

## IBM Buys Open Source With Red Hat

Written by Frederick Douglas  
02 November 2018

---

IBM is the next big industry player to buy into open source as it announces the \$34 billion acquisition of Red Hat, the company behind Enterprise Linux OS, with plans to transform the cloud landscape.



"The combination of IBM and Red Hat, it's a game changer," IBM CEO Ginni Rometty claims. "We will be the undisputed No. 1 leader in hybrid cloud."

The deal is the biggest in open source history, and shows the Red Hat model of Linux distribution is a success, to put it mildly. For the uninitiated, Red Hat offers Enterprise Linux OS on a subscription basis, with companies paying for the privilege of specialists taking care of implementing the open source OS. The business model is very profitable, leading to Red Hat revenues worth \$823 million in the fiscal quarter ending September 2019.

IBM hopes the purchase will bring about a wider portfolio of applications and cloud services, as well as more customers with a want for open source software. Post-acquisition, Red Hat will become a separate unit within the IBM Hybrid Cloud unit, allowing it to work with other vendors and cloud providers.

The deal is set to close by H2 2019, pending regulatory and shareholder approvals.

Go [IBM and Red Hat Join Forces](#)