Corporate Transaction Notification: Boomi

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By Analysts Shameen Pillai, John Santoro, Mark O'Neill, Kimihiko Iijima, Akash Jain, Fintan Ryan, Bindi Bhullar, Massimo Pezzini

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.

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This content is part of a larger body of research on this topic.
Magic Quadrant for Full Life Cycle API Management

Key Background
Boomi is a Niche Player in the 2020 Magic Quadrant for Full Life Cycle API Management and a Leader in the 2020 Magic Quadrant for Enterprise Integration Platform as a Service. Boomi’s API Management offering is part of its AtomSphere platform, which has over 15,000 clients and is widely used for integration by both midsize and large organizations worldwide. Though a subset of its customers use Boomi API Management, the vendor did register over 50% revenue growth in 2020 for API Management.

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.

Since the MuleSoft acquisition by Salesforce in 2018, there have been other acquisitions by vendors in the full life cycle API management market. F5 Networks’ acquisition of NGINX, Perforce’s acquisition of Rogue Wave, Kong’s acquisition of Insomnia, and Axway’s acquisition of Streamdata are all examples of vendors entering this market and/or expanding their offerings through acquisitions. However, in terms of both value and potential market impact, the Boomi deal is by far the most significant change of ownership since the MuleSoft transaction in this market.

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 typically aim at increasing the value of the acquired company within a number of years (usually around five) by applying strategies for growth or cutting 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 API strategy and integration 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.

- Boomi’s API management is not perceived to be the strongest in the market in terms of positioning, capabilities, installed base and revenue driver. Therefore, it could pose potential for realignment or improvement when compared with Boomi’s other offerings.

Market-Level Analysis

The full life cycle API management segment in 2020, sized at $2.1 billion, was one of the fastest growing (24.2%) in the integration software technology market. Despite being crowded (Gartner tracks more than 80 vendors and counting), this market offers a relatively low barrier to entry, with a number of new entrants such as Ambassador, Gravitee.io and Solo.io beginning to gain traction. Additionally, vendors in adjoining markets such as application security and infrastructure as a service (iPaaS) are looking to expand their offerings to capitalize on this growing market.

The demand for solutions to manage internal, external, private and public APIs will continue to remain strong over the next five years, driving high double-digit growths in this market throughout that period. Gartner speaks with thousands of organizations globally that are looking to advance their API strategies as a way to accelerate business growth by adopting API product strategies and business models that monetize APIs directly or indirectly. This trend is on top of a growing number of API use cases to drive modernization, composability, business and partner integration. Multiexperience applications, service mesh and microservices architectures, and cloud-native architectures (including serverless) are
continuing to drive the baseline technical needs for APIs. Effective management, governance and security of APIs will be of paramount importance for organizations for many years to come (see Market Share Analysis: Full Life Cycle API Management, Worldwide, 2019).

Therefore, the key success factors for vendors, including postacquisition Boomi, that want to survive and thrive in the full life cycle API management market include:

- The ability to sustain high double-digit growth
- A strong and recognizable marketing voice
- The skills needed to reach both midsize and large organizations globally
- Commitment to improving all aspects of the API life cycle such as planning and design, implementation and testing, deploy and run, and versioning and retirement
- Technology advancement to adopt growing approaches such as GraphQL, event-based APIs and streaming
- Feature-rich products with advanced product features, and a progressive roadmap
- Strongly differentiated value propositions for specific:
  - Industry verticals (e.g., banking, financials, retail, healthcare)
  - Ecosystems (e.g., SaaS providers, cloud providers)
  - Target markets (midsize or large organization)
  - Buyers (lines-of-business leaders versus CIOs)
  - API product managers, developers and engineers
- A strong ecosystem of partners including system integrators, and technology and application providers.

In the fast-moving API management 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 a position to disclose 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:
Our assumption is that the new ownership is willing to make investments to further Boomi’s evolution. Should this prove correct, Boomi customers may expect accelerated product innovation, broader functionalities (either via internal development or acquisitions) and stronger focus on customer success. This is especially true for API management, where Boomi’s current offering is relatively weak in comparison to other integration features.

However, there is always a chance for an acquisition to fail. Therefore, Boomi customers should periodically ask the company for an update on their 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 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 API and integration projects on the Boomi platform. 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.

- Watch for 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 full life cycle API management market.

- Reassess your long-term Boomi strategy once the acquisition is complete 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 evaluation list, especially for API integration use cases. However, build the justification for a Boomi purchase based on the functionality the offerings deliver today. Don’t rely on roadmap items, as these 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 yours.

**Recommended by the Authors**

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

*Market Share: Integration Software Technologies, Worldwide, 2020*


*Magic Quadrant for Full Life Cycle API Management*

*Critical Capabilities for Full Life Cycle API Management*

*Magic Quadrant for Enterprise Integration Platform as a Service*

*Critical Capabilities for Enterprise Integration Platform as a Service*

*Top 10 Things Software Engineering Leaders Need to Know About APIs*