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## IBM's \$4.6B Apptio deal marks another new era for Seattle-area cloud and IT management company

BY TODD BISHOP ([HTTPS://WWW.GEEKWIRE.COM/AUTHOR/TODD/](https://www.geekwire.com/author/todd/)) on June 26, 2023 at 8:07 am



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Apptio CEO Sunny Gupta speaks at a GeekWire event in 2017. (GeekWire File Photo)

IBM announced a deal Monday (<https://newsroom.ibm.com/2023-06-26-IBM-to-Acquire-Apptio-Inc,-Providing-Actionable-Financial-and-Operational-Insights-Across-Enterprise-IT>) to buy Apptio (<https://www.apptio.com/>) for \$4.6 billion from Vista Equity Partners, less than five years after the private equity firm acquired (<https://www.geekwire.com/2018/report-vista-equity-partners-poised-pay-1-9-billion-private-equity-deal-apptio/>) the Bellevue, Wash.-based cloud and IT management company for \$1.9 billion, and seven years after Apptio went public (<https://www.geekwire.com/2016/apptio-ipo/>) at a valuation of \$525 million.

“It’s the third exit in one company,” said Sunny Gupta, the Apptio founder and CEO, in an interview with GeekWire Monday morning. “It doesn’t happen that often — all the way from venture to public, to private equity, to now being part of one of the most iconic companies of all time in IBM.”

IBM says it expects the deal to close in the second half of this year.

Apptio has more than 1,400 employees, about a quarter of them in the Seattle area, and the company’s employee base is expected to “increase significantly” after the IBM deal closes, in locations including Bellevue, Gupta said.

The all-cash acquisition reflects Apptio’s growth via acquisitions and organic business expansion, its focus on corporate tech spending, and related trends in the economy and technology.

- Apptio’s software-as-a-service technology helps corporate and IT leaders understand and manage their cloud and tech spending. That’s a key motivation, especially now, for many companies seeking to rein in expenses.
- Its annual revenue has grown to more than \$400 million through a combination of acquisitions and organic customer growth, roughly double its projected revenue at the time of the Vista Equity deal in 2018.
- Apptio has grown to more than 1,500 corporate customers, including more than half of the Fortune 100. IBM said Apptio brings “\$450 billion of anonymized IT spend data, unlocking new insights for clients and partners.”

“Technology is changing business at a rate and pace we’ve never seen before. To capitalize on these changes, it is essential to optimize investments which drive better business value, and Apptio does just that,” said IBM CEO Arvind Krishna in a news release (<https://newsroom.ibm.com/2023-06-26-IBM-to-Acquire-Apptio-Inc,-Providing-Actionable-Financial-and-Operational-Insights-Across-Enterprise-IT>) announcing the deal. “Apptio’s offerings combined with IBM’s IT automation software and watsonx AI platform, gives clients the most comprehensive approach to optimize and manage all of their technology investments.”

Longer term, the deal also positions IBM well for the emerging dynamics of AI in the enterprise, said Matt McIlwain, managing director of Madrona Venture Group, which was a founding investor in Apptio in 2007.

The boom in generative AI, applied AI, machine learning, and intelligent applications promises to only increase the need for big companies to get a handle on their technology usage and spending, McIlwain said.

“This is about cost transparency for enterprises,” he said. “But I think there’s a more strategic thing that IBM is likely up to, which is around applied AI and intelligent applications and how enterprises are going to need to navigate that.”

The acquisition brings Gupta full circle ([https://www.linkedin.com/posts/sgupta85\\_ibm-to-acquire-apptio-inc-providing-actionable-activity-7079059903700488192-HEBF/?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/sgupta85_ibm-to-acquire-apptio-inc-providing-actionable-activity-7079059903700488192-HEBF/?utm_source=share&utm_medium=member_desktop)). He started his career at IBM in 1992 as an engineer working on OS2, and will now rejoin the company more than three decades later as an executive leader.

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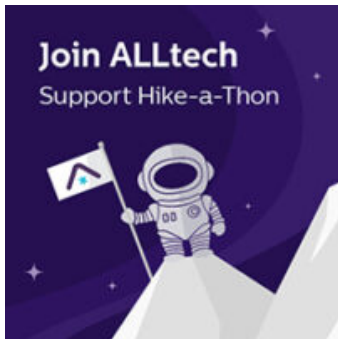
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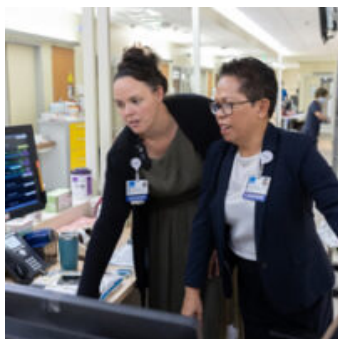
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