

EVENT FLASH

Oracle OpenWorld Shanghai: Enriching Database and Business Analytics Offerings

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IN THIS EVENT FLASH

This IDC Flash takes a closer look at Oracle OpenWorld Asia Pacific 2007 that was held in Shanghai on July 30–August 2, 2007. This event, which reportedly garnered more than 8,000 attendees, focused on three key themes: database, fusion middleware, and applications. Moreover, this IDC Flash closely examines the announcements and plans that relate to Oracle Database 11g and Oracle's business intelligence (BI) road map.

SITUATION OVERVIEW

Charles Phillips and Chuck Rozwat, Oracle's president and executive vice president of Server Technologies, respectively, launched the second day of Oracle OpenWorld by turning the spotlight on to the latest release of Oracle's database — Oracle Database 11g. Oracle's latest relational database management system (RDBMS) offering is loaded with more than 400 new features — some of which will be part of the standard offering of Oracle 11g while others will be available as add-on options. The features are targeted both at customers' current pain points and growing database needs and are centered mainly around:

- ☒ **Managing unstructured information.** Beyond managing structured information, features such as Oracle Fast Files and enhancements to XML database will provide storage, integration, and support for many data types such as email and XML. The latter can now be stored in three different ways including binary XML within Oracle 11g. There are also partner-driven industry-specific needs addressed in Oracle 11g such as 3D spatial support, DICOM medical images, and radio frequency identification (RFID) data types for the logistics and healthcare industries.
- ☒ **Security and compliance.** Oracle Transparent Data Encryption, Audit Vault, Database Vault, and other enhanced security features are aimed at helping companies reduce IT security costs, mitigate insider risks, and address compliance regulations.
- ☒ **Automation.** Extended automation capabilities in Oracle Real Application Testing (RAT), Oracle Data Recovery Advisor, and automated data partitioning features target several customer pain points simultaneously. These include automating many database administrators (DBAs) tasks, thereby addressing the shortage of skilled database administrators issue and corresponding higher wages in many Asia/Pacific countries. RAT further helps improve overall efficiency by helping companies quickly test and manage changes to their IT environments such as large-scale software upgrades. This is done through testing applications against a snapshot of actual workloads while the system is still running, thereby significantly reducing downtime.

The question now is how much would all these enhanced features cost? On August 14, 2007, Oracle disclosed that the list price for Oracle Database 11g editions and existing options would remain unchanged for the latest release of its RDBMS. Four new options in Oracle Database 11g Enterprise Edition such as Active Data Guard and RAT are priced between US\$5,000 per processor or US\$100 per named user and US\$10,000 per processor or US\$200 per named user. The Linux version (Linux x86) of Oracle Database 11g is available beginning August 14, 2007, with other versions in the pipeline. For a more comprehensive look and analysis on Oracle 11g, please refer to *Oracle Database 11g Uses Automation to Target Operational Costs* (IDC #207931, July 2007).

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Filing Information: August 2007, IDC #AP322116P, Volume: 1, Tab: Users

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On a related note, Oracle also provided some insights into its business intelligence (BI) road map. BI is evidently something of strong interest to the attendees of Oracle's OpenWorld conference if the strong attendee turnout for the BI road map session was any indication. Oracle's footprint into the BI and financial performance and strategy management applications (FPSM) market was enlarged through the Hyperion acquisition in early 2007. However, Oracle also had its own BI and FPSM software, not to mention the ones it inherited through other acquisitions such as PeopleSoft and Siebel that resulted in some overlapping areas. After the acquisitions, the market expressed concern over Oracle's continued support for those products. These were addressed during the one of the BI track breakouts as follows:

- ☒ Customers were assured that their current Oracle and non-Oracle investments in BI tools and FPSM applications would be supported through either Lifetime Support or Applications Unlimited.
 - ☐ For products under Applications Unlimited, Oracle would, among other things, continue to develop and enhance selected features and would provide certifications with new versions of enterprise resource planning (ERP) applications. These include PeopleSoft Activity Based Management, Oracle Sales Analyzer, and Financial Analyzer.
 - ☐ Oracle provided assurance to continue providing maintenance and bug fixing for products though there would be no planned incremental feature developments for products under Lifetime Support. These include Oracle and PeopleSoft's planning and budgeting and consolidation applications.
- ☒ Certain Hyperion offerings — mainly former Brio products — are packaged together with Oracle's Business Intelligence Suite Enterprise Edition (BI Suite EE) to form BI Suite EE Plus, which is currently available in the market.
- ☒ Products that Oracle will "bring to fusion" through strategic development and investment includes Hyperion's Planning, Financial Management, and Financial Data Quality.
- ☒ Oracle also pledged to continue to support integration with heterogeneous environments.

FUTURE OUTLOOK

The RDBMS market in this region is expected to increase strongly at a five-year compound annual growth rate (CAGR) of 9.7% to reach US\$2 billion by 2011. This bodes well for incumbents in the market though the benefits are likely to be mainly reaped by the top 3 vendors in the market including market leader Oracle, which held 49% market share in Asia/Pacific (excluding Japan) or APEJ RDBMS market in 2006. Among the strongest growth drivers in this region are the increasing amount of data generated by computerized environments combined with the comparative lack of legacy issues in rapidly developing countries such as India, the People's Republic of China (PRC), and Vietnam. Oracle's latest release of its feature-rich RDBMS is timely, as it highlights that despite its strong venture into the markets of applications, business analytics, and more recently, security, it has not neglected investing in its core database technologies.

The combined standalone BI tools and FPSM markets in the APEJ region is forecast to experience a CAGR of 13.6% and is expected to reach the US\$800 million mark by 2011. These markets contribute to the business analytics software market that comprises tools and applications for tracking, storing, analyzing, modeling, and delivering information in support of decision-making and reporting processes. Oracle's overarching focus on the business analytics market would be the eventual development of an enterprise performance management system that aims to integrate data generated by transactional systems, the data warehouse, and the financial performance systems. In the near future, there would be increased interoperability between former Hyperion BI tools and Oracle BI Suite EE in Oracle's Fusion Middleware. Security features would also be enhanced in the BI stack through single sign-on (SSO) and Oracle Identity Management. With the Hyperion acquisition, Oracle now leads the region's FPSM market with a combined market share of 18.0%. Oracle is well positioned to grow strongly in the business analytics market given not only its increased breadth of offerings but also its acquisitions of vendors that have significant brand equities and client bases in their respective markets in the APEJ region.

Oracle also made a concentrated effort of targeting customers' key concern areas. Key messages such as "providing customers with choices and enhanced security features" should resonate very well with clients — and potential customers — in the PRC and the APEJ region. In a recent IDC end-user survey, IDC found that the top 3 factors that impact software investment decision process in the PRC are security considerations, compatibility and "integrability" with existing systems, and high scalability.

While Oracle has committed to integrating and supporting heterogeneous environments, its product lines will be optimized for other Oracle products. Oracle's focus would increasingly be on selling the enlarged Oracle "stack" of software, from the database up to the middleware and application layers. In order to succeed in this, Oracle would need to work closely with its key partners in the region. Oracle has done a decent job on this from the database end of things; according to a recent Oracle press release, nearly 2,000 individuals from more than 500 partners located in Asia/Pacific have participated in Oracle 11g partner enablement programs as of July 30, 2007. In the longer term, Oracle will need to both convince partners to sell more of the Oracle software stack and to assuage some of its partners' — particularly ISVs' — uncertainty about Oracle's increased momentum into various horizontal as well as industry-specific applications. Key to success would be increasing its key partners' commitment to sell the ever-increasing stack of Oracle software.