# HCL buys into hybrid data management with majority stake in Actian

## MATT ASLETT

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HCL Technologies has formed a joint venture with Sumeru Equity Partners to acquire database and data management firm Actian, adding hybrid data management capabilities to its Mode 3 joint development and sales strategy.

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India-based IT services firm HCL Technologies has teamed up with Sumeru Equity Partners to form a joint venture (JV) to acquire Actian, which is best known for its Actian X relational database (formerly known as Ingres) but also offers data management software as well as analytic, non-relational and embedded databases.

## THE 451 TAKE

By partnering with Sumeru Equity Partners to buys Actian, HCL Technologies brings new data management and -processing capabilities to its wider portfolio while Actian gets a new parent company with deeper financial pockets and potential for multiple partnership opportunities. Actian will continue to operate as a separate entity so to some extent it will be business as usual. However, we believe HCL will also look to pair Actian's portfolio with its Mode 2 offerings, including cloud-native consulting services and digital applications, as well as its DRYiCE automation and orchestration platform and other components of its Mode 3 joint development and sales strategy.

## DEAL DETAILS

Actian is being acquired in an all-cash deal valued at $330m by a JV in which HCL Technologies owns 80% and Sumeru Equity Partners the remaining 20%. Actian had been majority owned by Garnett & Helfrich Capital, which bought the company from CA Technologies in late 2005. The target will continue to operate as a separate entity led by current CEO and president Rohit De Souza. HCL will have majority representation on the Actian board of directors, while Sumeru Equity Partners managing directors George Kadifa and Sanjeet Mitra will also join the board.

## RATIONALE

The purchase of a majority stake in Actian has to be viewed in the context of HCL Technologies' Mode 1-2-3 strategy, particularly the third element of that initiative, which is focused on expanding its ecosystem of products and platforms through joint development and sales opportunities. While HCL is best known for its traditional IT services in areas such as infrastructure management, business process outsourcing, engineering and R&D (which represent Mode 1), it also offers Mode 2 next-generation services covering topics such as cloud-native and digital applications, as well as the Internet of Things (IoT) and cybersecurity.

Mode 3 is about expanding the company's purview with products and platforms driven by joint development and sales. As part of this Mode 3 portfolio, Actian joins the DRYiCE automation and orchestration platform, as well as HCL's intellectual property partnership with IBM. The latter covers software development, automation, mainframe systems, collaboration and databases, thanks to a 15-year agreement signed in early 2017 through which HCL took over development and support of the Informix database product family. As such, there is some overlap between HCL's interest in Informix and the Actian portfolio.

There is also some interesting historical context that links Actian and Informix. Actian can trace its roots back to the early 1970s and the Ingres relational database project led by Michael Stonebraker and Eugene Wong (among others) at the University of California Berkeley. 1980 saw the formation of Relational Technology, which was renamed Ingres in 1989 and acquired by ASK Computer Systems in 1990 before what is now CA purchased ASK in 1994. In the interim, Stonebreaker and others started the Postgres project, which would later form the basis of PostgreSQL and was commercialized by Stonebraker's Illustra Information Technologies before it was bought by Informix in 1996. Informix was later acquired by IBM in 2001.

Ingres, meanwhile, received a new lease of life as it emerged from CA in 2005 backed by Garnett & Helfrich Capital. Initially focused on the Ingres relational database (now combined with Actian's Vector analytics engine as Actian X), the company rebranded as Actian in 2011 and inked a series of acquisitions that expanded its portfolio into analytic databases (VectorWise, ParAccel), non-relational databases (Versant) and data management (Pervasive Software), before more recently zeroing in on hybrid data management as its strategic focus.

While Actian has a solid customer base of over 10,000 customers, the company has struggled somewhat since those purchases to assemble the targets into something worth more than the sum of their parts, having undergone a number of organizational, portfolio and branding changes. The arrival of De Souza as CEO in late 2016 appears to have leveled the ship, however, with the company narrowing its overall focus on hybrid data management and organizing its portfolio into three main product areas: data integration, data management and data analytics. Actian told us in March that revenue was back up to more than $100m while headcount totaled approximately 300.

Being acquired by the HCL-Sumeru Equity Partners JV would appear to be a good move for Actian. It will remain an independent company but with considerable resources behind it – HCL reported revenue of $7.6bn for the 12 months ended December 31, 2017 – as well as the opportunity to partner with its majority parent for cloud-native consulting services, IoT and digital applications, and automation and orchestration.

## COMPETITIVE OUTLOOK

Since Actian will continue to operate as a separate entity, we wouldn't expect this deal to have an immediate impact on the competitive landscape, although it does bolster the vendor's ability to vie with its primary rivals through closer partnership with HCL Technologies. Actian faces a variety of competitors thanks to the breadth of its portfolio. For the Actian X database, it primarily encounters Oracle, IBM, Microsoft and SAP, as well as the likes of MemSQL and VoltDB.

As a stand-alone analytics database, Actian Vector could also be considered competitive with Oracle, IBM, Microsoft and SAP for analytic workloads, as well as Micro Focus' Vertica and Pivotal's Greenplum, while Actian VectorH vies with the various SQL-on-Hadoop engines including Apache Impala, Apache HAWQ, Apache Drill, Apache Spark SQL and the Presto project. Actian NoSQL is likely to be compared with InterSystems and NoSQL databases from the likes of MongoDB, IBM, Microsoft, OrientDB, MarkLogic and ArangoDB, while the Actian Zen embedded database is positioned for IoT workloads and could be compared with MapR Edge, a small-footprint database for edge processing, as well as Edge Intelligence, Couchbase, MongoDB and DataStax. Finally, the company's data-integration capabilities compete with on-premises integration products from the likes of Talend, Informatica, IBM and TIBCO, as well as iPaaS offerings from firms such as Dell, Informatica, SnapLogic and Salesforce (via its acquisition of MuleSoft).

### ACQUIRER
HCL Technologies (80%) and Sumeru Equity Partners (20%)

### TARGET
Actian

### SUBSECTOR
Data management / Databases

### DEAL VALUE
$330m

### DATE ANNOUNCED
April 12, 2018

### CLOSING DATE
Undisclosed