

## Boomi shifts to on-demand model for SaaS/on-premise integration

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**Sector: Enterprise Software**

The rise in adoption of software as a service (SaaS) and growing proliferation of SaaS application vendors means that companies today are increasingly living in a very mixed application delivery environment of SaaS and on-premise applications. Being able to get the different sets of applications to talk to each other has never been easy and can be an obstacle to broader SaaS adoption.

It's not surprising, then, that application integration vendors are coming out with new offerings designed to solve this problem. **Boomi**, a small Philadelphia-area company that has built a successful integration software business in the SMB market, is shifting to the SaaS model itself to make these integrations work. It's a big step for the company, but one that so far is off to a promising start and should ultimately raise Boomi's profile and perhaps its deal sizes as well.

### The 451 Take

Boomi has quietly built a thriving business in SMB integration. But as the company embraces the SaaS model and expands SaaS to on-premise integration, we don't expect it to remain under the radar much longer. With a significant customer base to build on and all the right partnerships in place, it's no surprise that the Boomi On Demand beta has been a success so far. The fact that it's attracting attention from large organizations is intriguing though. Boomi, which does not offer loosely coupled integration, has shied away from the service-oriented architecture (SOA) label, but Boomi On Demand has the potential to redefine SOA from the customer's perspective.

### Context

Boomi was founded in March 2000 by Richard Nucci and Brian Mozhdehi, who had been developers at supply chain and warehouse management software developer **EXE Technologies**, now a part of **Infor** (the former **SSA Global**). Nucci remains Boomi's chief technology officer, while Mozhdehi left the company in early 2004 and has since started a new e-commerce and integration software company, **Ramp Systems**. Robert Moul, an executive at **EDS**, **Maximus** and **SCT Software** (now **SunGard Higher Education**) became president and CEO in August 2006 after serving as an adviser and director at the company since late in 2005. Robert Lewis, who's worked in sales at **CA Inc** and **Information Builders' iWay Software**, is VP of sales.

Boomi, based in the Philadelphia suburb of Berwyn, Pennsylvania, has about 25 employees, including six developers. The company has had two angel funding rounds, with CFO Michael West an original angel investor. It is currently exploring possibilities for its first institutional funding round.

## Products

Boomi started out developing on-premise B2B, application and data integration software targeted at the SMB market, under the Visual Integration Platform brand. The software uses a visual integration process designer to map out integrations between trading partners (i.e., electronic data interchange), and enterprise and legacy applications, then promises one-click deployment of those integrations without coding and ongoing monitoring and management of the integrations. This is not the loosely coupled integration of the service-oriented world, but integration on a one-to-one basis, which is a reflection of the smaller customers Boomi targets, which typically have only a handful of integration points.

Boomi officials also believe this point-to-point integration supported by their software is more high performance. The company currently has a hosted version of its integration software called Boomi On Demand, which is now in beta and scheduled for general availability by December. This offers many of the same capabilities as the licensed version, but also supports Web services and XML integration and is targeted especially toward integrating SaaS with on-premise applications. Boomi On Demand uses technology called Boomi Atoms, which are self-contained runtime engines that encapsulate one or more integration processes plus connectors, mapping, logic, error handling and a business rules engine. The Atoms remain hosted for SaaS-to-SaaS integration or downloaded behind the firewall for SaaS-to-on-premise integration. Users will pay a subscription price, yet to be determined, that's only for the connections they wish to use.

Though Boomi intends to maintain the on-premise version of its software, which has amassed about 350 customers, the company is betting its future on Boomi On Demand and will offer incentives to get customers to migrate to the hosted version, which it says will ultimately lower its support costs.

## Customers

Boomi's 350 customers are in 11 countries. It targets customers with less than \$1bn in revenue, though it does count some \$1bn-plus-revenue companies on its customer list. Manufacturing, retail and logistics are key verticals for the company. In fact, it claims 19 of the top 100 third-party logistics companies and six of the top 12 cold-storage companies in the US as customers. Reference customers include **Puma, NutriSystems, Raley's, Harris Tea Company, D&H Distributing, International Marketing Group, Republic Indemnity Company of America, Arnold Logistics and Acme Distribution.**

EDI/supply chain integration, trading partner integration and front-to-back office integration are all common use cases for Boomi's customers. The company has about 80 customers in the beta program for Boomi On Demand, including some large organizations that it hasn't typically sold into up to this point.

## Partners

The most significant partnerships for Boomi are those that center around Boomi On Demand. This includes hosted application service vendors like **Salesforce.com** – Boomi is a member of its AppExchange program – **NetSuite**, the **SmartTurn** division of **Navis**, and **Intacct**, as well as SaaS infrastructure provider **OpSource**.

Boomi also has OEM relationships with ERP consolidator Infor and retail management software vendor **Softechnics**, both of which sell a packaged version of Boomi's integration platform. Software vendors **Tomax, Motek, AFS Technologies and Quality Software**

**Systems Inc** are Boomi resellers while Dubai-based **Supply Network Solutions** and **Webbifi** are systems integrator partners.

### Competition

Boomi isn't the only company trying to solve the problem of SaaS-to-on-premise application integration. We've recently seen **Cape Clear** and **MuleSource** come up with similar offerings, with commercial open source MuleSource similarly expanding into a hosted service, and Cape Clear delivering this technology through software. Both companies, however, are taking different technological approaches than Boomi since their offerings support loosely coupled rather than point-to-point integration. Although loosely coupled integration has become more trendy in recent years, Boomi officials believe point-to-point integration offers higher performance and is more suitable for the companies it's targeting, which have a limited number of integration points.

Since Boomi is getting attention from larger companies, it will be interesting to see how this debate plays out. Boomi does not yet support REST interfaces, which many SaaS applications use, but it plans to by the end of the year. Both Cape Clear and MuleSource already support REST. Integration appliance vendor **Cast Iron Systems** has staked out ground in SaaS-to-on-premise integration, and has a dedicated appliance offering for integrating Salesforce.com applications with on-premise ERP software. However, Boomi seems further along than all of these companies in supporting integration with SaaS vendors beyond Salesforce.com.

**Hubspan** already uses the hosted integration-as-a-service model and competes with Boomi in B2B integration, but it doesn't yet offer SaaS-to-on-premise integration. We've yet to see much movement in this area from the integration heavyweights – **IBM, BEA Systems, Tibco, Software AG, Progress Software**, etc. – though we expect they won't cede this market to smaller vendors forever.

Strengths	Weaknesses
Boomi has already built a significant customer base despite limited outside funding with a well-positioned, easy-to-use product. The company is running a tight ship and has low overhead.	We do think Boomi will need to build out more of a marketing organization as its profile increases in the industry. Shifting gears from an on-premise software model and focus to SaaS could be challenging for the company, at least in the short run.
Opportunities	Threats
For starters, Boomi has 350 customers it can potentially migrate to its hosted offering. It also has some 80 beta customers testing out that hosted offering. As the SaaS model grows in acceptance, customers are going to have new integration challenges to solve and Boomi will be able to take advantage of that.	The competitive challenges mainly come from smaller vendors at the moment, but it's likely only a matter of time before the integration heavyweights like IBM, BEA Systems, Tibco and Software AG make their presence known in SaaS-to-on-premise integration.

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