

## OVUM OPINION

# Oracle OpenWorld unveils an increasingly powerful portfolio

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## OVUM VIEW

### Summary

Oracle OpenWorld, the company's annual customer conference and showcase, plays an increasingly important part in Oracle's product development lifecycle, as most of its key announcements across all areas of the business are made during the week-long event. Oracle OpenWorld 2011 was no exception, with a number of major product releases highlighting that Oracle continues to relentlessly develop and innovate across its broad portfolio of hardware, database, middleware, and applications. However, more importantly, it is in combining these assets that Oracle is able to leverage significant added value for customers. Ovum believes the key message from 2011's Oracle OpenWorld is that the company is accelerating this process and, in doing so, is enhancing its strategic position in the enterprise IT market.

### Engineered systems are a market disruptor

The most apparent of these combinations is in Oracle's engineered systems, which we believe will be a disruptor in the market, forcing competitors to react. No fewer than four new engineered systems were announced at Oracle OpenWorld, adding to the existing Oracle Exadata and Oracle Exalogic systems, both of which are showing strong sales and pipeline and clear customer endorsement.

- Oracle Exalytics In-Memory Machine uses in-memory technology to deliver fast analytics, data visualization, and performance management, complementing the Exadata system.

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- Oracle Big Data Appliance combines compute and storage hardware with a range of software tools capable of collecting and organizing high volumes of granular semi-structured data.
- Oracle's SPARC SuperCluster is a general-purpose system that brings the benefits of Oracle's engineered systems concept with integrated middleware to its SPARC customers.
- Oracle Database Appliance is a high-availability, mid-market system ideal for consolidating small and medium databases onto a single platform that reduces management overhead.

As with Oracle Exadata and Oracle Exalogic, these systems: incorporate Oracle's standards-based software stack; are delivered in standard product configurations that simplify and automate deployment, support, and ongoing maintenance; and offer incremental performance improvements over equivalent workloads running on commodity hardware. When Oracle introduced its engineered systems strategy at the two previous Oracle OpenWorld events, the performance improvements were expressed mainly in technology terms, whereas in 2011 there were strong customer case studies showing how these technical advances had translated into business benefits.

As the engineered systems family range expands, Oracle must ensure that the positioning of each solution, and most importantly, the potential combinations of these solutions, are clearly communicated to customers. When one adds in product sizing variants (e.g. one-eighth, quarter, and half racks), plus newly announced additional storage options, there will be a requirement for easy-to-use capacity planning tools. Some early-adopter customers have already commented that sizing and configuring the right option can prove challenging.

## Oracle enters the cloud

Oracle has bided its time with a public cloud strategy, but it has clearly judged that now is the time to make a move. It has launched Oracle Public Cloud with five new services offering capabilities in a cloud environment, all of which are run from Oracle's own data centers on Oracle Exalogic and Oracle Exadata machines.

- Oracle Database Cloud delivers Oracle Database as a PaaS offering, accessible by Java applications, Oracle Application Express (APEX), or RESTful web services.
- Oracle Java Cloud provides a platform for developing Java applications running on Oracle WebLogic Server, plus database integration, security, management, and development tools.

- Oracle Fusion CRM Cloud and Oracle Fusion HCM Cloud provide the functionality of Oracle Fusion Applications delivered as a SaaS offering.
- Oracle Social Network is a new solution for social collaboration linked to business events and activity streams. It can integrate tightly with Oracle Fusion Applications and be used for ad hoc collaboration.

The key point is that the middleware technology and the application codebase used are the same, regardless of whether customers are running them on commodity hardware, engineered systems, public clouds, private clouds, or in hybrid environments. Furthermore, it can be switched between any of these delivery modes without modification, giving the customer increased choice and flexibility. Ovum believes customers will be more inclined to adopt cloud services that work on the same architecture as their existing on-premise solutions, even if initially they only wish to use them for test and development purposes or departmental projects.

The cloud services are expected to go fully live by the end of 2011: initially they will be run from US data centers, but Oracle intends to extend its cloud operations to data centers in other regions from the first quarter of 2012 onwards. The company has not yet announced pricing for the services, but the licensing structure is intended to be both highly flexible and configurable through customer self-service, with service tiers based on infrastructure capacity and number of users required, and minimum subscription periods of just one month. Ovum believes Oracle will need to fine-tune its approach to the cloud as it gains more experience and customer feedback during the next 12 months.

## **Middleware continues to evolve**

Across its broad range of middleware products, Oracle's avowed intent is to be best-in-class in each individual area, in addition to providing a complete vertically integrated stack. Although the company continues to introduce many enhancements, it is inevitable that some areas will be stronger than others.

A significant announcement at Oracle OpenWorld was Oracle Enterprise Manager Release 12c, which gives customers a common management perspective across on-premise, private cloud, and public cloud environments. It, in turn, dovetails with the automated support capabilities that Oracle can offer with its engineered systems, which include a single patch to update the complete infrastructure and middleware stack, simplified remote diagnostics, and the ability for these systems to automatically generate a service call when a component has failed or is running abnormally.

An area of middleware that Ovum feels needs further work is Oracle WebCenter for user engagement, which draws together capabilities for content management, portal, collaboration, and web experience management, along with the newly announced Oracle Social Network. This part of

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the business includes older acquisitions such as Stellent's content management technology, as well as recent purchases such as Fatwire's web experience technology. Integration has taken place in some areas such as core content management and across the multiple portals that Oracle inherited from its BEA acquisition, but there is still further work required to make all these pieces combine seamlessly, including provision of a more modern user interface and clarity on integration with Microsoft SharePoint. The company is pinning its hopes on the social dimension to regain ground in a market in which it acknowledges that competitors have been more successful with core enterprise collaboration tools. It is positioning Oracle WebCenter as the hub for its content, collaboration, social, and user interaction services.

Oracle also continues to optimize all areas of its middleware portfolio to work effectively with its engineered systems, ranging from detailed technical work such as faster application-to-application communication over the Infiniband network connections found in these engineered systems, through to development of the Oracle TimesTen in-memory database to act as a key component in Oracle Exalytics. Although much of this work is hidden, it is clear that Oracle is increasingly adopting a unified approach across all of its engineering teams that will ultimately result in improved performance and simplified management for customers.

## **Coexisting with Oracle Fusion Applications**

On the applications front, Oracle OpenWorld included many announcements of new point releases and enhancements to the existing Oracle Applications families, including Oracle E-Business Suite, Siebel, PeopleSoft Enterprise, and JD Edwards. In parallel with the continued evolution of these products, Oracle has spent six years developing its next-generation Oracle Fusion Applications Suite, and has reached the point at which all initial modules are generally available. Compared with its traditionally assertive approach to encouraging users towards the latest versions of its applications, Oracle is moving more carefully with Oracle Fusion Applications. Oracle OpenWorld featured 200 customers, with the phrase "coexistence" used to describe the typical adoption pattern, whereby customers would deploy one or more modules of Oracle Fusion Applications for key areas of their businesses to run alongside their existing core systems from other application families. In addition, Oracle is encouraging those customers to upgrade to the latest releases of the other applications suites. Ovum believes Oracle will need to work hard in the coming year to communicate the benefits of Oracle Fusion Applications to its customer base, if it is to ultimately make the transition from coexistence to wider adoption.

## **Oracle's strategic position is enhanced**

When analyzing Oracle OpenWorld announcements, it is important to appreciate that some refer to increased momentum around previously announced products (such as Oracle Exalogic and

Oracle Exadata), some relate to new products that are immediately or will shortly be available (such as Oracle Exalytics and Oracle Enterprise Manager 12c), and some indicate where Oracle is placing its bets for the future (for example, Oracle Public Cloud). Overall, Ovum believes the messages from the 2011 event demonstrate that Oracle is benefiting significantly from the synergies between the different parts of its business, and more importantly that these synergies are proving very attractive to enterprise IT buyers. The themes of vertically integrated systems, enhanced cost/performance, and particularly simplified management are resonating strongly, causing customers to evaluate Oracle's engineered systems as part of the ongoing drive for consolidation and modernization. The strong sales pipeline, with more than 1,000 Oracle Exadata implementations to date, indicates that for many of these customers the business case is proven. That the same technology base and architecture can be used for both private and public clouds will be a further reinforcement for Oracle, even for customers that are not yet ready to make that move.

Note: Further coverage of Oracle's major OpenWorld announcements can be found in an accompanying series of Ovum opinion pieces at [www.ovum.com](http://www.ovum.com) and on the Ovum Knowledge Center. An in-depth report looking at Oracle's overall strategy and direction following OpenWorld will be available soon on the Ovum Knowledge Center.

## **APPENDIX**

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