IBM buys Initiate; Bets on healthcare IT

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IBM on Wednesday acquired privately held Initiate Systems, which makes data integrity software, for an undisclosed sum.

With the purchase, IBM plans to bolster its focus on the healthcare and government verticals. In healthcare, Initiate's applications enable patient and clinical data to be shared. Initiate also makes software that allows the Feds to share data across multiple industries.

Big Blue said the purchase is its 30th in the information and analytics category. Initiate doesn't disclose financials, but the company said last year that it was profitable in 2008 with revenue growth north of 50 percent year-over-year. We've heard that Initiate's annual revenue was in the range of $100 million.

In many respects, the purchase of Initiate represents a big bet on healthcare IT for IBM. Initiate's software is embedded at 2,400 healthcare sites, 40 health information exchanges and government health systems. Initiate's goal is to speed the adoption of electronic medical records and you can see IBM using its vast sales and services channel to broaden adoption.

Jason Busch at SpendMatters notes:

There's actually much more to Initiate Systems that what IBM is letting on, however. And in fact, Initiate's technology could easily be used to power supplier- and supply chain-centric hubs in the same manner in which it fuels customer, healthcare and government (e.g., FBI/cyber) data integration initiatives today. It's also worth noting that this is also a consolidation play for IBM. IBM previously acquired DWL, an Initiate competitor.

Busch goes on to highlight the field of players in Initiate's market. In a nutshell, it boils down to IBM and Oracle. The more notable point remains that IBM can use Initiate's technology to broaden out into multiple verticals.

IBM said it will continue to support and enhance the Initiate software while integrating the applications with the Infosphere and Cognos lines. Initiate will be lumped into IBM's information management unit.