

## IBM Cognos Acquisition – Close Announcement FAQ

**Q. What are you announcing today?**

IBM has announced that the acquisition of Cognos has closed, with shareholder and regulatory approvals completed, and that Cognos is now an IBM company. Cognos is a recognized industry leader and one of the leading providers of business intelligence and performance management solutions, with a global customer and partner base across all major industries.

**Q. What are the financial details of this acquisition?**

This is a cash transaction at a price of approximately \$5 billion USD or \$58 per share.

**Q. Why Cognos?**

IBM has provided software, hardware and services for business intelligence for decades and today is moving to help customers solve new challenges as they increasingly focus on business optimization, which requires the ability to effectively leverage information. The acquisition of Cognos extends IBM's Information On Demand value proposition, providing the industry's leading and most complete solutions for unlocking the business value of information for competitive advantage. Cognos provides the most complete, integrated, open standards-based platform for turning data into actionable insight for business intelligence and performance management, and best leverages SOA for delivering greater agility. With the acquisition of Cognos, IBM is now the leading provider of technology and services for Business Intelligence and Performance Management, delivering end-to-end capabilities for establishing and leveraging accurate, trusted information, with the broadest range of expertise to help our clients expand the value of their information, optimize their business processes and maximize performance across the enterprise.

IBM will provide a broader reach for Cognos solutions across multiple industries and geographies with a more complete, integrated set of offerings including services, hardware, and other middleware software. IBM and Cognos have been partnering together for over 15 years, with significant technical integration and joint solutions already available. Unlike many other acquisitions in this space, there is virtually no overlap in products and technology. Cognos also has a strong history of supporting heterogeneous application environments, consistent with IBM's approach to the market. And Cognos will extend IBM's reach further into the CFO office with powerful financial planning and consolidation capabilities.

**Q. Why did IBM wait to make this type of acquisition? Was it in response to other similar acquisitions in this space?**

Our decision to acquire Cognos was not related to prior acquisitions in this space. We have provided business intelligence capabilities to customers for decades and we consistently work to deliver increased value to our customers. Today, customers are looking for more sophisticated, real-time uses of information as they increasingly focus on business optimization. We're moving to address these changing dynamics.

To deliver actionable insight across the enterprise, organizations must first establish accurate, trusted information – the effectiveness of business decisions depends on the information upon which those decisions are based. As such, IBM has been focused on delivering the industry's leading platform for Information On Demand. With the proven capabilities IBM has brought to market, we are now ready to expand the value of that information by providing market leading business intelligence and performance management capabilities.

IBM has a proven track record of making acquisitions successful. A large reason for this is that we spend a significant amount of time determining the right company that will provide the greatest synergies, and planning how the company will best be integrated into IBM, rather than focusing solely on the transaction itself. We invest in acquisitions that will provide long-term revenue lift for all of IBM and we plan for how the acquired company can impact growth of other IBM offerings. We also look for companies whose revenue we believe will grow faster after becoming part of IBM than it has in the past.

## IBM Cognos Acquisition – Close Announcement FAQ

The acquisition of Cognos accelerates IBM's Information On Demand initiative to unlock the business value of information for our clients. And IBM will provide a broader reach for Cognos solutions across multiple industries and geographies with a more complete, integrated set of offerings including services, hardware, and other middleware software.

### **Q. How will IBM's customers benefit?**

For decades, IBM has provided customers with software, hardware and services for business intelligence. The addition of Cognos technology to IBM's portfolio will further enable customers to unlock the business value of their information for competitive advantage and support increased focus on business optimization. IBM now offers the most comprehensive information infrastructure with industry leading offerings for data management, enterprise content management, process management, information integration, master data management, data warehousing, business intelligence and performance management.

Combining IBM's industry leading middleware, hardware and services with Cognos' leading business intelligence and performance management technology and extensive partner network will provide customers with added value through a complete, end-to-end solution for optimizing business performance. Clients will immediately benefit from the combined technologies of both companies, giving them an open standards-based information infrastructure, along with market leading BI expertise and industry solutions that can help customers optimize their businesses and maximize enterprise performance.

### **Q. How will Cognos customers benefit?**

Cognos customers will immediately benefit from the combined technologies of both companies, giving them open standards-based software solutions that can leverage information as needed from all sources across their enterprise, and help ensure that accurate, trusted information is being used to make business decisions. They will also benefit from the increased investment, global reach and improved support available as part of IBM, along with market leading BI expertise and industry solutions that can help customers optimize their businesses and maximize enterprise performance. In addition, IBM can uniquely provide customers with complete, end-to-end systems that include hardware, software and implementation services, optimized to deliver premium system performance. Of course, IBM remains committed to open standards and will continue to support and enhance use of Cognos products with heterogeneous information systems. IBM will also maintain and expand the robust Cognos partner network.

### **Q. Not all Cognos customers run on IBM DB2 software; what will this mean for them?**

We recognize that there are Cognos customers with heterogeneous systems and environments. We plan to take a similar approach as we have done with previous IBM acquisitions (including FileNet and Ascential), which is to continue to support our customers' choices. IBM is committed to putting customer success and satisfaction first.

- Customers using products acquired from Cognos will continue to be supported by their current contacts and processes.
- Customers can expect continued support for their heterogeneous environments. The IBM open middleware strategy is committed to continued market leading support for multi-vendor environments.
- Customers will be able to leverage the power and scale of the IBM worldwide services and support infrastructure.

### **Q. How has IBM addressed this market opportunity until now? Is there product overlap between IBM and Cognos?**

Cognos offerings have virtually no overlap with IBM products, allowing us to focus on added value integrations and innovation as opposed to product rationalizations. IBM has provided software, hardware and services for business intelligence for decades and today is moving to help customers solve new challenges as they increasingly focus on business optimization, which requires more sophisticated, real-time uses of information. IBM has been focused on providing

## IBM Cognos Acquisition – Close Announcement FAQ

the underlying information infrastructure to support business intelligence and performance management solutions. This includes databases and data warehouses to manage data, information integration and master data management to establish accurate, trusted information, as well as various analytic capabilities for extracting knowledge from unstructured information, mining data to identify patterns and trends, and multi-dimensional analysis. Meanwhile, Cognos has focused on providing technology such as query and reporting, analytics, scorecarding and dashboarding, and planning, budgeting and forecasting, all of which work together to enable applications and users to leverage such information and analytics for improving enterprise performance. As a result, Cognos will immediately extend IBM's ability to capitalize on emerging business growth opportunities and deliver significant added value to our customers, partners and shareholders.

- Q. How will this impact your relationships with other BI Vendors, such as Business Objects?**  
IBM clients have complex, heterogeneous environments and expect IBM and other companies to work as seamlessly and smoothly as possible with other hardware and software solutions. IBM has relationships with many companies that offer competitive products. IBM has a strategic alliance with Business Objects and intends to continue this relationship. In addition, IBM will continue to remain open and support integration of all front end business intelligence and performance management applications such as SAS, MicroStrategy and the various tools provided by Oracle.
- Q. How does this affect Cognos business partners?**  
IBM will continue to support and nurture the Cognos business partner community, just as IBM has done through both the FileNet and Ascential acquisitions. There are strong, strategic relationships between Cognos and several service providers that are essential to preserve in order to deliver the greatest value to our customers.
- Q. How will the Cognos team fit organizationally within IBM?**  
Cognos is now a new business unit within IBM's Information Management Software division, and will focus on BI and performance management. Cognos President and CEO Rob Ashe leads the new segment, reporting directly to Ambuj Goyal, General Manager, IBM Information Management.