

## Algorithmics Acquisition Close

### Purpose

The purpose of this document is to address particular questions and provide additional insight about the closing of IBM's agreement to acquire Algorithmics. To view the full press release, go to: [IBM Press Room - United States](#).

### Q. What are you announcing today?

On October 20, 2011, IBM announced that the acquisition of Algorithmics has closed, and Algorithmics is now an IBM Company. Algorithmics is an industry leading provider of financial risk management solutions with principal operations in London, England and Toronto, Canada.

### Q. Who is Algorithmics? What do they do?

- Algorithmics is a leading provider of risk solutions. Financial organizations from around the world use Algorithmics software, analytics and advisory services to help them make risk-aware business decisions, maximize shareholder value, and address regulatory requirements. Supported by a global team of risk experts based in all major financial centers, Algorithmics offers award-winning solutions for market, credit and operational risk, as well as collateral and capital management.
- Algorithmics has principal operations in London, England and Toronto, Canada, Algorithmics is an application software company with more than 900 employees in 23 locations worldwide.
- Algorithmics brings to IBM and the Business Analytics and Optimization portfolio a strong presence in the financial services sector, including 25 of the world's top 30 banks and over two-thirds of the CRO Forum of leading insurers, use Algorithmics' analytics software and advisory services. Clients include The Allianz Group, BlueCrest, HSBC, Nedbank, Nomura, Societe Generale, and Scotia Capital.
- Algorithmics offers six main categories of financial risk solutions:
  - **Market Risk Solutions:** Providing institutions with a scalable, integrated risk platform to measure, manage and control capital market exposures across asset and liability functions
  - **Credit and Capital Solutions:** Delivering real-time access to accurate, integrated credit data, enabling regulatory compliance, enhanced decision making and improved financial performance
  - **Collateral Management Solutions:** Providing timely access to accurate, collateral-related data, reducing operational risk and increasing business opportunities.
  - **Operational Risk Solutions:** Providing an integrated approach to the identification, management and measurement of operational risk in support of governance, risk and compliance (GRC) programs.
  - **ALM and Liquidity Risk:** Providing a simulation-based framework to handle sophisticated products, address regulatory requirements and support advanced calculations (e.g. stochastic scenarios)
  - **Actuarial Modeling:** Providing key decision-makers of insurance firms with critical business information for managing risk, meeting regulatory obligations and protecting shareholder value.
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### Q. Why is IBM planning to acquire Algorithmics?

With the combination of IBM and Algorithmics analytics, companies can measure and assess operational risk associated with lending processes, market and credit risk exposures. Having this

type of transparency and granular insight of financial risk in advance can help organizations meet new regulatory requirements.

The acquisition of Algorithmics will allow IBM to offer solutions for Integrated Risk Management, which will help speed the time to value and reduce deployment costs for the technology infrastructure supporting risk management programs. The solutions will help support the lifecycle of risk management activities, including:

- Risk identification through automated assessment processes
- Integration of risk data from various internal and external sources
- Analysis and reporting, to provide visibility into the state of risk in the enterprise including evidence of compliance or remediation status, trending and point-in-time analysis and ad hoc querying.

**Q. How will Algorithmics fit within the IBM software portfolio?**

The Algorithmics' products will become part of the IBM Business Analytics portfolio within IBM Software.

**Q. How will Algorithmics' clients benefit?**

Algorithmics' clients will immediately benefit from the combined technologies and skills of both companies, giving them an infrastructure for integrated risk management, with the expertise and global resources to help optimize their business transformations. They will also benefit from the increased investment, global reach, industry expertise and support available from IBM's products and services, as well as IBM Research capabilities.

**Q. How will the acquisition affect Algorithmics' Business Partners?**

IBM is very interested in continuing relationships with the skilled Business Partners that have helped make Algorithmics' technology successful. Algorithmics' Business Partners are encouraged to find out more about establishing a deeper relationship with IBM by visiting [ibm.com/partnerworld](http://ibm.com/partnerworld).

**Q. How will the Algorithmics team fit organizationally within IBM?**

Algorithmics will become part of the Business Analytics business, led by Rob Ashe, General Manager, within IBM Software Solutions Group, led by Mike Rhodin, General Manager.

**DISCLAIMER**

Clients are responsible for ensuring their own compliance with various laws and regulations. It is the client's sole responsibility to obtain advice of competent legal counsel as to the identification and interpretation of any relevant laws and regulations that may affect the client's business and any actions the client may need to take to comply with such laws and regulations. IBM does not provide legal, accounting or auditing advice or represent or warrant that its services or products will ensure that the client is in compliance with any law or regulation.