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NEWS

## IBM boss discusses long-term VMware plan

**IBM sees a big opportunity to migrate customers away from VMware onto OpenShift, with its \$6.4bn acquisition of HashiCorp part of the plan**

By **Cliff Saran**, Managing Editor

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IBM's latest quarterly earnings filing coincided with the company's plans to spend \$6.4bn acquiring HashiCorp.

IBM reported revenue of \$14.5bn, up 1% from the same quarter in 2023, with software revenue growing 5% to \$5.9bn. Automation, with growth of 14%, was the biggest contributor to IBM's software revenue; meanwhile, Red Hat grew 9%.

IBM chairman and CEO, Arvind Krishna, described the acquisition of HashiCorp as "a tremendous strategic fit".

"Enterprise clients are wrestling with an unprecedented expansion in infrastructure and applications across public and private clouds, as well as on-prem environments, making this the ideal time to pursue this acquisition," he said.

"As generative AI [GenAI] deployment accelerates alongside traditional workloads, developers are working with increasingly heterogeneous, dynamic and complex infrastructure strategies. HashiCorp has a proven track record of helping clients manage the complexity of today's infrastructure by automating, orchestrating, and securing hybrid and multicloud environments."

In a transcript of the earnings call, [posted on Motley Fool](#), Krishna was asked about enterprises moving away from VMware. He responded: "Clients are all asking the question, which is the platform they want to bet on for the next 10 to 20 years, on which they will write their applications, deploy them both in their own datacentres, and on public clouds."

He said that IBM was seeing a lot of interest both in container-native virtualisation and with the KVM hypervisor. Krishna claimed the HashiCorp acquisition built on this. He said that Red Hat Enterprise Linux is the main deployment platform, while Red Hat OpenShift offers a platform that supports both containers and virtualisation.

"[Red Hat] Ansible and HashiCorp are helping increase automation and reduce complexity," he added.

Commenting on the sale of HashiCorp to IBM, Armon Dadgar, HashiCorp co-founder and chief technology officer, said: "Our strategy at its core is about enabling companies to innovate in the cloud, while providing a consistent approach to managing cloud at scale. The

need for effective management and automation is critical with the rise of multicloud and hybrid cloud, which is being accelerated by today's AI revolution.”

Like a number of companies that grew out of the open source community, HashiCorp saw a need to create a commercial licence for its [Terraform flagship product](#). While the company was founded on open source principals, it recently tried to stop distribution of an open source version (or fork) of Terraform, called Open Tofu. Open source commentators felt the company had breached its open source social contract by shifting to a commercial licence for future versions of Terraform.

[Amanda Brock, CEO of OpenUK](#) said the acquisition of HashiCorp “enables IBM to strengthen its cloud offering in the same way we have seen others like SuSE do through its [successful purchase of Rancher Labs](#)”.

“But the one-time guardian of open source, IBM, has fallen by the open source wayside in recent years. Even its acquisition of Red Hat



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