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Oracle Focuses On Business Value

SWOT Analysis: Oracle Enterprise Manager, Q2 2008

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EXECUTIVE SUMMARY

Oracle today presents a management portfolio that addresses the core Oracle solutions: application management, middleware management, and database management. This focus provides Oracle clients with immediate benefits. It is also a stepping stone for Oracle's enterprise management strategy: Instead of putting together a portfolio of infrastructure management solutions, Oracle intends to build on today's portfolio to address the next generation of management solutions and the all-important articulation of business services. As infrastructure management solutions are increasingly commoditized, Oracle believes that the next generation of IT management solutions will have to provide business value by addressing the integration of existing solutions and by providing a complete IT life-cycle integration of IT services into business processes. This could very well make Oracle the fifth major vendor of IT management software within the next three years.

FORRESTER'S IT MANAGEMENT SOFTWARE SWOT

The IT management software market has gone through a wave of acquisitions over the past few years.¹ Once again, clients are particularly interested in the capabilities of the larger, more integrated vendors in the space as they prepare to make strategic decisions around such topics as business service management (BSM) and the configuration management database.² Forrester publishes separate research reports on the current strengths and weaknesses as well as the opportunities and threats (SWOT) of the largest vendors in the IT management software market. We are now continuing and expanding this series with SWOT assessments of the most promising leading vendors in the market, including Oracle.

Oracle Enterprise Manager

Beginning operations in June 1977, Oracle employs close to 75,000 employees worldwide and offers databases, middleware, applications, and IT management solutions. Oracle's revenues were \$17,996 million in fiscal year 2007, a growth of nearly 26% over fiscal year 2006. The bulk of these revenues are in software (79%), with databases and middleware accounting for 71% of new licenses and applications covering the remaining 29%.

Oracle Enterprise Manager is the current IT management solution, which essentially aims to manage Oracle's core business of database, middleware, and applications. The foundation of this solution can be found in Oracle's early efforts focused on database performance management, which it expanded as it moved into middleware and applications. While aimed at application and database management, the current solution is also capable of integration with infrastructure solutions such as Microsoft Operations



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Manager or with service desks such as BMC Remedy Service Management. In this market segment, Oracle mainly competes against CA Wily Technology, Compuware, HP Software, IBM, OPNET Technologies, Precise Software Solutions, Quest Software, and a slew of smaller companies. Typically, application performance management solutions are composed of three tiers: database performance management, application server performance management, and end user experience management. In 2007, Oracle acquired Moniforce — a European company specializing in end user experience management — to complement its application and database management solutions.

The most compelling aspect of Oracle's enterprise management strategy is its vision of the future and of the role that IT will play in business processes. Its overall conclusion is that while BSM focuses on IT — despite the claims that it does otherwise — future IT management needs will be more at the junction of IT and the business and the management of IT's role in achieving business values. This, of course, will become obvious when Oracle presents its final road maps for IT management.

Our SWOT analysis reveals that (see Figure 1):

- **Oracle's vision of IT's future and the role of IT management is right on the money.** If we compare IT to a manufacturing operation, there is a need to design the products, industrialize the concept with a view to the market, and then produce the goods. BSM today produces the goods, and Oracle believes that the future lies in managing the whole life cycle — from design to production.
- **Oracle's management road map is comprehensive.** Oracle's aim is to provide a solution for each level of IT management maturity — from IT infrastructure monitoring to BSM. It has designed each of these solutions to deliver maximum value to clients and to help them reach the next level of the maturity curve. Oracle plans to continue pushing the envelope to provide complete management of the business services life cycle and to eventually provide the business community with the means to extract the most business value out of IT.
- **Oracle should move out of stealth mode earlier.** As impressive as Oracle's thinking is, clients today are acquiring solutions that they will want to keep. Preemptive marketing should be part of Oracle's agenda: Make the vision clear to clients in order to prevent others from stepping in.
- **It shouldn't discard its present solutions, however.** Oracle has made tremendous progress in its current application performance management portfolio; it's one of the rare true end-to-end monitoring solutions in the space. The key benefit of this solution is the reduction of the detect-diagnose-remediate cycle, which reduces the "mean time to recovery." Not only does it provide value today, it is also a good stepping stone to the future IT management road map.

Figure 1 SWOT Analysis: Oracle Enterprise Manager, Q2 2008

Company attribute	Strength	Weakness
Coherent brand/ portfolio strategy	Oracle presents an impressive and very advanced strategy compared with its current competition. The focus on IT to business alignment and business value should resonate very well with CxOs on each side of the fence. Oracle is positioned to potentially become the fifth major player in the IT management management software market.	As impressive as Oracle's strategy is in terms of innovation and thinking, it needs to advertise it more and use it to leverage client interest in current solutions.
Product/solution portfolio performance		
Consistent sales and go-to-market strategy	Excellent leverage of other Oracle products to achieve a stellar performance in OEM sales.	
Value chain and market alignment	<ul style="list-style-type: none"> • Strong product suite for applications and DBMS management that plays to Oracle's market strength as a company. • Impressive customer support strategy. 	
Stability and viability	Very experienced IT management software management group.	

Market attribute	Opportunity	Threat
Market dynamics	<ul style="list-style-type: none"> • Business value is identified as a key market driver for Oracle's strategy. • Oracle has a unique position in the application and database world that strongly supports the growth in current portfolio sales. • Oracle is focusing on the next wave of IT management solutions that will emphasize the capabilities to manage the business services life cycle rather than being limited to IT production management. 	Oracle's vision will appeal only to the most mature enterprises in the next 12 to 36 months.
Competitive position		The competition to the current portfolio seems to weaken; although Oracle's future competition is focused on BSM, its message may still evolve toward more business centricity within the next 24 months.
Client perception and adoption	High customer satisfaction, on par with other Oracle products.	

ENDNOTES

- ¹ The current market situation is characterized by four major IT management software vendors that dominate the market: CA, BMC Software, IBM Tivoli, and HP Software are the leaders of the IT management software space. They have the capability, through their own developments and through acquisitions, to cover all facets of the market. The combined market share of these four vendors grew from around 34% in 2005 to 40% in 2006 and will reach approximately 45% in 2007. See the March 9, 2007, “[The IT Management Software Market](#)” report.
- ² Business service management (BSM) dynamically links business-focused IT services to the underlying IT infrastructure. Therefore, a complete BSM system maps business processes and infrastructure resources, dynamically links the two together, and provides end-to-end management for the whole system. See the April 18, 2006, “[Implementing BSM](#)” report.

A configuration management database (CMDB) is a unified repository of information related to all the components of the information system. It helps an organization to understand the relationships between these components and modify their configuration. The CMDB is a fundamental component of an ITIL framework. The CMDB records configuration items (CIs) and details about the important relationships between CIs. A CI is an instance of an entity that has configurable attributes: for example, a computer, a process, or an employee. A key success factor in implementing a CMDB is the ability to automatically discover information about the CIs. See the April 12, 2006, “[The ‘Just Enough’ CMDB](#)” report.