

Ansible acquisition to complement Red Hat's existing portfolio

Expanding its leadership in hybrid cloud management, OpenStack and containers, Red Hat, Inc., provider of open source solutions, has announced that it has signed a definitive agreement to acquire Ansible, Inc., provider of powerful IT automation solutions designed to help enterprises move toward frictionless IT. Red Hat's existing management portfolio together with Ansible's automation capabilities will enable users to drive down the costs and complexity of deploying and managing cloud-native and traditional applications across hybrid cloud environments.



Bz3rk via [Wikimedia Commons](#)

Ansible's simple and agentless approach does not require any special coding skills, removing some of the most significant barriers to automation across IT. From deployment and configuration to rolling upgrades. By adding Ansible to its hybrid management portfolio, Red Hat will help customers to:

- Deploy and manage applications across private and public clouds.
- Speed service delivery through DevOps initiatives.
- Streamline OpenStack installations and upgrades.
- Accelerate container adoption by simplifying orchestration and configuration.

The upstream Ansible project is one of the most popular open source automation projects on GitHub with an active and highly engaged community, encompassing nearly 1,200 contributors. Ansible automation is being used by a growing number of Fortune 100 companies, powering large and complex private cloud environments, and the company has received several notable accolades, including a 2015 InfoWorld Bossie Award, recognising the best open source data center and cloud software.

With the addition of Ansible, Red Hat's open hybrid cloud and IT management solutions will include:

- Red Hat CloudForms, an open management platform that provides orchestration, governance and policy-based control across hybrid clouds enabling self-service provisioning, and resource management as well as quota enforcement, metering and chargeback.

- Red Hat Satellite, a comprehensive lifecycle management solution with integrated infrastructure provisioning, software distribution, patch management and auditing capabilities.
- Ansible and Ansible Tower, an IT automation and DevOps platform that provides significantly simplified multi-tier application deployment and IT automation across hybrid clouds.

Impact on expenses, shares and revenue

The acquisition is expected to have no material impact to Red Hat's revenue for the third and fourth quarters of its fiscal year ending Feb. 29, 2016 ("fiscal 2016"). Management expects that non-GAAP operating expenses for fiscal 2016 will increase by approximately \$2.0 million, or (\$0.01) per share, in the third quarter and approximately \$4.0 million, or (\$0.02) per share, in the fourth quarter as a result of the transaction.

Red Hat calculates non-GAAP operating expense by subtracting from GAAP operating expense the estimated impact of non-cash share-based compensation expense, which for fiscal 2016 is expected to increase by approximately \$1 million for each of the third and fourth quarters, and amortisation of intangible assets, which for fiscal 2016 is expected to increase by approximately \$1 million for each of the third and fourth quarters, in addition to transaction costs related to business combinations, which are expected to increase by approximately \$1 million in the third quarter.

Management expects GAAP operating expense to increase for fiscal 2016 by approximately \$5 million, or (\$0.02) per share, in the third quarter and approximately \$6 million, or (\$0.02) per share, in the fourth quarter as a result of the transaction. Excluding the operating expense impact as noted above to GAAP and non-GAAP operating margin and GAAP and non-GAAP earnings per share, Red Hat is otherwise re-affirming its fiscal 2016 third quarter and full year guidance provided in its Sept. 21, 2015, earnings press release.

The transaction is expected to close in October 2015, subject to customary closing conditions.

Webcast

Executives from both companies will host a webcast to discuss this announcement on Thursday, 22 October 2015, at 11 am EDT (5pm in South Africa). Following executive remarks, press and analysts are invited to participate in a live question and answer session.

To join the webcast or view the replay after the event, visit <https://vts.inxpo.com/Launch/QReg.htm?ShowKey=27948>.