Dynatrace to Acquire AI Observability Leader Arize

Acquisition will provide the industry's most comprehensive AI development lifecycle solution

BOSTON & SAN FRANCISCO — August 13, 2026 – Dynatrace (NYSE: DT), the leading AI-powered observability platform, has signed a definitive agreement to acquire Arize in a cash and stock transaction valued at $915 million. Together, Dynatrace and Arize will enable customers to evaluate, operate, and continuously improve AI applications from development through production at scale.

AI Observability spans the full lifecycle of an AI application, from experimentation and evaluation before release, to tracing how LLMs, agents, and orchestration layers behave in production. It connects that behavior with application performance, GPU utilization, infrastructure health, and business processes. AI Observability delivers the insights AI engineers, developers, SREs, and platform teams need to debug and optimize AI behavior and keep AI-powered services accurate, reliable, and cost-efficient. It is also one of the fastest-growing categories in observability, projected to exceed $10 billion by 2030 and is central to Dynatrace's growth strategy.

"AI is now moving into production at incredible speed, and the resulting AI Observability market opportunity is enormous. Dynatrace anticipates customers' needs at critical inflection points, and this is one of the most significant in our history," said Rick McConnell, CEO, Dynatrace. "Acquiring Arize advances our AI observability leadership, accelerates our roadmap, enhances our long-term growth profile, expands our reach with the developer community, and adds an incredible AI-first team to Dynatrace."

Today, AI software delivery is fragmented. AI engineering teams evaluate model and agent behavior in one set of tools, while the teams running the applications and infrastructure beneath them work in another. There is often no shared system connecting how an AI application is evaluated to how it behaves in production, so when output quality slips or a customer transaction fails, the cause can sit anywhere from the prompt to the infrastructure, and there is little feedback to developers. Dynatrace's acquisition of Arize will eliminate that fragmentation and provide end-to-end observability from development to production.

Arize is the category leader in AI Observability, purpose-built for AI and agents and trusted by Fortune 500 enterprises and AI-native builders alike. Arize combines a strong developer brand and thriving open source community with the enterprise-grade frameworks that teams need to detect hallucinations, measure output quality, and continuously validate AI behavior. It is the only platform that is simultaneously OSS-native and stack-agnostic across every major AI framework and model provider. This makes Arize a clear choice for developers across the AI lifecycle.

“We founded Arize because AI teams needed a way to know their agents were actually working correctly, not just running,” said Jason Lopatecki, CEO, Arize. “Joining Dynatrace will enable us to take that mission much further. Together, we can bring AI evaluation and software observability into an end-to-end system, enabling teams to build more ambitious AI applications faster. This is the kind of innovation that only happens when two companies with highly complementary solutions and go-to-market models come together, setting a new bar for what AI Observability can deliver for the entire industry.”

Following the closing of the proposed acquisition, Dynatrace customers will gain:

- Continuous coverage across the AI lifecycle, from experimentation and deployment readiness through runtime evaluation and observability, with automated feedback loops that support ongoing improvement.
- Unified context for understanding AI behavior and business impact, connecting model and agent evaluation with application performance, infrastructure health, and business outcomes.
- An enterprise data foundation for AI workloads, powered by exabyte-scale analysis and AI lakehouse capabilities.

For developers, the combination will deliver a direct path from experimentation to enterprise-grade deployment, backed by Arize's trusted standing in the open-source AI community. As AI tooling decisions increasingly start with developers, that trust opens a direct path to the observability and reliability capabilities that Dynatrace already brings to enterprise customers.

Transaction Details

The transaction is expected to close later this quarter or early in Dynatrace’s third quarter, subject to regulatory reviews and other customary closing conditions. Under the terms of the agreement, Dynatrace will acquire Arize for $915 million, subject to customary adjustments, consisting of approximately $815 million in cash as well as replacement equity awards for Arize employees joining Dynatrace. Dynatrace plans to fund the transaction through cash on hand and/or its existing credit facility.

Arize’s two founders, Jason Lopatecki and Aparna Dhinakaran, will both join Dynatrace at closing. Jason will continue to lead the Arize team and will report directly to Rick McConnell.

Expected Financial Impact

Dynatrace expects the transaction to be approximately 200 basis points accretive to ARR growth and 175 basis points dilutive to Non-GAAP Operating Margin for fiscal 2027. We expect to generate incremental operating margin expansion from fiscal 2027 levels into fiscal 2028 and beyond. The transaction is not expected to materially impact the company’s second quarter fiscal 2027 guidance or its ongoing share repurchase program.

Advisors

J.P. Morgan Securities LLC is acting as financial advisor to Dynatrace, and Goodwin Procter LLP is acting as its legal counsel. Qatalyst Partners is acting as exclusive financial advisor to Arize and DLA Piper LLP is acting as its legal counsel.

Investor Conference Call Details

Dynatrace will hold a conference call for investors and analysts at 8:30 a.m. Eastern Time on August 13, 2026 to discuss the strategic rationale of the proposed acquisition. To access the conference call from the U.S. and Canada, dial (866) 405-1247, or internationally, dial (201) 689-8045 with conference ID # 13762249. The call will also be available live via webcast on the company's website, ir.dynatrace.com.

An audio replay of the call will be available until 11:59 p.m. Eastern Time on August 27, 2026 by dialing (877) 660-6853 from the U.S. or Canada, or for international callers by dialing (201) 612-7415 and entering conference ID # 13762249. In addition, an archived webcast will be available at ir.dynatrace.com.

About Dynatrace

Dynatrace is advancing observability for today's digital businesses, helping to transform the complexity of modern digital ecosystems into powerful business assets. By leveraging AI-powered insights, Dynatrace enables organizations to analyze, automate, and innovate faster to drive their business forward. To learn more about how Dynatrace can help your business, visit www.dynatrace.com, visit our blog and follow us on LinkedIn and X @dynatrace.

About Arize

Arize is a unified AI observability and LLM evaluation platform that helps teams develop and maintain more successful AI. Arize's automated monitoring and observability platform allows teams to quickly detect issues when they emerge, troubleshoot why they happened, and improve overall performance across both traditional ML and generative use cases. Arize is headquartered in San Francisco, CA.

Cautionary Language Concerning Forward-Looking Statements

This press release includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the expected benefits of the proposed acquisition, capabilities expected to be available to organizations from using Dynatrace and Arize following the closing of the proposed acquisition, expected future growth in the AI Observability market segment and its expected size in 2030, the expected timing for closing of the proposed acquisition, Dynatrace’s plans to fund the proposed acquisition, and the expected financial impact of the proposed acquisition. These forward-looking statements include all statements that are not historical facts and statements identified by words such as “will,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies, and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies, and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations, or strategies will be attained or achieved. Actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control, including our ability to successfully complete the Arize acquisition and integrate the newly acquired business and offerings, the risks set forth under the caption “Risk Factors” in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, and our other SEC filings. We assume no obligation to update any forward-looking statements contained in this document because of new information, future events, or otherwise.

Non-GAAP Financial Measures

In addition to disclosing financial measures prepared in accordance with GAAP, this press release contains a non-GAAP financial measure as defined by Regulation G, non-GAAP operating margin. We use this non-GAAP financial measure for financial and operational decision-making purposes, and as a means to evaluate period-to-period comparisons and liquidity. We believe that this non-GAAP financial measure provides useful information about our operating results, enhances the overall understanding of past financial performance and allows for greater transparency with respect to metrics used by our management in its financial and operational decision-making. The presentation of the non-GAAP financial measure is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Our non-GAAP financial measure may not provide information that is directly comparable to similarly titled metrics provided by other companies. Non-GAAP financial measures and Annual Recurring Revenue are defined in our press release dated August 5, 2026. A reconciliation of non-GAAP operating margin guidance to the most directly comparable GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity and low visibility with respect to the charges excluded from this non-GAAP measure; in particular, the measures and effects of share-based compensation expense, employer taxes and tax deductions specific to equity compensation awards that are directly impacted by future hiring, turnover and retention needs, as well as unpredictable fluctuations in our stock price. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.

Contacts

Media:
Dynatrace PR Team
dynatrace-pr@dynatrace.com

Investors:
Dynatrace IR Team
IR@dynatrace.com