Flash

Oracle Cloud — Creating a Platform for the Data-Driven Business

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IN THIS FLASH

This IDC Flash looks at the Oracle U.K. users' Cloud Day and EMEA analyst meeting, which IDC attended in London on November 1. Key takeaways were the need for business to become "data driven," with the linkage of this messaging to the overall need for digital transformation, together with the emerging pivotal role of intelligent technologies as embodied in Oracle's new Adaptive Intelligent Applications.

SITUATION OVERVIEW

Oracle held its U.K. users' Cloud Day on November 1 in London. Interestingly -- and wisely, in IDC's view -- it chose not to major on the well-rehearsed business benefits of cloud (agility, flexibility, and so on). Rather, it chose to take these as well understood and move the debate on to the more pressing problem of how to create a "data-driven" business. This is now becoming a recurring theme among IDC’s clients as the CxO-level mandate for effective digital transformation becomes ever stronger. IDC’s research shows that over 60% of European organizations are now attempting some form of digital transformation, while 25% are planning to begin doing so.

Oracle's story -- ably articulated by Neil Sholay, Oracle VP of Digital Business -- was that businesses must make the data around and within their business ecosystem the center of planning, funding, and revenue models, with the backdrop that information is replacing technology as the most critical business asset in digital transformation. In a cloud-first world, this is becoming increasingly clear. IDC's view of the digital transformation process is that information transformation lies at the heart -- building the right platform and architecture are critical parts of the process, making possible new operating models and allowing organizations to leverage the potential of the innovation accelerators like IoT and cognitive computing.

At the event and in discussion with IDC, Oracle highlighted several interesting case studies from among its European user base as examples of the potential of, and routes to becoming, data driven, including:

- Manchester Airports Group (MAG), which is using a mobile and service cloud solution to identify and track customers as they use its airport facilities, measuring foot-fall, linger time, and interest; retailers in the airport can use (and pay for) this data to give context-aware offers, while the airport and airlines can provide relevant day of travel communication, leading to improved passenger experience and more business for its partners. Airports and retailers have been attempting to do this for some time using beacon technologies and relying on users downloading apps, which hasn't proven very successful. MAG's solution uses other technologies which, while not offering such detailed personalization, can effectively reach far more customers.

- Vinci, a large European construction and facilities company, has been installing sensors in its managed buildings to support predictive maintenance on air conditioning units, leading to a reported 55% reduction in employee absences, employing Oracle's IoT Cloud and Oracle Service Cloud with BI dashboards.
• Caixa Bank in Spain has driven new business agility by migrating hundreds of projects with their own data silos onto a central data lake.

• Imperial College Healthcare NHS Trust has been chosen as an exemplar for the U.K.’s National Health Service, due to its work on unified patient records: ICH has opened up the data to patients and other clinicians, allowing innovative new research, and potentially changing the patient relationship to one where the patient is in control of his/her data, a profound change.

• YellowDog, a U.K.-based startup offering, which offers image rendering services for 3D animators and artists. Innovatively, it uses cloud and crowdsourced processing power to create what it terms the world's fastest supercomputer on a fixed-price basis. YellowDog is a pilot user of Oracle's bare-metal Big Data cloud-hosting service; IDC research reveals increasing interest in bare-metal services to host Big Data to drive performance. YellowDog is also looking at adding functionality based on machine learning technologies in the near future.

**Key Takeaways on Oracle's IaaS Cloud**

To match the needs of the soon-to-be data-driven economy, Oracle is offering a full stack of enterprise cloud offerings, from the applications layer down to the platform and infrastructure tiers. Having spent the last 10 years building its SaaS portfolio, and the last two creating what it labels as "generation 2 cloud infrastructure," Oracle is determined to become the premier one-stop-shop for cloud services for the enterprise customer.

Oracle's second-generation infrastructure offers enhanced capabilities that include bare-metal servers, cloud migrations, and container services. The bare-metal service is designed for heavy-duty and mission-critical workloads, such as that of YellowDog. The service is positioned as an ideal match to Oracle database services. Oracle's bare-metal service is currently available in Phoenix and will be in the Eastern U.S. in late 2016, and then it will be offered in EMEA in the first half of 2017.

Although the success of Oracle's IaaS cloud is hard to predict, given the early stage of the market, there are several strengths that Oracle can leverage to influence the market uptake. Among those is Oracle's long heritage in databases and middleware, and the strong enterprise customer base. Additionally, the healthy sales performances of its SaaS and PaaS offerings, both growing double-digit, open up opportunities for upselling/cross-sell.

Moving forward, one of the challenges for Oracle is that in IaaS it is a relatively small player, and it needs to convince the market that it will become a major provider. In our view, Oracle is committed to be seen as a more transparent service provider that enterprises can trust, and is doing this by better articulating its product roadmap. Overall, Oracle is doing many of the right things to position itself as the cloud of choice for the enterprise, as more customers attest to its evolution. One example of this would be Specsavers, the global optical retail and manufacturing firm, whose CIO, Phil Pavitt, has previously been a vocal critic of aspects of Oracle's efforts, but who was singing Oracle's praises at this event.

**FUTURE OUTLOOK**

As Sholay put it, some companies are "born data driven," such as Uber, Netflix, and Airbnb. These have traditionally been thought of as "born in the cloud" – but viewing them as data driven is helpful, as in fact it is their use of data that has given them their competitive advantage in devising new business models.

The consequence is that other companies must become data driven if they are to compete in a world of digital disruption. They must seek to drive value out of their data – and their connected ecosystems. What is becoming clear to many businesses and data architects is that simple algorithms using large amounts of data trump sophisticated algorithms using small amounts of data in most cases, enhancing predictions and outcomes.
Thus they must seek to leverage new approaches like cognitive/AI – or, as Sholay put it, "a partnership of humans and machines." He highlighted Oracle's innovative new Adaptive Intelligent Applications. These use cognitive technologies to process the huge amounts of Oracle clients' customer data held in Oracle's Data Cloud – some 5 billion user profiles from 1,500 data partners – to drive new intelligent functions to support sales, service, marketing processes, and staff. One example: intelligent recommendation engines to make real-time, precise, and adaptive offers to online customers.

Organizations must augment their moves to the cloud by information transformation end to end: leveraging internal and external data to build better, more agile operational models and customer experiences.
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