Corporate Transaction Notification: Boomi

Published 3 June 2021 - ID G00753055 - 7 min read

By Analysts Massimo Pezzini, Keith Guttridge, Mark O'Neill, Shameen Pillai, Bindi Bhullar, Eric Thoo, Abhishek Singh

Initiatives: Software Engineering Technologies

Francisco Partners and TPG Capital, two private equity firms, have entered into a definitive agreement with Dell Technologies to acquire Boomi. Application and software engineering leaders using Boomi should stay the course for now, but prepare for the potential impacts of the post-closing plans.

Get the full story
This content is part of a larger body of research on this topic.

Magic Quadrant for Enterprise Integration Platform as a Service

Key Background
Boomi is a Leader in the 2020 Magic Quadrant for Enterprise Integration Platform as a Service and a Niche Player in the 2020 Magic Quadrant for Full Life Cycle API Management. With over 15,000 clients, Boomi AtomSphere is one of the most widely used integration platform as a service (iPaaS) offerings by both midsize and large organizations worldwide.

On 2 May 2021, Francisco Partners and TPG Capital, two private equity firms, entered into a definitive agreement with Dell Technologies to acquire Boomi. The cash transaction is valued at $4 billion and is expected to close by the end of 2021, subject to customary closing conditions (see Boomi's press release).

Since the MuleSoft acquisition by Salesforce in 2018, there have been other iPaaS acquisitions by vendors either wishing to enter the iPaaS market (e.g., Software AG, TIBCO) or complement their offering with integration capabilities (e.g., Okta, Quickbase, UiPath). However, the Boomi deal is by far the most significant iPaaS change of ownership since the MuleSoft transaction, in terms of both value and potential market impact.

Considerations for Technology and Service Selection
This research is intended to provide relevant contextual information to help you consider and prepare for potential future risk or advantage. It is not a reevaluation of providers, but rather an update based on publicly available information at a certain point in time. Because the results of corporate reorganizations typically change and evolve over time, Gartner analysts will continue to monitor these changes. The next
annual update of the Magic Quadrant will reflect the potential impact(s) that we determine the corporate reorganization may have on provider positions.

We encourage you to use this perspective in conjunction with the existing Magic Quadrant as you consider initial resources for provider evaluations and decision-making. As you assess your unique business and technical requirements, always supplement this research with scheduled analyst inquiries to help you and begin to gain insight on further developments, before making any decision.

Prepare for the Potential Impacts of the Acquisition

- Private equity acquisitions usually aim at increasing the value of the acquired company within a number of years (typically around five) by applying strategies for growth or to cut losses, which are not subject to stock market quarterly scrutiny. Therefore, you should expect postacquisition changes in Boomi’s product, sales and marketing strategies. For example, the new owners may decide to formulate alliances with one or more of their portfolio companies.

- As soon as the acquisition is finalized, you should ask Boomi to share an update on its corporate strategy and product plans, and evaluate to what extent these still align with your own integration (and in some cases API management) approach.

- Although product plans and some investment priorities may change, you should not, in principle, expect a downsizing of the overall key product lines, as both Francisco Partners and TPG Capital have historically proven to invest in portfolio company growth.

Market-Level Analysis

In 2020, the iPaaS segment was the largest ($3.5 billion) and one of the fastest growing (38.7%) in the integration platform technology market. However, it was also one of the most crowded, with over 150 players on Gartner’s records, and counting.

Demand for iPaaS is strong, and will continue to remain so over the next five years, especially the enterprise subsegment that targets midsize and large enterprises looking for a strategic integration platform. Drivers for iPaaS adoption include organizations’ pressing needs to automate processes, accelerate digital transformation, react to the dramatic business changes forced by the pandemic, and speed up plans to move to the cloud to contain costs and increase agility. To timely and cost-effectively meet these needs, organizations increasingly favor investing in integration platforms with short learning curves and fast time to value, which are among iPaaS offerings’ more specific value propositions.

Therefore, the key success factors for vendors, including postacquisition Boomi, that want to survive and thrive in the enterprise iPaaS market include:

- The ability to sustain high double-digit growth

- A strong and recognizable marketing voice
In the overcrowded and fast-growing iPaaS market, succeeding across all these factors requires continuous investment.

Provider-Level Analysis

The acquisition has not yet been finalized, so neither Boomi nor the acquiring companies are in the position of disclosing strategies and plans. Hence, we will only be able to evaluate the exact impact of the acquisition when the deal is finalized (closer to the end of 2021, possibly 3Q21). However, at this stage, our assumption is that the impact could be positive for Boomi customers, for the following reasons:

- Even if the terms of the agreement were not disclosed, our expectation is that Francisco Partners and TPG Capital will provide Boomi with financial resources to advance its market position.

- Much managerial attention and energy has been spent over the past three years on preparing Boomi for a sell-off. Boomi management may need to modify the company plans to align with the goals of the new ownership, but it will also likely be able to spend more time on company growth, product evolution and customer satisfaction.

- With over 15,000 clients using the Boomi AtomSphere platform, including large and global companies such as Dell Technologies, ENGIE, LinkedIn, Novartis and Sky, the risks of high-impact product cancellations or scaled-down support is minimal, at least as far as the core integration platform is concerned.

Our assumption is that the new ownership is willing to make investments to further Boomi’s evolution. Should this prove correct, Boomi customers may benefit from accelerated product innovation, broader
functionalities (either via internal development or acquisitions) and stronger focus on customer success.

However, as is customary with most acquisitions, Boomi clients should periodically ask the company for an update on its postacquisition progress and be ready to kick off a contingency plan should problems arise. Possible indicators of such problems would include:

- Key managers, along with key R&D, sales, marketing and customer support personnel, leaving the company
- Sudden cancellation of already announced products or functionality
- Incremental degradation in customer support response time and quality
- Inconsistent and frequently changing pricing, T&Cs and behaviors of the sales organization
- More aggressive sales approaches and customer audits
- Service providers downscaling their commitment to the Boomi offering

**Recommendations for Boomi customers:**

- Stay the course with existing agreements and move on with planned integration projects and initiatives on the Boomi iPaaS. However, ask for explicit confirmations of the product plans regarding previously committed upcoming features and capabilities that are particularly relevant for you over the next six to 12 months.
- Try to detect indicators of emerging issues such as those listed above by staying in close contact with your Boomi sales and support counterparts, scheduling regular meetings with Boomi management and contacting Gartner analysts tracking the integration technology market.
- Reassess your long-term Boomi strategy once the acquisition is completed and roadmaps and plans are disclosed (likely within six to 12 months after the deal closes).

**Recommendations for Boomi prospects:**

- Do not drop Boomi from your iPaaS evaluation list. However, build the justification for a Boomi purchase based on the functionality that the offerings deliver today and are expected to release over the next six to 12 months, as longer-term plans may be subject to change.
- Try to limit your commercial commitment to Boomi to no more than three years. However, if you consider a longer commitment:
  - Bind the company to promptly notify you about changes that may impact your implementation.
  - Prepare a contingency plan should Boomi strategic directions significantly deviate from your own.
Recommended by the Authors

How to Plan for and Respond to a Strategic Vendor’s Merger, Acquisition, or Divestiture

Magic Quadrant for Enterprise Integration Platform as a Service

Critical Capabilities for Enterprise Integration Platform as a Service

Magic Quadrant for Full Life Cycle API Management

Choose the Best Integration Tool for Your Needs Based on the Three Basic Patterns of Integration

Market Share: Integration Software Technologies, Worldwide, 2020