

Business Standard

EDS to acquire RelQ Software for \$40 million

BS Reporter | Bangalore March 13, 2007 Last Updated at 00:00 IST

Electronic Data Systems (EDS), the \$21 billion global software services major, has signed a definitive agreement to acquire Bangalore-based software testing firm RelQ Software.

RelQ Software, with 700-people on rolls, had recorded \$22 million revenues last year. According to industry estimates, the company is expecting to close the fiscal with \$30 million in revenues.

EDS is understood to have paid around \$40 million (around Rs 180 crore) to acquire this firm. No confirmation on this was available from EDS as no financial terms of the transaction were disclosed.

UBS advised RelQ on this transaction. ICICI Ventures and Acer Ventures are the early investors who backed RelQ Software. According to a statement from EDS, over time, RelQ will be fully integrated into EDS' global testing organisation and will accelerate EDS' global testing capabilities. The transaction is expected to close in May.

This acquisition comes within eight months of EDS acquiring majority control of MphasiS for \$380 million. EDS is increasing its footprint in India as it faces some intense competition from IBM and Accenture globally. "It is imperative the EDS scales up dramatically in India, lest it loses out," said an industry analyst.

EDS, post MphasiS acquisition employs close to 17,000 people in India while IBM employs more than 50,000 while Accenture is rapidly closing that gap with close to 40,000 employees.