

IBM Sells Software Portfolio to HCL

Written by Frederick Douglas
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Indian services group HCL announces the biggest tech deal in the subcontinent as it pays \$1.8 billion for a select chunk of the IBM software portfolio, including Lotus Notes, Appscan and Domino.



"We continue to see great opportunities in the market to enhance our Mode-3 (Products and Platforms) offerings," the company says. "The products that we are acquiring are in large growing market areas like Security, Marketing and Commerce which are strategic segments for HCL. "Many of these products are well regarded by clients and positioned in the top quadrant by industry analysts."

The full list of HCL-owned IBM software consists of Appscan, BigFix, Unica, Commerce, Portal, Domino, Notes and Connections. The sale reflects the longstanding relationship between IBM and HCL, since the two companies already had an IP agreement for 5 of the products. In fact, just two of the products are new, namely Connections and Commerce.

The deal also has the two companies scratching each other's back-- IBM wants to move away from selling on-premises software in favour of a wholly cloud-based model, while HCL wants to own more IP in order to drive growth. HCL hopes the software will bring over 5000 customers, as well as incremental revenue worth \$650 million starting from H2 2019. However it depends whether HCL manages to handle the continued development of such software and the baggage coming with it.

The deal is expected to close by end H1 2019 following completion of applicable regulator reviews.

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