

Fresh Spin-Off

Hewlett Packard Enterprise (HPE) Completes Spin-Off of Software Business

Hewlett Packard Enterprise Company

Parent 1: Hewlett Packard Enterprise Company (NYSE: HPE)

Sector: Software & Computer Services

Target Price: \$17.00

Share Price: \$14.31*

Recommendation: Buy

Upside: 19%

Spin-Merger: Micro Focus International plc (NYSE: MFGP)

Sector: Software & Computer Services

Target Price: \$33.00

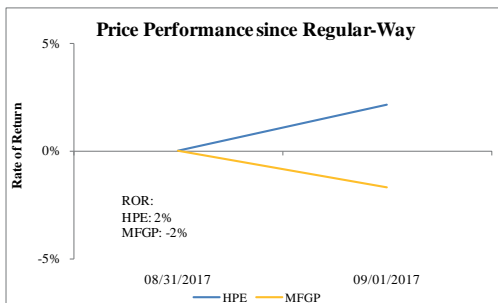
Share Price: \$29.15*

Recommendation: Hold

Upside: 13%

*As of September 1, 2017

Price Performance



Source: Bloomberg

Spin-Merger Details

Announcement	September 7, 2016
Form 10-12G Filing	August 3, 2017
When-Issued Trading	August 17, 2017
Record Date	August 21, 2017
Merger Date	September 1, 2017
Spin-Off Date	September 1, 2017
Spin-Merger Ratio	1:1
Regular-Way	September 1, 2017
Tax Status	Tax-Free
Index Impact	HPE Part of S&P 500

HPE and MFGP Begin Regular-Way Trading

On September 1, 2017, Hewlett Packard Enterprise Co (NYSE: HPE; \$14.31; Market Capitalization: \$23.5 billion) completed the spin-off of its software arm, and its subsequent merger with Micro Focus International plc (NYSE: MFGP; \$29.15; Market Capitalization: \$12.7 billion). Both companies began 'regular-way' trading on September 1, 2017 on the NYSE under the symbols 'HPE' and 'MFGP', respectively. As part of the transaction, American Depositary Shares (ADS) representing 222,166,897 consideration shares were issued to HPE shareholders, representing 50.1% of the merged entity. Pre-merger shareholders of MCRO hold the remaining 49.9%.

HPE shares opened at \$14.13 in the 'regular way' market and closed at \$14.31, trading between low and high of \$13.82 and \$14.39, respectively. MFGP shares opened at \$29.52 and traded between \$28.59 and \$30.39, before closing at \$29.15.

Going forward, MFGP will align its financial year end to October 31, to match HPE's. The company's new financial year will take effect from November 1, 2017.

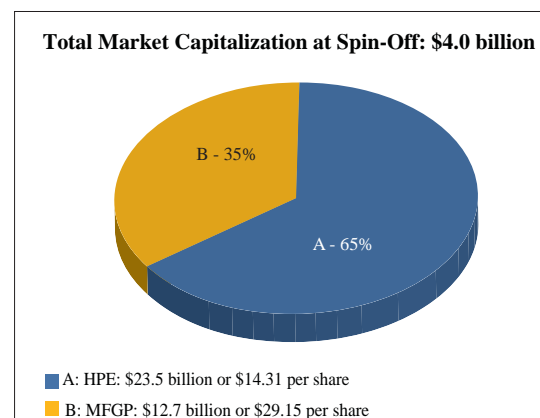
Management Changes

Chris Hsu, who was previously COO of HPE, is taking over as CEO of MFGP. Stephen Murdoch has abdicated his position as CEO of MFGP to become the COO of MFGP. Mike Phillips has retained his role as CFO of MFGP.

Valuation and Recommendation

We value HPE at \$28.2 billion or \$17.00 per share, using Sum of the Parts Valuation Method. We are reiterating 'Buy' on HPE.

We value MFGP at \$14.5 billion or \$33.00 per share using Sum of the Parts Valuation Method. We are reiterating 'Hold' on MFGP.



Key Data - HPE

Primary Exchange	NYSE
Ticker	HPE
Price (As of 09/01/17)	\$14.31
52 Week range	\$11.99 - \$14.86
Shares Outstanding (million)	1643
Market Cap (billion)	\$23.5
Net Debt (billion)	\$6.6
Enterprise Value (billion)	\$29.4
2016 Revenue (billion)	\$50.1
Dividend (Dividend Yield)	\$0.26 (1.82%)
Fiscal Year Ending	10/2016
Market Float	100%
Index Member	S&P 500

Top 5 Shareholders - HPE

Dodge & Cox	14.5%
Vanguard Group	6.8%
Blackrock	5.8%
State Street Corp.	4.5%
Primecap Management Company	4.3%

Key Data - MFGP

Primary Exchange	NYSE
Ticker	MFGP
Price (As of 09/01/17)	\$29.15
52 Week range	\$27.86-\$30.39
Shares Outstanding (million)	435
Market Cap (billion)	\$12.7
Net Debt (billion)	\$4.4
Enterprise Value (billion)	\$17.0
FY17 Revenue (billion)	\$1.2
Dividend (Dividend Yield)	NA
Fiscal Year Ending	April 30
Market Float	100%
Index Member	Russell 1000

Top 5 Shareholders - MFGP

Blackrock	5.5%
Norges Bank	3.8%
Prudential PLC	3.6%
BNP Paribas	3.4%
Legal & General Group	3.2%

Source: Bloomberg, Company Reports, and Spin-Off Research

Deal Overview

The transaction closed on September 1, 2017. Post completion of the merger, HPE shareholders now own American Depositary Shares (ADS) resulting in a 50.1% ownership interest in the equity of the combined company. The new merged entity will continue to operate under the name Micro Focus. HPE's equity stake in MFGP is valued at \$6.6 billion. In addition to this, prior to the completion of the merger, HPE received a \$2.5 billion cash payment, financed through newly incurred indebtedness of HPE Software. The equity stake and cash payment result in an aggregate consideration of \$9.2 billion to HPE and its shareholders. The transaction is tax-free to HPE shareholders.

Details of the spin-merger are as follows:

- Shareholders of HPE received one share of Seattle SpinCo class A common stock for each share of HPE common stock held as of the record date August 21, 2017.
- Each share of Seattle SpinCo's common stock outstanding immediately prior to the merger was automatically converted into the right to receive a number of American Depositary Shares (ADS) of MFGP such that the newly issued total ADSs represent 50.1% of the combined entity. The remaining shares, representing 49.9% ownership in the merged entity are held by pre-merger shareholders of MCRO.

Deal Rationale

The combined entity will experience synergic effects with respect to improvement in scale, building a diversified portfolio, and establishing a global position in the market. The merged entity is anticipated to have revenues of approximately \$4.5 billion. The combination will result in robust recurring revenue streams, and a diversified portfolio ranging from IT operations, security, information management, to big data analytics, cloud, and open source and development. The company will have access to an expansive sales network of roughly 4,000 salespeople around the world, and vast R&D resources to deliver solutions that meet customers' evolving needs. HPE will have considerable scope to improve profitability, by applying MFGP's efficient operating model. HPE Software has an adjusted EBITDA margin of 21%, while that of MFGP's mature software assets is 46%. MFGP believes it will be able to shore up HPE Software's EBITDA margins by 20 percentage points by the end of the third full financial year following the merger.

Company Description

Hewlett Packard Enterprise Company (Parent)

Hewlett Packard Enterprise Company (HPE) is a leading global provider of cutting-edge technology solutions to optimize traditional information technology and helping build secure, cloud-enabled, mobile-ready infrastructure. In FY16, HPE generated revenues of \$50.1 billion. HPE operates through two segments: Enterprise Group and Hewlett Packard Financial Services.

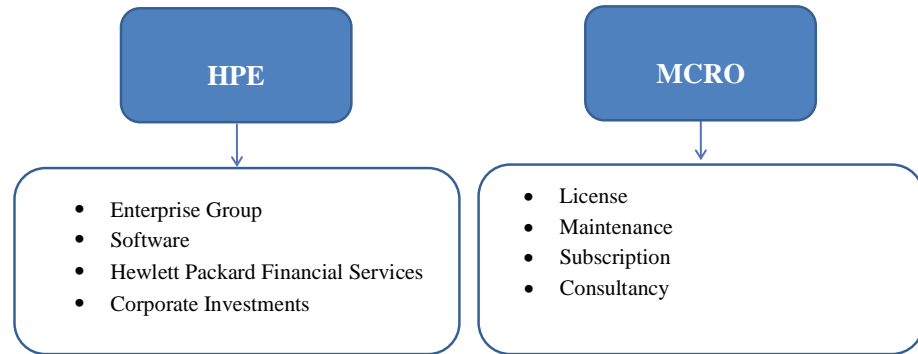
Micro Focus International plc (Spin-Merger)

Micro Focus international plc (MFGP) is a global enterprise software company that provides solutions to help organizations leverage existing IT investments, enterprise applications and emerging technologies to address business requirements. MFGP's product portfolios are Core Micro Focus and SUSE. MFGP also offers a broad range of software products, services and solutions, including big data platform analytics, application testing and delivery management, security and information governance and IT operations management solutions for businesses and other enterprises of all sizes. MFGP's offerings include licenses, support, professional services and SaaS.

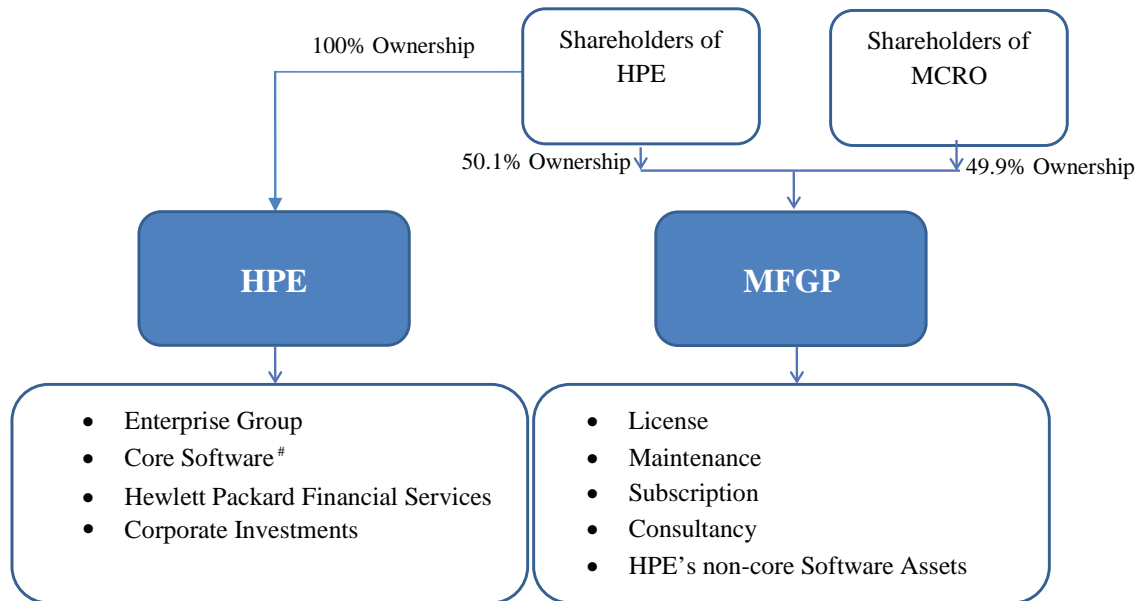
Note: Throughout this report, HPE and MCRO refer to The Hewlett Packard Enterprise Company and Micro Focus International plc in their pre-merger state. The non-core software business that was merged with MCRO is referred to as "Seattle SpinCo". American Depositary Shares of the newly merged entity Micro Focus International plc is listed on NYSE under the symbol "MFGP".

Organization Chart

Pre Spin-Merger



Post Spin-Merger



#HPE is divesting only its non-core software assets to MCRO. The assets being divested are Application Delivery Management, Big Data, Enterprise Security, Information Management & Governance and IT Operations Management businesses.

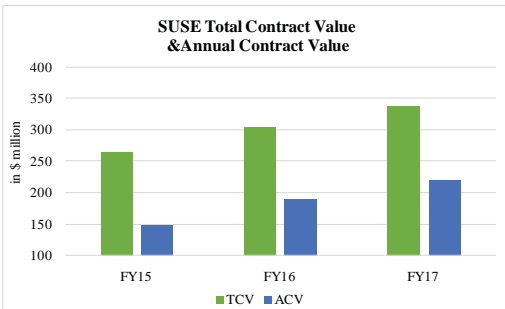
Source: Company Reports and Spin-Off Research

Parent Vs. Spin-Off Summary

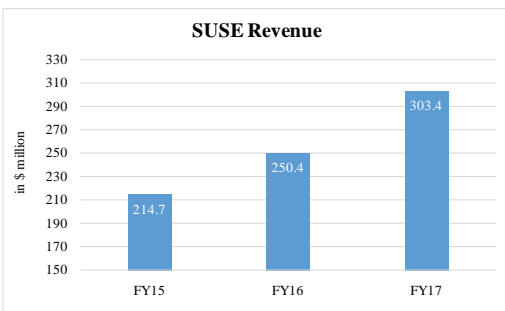
	Parent	Spin Merger
	Hewlett Packard Enterprise Company	Micro Focus International PLC
Overall Description		
Exchange and Ticker	NYSE: HPE	LSE: MCRO; NYSE: MFGP
Index Membership	S&P 500	FTSE 100
Sector	Software & Computer Services	Software & Computer Services
Business	Computer Services	Computer Services
Description	Hewlett Packard Enterprise Company (HPE) is a leading global provider of cutting-edge technology solutions to optimize traditional information technology and helping build secure, cloud-enabled, mobile-ready infrastructure. In FY16, HPE generated revenues of \$50.1 billion. HPE operates through two segments: Enterprise Group and Hewlett Packard Financial Services.	Micro Focus international plc (MFGP) is a global enterprise software company that provides solutions to help organizations leverage existing IT investments, enterprise applications and emerging technologies to address business requirements. MFGP's product portfolios are Core Micro Focus and SUSE. MFGP also offers a broad range of software products, services and solutions.
Peers	Oracle Corp., Cisco Systems Inc., International Business Machines Corp.	Accenture PLC, ServiceNow Inc., Akamai Technologies Inc., and Red Hat Inc.
Operating Metrics - FY16		
Revenue (\$ billion)	50.1	4.4
EBITDA (\$ billion)	7.9	1.0
EBITDA Margin	16%	23%
Valuation		
Market Cap (\$ billion)	28.2	14.5
Valuation	Sum of the Parts	Sum of the Parts
Other Parameters		
Index Impact	HPE retains membership in S&P 500	Expect selling pressure on MFGP
Management	Refer Attachment 5	Refer Attachment 6

Source: Bloomberg, Company Reports, and Spin-Off Research

Investment Thesis



Source: Company Reports and Spin-Off Research



Source: Company Reports and Spin-Off Research

SUSE to be MFGP's Chief Source of Revenue Growth: MFGP's core portfolio manages mature infrastructure software assets, whose revenues remain flat or decline slightly YoY. The MCRO product portfolio has historically witnessed flat to negative revenue growth, while achieving growth in operating margins through financial discipline and operating efficiencies. Therefore, the main sources of top-line growth for the company are acquisitions, and the SUSE product portfolio, which is managed as a growth business and has delivered steady revenue growth historically. For the year ended April 30, 2017, SUSE revenues increased by 21.2% to \$303 million, fuelled by subscription revenue growth of 21.7%.

Even on a geographical basis, SUSE International and Asia Pacific revenue growth were strong, at 28% and 28.9%, respectively. During FY17, TCV grew 11.6% to \$339.1 million. New subscription TCV grew 12% YoY, and renewal subscriptions TCV grew 10% YoY. ACV, the first 12 months duration equivalent of TCV, grew by 15.7% to \$220 million. On a regional basis, these growth figures were led by International and Asia Pacific markets. On March 8, 2017, SUSE completed the acquisition of OpenStack IaaS and cloud foundry based PaaS technology from HPE, along with a workforce of 105 engineers. As part of the acquisition, HPE named SUSE its preferred Open Source partner for Linux, OpenStack, and Cloud Foundry solutions. This will bolster SUSE's existing OpenStack cloud IaaS and Cloud Foundry PaaS offerings.

MCRO May Be Better Equipped to Drive Seattle SpinCo Returns: The embattled software segment of HPE has been plagued by revenue declines due to the overall market shift to SaaS solutions and cloud-related software. For the latest quarter ended April 30, 2017, software revenues were down 11% YoY, with license revenue down 29% and support revenue down 4%. Earnings from operations declined 5.7% to \$181 million since the revenue decline outpaced reductions in operating expense.

Seattle SpinCo is facing a number of headwinds pertaining to changing market trends including the shift towards cloud-related software. Competition has also intensified as Seattle's major competitors are expanding their product and service offerings by providing integrated solutions. The emergence of business-specific competitors are exerting increased competitive pressure in Seattle's existing target markets, and are also entering new markets. New and smaller players in the market are introducing novel technologies and business models. The market shift to SaaS has caused more mature enterprise software companies like Seattle to experience flat or declining license revenues, which in turn affect support and professional services revenues. In order to cope with these dynamic shifts in the market, Seattle SpinCo needs to expand its SaaS offerings, and develop a strong go-to-market model.

MCRO follows a balanced portfolio approach, such that its portfolio is comprised of products in different growth stages, with some products growing significantly, while others remain stable or in decline. MCRO moderates growth over the medium term, and delivers profitability and cash generation by achieving operating efficiencies. MCRO's portfolio is segregated into four categories- New Models, Growth Drivers, Optimize, and Core. The Optimize segment consists of products with declining revenues due to market changes, and MCRO works on moving these products to the Core segment, which is comprised of products that have maintained predominantly flat revenues, but generate returns through margin expansion. Seattle SpinCo will be a good fit for MCRO's optimize/core portfolio, and MCRO can augment returns for the business by strengthening its business model and GTM execution strategies.

Further, the two companies put together will create a business with annual revenues of \$4.5 billion and an expansive global reach with diversified offerings across different product lines including IT operations, security, information management, big data analytics, cloud, and open source development. GTM capabilities will also be enhanced as the combined entity will have nearly 4000 salespeople worldwide. MCRO expects to improve the margin on Seattle SpinCo's software assets by approximately 20% by the end of the third financial year following the close of the transaction, while simultaneously investing in chief growth areas such as big data and security.

Streamlined Focus on Enterprise Group: After trimming its business by spinning off the software segment, HPE's business will primarily be driven by its Enterprise Group segment. The company is currently pivoting its focus toward high-growth areas such as hybrid clouds, industrial IoT, converged systems, and all-flash storage.

Over the past year, HPE's business took a hit, since burgeoning technologies such as cloud and analytics have negatively impacted growth rates of legacy IT work. Demand for core server products and traditional storage is waning due to shift of workload to cloud deployment models and emergence of software-defined architectures. In order to combat these challenges, the company is shifting its business model and redirecting its focus toward cloud and data center computing, software-defined networking, converged storage, high-performance compute, and wireless networking.

The company has witnessed impressive sales growth in its newly launched services. Networking sales are expected to remain robust, as a result of the Aruba acquisition. Networking revenues grew by 14% in 2Q17, when adjusted for divestitures and currency. All-flash arrays were up >33%. Traditional storage revenues declined by 13%, amid continued contraction in the legacy portfolio. However, the Storage sub-segment's Converged Storage portfolio and the recently launched MSA offerings are expected to augment storage sales going forward. Further, we believe HPE's new product launches and partnerships could provide promising growth opportunities. The recently announced Pointnext program and Capacity Care program will boost hybrid IT sales. Sales from newly launched servers including the 10th-Gen ProLiant Server and the Aruba 8400 Core Switch are expected to offset its declining offerings over time.

Dividend and Dividend Policy

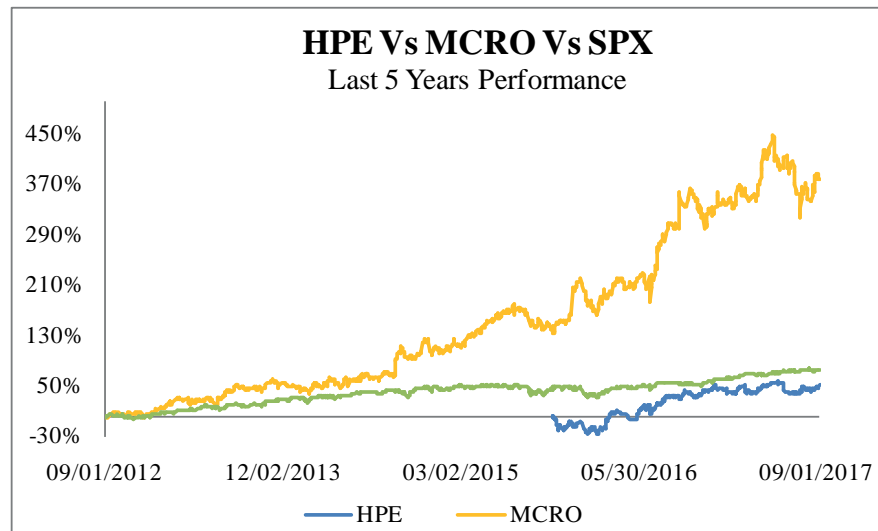
HPE Recent Dividend Details	Amount	Declared	Record	Payable/Paid
Common Stock Dividend	\$0.065 / share	7/21/2017	9/13/2017	10/4/2017

Source: Company Website

MFGP: Prior to the merger, MCRO returned \$500 to shareholders of MCRO. The amount distributed was an aggregate principal amount in sterling equivalent to \$500 million and was implemented by way of the issuance and subsequent redemption and cancellation of B Shares pursuant to U.K. law.

Post merger MFGP will continue its stated dividend policy of paying an annual dividend that is approximately twice covered by Adjusted Earnings Per Share.

Stock Performance



	HPE	MCRO	SPX
Since Announcement	13%	20%	16%
Last 5 Years	-	378%	96%
Last 1 Year	12%	18%	16%
Last 6 Months	8%	8%	5%
YTD	7%	7%	12%

Note: Returns indicate total return including dividends paid.

Source: Bloomberg

Index Membership

Based on the data from Bloomberg, HPE and MCRO are currently constituents of around 139 and 95 indices respectively. HPE is a member of the S&P 500 index and MCRO is a member of the FTSE 100 index. Based on our valuation estimates, we expect HPE to retain membership in the S&P 500 index. Accordingly, we expect some selling pressure on ADSs of MFGP that are distributed as part of the spin-merger since ADSs of MFGP will not qualify for S&P 500 membership. MCRO retains membership in the FTSE 100 index.

Ownership Profile

HPE's largest shareholder is Dodge & Cox with around 14.5% ownership followed by Vanguard Group Inc. and Blackrock with around 6.8% and 5.8% stake held respectively. Together, the largest 5 shareholders own around 36% of the company.

MCRO's largest shareholder is Blackrock with around 5.5% ownership followed by Norges Bank and Prudential PLC with around 3.8% and 3.6% stake held respectively. Together, the largest 5 shareholders own around 19.5% of the company.

Peers

Company	Ticker	Market Cap (\$ billion)	CMP (\$)	EV/Sales	
				FY17	FY18
HPE					
Oracle Corp.	ORCL	209.4	50.62	5.39	5.10
Cisco Systems Inc.	CSCO	161.5	32.30	2.60	2.59
International Business Machines Corp.	IBM	134.3	144.08	2.16	2.16
MFGP					
Accenture PLC	ACN	84.0	130.10	2.35	2.20
ServiceNow Inc.	NOW	19.7	115.49	10.05	7.70
Red Hat Inc.	RHT	19.1	107.46	7.29	6.23
Akamai Technologies Inc.	AKAM	8.1	47.08	2.96	2.73

Source: Bloomberg, Company Reports, and Spin-Off Research

Valuation

Primary factors that lead us to perceive this merger in a favorable light are:

(i) **Strategic fit between HPE's Software segment and MCRO:** Both businesses have a strong record of offering established enterprise software services to a global clientele.

(ii) **Unique Portfolio:** Post-merger, MFGP will cater to address bespoke aspects of the infrastructure software requirements of large enterprise customers. The merger will enable MFGP to broaden its offerings and maximize cross-selling opportunities.

(iii) **Similarities in Service Life Cycle:** Primary revenue driver for MFGP is a set of mature software solutions that are embedded in the IT infrastructure of their corporate customers. This similarity increases the possibility that MFGP will achieve the targeted revenue and cost synergies.

The combination indicates a fair possibility that MFGP will achieve enough scale and efficiency to drive long-term revenues and streamline costs and synergies while HPE will benefit from a leaner portfolio and enhanced operational focus on the Enterprise Group business.

HPE SOTP (\$ millions)	Sales	EV/Sales	EV
Enterprise Group	25,214	1.2x	29,907
Financial Services	3,338	1.0x	3,338
Corp. & Elimination	(1,008)	3.5x	(3,528)
Investments	-	-	2,620
Total Enterprise Value			32,337
			HPE
Expected Enterprise Value (\$ million)			32,337
Pro Forma Debt (\$ million)			14,746
Pro Forma Cash (\$ million)			10,601
Minority Interest (\$ million)			36
Expected Market Capitalization (\$ million)			28,156
Shares Outstanding (million)			1,643
Expected Price per Share (\$)			17.00

HPE's Pro Forma cash is adjusted for \$2.5 billion HPE receipt from MCRO.

Source: Spin-Off Research and Bloomberg

We value HPE at \$28.2 billion or \$17.00 per share, using Sum of the Parts Valuation Method. We are reiterating 'Buy' on HPE.

MFGP: In FY17, MCRO's core revenues fell 7% YoY. We feel that the company's core portfolio continues to suffer from pressure on legacy software solutions. Lacking any viable source for organic improvement in revenues, MCRO's acquisition-led growth strategy makes sense. However, we note that absent effective merger integration, the HPE Software-MCRO combination could be just another Attachmate-style deal. MFGP's management has projected a flat revenue trend for FY18. Ongoing strategic transformations within MFGP mean that costs will at least remain at current levels. Accordingly, chances of improvement in profit margins are remote for MFGP.

MFGP SOTP (\$ millions)	Sales	EV/Sales	EV
Core MCRO	4,293	3.8x	16,510
SUSE	303	7.7x	2,335
Investments	-		12
Total Enterprise Value			18,858
			MFGP
Expected Enterprise Value (\$ million)			18,858
Pro Forma Debt (\$ million)			4,956
Pro Forma Cash (\$ million)			603
Minority Interest (\$ million)			1
Expected Market Capitalization (million)			\$14,504
Shares Outstanding (million)			435
Expected Price per Share			\$33.00

Source: Spin-Off Research and Bloomberg

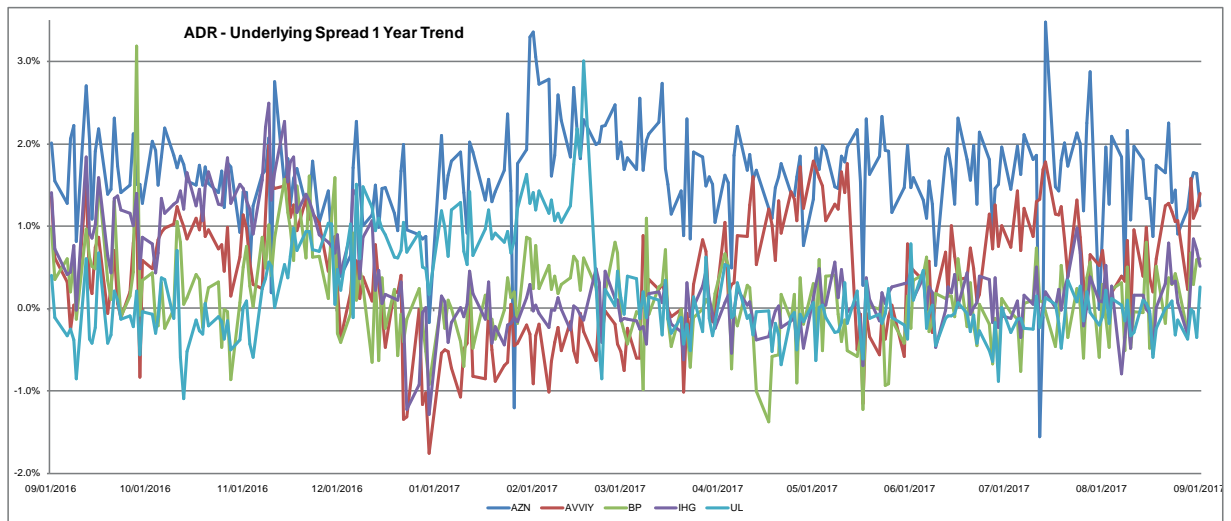
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Index Impact: Based on the data from Bloomberg, HPE and MCRO are currently constituents of around 139 and 95 indices respectively. HPE is a member of the S&P 500 index and MCRO is a member of the FTSE 100 index. Based on our valuation estimates, we expect HPE to retain membership in the S&P 500 index. Accordingly, we expect some selling pressure on ADSs of MFGP that are distributed as part of the spin-merger since ADSs of MFGP will not qualify for S&P 500 membership. MCRO retains membership in the FTSE 100 index.

ADS Premium Analysis

The difference between the price implied by an American Depository Share and its underlying denominated in the local currency occasionally present an opportunity for an arbitrage. We believe that MFGP's dual listing and the anticipated selling pressure from U.S. index funds might present such an opportunity in the short term. ADSs distributed as part of the spin-merger will not qualify for S&P 500 membership. As a result, the depository shares will most likely experience selling pressure from index funds that received ADSs of MFGP. As of the last closing price of MFGP and MCRO in their respective trading markets, the ADS premium for MFGP is about 0.1%.

MFGP ADS Closing on NYSE (\$/Share)	29.15
MCRO Share Closing in London (£/Share)	22.45
USDGBP Exchange Rate	0.77
ADS Implied Value per Share	22.48
Spread	0.1%



Source: Bloomberg, NYSE, and Spin-Off Research

	AZN	AVVIY	BP	IHG	UL	Basket
Median	0.5%	0.3%	0.3%	0.7%	0.1%	0.3%
Average	0.6%	0.3%	0.4%	1.2%	0.2%	0.5%

Source: Bloomberg, NYSE, and Spin-Off Research

Since the index fund selling will impact only ADSs of MFGP listed in U.S., the spread situation will likely reverse to an ADS discount. For quantifying the average spreads between trading trends among major ADSs, we constructed a basket consisting of major U.K. firms (AstraZeneca PLC [AZN], Aviva PLC [AVVIY], BP PLC [BP], InterContinental Hotels Group PLC [IHG], and Unilever PLC [UL]). The five year trading history of their primary listed shares in the U.K. and ADRs in the U.S. indicate an average ADSs premium of 0.5%. Depending on the severity of the selling pressure on MFGP and the arbitrage fund exploits, we expect ADSs of MFGP to revert to trade at a 0.5% premium to its underlying.

Industry Overview

IT Services Industry

The Information Technology Services industry caters to the software, computer systems design, integration services and data processing needs of its clients. Demand is influenced by technological advances and competition is centered on technical expertise, innovation in service as well as effective marketing. Large companies tend to have an edge in terms of global outreach, thereby enabling easy access to big corporate customers. Smaller companies compete in market niches or through partnerships with larger companies.

Across the industry, companies are inching towards flexible consumption models where customers are allowed to pick and choose products and services as per their requirements, and ultimately pay only based on usage. This creates new revenue opportunities for service companies.

Industry Sub-sectors

The IT services industry can be largely categorized into three sub-sectors, as detailed below:

Cloud Computing Services – Cloud services include a range of IT services that transcend traditional IT delays by providing on-demand self-service, broad network access, resource pooling, and scale to tackle demand spurs on a pay-per-use basis. The different types of Cloud services include Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS). As per Forrester’s projection, global spending on cloud services is expected to be around \$191 billion by 2020.

Entertainment Software – This sub-sector caters to the hobby-driven applications and services demanded by end-users, including video games. Over 150 million Americans have been documented to be regular video game players.

e-Commerce – Sale of goods and services through an electronic network such as the internet or social media networks, is popular. Large e-commerce establishments require strong and stable networks. The McKinsey Global estimates reckon some 940 million online shoppers will spend almost \$1 trillion on cross-border e-commerce transactions by 2020.

Industry Trends

The IT industry is currently witnessing one of the largest movements towards emerging technologies such as cloud, enterprise mobility, and data analytics. This shift from legacy IT to emerging technologies is anticipated to accelerate through 2017. Companies with portfolios largely comprised of consulting and digital practices will experience rapid growth during the transformative period in comparison to companies holding legacy portfolios. As companies make the shift towards these emerging technologies, enterprise IT budgets are likely to go up in 2017.

Companies are spending more on cloud and analytics and concurrently tapering expenditure on legacy models such as data-center outsourcing and application development of packaged software and its maintenance. Further, a larger contribution from Internet of Things projects in 2017 is expected to augment demand for these emerging technologies. The newer technologies including cloud and mobile-based applications, and public, private and hybrid cloud infrastructure are cannibalizing older technologies in many instances, thereby affecting overall industry growth rates. Software and IT infrastructure delivered over cloud is considered more advantageous compared to the legacy IT model because it offers greater agility for software development, lower upfront costs, and shorter deployment times. Over the past two years, companies such as IBM, HPE, and CSC being more dependent on legacy models have witnessed a slowdown in their revenues. On the other hand, consulting heavy companies like Accenture, Cognizant, and Capgemini have expanded rapidly.

New Channel Trends Challenge Traditional GTM Approaches

Distribution channels are no longer dominated by re-sellers of products, and most of today's channel is shifting to a services focus, and specializing across vertical industries and solutions. The players are constantly varying. Today, digital agencies, marketing firms, accountants, and other non-traditional partners are recommending IT solutions, a trend that has pivoted the traditional competitive landscape. Further, the SaaS ecosystem has developed a whole new approach to vendor relationships. The SaaS market has been growing steadily for the past decade and according to CompTIA, most SaaS companies are currently growing at an average annual rate of 30%. SaaS-based workloads are expected to rise to 59% of all cloud-based workloads by 2018, up from 41% in 2013.

Growth of Data as a Service (DaaS)

A notable trend over the FY17 and FY18 will be the growth of DaaS. DaaS offers companies a wide range and large volume of cloud-based data at affordable rates to beget smarter strategic choices. According to a study by IDC, DaaS is expected to grow 23% through 2019 to reach an annual spending of \$48.6 billion. This trend is expected to be fuelled as companies look to subvert internal IT units with the cost efficiency offered by third party vendors.

Business Overview - Hewlett Packard

Hewlett Packard Enterprise Co. (HPE), is a multinational information technology company based in Palo Alto, California. The company came into existence on November 1, 2015 when it was spun off from its parent HP, Inc. HPE delivers an array of business-oriented solutions such as servers, storage, converged systems, networking, and software along with customized financing solutions.

The company operates in four segments- Enterprise Group, Software, Financial Services, and Corporate Investments.

Enterprise Group (90% of FY16 Revenues): The EG segment offers products and services across servers, storage, and networking to aid companies in cost reduction and optimize their IT solutions. In order to meet demand for the next generation cloud-first and mobile-first workloads, the EG portfolio delivers converged solutions pertaining to cloud, mobility, infrastructure-as-a-service, and big data. The HPE Helion cloud portfolio boasts a broad offering of hybrid cloud solutions, cloud services, and cloud software.

Enterprise Group	% of FY16 EG Revenues	Product & Service Offerings
Servers	52%	Industry Standard Servers, and Business Critical Systems; ISS servers are applicable for entry-level, premium, as well as high performance computing, big data, and hyperscale workloads.
Storage	11%	3PAR StoreServ storage platform for cloud and IT-as-a-service; Traditional storage solutions include tape, storage networking, and external disk products; Converged storage solutions include 3PAR StoreServ, StoreOnce, and StoreVirtual products.
Networking	11%	Switches, routers, wireless local area network (WLAN), network management products, WLAN access points and controllers.
Technology Services	26%	Support and consulting services including HPE Foundation Care, HPE Proactive Care, HPE Datacenter Care, and Lifecycle Event Services.

Source: Company Reports

Financial Services (10% of FY16 Revenues): HPE Financial Services provides its customers with flexible investment solutions spanning across leasing, financing, IT consumption and utility programs, asset management services that facilitate acquisition of IT solutions.

Corporate Investments: This segment is comprised of Hewlett Packard Labs and ongoing business incubation projects. This segment along with R&D groups in the other segments is responsible for HPE's research and development efforts.

Competition

HPE encounters strong competition in the markets for each of its business segments. Competitors include major well-established corporations that have been in the industry for several years, myriad new and rapidly growing firms, as well as current and potential partners such as OEMs that manufacture and distribute products under their own names. In order to secure its position in the market, HPE has to continually develop new products and services, given the fleeting life cycles of most products. HPE also has to frequently enhance existing services and continue to adjust prices in order to remain competitive.

Business Segment	Competition	Competitors
Enterprise Group	The enterprise technology infrastructure exhibits rapid and continual technological innovation and price competition.	IBM, Dell, EMC, Cisco, Lenovo, Oracle, Fujitsu, Inspur Co., Huawei, NetApp, Hitachi, Juniper Networks, Asita Networks, Extreme Networks, Brocade Communication Systems, Microsoft, Google, Rackspace, and Amazon.
Financial Services	Competitors mainly include captive financing companies, banks and other financial institutions. HPE's competitive advantage lies in its ability to deliver flexible investment solutions and leverage its expertise in the industry.	IBM Global Financing.

Source: Company Reports

Acquisitions and Divestitures

Acquisition	Time of Acquisition	Consideration	Segment
Nimble Storage	Apr-17	\$1.3 billion	Enterprise Group
SimpliVity	Feb-17	\$651 million	Enterprise Group
Silicon Graphics International	Nov-16	\$349 million	Enterprise Group
Aruba Networks	May-15	\$2.8 billion	Enterprise Group

Divestiture	Time of Transaction	Consideration	Segment
Everett	Apr-17	\$13.5 billion	Enterprise Services
H3C	May-16	\$2.6 billion	Enterprise Group
MphasiS	Sep-16	\$824 million	Enterprise Services

Source: Company Reports

Financial Overview - Hewlett Packard

Tabulated below are HPE's results for 2Q17 and FY16.

Latest Quarter Ended April 30, 2017

in \$ millions	2Q17	2Q16	YoY	Reasons
<i>Revenues</i>				
Enterprise Group	6,243	7,159	-13%	Decline in servers revenue from Tier 1 service provider customers, impact of the H3C divestiture, decline in servers and storage revenues due to commodity supply constraints, competitive pricing pressure, and sales execution issues.
Financial Services	872	788	11%	Higher rental revenue from the conversion of capital leases to operating leases as a result of the Everett transaction.
Corporate Investments	-	172	NM	Prior period revenue primarily represents revenue from MphasiS, which was divested in 4Q16.
Total net revenues	7,115	8,119	-12%	-
<i>Earnings from Operations</i>				
Enterprise Group	548	847	-35%	Gross margin decline due to impact of the H3C divestiture, higher commodity cost and competitive pricing pressures.
Financial Services	78	73	7%	Decrease in operating expenses and net revenue increase.
Corporate Investments	(38)	(59)	36%	Lower spending on cloud-related incubation activities and lower expenses in HP Labs.
Total EBT	588	861	-32%	-

Source: Company Reports and Spin-Off Research

Latest Fiscal Year Ended October 31, 2016

in \$ millions	FY16	FY15	YoY	Reasons
<i>Revenues</i>				
Enterprise Group	27,219	27,907	-2%	Unfavorable currency fluctuations and negative impact of the H3C divestiture on networking and TS.
Financial Services	3,190	3,216	-1%	Unfavorable currency fluctuations and lower asset management activity.
Corporate Investments	3	7	NM	-
Total net revenues	30,412	31,139	-2%	-

Source: Company Reports and Spin-Off Research

in \$ millions	FY16	FY15	YoY	Reasons
<i>Earnings from Operations</i>				
Enterprise Group	3,459	3,862	-10%	Decrease in gross margin due to competitive pricing pressures, currency fluctuations, and drop in TS gross margin along with higher R&D and SG&A costs led to the EBIT decline.
Financial Services	336	349	-4%	Higher IT expenses increased operating costs.
Corporate Investments	(348)	(423)	NM	-
Total Operating Earnings	3,447	3,788	-9%	-

Source: Company Reports and Spin-Off Research

Business Overview - Micro Focus

Micro Focus International PLC (MCRO) is a global infrastructure software firm that provides services for customers updating legacy systems to more modern platforms. The company specializes in managing mature infrastructure software assets and helps its clients derive additional value from these investments in IT and business applications by linking these assets to the latest technology. The company is headquartered in Newbury, United Kingdom. Following MCRO's merger with Attachmate in 2014, the company now operates two product portfolios- the Micro Focus portfolio, and the SUSE portfolio.

The following table describes the company's two operating portfolios and their respective products.

Product	% of FY17 Revenues	Description
Micro Focus	78%	
<i>CDMS (COBOL Development & Mainframe Solutions)</i>	<i>19.2%</i>	CD products enable programmers to use applications written in COBOL across various platforms such as Windows, UNIX, Linux, and the cloud. Mainframe solutions help customers choose an apt platform for development, testing, and deployment of their business applications.
<i>Host Connectivity</i>	<i>12.7%</i>	Enhances connectivity as customers extend host access to new web and mobile applications, while simultaneously ensuring security practices pertaining to encryption and authentication are kept intact.
<i>Identity Access & Security (IAS)</i>	<i>15.0%</i>	Provides solutions for identity governance and administration, access management and authentication, and security management across local, mobile, and cloud environments.
<i>Development & IT Operations Management Tools</i>	<i>20.6%</i>	Offers products for application delivery and testing, data centre management, workload migration and disaster recovery, and endpoint management services.
<i>Collaboration & Networking</i>	<i>10.5%</i>	Helps organizations create secure and easy to operate work environments by providing email, calendaring, instant messaging, contact management, task management, and document management for team workspaces.
SUSE Portfolio	22%	SUSE is an open-source software business that sells Linux products and other open-source infrastructure solutions to its clients. The SUSE product portfolio is comprised of Linux Enterprise & Server Solutions, OpenStack Cloud, Enterprise Storage, SUSE Manager, Linux Enterprise Desktop and Workstation Extension, and SUSE CaaS Platform.

Source: Company Reports and Spin-Off Research

Acquisitions

The following table enlists MCRO's key acquisitions over the past year.

Company Acquired	Date	Consideration	Rationale
Serena Software	May-16	\$540 million	To boost capabilities in software application development, software configuration, change management and business process management.
GWAVA	Oct-16	Not disclosed	Access to GWAVA's Enterprise Information Archiving (EIA) technology.
HPE's OpenStack and Cloud Foundry Assets	Nov-16	Not disclosed	Expand open source offerings.

Source: Company Reports and Spin-Off Research

Financial Overview - Micro Focus

The table below depicts MCRO's financial performance for the years ended 30 April, 2017 and 2016.

Revenues (in \$ million)	FY17	FY16	YoY	Reasons
Micro Focus Portfolio				
<i>CDMS</i>	265.2	258	2.8%	Visual COBOL and Enterprise Developer drove product sales.
<i>Host Connectivity</i>	175.4	197	-11.0%	License revenues declined due to loss of a sales team and management structure to another competitor; Consulting revenues also declined.
<i>Identity, Access & Security</i>	207	214.3	-3.4%	License revenues declined due to lack of large scale projects and increased competition from smaller players.
<i>Development & IT Operations Management Tools</i>	285.2	315.8	-9.7%	License, maintenance and consulting revenues declined as a result of lower sales of Serena products in comparison to the prior year.
<i>Collaboration & Networking</i>	144.5	157.2	-8.1%	Maintenance and consulting revenues declined.
Total Micro Focus Portfolio	1,077.3	1,142.3	-5.7%	-
SUSE	303.4	250.4	21.2%	Subscription revenues grew by 21.7%.
Total MCRO Revenues	1,380.7	1,392.7	-0.9%	-

Source: Company Reports and Spin-Off Research

Operating Profit (in \$ million)	FY17	FY16	YoY	Reasons
Micro Focus Portfolio	539.4	536.6	0.5%	Directly managed costs were reduced due to staff related cost actions taken during the year.
SUSE	98.7	79.9	23.5%	Robust revenue growth.
Total Operating Profit	638.1	616.5	3.5%	

Source: Company Reports and Spin-Off Research

Business Overview - Seattle SpinCo

Seattle SpinCo provides big data platform analytics, application testing and delivery management, security and information governance, and IT operations management solutions to commercial and large enterprise groups, including businesses and public enterprises. HPE's software offerings include licenses, support, professional services, and SaaS.

The business operates under one reportable segment which predominantly engages in the development and sale of the aforementioned software services. The following table describes Seattle SpinCo's product portfolio.

Product Group	Applications
Big Data Platform Analytics	HPE Vertica analytics database technology for machine, structured and semi-structured data; HPE IDOL analytics tool for human information, archiving, and data protection; eDiscovery for information governance and enterprise content management; HPE Haven big data platform for processing machine and sensor data, business data, and unstructured human information.
Application Testing and Delivery Management	Helps organizations accelerate the application delivery life cycle and automation of testing processes to augment scalability and quality of desktop, web, mobile, and cloud applications.
Security and Information Governance	Enterprise Software designed to disrupt fraud and cyber criminals by scanning software and websites Security solutions for security threats, improving network defences, implementing security controls, and safeguarding data.
IT Operations Management	Facilitates automation of routine IT tasks and helps weed out recurring IT problems.

Source: Company Reports and Spin-Off Research

Competition

Seattle SpinCo's business is subject to continually changing customer requirements and technologies. Burgeoning demand for SaaS has increased competition from smaller and less traditional competitors. Some of Seattle SpinCo's main competitors include IBM, CA Technologies, BMC Software, Adobe Systems, EMC, Open Text Corp., Symantec, Cisco, and Intel.

Acquisitions & Divestitures

Acquisitions

Company	Date	Consideration	Rationale
Trilead GmbH	Feb-16	\$12 million	Capture the growing market opportunity for backup in virtualized environments.
Voltage Security	Feb-15	\$160 million	Complementary product portfolio to Security and Information Governance product group.
Shunra Software	Mar-14	\$20 million	Expand application testing and delivery management offerings.

Divestitures

TippingPoint	Oct-16	\$300 million	Less synergy with the Seattle SpinCo's security portfolio.
iManage	Oct-15	\$149 million	Target market was a niche segment of professional service firms such as legal, accounting and financial services firms, which did not constitute Seattle SpinCo's core market.

Source: Company Reports and Spin-Off Research

Financial Overview - Seattle SpinCo

The following table recapitulates Seattle SpinCo's financial performance for the latest quarter ended January 31, 2017.

in \$ millions	1Q17	1Q16	YoY	Reasons
<i>Revenues</i>				
Licence	173	187	-7%	Divestiture of the TippingPoint business, unfavorable currency effects, and overall decline in licence revenue due to the market shift to SaaS.
Support	387	426	-9%	Divestiture of the TippingPoint business, decline in licence revenues, and unfavorable currency effects.
Professional Services	89	96	-7%	Lower revenue within the big data platform analytics product group.
SaaS	75	72	4%	Growth in IT operations management and security and information governance products.
Total	724	781	-7%	-
Revenues				
Operating Income	(12)	10	NA	Unfavorable revenue mix and higher administrative expenses contributed to the decline in operating profit.

Source: Company Reports and Spin-Off Research

Years ended 31 October, 2016 and 2015

in \$ millions	FY16	FY15	YoY	Reasons
<i>Revenues</i>				
Licence	885	1,011	-12%	Transfer of the marketing optimization product group to HPQ and divestiture of the TippingPoint business.
Support	1,623	1,883	-14%	Lower licence revenue, unfavorable currency effects, and divestiture of certain businesses.
Professional Services	396	423	-6%	Transfer of the marketing optimization product group to HPQ.
SaaS	294	312	-6%	Divestiture of businesses.
Total	3198	3629	-12%	-
Revenues				
Operating Income	209	293	-29%	Decline in revenues led to lower operating income.

Source: Company Reports and Spin-Off Research

Competition

Company	Ticker	Market Cap (\$ billion)	Description
HPE Peers			
Oracle Corp.	ORCL	209.4	Oracle Corporation supplies software for enterprise information management. The Company offers databases and relational servers, application development and decision support tools, and enterprise business applications. Oracle's software runs on network computers, personal digital assistants, set-top devices, PCs, workstations, minicomputers, mainframes, and massively parallel computers.
Cisco Systems, Inc.	CSCO	161.5	Cisco Systems, Inc. designs, manufactures, and sells Internet Protocol (IP)-based networking and other products related to the communications and information technology (IT) industry and provide services associated with these products and their use. The Company provides products for transporting data, voice, and video within buildings, across campuses, and globally.
International Business Machines Corp.	IBM	134.3	International Business Machines Corporation (IBM) provides computer solutions through the use of advanced information technology. The Company's solutions include technologies, systems, products, services, software, and financing. IBM offers its products through its global sales and distribution organization, as well as through a variety of third party distributors and resellers.
MFGP Peers			
Accenture PLC	ACN	84.0	Accenture plc provides management and technology consulting services and solutions. The Company delivers a range of specialized capabilities and solutions to clients across all industries on a worldwide basis. Accenture's network of businesses provides consulting, technology, outsourcing, and alliances.
ServiceNow Inc.	NOW	19.7	ServiceNow, Inc. provides enterprise information technology (IT) management software. The Company designs, develops, and produces prepackaged computer software, cloud services, and IT service management platform. ServiceNow serves customers throughout the United States.
Red Hat Inc.	RHT	19.1	Red Hat, Inc. develops and provides open source software and services, including the Red Hat Linux operating system. The Company's web site offers information and news about open source software and provides an online community of open source software users and developers.

Source: Bloomberg

Competition

Company	Ticker	Market Cap (\$ billion)	Description
MFGP Peers			
Akamai Technologies Inc.	AKAM	8.1	Akamai Technologies, Inc. provides services for accelerating and improving the delivery of content and applications over the internet, ranging from live and on-demand streaming video capabilities to conventional content on websites, to tools that help people transact business and reach out to new and existing customers.
Splunk Inc.	SPLK	9.3	Splunk Inc. develops web based application software. The Company provides software that collects, analyzes machine data generated by websites, applications, servers, networks, and mobile devices. Splunk serves customers worldwide.

Source: Bloomberg

Attachment 1

Income Statement - Hewlett Packard

(\$ in millions, except per unit amounts)	FY15	FY16	1Q17	2Q17
Total net revenue	52,107	50,123	7,556	7,445
Cost of sales	37,168	35,507	4,824	4,927
Gross Profit	14,939	14,616	2,732	2,518
Research and development	2,338	2,298	481	486
Selling, general and administrative	8,025	7,821	1,454	1,449
Amortization of intangible assets	852	755	101	107
Restructuring charges	954	1,236	116	118
Acquisition and other related charges	89	178	44	51
Separation costs	797	598	85	141
Defined benefit plan settlement charges	225	-	(5)	(16)
Impairment of data center assets	136	-	-	-
Gain on H3C divestiture	-	(2,420)	-	-
Total costs and expenses	50,584	45,973	7,100	7,263
Earnings from operations	1,523	4,150	456	182
Interest and other, net	(51)	(312)	(78)	(85)
Tax indemnification adjustments	-	317	(18)	7
Loss from equity interests	(2)	(76)	(22)	(3)
Earnings before taxes	1,470	4,079	338	101
Valuation allowances, net and separation taxes	1,251	-	-	(593)
Tax settlements	-	(647)	-	-
Income tax expense	(260)	(271)	(83)	5
Net (loss) earnings from continuing operations	2,461	3,161	255	(487)
Net (loss) earnings from discontinued operations	-	-	12	(125)
Net (loss) earnings	2,461	3,161	267	(612)

Attachment 2

Income Statement - Micro Focus

Pro Forma \$ millions	FY17
Revenue	4,434
Cost of sales:	
Cost of sales	-969
Amortization of product development costs	-22
Amortization of acquired technology intangibles	-228
Cost of sales	-1,219
Gross profit	3,215
Selling and distribution costs	-1,898
Research and development expenses:	
Expenditure incurred in the year	-734
Capitalization of product development costs	28
Research and development expenses	-706
Administrative expenses	-428
Operating profit	183

Attachment 3

Balance Sheet - Hewlett Packard

(\$ in millions, except per unit amounts)	FY15	FY16	1Q17	2Q17
Assets				
Current Assets:				
Cash and cash equivalents	9,842	12,987	9,858	8,101
Accounts receivable	8,538	6,909	6,482	3,810
Financing receivables	2,918	2,923	2,922	3,229
Inventory	2,198	1,774	1,988	2,041
Assets held for sale		-	-	-
Other current assets	6,468	4,324	4,275	3,092
Total Current Assets	29,964	28,917	25,525	20,273
Property, plant and equipment	9,886	9,636	9,497	6,692
Long-term financing receivables and other assets	10,875	13,216	13,604	10,847
Investments in equity interests	-	2,648	2,620	2,620
Goodwill and intangible assets	29,191	25,262	25,416	27,038
TOTAL ASSETS	79,916	79,679	76,662	67,470
<i>Liabilities and Shareholders' Equity</i>				
Current Liabilities:				
Notes payable and short-term borrowings	691	3,532	3,520	2,010
Accounts payable	5,828	5,943	5,535	5,194
Employee compensation and benefits	2,902	2,364	1,736	1,189
Taxes on earnings	476	420	538	755
Deferred revenue	5,154	4,610	4,712	3,829
Accrued restructuring				228
Liabilities held for sale				-
Other accrued liabilities	6,942	5,662	5,645	4,373
Total current liabilities	21,993	22,531	21,686	17,578
Long-term debt	15,103	12,608	12,270	11,904
Other liabilities	8,902	13,022	11,132	8,941
TOTAL LIABILITIES	45,998	48,161	45,088	38,423
Shareholders' Equity				
Common stock	-	17	17	16
Additional paid-in capital	-	35,248	34,848	34,406
Retained earnings	-	2,782	2,760	(1,867)
Former Parent company investment	38,550	-	-	-
Accumulated other comprehensive loss	(5,015)	(6,599)	(6,124)	(3,544)
Total Common Stockholders' Equity	33,535	31,448	31,501	29,011
Non-controlling interests	383	70	73	36
Total Stockholders' Equity	33,918	31,518	31,574	29,047
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	79,916	79,679	76,662	67,470

Attachment 4

Balance Sheet - Micro Focus

Pro Forma \$ millions	FY17
Goodwill	6,843
Other intangible assets	7,624
Property, plant and equipment	232
Investments in associates	12
Long-term pension assets	22
Other non-current assets	142
Deferred tax assets	1,172
<i>Current assets</i>	
Inventories	5
Trade and other receivables	893
Current tax receivables	2
Cash and cash equivalents	603
Total assets	17,550
<i>Current liabilities</i>	
Trade and other payables	675
Borrowings	87
Provisions	63
Current tax liabilities	196
Deferred income	1,334
<i>Non-current liabilities</i>	
Deferred income	361
Borrowings	4,791
Retirement benefit obligations	111
Long-term provisions	18
Other non-current liabilities	35
Deferred tax liabilities	2,197
Total liabilities	9,868
<i>Capital and reserves</i>	
Share capital	62
Share premium account	6,192
Merger reserve	6,945
Capital redemption reserve	163
Retained earnings/(deficit)	342
Foreign currency translation reserve/(deficit)	-23
Total equity attributable to owners of the parent	7,681
Non-controlling interests	1
Total equity	7,682

Attachment 5

Management - Hewlett Packard

Meg Whitman

President and Chief Executive Officer

Meg Whitman served as President and Chief Executive Officer of HP Inc., from 2011 through 2015, and also served as Chairman of the Board from 2014 to 2015. During this period, she led the company's separation into two entities- Hewlett Packard Enterprise and Hewlett Packard Inc. Meg Whitman still holds the position of Chairman of HP Inc's Board. Prior to HP Inc., she served as President and Chief Executive Officer of eBay Inc., from 1998 to 2008, and spearheaded the organization's growth to over 15,000 employees. Ms. Whitman is currently a member of the board of directors for Procter & Gamble and SurveyMonkey. Ms. Whitman holds a bachelor's degree from Princeton University and an MBA from Harvard University.

Chris Hsu

Chief Operating Officer, HPE and Executive Vice President, General Manager, HPE Software

Chris Hsu was brought into HP in 2014 as Senior Vice President of Organizational Performance to drive operational performance initiatives across the company. He currently heads HPE Software and is also responsible for HPE Financial Services, Corporate Strategy, and global operational capabilities. Prior to working for HPE, Mr. Hsu was a Managing Director at Kohlberg Kravis Roberts, a private equity firm. He was a leader in the KKR Capstone operating group. Mr. Hsu holds a Bachelor of Science in mathematical economics from the United States Military Academy at West Point. He also holds an MBA from the Kellogg Graduate School of Management at Northwestern University.

On January 17, 2017, HPE announced that Chris Hsu will take over as CEO of the newly formed entity from the Micro Focus- HPE Software merger, and concurrently step down from his role as COO of HPE.

Tim Stonesifer

Executive Vice President, Chief Financial Officer

Prior to the separation of HPQ and HPE, Tim Stonesifer worked as the Chief Financial Officer of HP's Enterprise Group and was responsible for worldwide financial support for the business. Prior to HP Inc., Mr. Stonesifer was appointed Chief Financial Officer of General Motors' International Operations in Shanghai, China. Preceding his stint at General Motors, Mr. Stonesifer worked at General Electric for 18 years, holding numerous Finance positions around the world. Mr. Stonesifer holds a bachelor's degree in economics from the University of Michigan.

Attachment 6

Management - Micro Focus

Kevin Loosemore

Executive Chairman and Director

Mr. Loosemore was previously non-executive Chairman of Morse PLC, a non-executive director of Nationwide Building Society and a non-executive director of the Big Food Group PLC. His most recent executive roles were as Chief Operating Officer of Cable & Wireless PLC, President of Motorola Europe, Middle East and Africa and before that, he was Chief Executive of IBM UK Limited. Mr. Loosemore was appointed non-executive Chairman of MCRO in 2005 and Executive Chairman in April 2011. He has a degree in politics and economics from Oxford University.

Chris Hsu

Chief Executive Officer

Chris Hsu was brought into HP in 2014 as Senior Vice President of Organizational Performance to drive operational performance initiatives across the company. He currently heads HPE Software and is also responsible for HPE Financial Services, Corporate Strategy, and global operational capabilities. Prior to working for HPE, Mr. Hsu was a Managing Director at Kohlberg Kravis Roberts, a private equity firm. He was a leader in the KKR Capstone operating group. Mr. Hsu holds a Bachelor of Science in mathematical economics from the United States Military Academy at West Point. He also holds an MBA from the Kellogg Graduate School of Management at Northwestern University.

Mike Phillips

Chief Financial Officer

Mr. Phillips was previously Chief Executive Officer at Morse PLC, following his initial role as Group Finance Director. Mr. Phillips left Morse PLC in July 2010 following the turnaround and successful corporate sale to 2e2 in June 2010. From 1998 to 2007, he was Group Finance Director at Microgen PLC and played a lead role in the transformation of the company to an international software and services business with sustainable and profitable growth.

Stephen Murdoch

Chief Operating Officer

Mr. Murdoch has been with MCRO since November 2012 and is currently Chief Executive Officer of the company. Mr. Murdoch has a 25 year track record of success in the IT industry spanning hardware, software and services. He has held senior executive positions in general management, sales, and strategy with IBM and Dell. Most recently, he was the General Manager of Europe, Middle East & Africa for Dell's Public Sector and Large Commercial Enterprise business unit.

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