

## **IBM to Acquire Lombardi**

*Helps Companies Automate Business Processes to Increase Efficiencies, Reduce Costs*

ARMONK, N.Y., December 16, 2009 -- IBM (NYSE: IBM) today announced it has signed a definitive agreement to acquire Lombardi, a privately held software company based in Austin, Texas. Financial terms were not disclosed. Lombardi, a leading provider of Business Process Management (BPM) software and services, helps organizations automate and integrate business processes to increase efficiencies and reduce costs.

Organizations are struggling to find ways to simplify their business operations to better reach partners and clients, improve decision-making and increase their return on investment. The management of processes supporting business functions such as product planning, supply chain execution, insurance application and claims management, human resources, IT services and procurement is vital to the success of every business. Helping companies automate these processes to make them more consistent, predictable and cost-efficient is a major requirement for businesses today.

According to IDC, the market opportunity for BPM software will increase at a compound annual growth rate of nearly 15 percent over the next four years, from \$1.7B in 2009 to \$3.0B by 2013. [1]

Lombardi's department-level approach to delivering process management complements IBM's existing strengths in enterprise-wide process management software and adds a new and compelling dimension for customers looking for an end-to-end, integrated solution that automates human tasks and workflows.

"Any discussion on business improvement inevitably leads to improving the processes that are at the heart of every company," said Craig Hayman, general manager, IBM Application and Integration Middleware. "Recognizing this, IBM has strengthened its presence and investments in business process and integration software to meet these growing client demands. Lombardi fills out our company's portfolio in this key area."

One of the earliest supporters of WebSphere, Lombardi brings capabilities that complement the recent product upgrades and new product announcements in IBM's WebSphere portfolio. These are designed to help clients establish a more dynamic business and achieve the agility they need to survive in today's changing business environment. Through its collaborative, graphical approach to process application development based on a WebSphere infrastructure, Lombardi extends IBM's customizable, role-based capabilities to empower business users to rapidly effect change in their businesses.

"IBM has been a long-standing partner in addressing the core business needs of customers across a wide range of industries," said Rod Favaron, CEO, Lombardi. "Our shared vision has been to deliver technology that helps companies improve their effectiveness by better managing the processes that keep their businesses running. Becoming part of the IBM family will take this vision to a higher level and enable us to explore new opportunities together in product development, integration and go-to-market strategies."

Existing clients have already shown how businesses can benefit from a combined IBM and Lombardi portfolio.

For example, IBM worked with Ford Motor Company, which needed to speed new products to market in their highly collaborative work environment. Both Lombardi and IBM are providing solutions for process improvement at the departmental level as well as a platform for process automation. These solutions are designed to help streamline development processes which typically have multiple iterations of designs from disparate teams.

Lombardi has strong customer relationships in the financial services, government, healthcare, insurance, life sciences, manufacturing, retail, and telecommunications industries that will complement IBM's existing customer base and solid partner ecosystem. Consistent with IBM's software strategy, the investments of clients and partners in existing IBM and Lombardi technologies will be preserved, allowing customers to take advantage of the broader set of capabilities without needing to replace existing systems.

Organizations around the world are recognizing the need to re-invent their processes and IT infrastructures to gain the increased agility they need within various lines of business to meet changing market conditions. In fact, a recent study by an independent research group, BTm, found that the most successful businesses have focused on the convergence of the business and technical disciplines of their companies rather than treating them as silos.[2] The combination of IBM and Lombardi offerings provides companies with the tools they need to attain this success.

Today's announcement reinforces IBM's commitment and investments in service oriented architecture (SOA) and BPM and builds on recent BPM acquisitions such as ILOG which have helped IBM extend its industry leadership capabilities. With an SOA community of more than 8,000 clients and 7,400 Business Partners, and a BPM community of 5,000 clients and 2,500 Business Partners, IBM continues to build momentum in these important areas.

Following regulatory approvals and customary closing conditions, the acquisition will be completed and Lombardi integrated into IBM.

For more information on Lombardi visit: [www.lombardisoftware.com](http://www.lombardisoftware.com).

For more information on all of the new products and services or for details on how IBM is helping clients and Business Partners to make smarter, faster decisions by using BPM and SOA, visit: [www.ibm.com/smartwork/businessagility](http://www.ibm.com/smartwork/businessagility).

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[1] IDC, Worldwide Business Process Management Software 2009-2013 Forecast, Doc # 219766, August 2009

[2] "Measuring the Financial Value of Convergence," BTm Research, September 2009.

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