

## **Saba to Acquire Centra (Oct 05)**

**12 Oct 2005**

Last week, Redwood Shores, Calif.-based learning management system provider Saba announced that it will acquire Centra Software, a Lexington, Mass., collaborative learning provider. The acquisition is expected to close near the end of the year.

The new entity is expected to bring in annual revenues of about \$100 million, Saba CEO and Chairman Bobby Yazdani said. Centra will be absorbed into Saba, but will live on as a brand name. Yazdani will continue as Saba's chairman and CEO, while Centra CEO and Chairman Leon Navickas will join Saba's board of directors.

The genesis of the deal, which is expected to close near the end of this year, can be traced to about five years ago, when the companies agreed to partner to allow their products to easily integrate, says Yazdani. "Back then it was an integration partnership where customers requested that the two technologies work together," he explains. "Our customers have told us where the market is going, which is the integration of these two pieces of technology."

Saba rival Cornerstone OnDemand, a Santa Monica, Calif.-based human capital management provider, isn't concerned about the change in the competitive landscape. President and CEO Adam Miller says the addition of Centra to Saba's lineup of products actually moves it away from its status as a direct competitor of his company.

"Saba always spoke about having virtual classroom capacity, so from that perspective, they haven't added any new features or capacity. If anything, the merger puts Saba back squarely in the training market, and not in the evolving human capital management market," he says.

Cornelia Weggen is also less excited than Saba about the merger. Weggen, an equity research analyst with Milwaukee-based Robert W. Baird & Co., an investment firm that watches corporate education stocks, says that the deal doesn't create a unique force in the industry. "Virtual classrooms and e-meeting environments are part of many integrated solutions," she says, "including learning management system providers, learning content management system vendors, Web conferencing providers and larger enterprise software solution providers."

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