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RESEARCH NOTE ORACLE OPENWORLD APPLICATIONS UPDATE

THE BOTTOM LINE

At Oracle OpenWorld, Oracle presented the results of its 6-year Fusion Applications development effort, with more than 100 modules for on-premise or cloud deployment. Based on the demos and testimonials from early adopters Nucleus has reviewed, Oracle has clearly focused on usability with in-application analytics and other smart application features. In addition to usability, pricing, time to deployment, and flexibility will be key factors for Fusion Applications' success.

Oracle Fusion Applications was a key area of interest for many customers at OpenWorld, who are considering their enterprise application strategy and how – and if – they move to Oracle Fusion Applications. Oracle Fusion Applications include more than 100 modules to support financial management, customer relationship management (CRM), governance and regulatory compliance (GRC), human capital management (HCM), supply chain management (SCM), project portfolio management (PPM), and procurement.

Key differentiators Oracle highlighted at Oracle OpenWorld included embedded business intelligence, availability of all applications on the iPad using the Safari browser, and integration of the consumer experience in enterprise applications: user can change their application views in runtime and create custom fields without the need of a developer. Nucleus has taken a closer look at the usability testing and its influence on Oracle Fusion Applications and the results are clear: Oracle Fusion Applications are well on the path to the smarter applications Nucleus highlighted in its 2012 predictions [Nucleus Research I107, *Top ten predictions for 2012*, October 2012]. Early adopters Nucleus spoke to gave a number of reasons for choosing to go with the first version of Oracle Fusion Applications:

- Some were overdue for an upgrade or had a product with a sunseting support contract and felt moving to a new technology platform that wouldn't have to be changed in a few years was the best investment.
- Some found the prototype applications best met their needs, and others believed they would have the opportunity to influence product direction if they were early adopters.
- Other believed that they would be too high profile for Oracle to let them fail.

In reality, Nucleus expects that few customers besides the 100 or so early adopters will be moving to replace all their existing applications with Oracle Fusion Applications in 2011 or even 2012. They'll look for point applications within the

new suite that meet a specific business need, like project management, and start with a small investment in Oracle Fusion Applications that may grow larger as their other applications reach end of life or upgrade time.

Built on Fusion Middleware, Oracle Fusion Applications can be deployed on-premise or in the cloud. Oracle also announced its Oracle Database Cloud Services (“Oracle Database as a service”) and Oracle Java Cloud Services (“Oracle WebLogic Services as a service”), highlighting the fact that its applications and infrastructure services could be run on any cloud – and moved on premise or off premise at any time. This will enable organizations adopting Fusion Applications to move different components on or off-premise if or when their needs change. It will also allow companies to negotiate aggressively with cloud providers for the lowest cost on an ongoing basis.

In his cloud keynote, Larry Ellison highlighted Oracle’s reliance on industry-standards including Java and SQL and Oracle’s approach to data isolation as key differentiators of Oracle’s approach versus Salesforce.com (Oracle offers schema-level data isolation where each tenant has its own isolated schema in a shared database instance). However, there are other pragmatic factors that will determine who wins the cloud applications battle:

- Pricing. Oracle surely recognizes that part of the attraction of SaaS is monthly per-user pricing under a 4-digit price point. Offering an attractive pricing model for both on-premise customers and those who choose to run applications in the cloud will be critical to successful adoption of Oracle Fusion Applications at enterprises of all sizes.
- Time to deployment. Over the past few years, Oracle has made a number of investments to make its applications faster and less costly to deploy and Nucleus has found that its Accelerators program is driving rapid and predictable deployment times for midmarket customers [Nucleus Research I18, *Oracle Business Accelerators*, February 2011]. Whether they are deployed in the cloud or on premise, Oracle Fusion Applications will have to have more predictable, less lengthy deployment times than traditional enterprise applications to be attractive.
- Flexibility for iterative application changes. In the Oracle Fusion Applications keynote, Oracle showed how processes supported by Fusion Applications could be changed “on the fly” by business users. In other breakout sessions, Oracle executives spoke about how CRM users in particular were working with Oracle on iterative development of mobile apps with review cycles of days and weeks. This is a part of the promise of cloud applications as well, and represents a significant departure from traditional upgrade or customization models.

ALL IN ON THE CLOUD

Oracle is committed to delivering Oracle Fusion Applications in any cloud the customer wants, and Oracle is helping its partners to get on board with cloud initiatives with financing and marketing plans. In fact, Nucleus spoke to a number of partners that expect to be delivering Oracle-based cloud offerings to their customers in the next few quarters. They see the opportunity to reach to a broader set of customers than they could touch before with a more complete program than simple traditional hosting.

Nucleus has looked at Oracle On Demand in the past [Nucleus Research H67, *Guidebook: Evaluating The Business Impact Of Oracle On Demand*, October 2007] and sees more customers kicking the tires and taking advantage of Oracle On Demand to reduce day-to-day management and CAPEX requirements. Current On Demand customers cited reduced technology costs, improved planning and monitoring, and increased productivity as benefits of leveraging Oracle's expertise and services. At the show, Oracle also announced the details of its public cloud (Oracle Public Cloud), which will be available to customers on a monthly subscription basis.

MOBILE INVESTMENTS

Oracle also made announcements and product roadmaps details across its other application product lines, including a number of mobile announcements designed to drive greater accessibility and productivity:

- Oracle previewed the next generation of the Oracle Application Development Framework (ADF) Mobile that enables developers to build one application that can be deployed to multiple mobile device platforms. That and other capabilities should drive greater developer productivity as organizations seek to move enterprise application access to mobile devices.
- Oracle also officially announced the availability of Oracle JD Edwards EnterpriseOne support for the iPad for customers on Releases 8.12 or 9.0. Oracle JD Edwards's move toward the iPad also includes a Field Service Work Order application for field workers – enabling them to view, access, and update information on their iPad from anywhere. This was not a surprise but certainly a nice touch to show Oracle JD Edwards customers that Oracle is continuing to invest in their product line as well as Oracle Fusion Applications.
- On the CRM front, Oracle Disconnected Mobile Sales was released. This was designed specifically for the pharmaceutical sales market, but Nucleus found this is already being used by other organizations in verticals including services and banking. Users on an iPad can manage accounts and contacts as well as record product samples, electronic signatures, and feedback. An extra plus: marketers will now have a clear view of what collateral is being used and how instead of guessing or relying on user ratings or comments for feedback on what works in the field, because the use of presentations and documents is automatically tracked along with the account details. Oracle CRM On Demand Connected Mobile Sales was also released to provide real-time access to Oracle CRM On Demand from BlackBerry and iPhone.

INNOVATION AT ORACLE OPENWORLD

Given the sheer volume of keynotes and announcements at OpenWorld, the show might seem very different from one viewer to another simply based on the day or days they attended. Larry Ellison's opening keynote didn't utter a word about Fusion Applications or Applications Unlimited products, and instead focused on Oracle engineered systems – specifically Exadata and Exalytics – disappointing users who were there to learn about next-generation applications, not big data. But individual sessions and the Oracle Fusion Applications demos themselves showed another story. In Oracle Fusion Applications, Oracle has built not just transactional corporate applications where users enter and extract data, but smarter applications that drive user productivity.