



Hewlett Packard
Enterprise



juniper
NETWORKS

M&A DEAL ANALYSIS

“Hewlett Packard Enterprise’s \$14.3bn acquisition of Juniper Networks:
reshaping enterprise networking through AI and cloud convergence”

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**BOCCONI STUDENTS FOR COMMERCIAL
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M&A DEAL ANALYSIS

Acquirer: Hewlett Packard Enterprise Co | HPE
Target: Juniper Networks Inc | JNPR
Deal value: \$14.3bn
Sector: Technology, Computers & Electronics-Networks
Type of M&A: Strategic – Tender Offer (100% Cash)
Announced date: 09/06/2024
Completed date: 02/06/2025



Acquirer details

Name: Hewlett Packard Enterprise Co
Founding year: 2015 – Spin-off from Hewlett-Packard Company (Founded in 1939)
Headquarters: California, United States
CEO: Antonio Neri (2018 – Present)
Number of employees: 61,000
Market Cap: \$30.94bn
EV: \$52.38bn

- Revenues: \$30.13bn
- EBITDA: \$5.03bn
- EBITDA margin: 16.8%
- EV/EBITDA (LTM) : 11.53x
- EV/Sales (LTM): 1.58x

(All financial data as of October 2024) – Factset & MergerMarkets

Company industry: Technology, Computers & Electronics-Services

Target details

Name: Juniper Networks Inc.
Founding year: 1996
Headquarters: California, United States
CEO: Rami Rahim (2014 - Present)
Number of employees: 11,271
Market Cap: \$13.35bn
EV: \$14.03bn

- Revenues: \$5.45bn
- EBITDA: \$0.52bn
- EBITDA margin: 10.3%
- EV: \$14.3 bn (as of transaction)
- EBIT: \$1.96bn

(All financial data as of December 2024) – Factset & MergerMarkets

Company industry: Technology, Computers & Electronics-Service

Deal Overview

Hewlett Packard Enterprise Co. (NYSE: HPE), a U.S.-based software services provider announced on January 9th, 2024, its acquisition of Juniper Networks Inc (NASDAQ: JNPR), leading company in high-performance routers, switches and software platforms to services providers. The transaction values Juniper Networks at \$13.72bn based on the offer price of \$40 per share. The deal value including net debt was \$14.33bn.

Since its inception, Juniper Networks has become one of America's leading providers in cybersecurity solutions and high-performance networking. Juniper's products are adopted by cloud providers, enterprises and public institutions, allowing data traffic across complex digital infrastructures. The company is globally present, furnishing clients in more than 100 countries, offering a wide range of products, from routing and switching to AI-driven network management software. As of 2024, the firm employs more than 11,000 people worldwide.

Juniper Networks' revolutionary adoption of AI and cloud-based networking technology has led to be worldwide recognized for its AI-native networking platform "Mist-AP", which has transformed how enterprises and service providers manage their networks. Juniper expertise has made its products and intellectual property highly valuable, particularly in an increasingly connected economy.

HPE's interest in Juniper Networks derives from its aim to expand its portfolio of intelligent networks solutions and in hybrid cloud and AI-driven infrastructure. After its separation from Hewlett-Packard Company, HPE has become itself a leader in edge-to-cloud enterprise computing. Leveraging its technological and operational synergies and integrating Juniper AI networking capabilities with its property system Aruba Networking and GreenLake platform to strengthen HPE's role in the global networking market.

Industry Overview

Introduction to the Networking and Hybrid-Cloud Industry

The global networking and hybrid-cloud industry is at a core inflection point. Artificial intelligence is surging, hybrid IT systems are spreading, and demand for fast, secure connectivity is skyrocketing all of which fundamentally reshapes how companies build and manage their digital backbones. When Hewlett Packard Enterprise closed its acquisition of Juniper Networks in July 2025, it was one of the clearest signs yet. The deal pairs HPE's deep strengths in computing, storage, and hybrid-cloud solutions with Juniper's AI-powered, next-generation networking software-an alliance emblematic of a wider movement across the tech world: the blending of infrastructure with intelligence.

The merged company will enter a market that is expanding rapidly and is highly competitive. With organizations of all types increasingly moving more workloads to hybrid and multi-cloud environments, driving demand for faster, smarter, and more agile networks, it can be no surprise. In such a world, the network is far more than just a background utility; connecting everything from the edge of the enterprise to widely distributed data centers, it has become the bedrock of digital transformation.

Key Industry Trends and Challenges

A set of forces is driving this reinvention. First, there is an explosion of AI and machine-learning applications that require ultra-fast, low-latency networks to move enormous volumes of data. The second driver is the rapidly growing use of hybrid and edge computing, which demands flexible and scalable networks seamlessly extending across distributed systems. Third and increasingly imperative is sustainability. Energy efficiency and lower operational costs, now non-negotiable, drive a shift toward greener, software-defined solutions.

HPE's Juniper acquisition was designed with these trends in mind. In the July 2025 press release, HPE described the combined group as offering "an industry-leading, comprehensive, cloud-native, AI-driven portfolio." The combination of HPE's hardware and hybrid-cloud competencies, together with Juniper's competencies in automation and the well-recognized Mist AI platform, can deliver a single, unified architecture for the next generation in enterprise connectivity.

That said, this move to software-defined networking has its difficulties. The margins on hardware are shrinking, and clients increasingly ask for frictionless interoperability with a heightened sense of cybersecurity and cost control. With technology cycles running faster than ever in this sector, the balance for companies falls between fast-paced innovation and financial management.

The Shift to AI-Driven and Cloud-Native Networking

The meeting point of AI and networking is one of the most fundamental transitions the industry has seen in decades. It's a shift away from static, hardware-centric systems to self-learning, intelligent networks that configure, monitor, and optimize performance themselves. Today, the Juniper Mist AI and HPE Aruba Networking platforms stand at the heart of one single integrated ecosystem driving organizations forward with real-time visibility across the whole network—from office and branch locations to large-scale cloud environments. This combination allows enterprises to predict problems before they happen, avoid downtime, and ensure network performance optimization with minimal or no human intervention. The outcome is simpler operations, reduced cost, and a more robust and resilient digital infrastructure. Standing at the juncture of AI operations, cloud networking, and cybersecurity, the new HPE-Juniper entity will be poised for growth in three of the fastest-developing areas of global IT.

Competitive Landscape and Strategic Positioning

This puts HPE and Juniper squarely in competition with the world's most established tech players, including Cisco Systems, Arista Networks, and Huawei. Rather than trying to compete on pure size, however, HPE and Juniper look to differentiate via intelligence with smarter, software-driven networking centered around automation and AI. As HPE said in the statement concluding its 2025 acquisition, the deal "doubles the size of HPE's networking business and increases its total addressable market to approximately \$135 billion." It also projects that more than 50% of the company's total operating income will come from networking, underlining how core this division is to HPE's long-term strategy. Clearly, the wider market is consolidating and remaking itself through software. The challenge for HPE, though, now becomes one of execution. Delivering synergies while sustaining innovation momentum will be key as the boundaries between computing, storage, and networking continue to blur. If the integration proves successful, the HPE-Juniper merger could well mark a shift

in the competitive balance within enterprise networking and set a new benchmark for what intelligent, AI-enabled infrastructure can do.

Deal rationale

Financial benefits for HPE

Juniper Networks acquisition will bring significant financial benefits for Hewlett Packard Enterprises. The deal is expected to bring over \$450 million in cost and revenues synergies in 2025 and 2026, making EPS grow already in the first year after closing. The deal will be financed thanks to the company's strong financial position and stable cash flows, allowing it to maintain its capital discipline and continuing to remunerate shareholders

Expansion of AI and networking capacity will drive growth

Juniper acquisition allow HPE to strengthen its position in the global networking market, integrating a competitive and scalable technological portfolio. Juniper expertise will accelerate HPE growth in Aruba Networking and to satisfy the increasing demand in AI infrastructure.

Innovation and customer reach

The integration between Juniper Mist AI and HPE's GreenLake ecosystem will offer end-to-end automated and safe client solutions. The combination will enlarge the client base, including big corporations, cloud providers and telecommunications operators. Making HPE products more customizable and increasing their added value, in a more AI oriented market

Leadership in AI-driven networking

With Juniper acquisition, HPE becomes global leader in the networking sector, competing with giants like Cisco Systems. HPE and Juniper technology integration allow for a wider range of hybrid infrastructure and AI-driven connectivity, consolidating the firm's role as a point of reference in digital transformation and hybrid cloud management.

Deal Structure

The deal structure involves Hewlett Packard Enterprises acquiring Juniper Networks in an all-cash transaction. With a valuation of \$14.33bn (40\$ x Share), HPE valued Juniper with a 32% equity premium. The acquisition has been fully funded through HPE's existing cash resources and new debt financing, with no equity issuance involved, reflecting the company's solid balance sheet and cash flow generation.

The company Equity Value \$13.7bn, considering a Net Debt of \$612m, brings the Enterprise Value (At deal) at \$14.3bn, which reflects an acquisition multiple of 18.79x EV/EBITDA or 2.58x EV/Revenues (As of December 31st)

Risks and Implications

Short-Term Risks: Integration and Execution

From a post-closing perspective, the most immediate risks are those of integration execution. The proposed integration of HPE's Aruba Networking operations into Juniper's AI-native business would align product portfolios, R&D pipelines, and go-to-market strategies. Apart from product and strategy alignment, there was extra complexity associated with the work of aligning two different corporate cultures: one historically hardware-oriented and the other software-centric.

Operationally, there has to be continuity of service delivery for the existing Juniper customers while the sales channels as well as technical support structures need to be integrated. Transitions that are poorly executed may be marked by delayed synergy realization, or at the least a weakening of customer satisfaction in the first year of combined operations.

But this commitment by HPE to a fully funded US\$14 billion all-cash acquisition would require good balance-sheet management, considering the very volatile times of uncertainty in the macroeconomic scenario and rates of interest. Delays in realizing expected cost and revenue synergies may temporarily pressure free cash flow and operating margins.

Medium- to Long-Term Risks: Market and Technology Evolution

In the medium to long term, there are also strategic and technological risks for the combined entity operating in the fast-moving networking sector: the growing trend towards open networking standards and software-defined architectures is bound to commoditize legacy hardware, putting downward pressure on price and margin.

What's more, the cadence of innovation in AI creates opportunity and volatility at the same time. While AI-driven automation is central to the HPE growth thesis, technological leadership will require further R&D investments and talent retention, in particular Juniper's AI and software engineering teams. The competition is expected to further heighten with the continued expansion of software subscription models at Cisco, Arista dominating cloud data center switching, and hyperscale cloud providers in networking services. A general slowing of enterprise IT spending and possible delays in AI adoption cycles would dampen this expected return on investment. Strategic Implications for HPE and the Broader Industry: The strategic integration of HPE-Juniper has cast a new mold beyond a scale-driven merger but reshaped the corporate identity for HPE as an AI-native infrastructure company. This deal underlines HPE's pivot away from low-margin hardware businesses into high-margin, software- and service-driven businesses while positioning itself as a "full-stack, edge-to-cloud AI infrastructure leader." This also flags a new phase of consolidation and technological convergence for the wider industry. Competitors are likely to respond with hastened acquisitions or partnerships that embed AI and automation within networking solutions. It also raises the bar in terms of interoperability and intelligent operations, which will impact customer expectations and future industry benchmarking.

Market reaction

Initial Market Response

The initial market reaction to the deal's closing was cautiously positive. But going against the initial January 2024 announcement, Juniper saw a near 20 percent surge in its stock price, while HPE fell modestly given the cash nature of the transaction. However, by July 2025, the sentiment had evolved favorably.

Investors viewed the closure as a sign of regulatory and operational success, proving that HPE was capable of executing complex strategic transactions. The company reiterated that this acquisition would be "accretive to non-GAAP EPS and free cash flow in the first full year following close," reassuring the markets about financial discipline and near-term profitability.

Analyst and Market Commentary

To most market analysts and institutional investors, the deal was a strategically sensible move that changes HPE's growth profile. Commentary underlined synergies between Juniper's AI-powered Mist platform and HPE's edge-to-cloud services, saying the integration positions the company to deliver differentiated, automated, and secure networking solutions.

CEO Antonio Neri described the purchase as "a defining moment that accelerates our strategy to deliver secure, AI-driven, cloud-native networking from edge to cloud." Analysts at several large investment banks were said to have agreed with that view, underlining the fact that HPE now has a more balanced and diversified portfolio better positioned to withstand cyclical IT spending.

Meanwhile, investors remain focused on integration milestones and margin evolution, expecting networking to become the most profitable and fastest-growing segment for HPE over the next three years.

Long-Term View and Perception Over the long haul, the market seems to consider the deal that HPE signed with Juniper a foundational step for the company's value proposition to be repositioned along the enterprise technology value chain. This implies that the new networking division-which comprises more than half of HPE's operating income-will one day drive sustainable earnings growth, supported by recurring revenue and shareholder value creation. The move to an AI-native, software-centric operating model underscores HPE's commitment to making networking not just an enabler but a centerpiece of its corporate strategy. Intelligent, secure, and automated connectivity will be in big demand as companies deploy AI at scale, thus creating structural tailwinds for the combined company. From an industry standpoint, this transaction speaks to the accelerating convergence of compute, storage, and networking-a convergence where long-term winners will be defined by intelligence, automation, and integration.

Deal Advisors

Hewlett Packard Enterprise Co.

Lead Financial Advisor: *JP Morgan Securities LLC and Quatalyst Partners*

Non-Lead Financial Advisors: *Citigroup Global Markets Ltd, Consello Financial LLC and Mizho Securities Co Ltd*

Legal Advisors: *Covington & Burling LLP, Freshfields Bruckhaus Deringer LLP, Wachtell Lipton Rosen & Katz*

Juniper Networks Inc.

Financial Advisors: *Goldman Sachs*

Legal Advisor: *Allens, Shardul Amarchand Mangaldas & Co, Skadden Arps Slate Meagher Flom LLP*

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