

INSIGHT

Oracle OpenWorld 2011: Oracle Applications Update

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IDC OPINION

IDC believes that Oracle Fusion Applications, now generally available, are well positioned as the next generation of Oracle Applications, extending the strengths of the already broad application portfolio. Findings include:

- ☒ Oracle Fusion Applications, built on a modern platform, incorporate many of the key design principles that are necessary in the next generation of enterprise applications, including embedding analytics and social functionality into the work processes and increasing the availability of key functionality across multiple mobile devices.
- ☒ Oracle's move to offer more applications in both the public and the private cloud will be well received by customers, offering choice about when and where to take advantage of the benefits that such a deployment enables over on-premise applications.

IN THIS INSIGHT

This IDC Insight takes a look at the recent Oracle OpenWorld user and partner conference held in San Francisco, California. This year's annual event drew close to 50,000 people; previewed new product offerings across its broad portfolio, from hardware to enterprise applications; and reaffirmed Oracle's overall business strategy. Of particular interest this year was the general availability of Oracle Fusion Applications and the availability of Oracle Fusion HCM and Oracle Fusion CRM in a public cloud model.

SITUATION OVERVIEW

This year's Oracle OpenWorld was built around four key themes: engineered systems, cloud computing, social and mobile, and choice and simplicity. The themes tie directly to the broad Oracle product portfolio, a portfolio that spans the entire IT stack and continues to expand through both acquisition and Oracle's extensive R&D efforts. With a portfolio this broad, it's no surprise that Oracle made many product announcements during the conference. While this Insight focuses on Oracle Applications, some of the more high-profile new product announcements are:

- ☒ Oracle NoSQL Database
- ☒ Oracle Exalytics In-Memory Machine
- ☒ Oracle Big Data Appliance
- ☒ Oracle Enterprise Manager 12c
- ☒ Oracle Fusion Applications generally available (GA)
- ☒ Oracle Public Cloud
- ☒ Oracle Social Network

This year's OpenWorld witnessed the fruit of the more than six-year effort to launch the next generation of Oracle Applications designed and built from the ground up as native SOA on a modern platform. While the applications have been generally available since May, with approximately 200 customers, the real milestone was the maturity of the customer use cases showcased during the event and the sophistication of the demos. Highlighting this latter observation, witness CEO Larry Ellison's keynote: To show the ease of use and the modern user interface (UI), Ellison, in what has become a rare occurrence among tech CEOs, conducted a demo of the suite unaided.

IDC has written previously about the details of the applications (see *Oracle OpenWorld: Oracle Fusion Applications an Afterthought? Hardly*, IDC #225674, November 2010). In the continuation of the messaging around its Applications Unlimited program, Oracle focused the more than 100 Fusion Applications modules on customer choice and coexistence. Customers can choose to mix and match modules with existing Oracle Applications Unlimited applications and can relatively easily upgrade from the current release to the new Oracle Fusion Applications modules if they desire. Deployment options are also plentiful; customers can choose on-premise, hosted private cloud on customer site (Oracle managed) and, for Fusion HCM, Fusion Talent Management, Fusion Sales, and Fusion Marketing, single or multitenant public cloud. All of the Oracle Fusion Applications have the capability to be deployed in single or multitenant cloud, but Oracle is not currently making more than the listed applications available in its new public cloud offering.

As a part of Oracle Fusion Applications design principals, two feature sets, social collaboration and analytics, are now embedded in the workflow. For social capabilities, this is a critical step in driving adoption and maximizing the value of collaboration throughout the enterprise. IDC believes that the next generation of applications will all be "social" through embedded collaborative technologies, in context to the user's current activity and in real time.

Continuing that trend, Oracle Fusion Applications are business intelligence driven. Embedded analytics are provided at the point of need, in the context of the workflow transaction, and based on the user's role. Key information like historical data and trends, policies, status of other related transactions, and general workflow information are available via embedded charts, tables with drill-down capabilities within the transaction itself.

Oracle Public Cloud

Like many traditional software vendors, Oracle had taken a wait-and-see attitude toward the cloud, embracing it only where it felt that it must, specifically in CRM and talent management. Of course, you could argue that Oracle is already invested in the cloud as an arms dealer for database and middleware, but that certainly doesn't equate to extensive cloud offerings itself. This year though, as cloud services have moved into the mainstream of enterprise IT, Oracle is jumping in with several new offerings packaged as Oracle Public Cloud. While still a little light on details, the public cloud offering will include several Oracle Fusion Applications modules, specifically Oracle Fusion HCM, Oracle Fusion Talent Management, Oracle Fusion Sales and Oracle Fusion Marketing at present, but could certainly see additional modules on the menu shortly, as well as the new Oracle Social Network, and several infrastructure services including Oracle Database Cloud Services and Oracle Java Cloud Services. The services in Oracle Public Cloud also share common services including resource management, isolation security, data exchange and integration, virus scanning, white list management, and centralized self-service monitoring. While this is a credible start to a public cloud offering, expect to see Oracle continue to aggressively grow its cloud portfolio in what has become a core business strategy, via acquisition.

Oracle Social Network

Oracle OpenWorld also saw Oracle's first foray into social business applications with the launch of Oracle Social Network. Oracle Social Network is based on Oracle WebCenter and built around the concept of contextual collaboration, connecting people to each other with supporting business objects. Contextual collaboration puts communication at the point of need and in real time, creating social enterprise applications. IDC believes that embedding social in enterprise applications drives adoption and increases productivity by unlocking and surfacing relevant data and information to the business user. Oracle Social Network is based on providing content, business objects, conversations, and activity streams that can be deployed via on-premise, public cloud, or private cloud. Oracle Social Network also helps to get information to the right person at the right time by providing a means to access people and content through Microsoft Outlook, mobile devices, Web client, and embedding social functionality into Oracle Fusion Applications in addition to offering a social API for third-party integration. Furthermore, the solution provides real-time communications capabilities such as IM, Web conferencing, and voice (for now, voice capabilities will be available on-premise only).

Oracle ATG Commerce Applications

This was Oracle's first OpenWorld opportunity to showcase its November 2010 announced acquisition of ATG and post-acquisition integration progress. Oracle ATG Web Commerce platform, together with Oracle's other CRM, retail, and order management applications, offers enterprise-grade capabilities to address the growing demand by companies for commerce solutions that provide enriched customer experiences, be that via social media, mobile devices and networks, in-store, or online. As if to underscore its seriousness in creating a comprehensive offering to rival that of IBM in this space, less than two weeks after the conclusion of Oracle OpenWorld, Oracle announced the acquisition of Endeca, which provides unstructured data management/customer experience management and business intelligence solutions, and one week later announced the acquisition of RightNow, a leading cloud-based customer support service provider. It will be very interesting to see how Oracle assimilates both companies within and beyond its commerce, retail, and CRM solutions footprints.

Solution Completeness

While Oracle Fusion Applications and Oracle Social Network received much of the Oracle Applications keynote stage time, Oracle reiterated its overall applications strategy of solution completeness — in terms of breadth with Oracle Fusion Applications, Oracle E-Business Suite, PeopleSoft Enterprise, JD Edwards, and Siebel; in terms of depth with industry-specific solutions; and in terms of an applications platform with Oracle Fusion Middleware. To reinforce that message, Oracle executives highlighted throughout the week product functional enhancements and the infusion of technologies (particularly business intelligence and social) that improve user experience for customers of each product family, along with product road maps that illustrate continued investments even with the arrival of Oracle Fusion

Applications. Continuing to remind customers of those investments will be a necessary task for Oracle, especially as Oracle Fusion Applications gain traction.

FUTURE OUTLOOK

Oracle continues to expand its extensive application portfolio with the general availability of the Oracle Fusion Applications suite and by continuing to add new products via acquisitions and from in-house development. The broad portfolio offers a great deal of flexibility and customer choice, including deep vertical applications and the ability to deploy in multiple ways. Oracle Public Cloud, while very new, could offer another aggressive growth engine to Oracle's consistent quarter-after-quarter strong performance. The portfolio of Oracle Public Cloud products is relatively limited today, but look for Oracle to aggressively expand this offering in the near future.

Oracle offering customer choice across its broad portfolio has proven to be a well received strategy overall. The danger though, as the portfolio continues to grow in complexity, is the potential for confusion, which must be constantly dealt with to keep customers moving along a successful path. The enterprise IT shop is a heterogeneous mix of technologies, vendors, and deployment choices; simplifying and clearly laying out coexistence strategies is essential for customers.

Oracle's social business offering, while very new in a fragmented market, is a good first effort at getting social to the point of working in context. Embedding social collaboration and business intelligence into enterprise applications will offer much greater productivity and encourage adoption among end users. Look for Oracle to make some key acquisitions in the social business space to help round out its offering.

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