

IBM buys 'cloud' computing company SoftLayer (Update)

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Two men walk past an IBM logo on February 28, 2011 in Hanover, central Germany. IBM on Tuesday announced a deal to buy SoftLayer Technologies in a move aimed at ramping up its ability to offer businesses and governments computing services hosted in the Internet 'cloud.'

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"With SoftLayer, IBM will accelerate the build-out of our public cloud infrastructure to give clients the broadest choice of cloud offerings," said IBM global technology services senior vice president Erich Clementi.

New York State-based IBM did not disclose financial terms of the deal, which the New York Times valued about \$2 billion, quoting an unnamed source.

SoftLayer has its headquarters in Dallas and maintains data centers in Asia, Europe and the United States to provide online computing power to approximately 21,000 customers, according to IBM.

"The compelling opportunity is connecting IBM's geographic reach, industry expertise and IBM's SmartCloud breadth with our innovative technology," SoftLayer chief executive Lance Crosby said in a release.

"Together SoftLayer and IBM expand their reach to new clients; both born-on-the-cloud and born-in-the-enterprise."

IBM boasted of already being one of the world's leading providers of cloud-based services and predicted that its revenue in that sector will reach \$7 billion annually by the year 2016.

IBM said it will create a new Cloud Services division at the company after the SoftLayer acquisition, which was expected to close by October.

"SoftLayer is a perfect fit for IBM," Clementi said.

"It will help us smooth the transition of our global clients to the cloud faster, while enabling IBM to more efficiently offer them its broad portfolio of open IT infrastructure and software services."

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