

Boomi targets enterprises, moves beyond salesforce.com integration under Dell

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Nine months after getting acquired by **Dell** (Nasdaq: DELL), **Boomi** has crossed the 500-customer mark, winning some large deals from enterprises in the process as it expands the enterprise middleware that it supports. SaaS integration remains the focus and that won't change anytime soon, though Dell Boomi is getting a lot of business – two-thirds of its accounts – from SaaS vendors other than **salesforce.com** (NYSE: CRM). More rapid growth and expansion is in the works as Dell Boomi looks to double its workforce by the end of the year.

Context

Dell bought Boomi last November for an estimated \$60m. The transaction gave Dell a cloud data-integration service, one that could in the short run serve as a SaaS integration engine for Dell's customers that used SaaS application services, especially salesforce.com. In the long run, the Boomi technology could give Dell a broader cloud-integration platform, one that could serve as an integration layer between application workloads running in cloud environments and in-house.

Transition

Boomi operates autonomously within Dell from its original headquarters in suburban Philadelphia. The company has 40 employees, about the same as it had when Dell picked it up, but that number is expected to double by the end of the year. In its first two quarters as part of Dell, Boomi added more than 110 customers, pushing it past the 500-customer mark. While we saw Dell inking the acquisition primarily for the target's small business customers, Boomi is actually having more success landing enterprise accounts than it ever did as an independent company. One deal that it closed had 110 application connections that the customer is using Dell Boomi's AtomSphere integration technology to connect. The typical Dell Boomi customer starts with about three connections. Dell Boomi has more than 2,600 integration Atoms currently in production.

Not only is Dell Boomi selling to larger companies, it's also breaking out of the salesforce.com integration box. Only about one-third of its customers are using AtomSphere for salesforce.com integration. The rest are using a mix of other SaaS applications. Though Boomi started out as an electronic data interchange (EDI) software provider before moving

into SaaS integration, virtually all of its customers now use it for integration of at least one SaaS application. About two-thirds do SaaS to on-premises integration with AtomSphere, with one-third doing SaaS to SaaS. That split remains consistent to when Boomi was independent.

Next moves

When Boomi was an independent company, as part of its push upmarket it started to plug into enterprise middleware, not just applications. Its SOA Framework supported Web services integration at first. Under Dell, it now supports internal Java Message Service, **IBM** (NYSE: IBM) MQ Series and ActiveMQ environments, among others.

We look for Dell Boomi to eventually do more integration of application workloads running in external cloud environments like **Amazon** (Nasdaq: AMZN) EC2 and **Rackspace** Cloud with those running in internal private cloud environments. Dell Boomi supports these cloud services today, but to date has seen little demand for these integration scenarios. For now, it's still finding plenty of work in SaaS integration, which is not surprising since SaaS adoption has far outpaced IaaS or PaaS adoption thus far.

Competitive landscape

As an independent vendor, Boomi's main rival was **Cast Iron Systems**, which had been Dell's chief SaaS integration partner until it was acquired by IBM in May 2010. Cast Iron is still encountered the most but not as much as before, as IBM seems to be positioning Cast Iron around broader cloud integration and management, not just SaaS integration. Boomi is seeing more of **Pervasive Software** (Nasdaq: PVSW) and its DataCloud cloud-integration service, and to a somewhat lesser extent **Informatica** (Nasdaq: INFA) and its Informatica Cloud integration service. Open source players like **Talend**, **SnapLogic**, **Jitterbit** and **Apatar** remain in this space as well.

Outlook

Getting taken out by Dell has raised Boomi's profile and credibility, which has enabled it to land larger accounts than it ever has before. We're also impressed that Dell Boomi is integrating more than just salesforce.com, which we've long considered a barometer of just how much a company can grow in this space. And we like how Dell is running Boomi, giving it a degree of autonomy and allowing it to continue its entrepreneurial success story with the same leadership that it had as an independent company. The next challenge for Dell Boomi will be cloud integration beyond SaaS, though the opportunity remains much larger and mature in SaaS integration.

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