IBM to Acquire Application Modernization Capabilities from Advanced

By John Granger, Senior Vice President of IBM Consulting

Today, IBM is announcing that it has signed a definitive agreement to acquire application modernization capabilities from Advanced, bringing a combination of talent, tools and knowledge to enhance IBM Consulting's mainframe application and data modernization services. The planned acquisition will further enable us to support clients' mainframe application modernization journeys, marking another important step forward in IBM's hybrid cloud and AI strategy.

CEOs are prioritizing technology modernization to accelerate business transformation and gain a competitive advantage. According to a recent IBM Institute for Business Value survey, 67% percent of executives surveyed say their organizations need to transform quickly to keep up with the competition, and 68% of respondents say mainframe systems are central to their hybrid cloud strategy.[1]

Digital transformation is not an "either-or" process of choosing between cloud vs. mainframe. A hybrid cloud approach that includes and integrates mainframe computing can drive up to five times the value of a public cloud platform alone. Yet, modernizing mainframe code and data can be a complex process. In working with our clients, we've seen how the right IT services partners can help navigate and speed their transformation journeys, protect their vital investments, and reduce risks surrounding security, data gravity and costs.

The team intended to join IBM Consulting works with global enterprise clients to modernize their mainframe applications and brings more than 30 years of experience, tools and expertise supporting clients' mainframe strategies and application modernization agendas through an array of mainframe application modernization services, including assessment and design; mainframe transformation and integration; and full deployment. They are also equipped with industry expertise across the financial services, insurance, automotive, travel and transportation, government, utilities and media sectors.

The planned acquisition's services offerings aim to complement the capabilities of IBM watsonx Code Assistant for Z, enabling IBM to deliver more comprehensive options for mainframe application modernization across

hardware, software and services. Watsonx Code Assistant for Z is a generative AI-assisted product built to help accelerate mainframe application modernization. The capabilities IBM Consulting intends to acquire together with watsonx Code Assistant for Z aim to improve end-to-end application developer lifecycle, including application discovery and analysis; code refactoring; and code conversion, so applications can better integrate with an enterprise's hybrid cloud architecture.

Today's news marks IBM's first acquisition announced in 2024. Since Arvind Krishna became CEO in April 2020, IBM has acquired more than 35 companies, bolstering its hybrid cloud and AI capabilities.

The transaction is subject to customary closing conditions. It is anticipated the transaction will close in the second quarter of 2024. Financial details of the transaction were not disclosed.

 To learn more, visit https://modernsystems.oneadvanced.com/.

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[1] *Based on a 2021 survey refresh by the IBM Institute for Business Value (IBV) with Oxford Economics "Application modernization on the mainframe – Expanding the value of hybrid cloud transformation," conducting a double-blind survey of 200 IT executives in North America in April 2023.*

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