and Procuri, Inc. dated September 20, 2007

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARIBA, INC.

DATE: September 20, 2007

By: /s/ James W. Frankola

James W. Frankola

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Joint Press Release of Ariba, Inc. and Procuri, Inc. dated September 20, 2007



Ariba Announces Definitive Agreement to Acquire Procuri

Combination extends Ariba's on-demand spend management leadership and expands presence in mid-market

SUNNYVALE, Calif., and ATLANTA, GA, September 20, 2007 - Ariba, Inc. (Nasdaq: ARBA) today announced that it has signed a definitive agreement to acquire Procuri Inc. a privately-held provider of on-demand supply management solutions. With the acquisition, Ariba extends its position as the leading provider of spend management solutions to companies of all sizes and accelerates its traction in the rapidly growing mid-market.

Under the terms of the agreement, Ariba will deliver \$93 million in consideration at closing, consisting of equal amounts of cash and stock, of which \$14M of the cash will be placed in escrow to secure indemnity obligations of Procuri stockholders. Ariba will also pay off approximately \$8 million of Procuri's debt. The transaction, which is subject to customary closing conditions and regulatory approvals, is expected to close in the first quarter of Ariba's fiscal year 2008, ending December 31, 2007. The definitive agreement has been approved by both companies' board of directors.

"Ariba has been very successful in its shift to a Software as a Service (SaaS) business model, growing year over year subscription software backlog by 60% in the past quarter. This acquisition will accelerate our growth, give us scale in our on-demand business and strengthen our position in the fast growing mid-market," said Bob Calderoni, CEO, Ariba. "Procuri has proven its ability to sell on-demand solutions to growing enterprises and has built an impressive list of customers. We can leverage this customer base and experience along with our solutions to further penetrate and lead the fastest growing segment of the spend management market."

With more than 300 customers, including Barclays Bank PLC, The Boots Company PLC, ConAgra Foods, Domino's Pizza, PMC, Inc., Hess Corporation, JetBlue Airways, Novation LLC, Sun Microsystems, UPM-Kymmene, and United Parcel Service of America, Inc. (UPS), Procuri has extensive experience in delivering on-demand solutions to companies across a range of industries and geographies. Procuri's strength in selling software-as-a-service and traction among growing enterprises such as AirportSmart LTD, Conn-Selmer, LeChase Construction Services LLC, Health & Hospital Corporation of Marion County, and Stonyfield Farm will enable Ariba to expand its market share and deliver on its promise to allow all companies regardless of their size to realize the benefits that spend management provides.

"The combination of Procuri and Ariba creates the clear leader in the global market for on-demand spend management solutions," said Mark Morel, president and CEO,

Procuri. "In uniting the industry's best-in-class technologies and people, the combined company will deliver a world-class, end-to-end spend management platform and services that enable companies to control spend, mitigate risks, and improve performance across their global supply chains."

Conference Call and Webcast Information

Ariba will host a conference call to discuss this transaction today at 10:30 a.m. ET. To join the call, please dial (877) 407-8031 in the United States and Canada, or (201) 689-8031 if calling internationally. A live web broadcast of the call will be available on the investor relations section of Ariba's website at: www.ariba.com. The webcast may also be accessed by logging in at <http://www.vcall.com/IC/CEPage.asp?ID=120909>

A replay of the conference call will be available shortly after the completion of the conference call through Wednesday, September 26, 2007, and can be accessed by calling (877) 660-6853 in the United States and Canada or (201) 612-7415 internationally and entering account number: 286 and conference ID number: 255750.

About Ariba, Inc.

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. Successful companies around the world in every industry use Ariba Spend Management™ software and services. Ariba can be contacted in the U.S. at 1.650.390.1000 or at www.ariba.com

About Procuri Inc.

Procuri leads the On Demand Supply Management industry with more than 300 customers of all sizes, industries, geographies and spend categories. Customers include Eastman Kodak, ITT Industries, Air France-KLM, The McGraw-Hill Companies, Newell Rubbermaid, Sun Microsystems and Toyota Motor Sales. Procuri's On Demand solutions for spend analysis, supplier management, strategic sourcing, contract management and compliance are comprehensive, cost effective and instantly available. For more information, call 1-877-360-1600 or visit www.procuri.com.

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Ariba Safe Harbor

Safe Harbor Statement under the Private Securities Litigation Reform Act 1995: Information and announcements in this release involve Ariba's expectations, beliefs, hopes, plans, intentions or strategies regarding the future and are forward-looking statements that involve risks and uncertainties. All forward-looking statements included in this release are based upon information available to Ariba as of the date of the release, and we assume no obligation to update any such forward-looking statements. These statements

are not guarantees of future performance and actual results could differ materially from our current expectations. Factors that could cause or contribute to Ariba's operating and financial results to differ materially from its current expectations include, but are not limited to: delays in development or shipment of new versions of Ariba's products and services; lack of market acceptance of Ariba's existing or future products or services; inability to continue to develop competitive new products and services on a timely basis; introduction of new products or services by major competitors; the ability to attract and retain qualified employees; difficulties in assimilating acquired companies; long and unpredictable sales cycles and the deferrals of anticipated orders; declining economic conditions; inability to control costs; changes in the company's pricing or compensation policies; significant fluctuations in our stock price; the outcome of and costs associated with pending or potential future regulatory or legal proceedings; the impact of our acquisitions, including the disruption or loss of customer, business partner, supplier or employee relationships; and the level of costs and expenses incurred by Ariba as a result of such transactions. Factors and risks associated with its business, including a number of the factors and risks described above, are discussed in Ariba's Form 10-Q filed August 8, 2007.

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