

IBM buys Irish-based software firm Cúram

CÚRAM SOFTWARE, the Dublin provider of software to help government agencies administer social welfare and health services, has been acquired by IBM.

Cúram had revenues of \$79.8 million (€59.2 million) in 2010, down from \$91.2 million in 2009, but chief executive and co-founder John Hearne said the company was on course to have revenues of \$100 million in 2011.

This suggests the deal may have been worth at least \$150 million as industry analysts say enterprise software companies like Cúram are being valued at 1½-2½ times their revenues.

Mr Hearne described the sale, which will close later this month, as a “very exciting day for us”. He said the deal would enable Cúram’s software to be sold in 170 countries rather than the nine in which it is currently active.



Cúram Software chief executive John Hearne

“We always ruled out an IPO as it’s not suitable for our kind of business and we weren’t interested,” said Mr Hearne. He said the company has had “serious interest” from potential buyers since 2005, but was attracted to IBM due to its commitment to “market and use our products in an interesting way”.

“Cúram Software chief executive John Hearne: the sale represents a “very exciting day for us” and Cúram was attracted to IBM’s commitment to “market and use our products in an interesting way”

Cúram customers include Britain’s department of work and pensions; the US states of Utah, Louisiana and North Carolina; the city of New York; and five of the 10 provinces in Canada.

All Cúram’s senior management are staying on after the sale closes, including Mr Hearne and his co-founder Ronan Rooney, who has the role of chief technology officer.

The acquisition is “substantial news” for both IBM and Cúram, said Craig Hayman, general manager of IBM’s industry solutions group. He said Cúram would be integrated into IBM’s “Smarter Cities” initiative, which he said aims to help governments run urban areas more efficiently and get better results for citizens.

Last year, IBM announced the creation of a \$66 million research centre for the initiative, based in Dublin.

No decision has been taken as to whether or not the Cúram brand name will be retained.



IBM was attracted by the “unique characteristics” of Cúram, which include its alignment with IBM’s strategy, the capabilities of its products, and the talent working at the firm, which Mr Hayman said was “world-class”.

Backers of Cúram include State agency Enterprise Ireland and US firm Fidelity Investments which invested \$10 million in late 2002.

In 2000, IBM provided loans of \$4.1 million to Cúram, then known as IT Design, to facilitate its entry into the US market, but this has since been repaid.

Mr Hearne and Mr Rooney are “the new poster boys of Irish entrepreneurship”, said Frank Ryan, chief executive of Enterprise Ireland, who added it was “a great day and a great deal”.

The deal will see IBM’s software division expand significantly when the almost 300 local Cúram staff are added to the 1,000 IBM staff already working on software here.

Cúram made a pretax profit of \$8.2 million last year. The company employs 700 staff globally.

IT MEETS PUBLIC SECTOR: "A 20-YEAR-OLD OVERNIGHT SUCCESS STORY"

THE DEAL for IBM to buy the Irish software company Cúram was finally completed some time after 4am yesterday.

Although no price was given for the transaction it cast the notoriously media-shy Irish company into the spotlight.

“That was my first and last press conference,” Cúram co-founder John Hearne quipped yesterday after facing the media in Dublin’s Merrion Hotel.

Mr Hearne co-founded Cúram, which was initially called IT Design, in 1990 with Ronan Rooney, whom he worked with at Apple Computer.

Mr Rooney worked for 15 years at the Department of Social Welfare, both as a case worker and supervisor, as well as in the IT department, which gave him an insight into how social services agencies could better manage their business.

Although wary of talking to the media, Cúram had a good reputation in the technology sector and was regarded as a good employer that provided interesting work and rewarded staff well.

Yesterday Enterprise Ireland chief executive called Cúram a “20-year-old overnight success story”. Without the intervention of IBM, which clearly seems enthusiastic about the company’s potential, Cúram would probably have remained the Irish tech sector’s lowest profile success.