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### j2 Global takes another swing at Carbonite

By [Sarah Pringle](#) Updated 05:15 PM, Dec-03-2014 ET

Technology company [j2 Global Inc.](#) (JCOM) has launched a \$366 million offer to buy the rest of [Carbonite Inc.](#) (CARB), representing its second attempt since August 2012 to take full control of the provider of online backup services.

Los Angeles-based j2 Global said in a Wednesday 13D filing that on Tuesday it offered to acquire the remaining outstanding shares of Carbonite it does not already own for \$15 a share, or about \$366 million.

J2 Global, which offers Internet services through its business cloud services and digital media divisions, already owns approximately 9.4% of Carbonite. The \$15 per share offer represents a 28% premium over the \$11.76 closing price of the target's shares Tuesday.

Carbonite shares, trading on the [Nasdaq](#), soared about 22.5%, to \$14.41, midday Wednesday. Shares of j2 Global, also listed on the Nasdaq, advanced about 5%.

Boston-based Carbonite, founded in 2005 as a joint venture between [David Friend](#) and Jeff [Flowers](#), offers cloud-based online backup services for consumers and small- and medium-sized businesses.

In response to j2 Global's offer, the target said in a Wednesday statement that its board of directors would work with its financial and legal advisers to carefully review and consider the proposal.

Carbonite and j2 Global declined to comment.

J2 Global chairman Richard Ressler indicated in the offer letter attached to the 13D filing that the two companies had conversed on various occasions regarding a potential transaction.

Referring to one particular lunch meeting, Ressler wrote, "we made clear that after more than two years as a patient stockholder, we believed it was time to see Carbonite take a strategic course that will maximize stockholder value in the near term. You requested time to consider our views and several weeks later David informed me that Carbonite's board wanted to 'stay the course' but was open at the 'right price' to consider a sale of the company."

Tuesday's offer is substantially higher than j2 Global's \$10.50 per share proposal to take out Carbonite more than two years ago, which Carbonite rejected. J2 Global's intentions for Carbonite were ambiguous at the time, said Ben Rose, president of Waltham, Mass.-based Battle Road Research.

However, this time around, **FBR & Co.** analyst Daniel Ives is optimistic that j2 Global may be better positioned for success.

"To this point, we believe j2 is more apt to 'play hardball,' " Ives wrote in a Wednesday note, pointing to the 28% premium and j2 Global's \$683.8 million cash balance at the end of its quarter ended Sept. 30. The company had about \$591.5 million debt outstanding at that time.

"While this would be a relatively large acquisition for j2 to integrate, we have confidence in the company's ability to manage this process with minimal hiccups given the synergistic nature of this deal," the analyst wrote, noting that the online recovery space represents a natural tangential market opportunity for j2 Global.

Since failing to purchase Carbonite a few years back, j2 Global has successfully executed various deals in the media space via its digital media subsidiary Ziff Davis LLC, which it acquired for \$167 million on Nov. 12, 2012.

In fact, on Tuesday, the same day as j2 Global's offer for Carbonite, Ziff announced its acquisition of Scene LLC, better known as Ookla, for an undisclosed price. Ziff purchased **emedia Communications LLC** on June 4 and **TechBargains.com** from **Exponential Interactive Inc.** on Nov. 19, 2013. Terms of those deals weren't disclosed.

As shares of Carbonite approach the \$15 per share offer price, followers of the two companies are at odds over whether additional bidders are likely to surface.

"We would be very surprised to see other bidders," Ives wrote in an e-mail. "This is a high stakes game of poker between j2 and Carbonite in our opinion."

Meanwhile, Rose said that several companies could be interested in Carbonite, identifying **Symantec Corp.** (SYMC) and **EMC Corp.** (EMC) as natural fits.

"[Carbonite] is one of the early leaders in small business backup," Rose said. "It's unique in that its business is entirely cloud-based. To have consumer and business cloud offerings is very attractive."

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