Varicent Software Acquisition Announce

Purpose

The purpose of this document is to address particular questions and provide additional insight about IBM's agreement to acquire Varicent Software. To view the full press release, go to: IBM Press Room - United States.

Q.   What are you announcing today?

On April 13, 2012, IBM announced that it has signed a definitive agreement to acquire Varicent Software, a privately held company with principal operations in Toronto, Canada. Varicent Software is an industry leading provider of sales performance management (SPM) solutions

Q.   When will this transaction be finalized?

This transaction is subject to customary closing conditions and is expected to close in the second quarter of 2012.

Q.   Who is Varicent Software? What do they do?

Founded in 2003, Varicent Software is a provider of sales performance management software solutions targeted at sales line of business users. Varicent Software solutions allow sales plan administrators and sales reps to conduct detailed ad hoc, self-service analysis without the need for IT departmental assistance. The company has customers across a wide range of verticals, including customers in Financial Services (Banking, Insurance), IT (SW, HW), Communications (Telco, E&U) and Distribution (Mfg, Retail) sectors.

Varicent Software serves approximately 180 customers, across a number of industries, including Farmers Insurance, Absa Life, Bank of the West, Elavon, Wellington West, American Century, Reliance Standard Life Insurance, Sentry Insurance, Colt Telecommunications, MTS Allstream, Starhub, Telstra, Office Depot, Harris Teeter, Casual Male, Linksys, F5, Intralinks, Aruba Networks, Kronos, Deltek, Psion and SugarCRM.

The portfolio consists of modules that collectively comprise a complete sales performance management suite, including:
- Incentive Compensation Management: create, model and manage pay-for-performance programs
- Quota Planning: assign appropriate quota levels according to territories, products and lines of business
- Territory Management: determine optimal territory coverage model and manage change
- Channel Management: analyze effectiveness of each sales channel including agents, distributors and resellers

Q.   Why is IBM planning to acquire Varicent Software?

IBM is announcing the acquisition of Varicent Software, an innovator of new solutions for sales performance management (SPM) including incentive compensation, quota planning, territory and channel management. The Varicent Software acquisition adds sales performance management to IBM's Smarter Analytics initiative.

Varicent Software addresses a growing opportunity:
- Sales Performance Management is a high growth area bolstered by the economic need to align pay with performance. SPM software helps companies address complexity, accommodate business growth and change, improve reliability, and optimize performance while avoiding unexpected outcomes

Organizations of all sizes are dissatisfied with the time, costs and resources required to maintain and update spreadsheet-based or legacy sales management and incentive compensation systems.

Q.   How will Varicent Software fit within the IBM software portfolio?
The Varicent Software product offerings will become part of the Business Analytics portfolio within IBM Software and will add Sales Performance Management to the Smarter Analytics initiative.

Q.   How will Varicent Software's clients benefit?
Varicent Software's clients will immediately benefit from the combined technologies and skills of both companies, giving them an infrastructure for sales performance management, with the expertise and global resources to help optimize their business transformations. They will also benefit from the increased investment, global reach, industry expertise and support available from IBM's products and services, as well as IBM Research capabilities.

Varicent Software's clients will continue to benefit from Varicent Software's offerings across markets, as well as from the existing relationships with trusted Varicent Software team members.

Q.   How will the acquisition affect Varicent Software's Business Partners?
IBM is very interested in continuing relationships with the skilled Business Partners that have helped make Varicent Software's technology successful. Varicent Software's Business Partners are encouraged to find out more about establishing a deeper relationship with IBM by visiting ibm.com/partnerworld.

Q.   How will the Varicent Software team fit organizationally within IBM?
Varicent Software will become part of the Business Analytics business, led by Les Rechan, General Manager, within IBM Software Solutions Group, led by Mike Rhodin, General Manager.

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