

NetApp Names Georgens as CEO, Replacing Warmenhoven

By Brian Womack and Nick Turner

Aug. 19 (Bloomberg) -- NetApp Inc., the maker of storage computers for companies such as Oracle Corp., promoted Tom Georgens to chief executive officer, replacing Dan Warmenhoven.

Georgens, who was chief operating officer, will assume the new duties immediately, the Sunnyvale, California-based company said today in a statement. Warmenhoven, 58, retains the role of chairman under the new title of executive chair. Georgens, 49, will remain president, a job he took in February 2008.

NetApp is seeking ways to restore growth after three quarters of slumping sales. An agreement to purchase Data Domain Inc. fell apart last month after EMC Corp. stepped in with a higher bid. Hopkinton, Massachusetts-based EMC leads the market for storage computers.

Georgens may seek out new acquisitions, said Kaushik Roy, an analyst with Wedbush Morgan Securities in Los Angeles. His role as a relative newcomer could make him more willing to shake things up, said Roy, who has a neutral rating on the stock and doesn't own it.

Separately, NetApp reported a 49 percent increase in first-quarter net income to \$51.7 million, or 15 cents a share, from \$34.7 million, or 10 cents, a year earlier. Fees received after the breakup of the Data Domain acquisition bolstered results. Sales dropped 3.5 percent to \$838 million in the period, which ended July 31.

NetApp, formerly known as Network Appliance, rose 4 cents to \$22.89 at 4 p.m. New York time in Nasdaq Stock Market trading. The shares have climbed 64 percent this year.

Taking On EMC

Georgens will have to challenge market leader EMC, said Unni Narayanan, head of Mountain View, California-based Primary Global Research LLC. NetApp has had difficulty getting into the largest corporate accounts, he said.

"Network Appliance is not winning the lion's share of the business," said Narayanan, whose firm provides research to institutional investors. He said he owns about 400 shares of NetApp.

Georgens started at NetApp in October 2005 as executive vice president and general manager of enterprise storage systems. He became executive vice president of product operations in January 2007 and took the operating chief job in 2008. He worked at companies such as LSI Corp. and EMC before joining NetApp.

"He's wicked smart, and he's very dedicated," Warmenhoven said in an interview. "He's just the perfect guy for the job."

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