

## Market Action

On June 6, 2023, Broadcom (NASDAQ: \$AVGO) – a global technology business that designs, develops, and supplies a broad range of semiconductor and infrastructure software solutions – acquired ConnectALL LLC – a private company founded in 2018 focused on Value Stream Management (VSM) for enterprise DevOps. The ConnectALL platform will be divided into two products as part of Broadcom Agile Operations division’s ValueOps™ portfolio: *ValueOps ConnectALL* focused on toolchain integration and automation; and *ValueOps Insights* for value stream management analytics.

With origins in manufacturing, VSM is a management practice that uses process monitoring to actively maximize ‘value’ and minimize ‘waste’ at every phase of production, from component to customer. In software delivery, VSM analyzes data from development tools to maximize value and minimize waste at every phase in the Software Development Lifecycle (SDLC), from idea to outcome, to improve service delivery and experience metrics.

Terms were not disclosed, but Sageable estimates ConnectALL had under 50 employees and less than \$50m revenue. ConnectALL customers include global brands such as Macy’s, Toyota, and Blue Cross/Blue Shield. Technology partners include DevOps tool providers such as Atlassian, Jama, Tricentis, Microsoft, and ServiceNow.

## Strategic Impact

This acquisition aligns well with both companies’ strategic visions. From origins as a computer chip manufacturer, in FY22 Broadcom had 22 divisions, net revenue of \$33.2B, including \$7.3B from infrastructure software. In the past 5 years, it has been on a path to deliver a comprehensive suite of infrastructure technologies for the world’s largest organizations, acquiring enterprise software portfolio brands CA Technologies (2018) and Symantec (2019), and (pending regulatory approval) VMware (2023).

ConnectALL tucks neatly into this vision, to “unite the enterprise” as part of an enterprise portfolio spanning agile planning, project and portfolio management, financial management, code control, quality testing, identity management, release management, and service monitoring. With its mission to measure, investigate, and automate the SDLC to help software leaders improve development visibility, alignment, and efficiency, this is a logical exit for a bootstrapped product in an emerging market, and it will benefit greatly from Broadcom’s resources, scale, and customer base.

## Customer Impact

The continuous visibility provided by VSM helps leaders to actively manage development effort, delivery speed, estimate accuracy, resource allocation, team productivity, value creation, persistent roadblocks, repeated toil, and more. By streamlining ‘value-added’ processes like coding, testing, and release, and reducing ‘wastes’ like context-switching, repetition, or gold-plating, ValueOps ConnectALL and ValueOps Insights will facilitate collaboration from ideation to delivery and help to align roadmaps with OKRs, enabling predictable planning and effective investment in software innovation through better, faster, more accurate decisions based on real-time data and rich analytics as a part of the ValueOps solution that consists of Clarity™ and Rally® software.

Unlike most VSM tools that are limited to monitoring or analytics, ValueOps ConnectALL makes VSM actionable with built-in automation and orchestration for ‘known good’ processes and workflows – from executing a simple script to orchestrating complex workflows across multiple external tools, freeing up staffs from routine, mundane work items, allowing them to focus on human activities like innovation, creativity, and problem solving for novel issues.

Broadcom claims ValueOps ConnectALL and ValueOps Insights customers can achieve time-to-value with full-fidelity visibility into key DevOps process data in “less than a week”, accelerated by its many out-of-the-box integrations (plus a ‘universal’ adapter), common data model, flexible metric definitions, and both role-based and value-based dashboards.

## Risk Analysis

Acquisitions often stall development on both sides as resources are diverted to integration. However, Sageable expects accelerated innovation here as ConnectALL secures new funding, resources, and talent to retire roadmap; while Broadcom delivers a slew of roadmap items for ValueOps and adds new SKUs to fulfill sales quotas.

A larger concern is talent retention, especially with the culture clash of a small private business consumed by one of the world's largest public companies – and a hardware business at that. Broadcom are mitigating this risk by bringing across key personnel including former CEO Lance Knight, which will help to retain knowledge and talent.

This acquisition may alienate some customers and partners who chose to work with a small vendor. Some may drop ConnectALL, including erstwhile partners that compete directly with Broadcom. However, Broadcom has promised to continue innovating on the ConnectALL products, so Sageable recommends customers and prospects work directly with them to push the critical innovations and integrations they need before deciding to move on.

On a related note, some DevOps personas, especially those with limited budget or a bias toward small vendors and open-source projects, will not look to buy from Broadcom. However, Broadcom will find many new revenue opportunities for ValueOps ConnectALL in the 'Enterprise DevOps' segment, especially selling to senior executive leaders (incl. CIO, CTO, CPO) among its customer sweet spot of large, high-value, multinational customers.

## Competitive Impact Analysis

ConnectALL adds to existing Broadcom solutions to deliver what they claim is a unique 'end to end' VSM capability. Multiple competitors are in this market, with broad integrations and capabilities spanning from ideas to outputs, but most focus on technology metrics and engineering personas. ConnectALL exposes key DevOps metrics like Cycle Time and MTTD, but also reflects the business value of software delivery, from financial planning and portfolio management to investment strategy and customer value. Broadcom is well positioned to service many more use cases and personas, not just CTO or CPO, but also CFO, CMO, CRO, or even CEO (and their reports).

Other differentiators for ConnectALL integrated with ValueOps include its unique data model to get data in and quickly map it to deliver outcomes quickly; enterprise-grade security and governance (including role-based access and FedRamp compliance); and the integrations and 'universal connector' to connect with more than 40 enterprise-grade tools.

ConnectALL is installed software, shipped as a Virtual Appliance. It can be deployed on-premises or in the cloud, but it is not cloud-native, and not available as self-service SaaS. Small, cloud-first businesses may look for cloud-native or SaaS competitors, but many large traditional enterprises are still deeply invested in on-premises systems, so far from being a negative, this flexible deployment is in fact a strong positive differentiator for Broadcom.

## Sageable Insight

Most modern organizations are heavily focused on technology innovation and digital transformation. However, Sageable research shows the progress and success of such programs varies widely, with the lowest performers struggling to start, while mature efforts are nearly done. Innovation and transformation leaders desperately need better visibility and control of service delivery to know whether they are funding and building the right innovation.

This acquisition goes a long way to delivering the elusive 'single source of truth' necessary to identify and invest in the right ideas, accelerate delivery, and maximize value. ValueOps ConnectALL and ValueOps Insights will bring Broadcom one step closer to becoming the one-stop-shop for Enterprise DevOps with a pragmatic, scalable, enterprise-grade solution.

There is also a substantial upside in the VSM market, which has mainly been concentrated in a few point vendors bolstering a core use case in e.g. SCM or PPM. With ValueOps, Broadcom is positioned to lead this space, especially for its most strategic enterprise customers. However, it must continue to innovate to maintain this position. With such a major market validation for VSM, other vendors, competitors, investors, customers, and partners should expect other large enterprise vendors to follow suit. VSM valuations should trend upward as a result, but competitors will be challenged to succeed if Broadcom continues to invest and innovate.

ConnectALL will fit delightfully well into the Broadcom ValueOps portfolio, to help enterprise leaders – including key decision makers in Line-of-Business, IT delivery, and DevOps roles – deliver software value by connecting technology innovation with business objectives and measurable key results. This is a powerful addition to a broad enterprise-grade portfolio. With a unique go-to-market, high-value strategic customer base, and business-value perspective, adding the ConnectALL products provides Broadcom with every opportunity to innovate on Enterprise DevOps and VSM technologies, delivering a unique portfolio, taking share from competitors, and fulfilling the loftiest DevOps hopes and dreams for its enterprise customers.