Perspective: Oracle Rolls Out Merchandise Analytics Atop Continued Strong Quarterly Performance

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IN THIS PERSPECTIVE

This IDC Retail Insights Perspective discusses the emergence of Oracle as a leader in retail applications and enabling technologies, further proof of which was provided via a recent briefing by members of Oracle's retail product team and our ongoing market research. Here's a recap of what we heard and learned and our assessment.

Oracle Retail Analytics — A Key Product Family Rolls Out

In March 2011, Oracle released Retail Merchandising Analytics (RMA), the first of a planned five-product family, Oracle Retail Analytics (ORA), which will eventually include Marketing Analytics, Planning Analytics, Supply Chain Analytics, and Stores Analytics in addition to RMA.

ORA Rollout Schedule

The product plan schedule is multiyear, and likely somewhat flexible. The Oracle team described the sequence and schedule of the release plan as a convergence of convenience for Oracle and value for retailers — a solid rationale from our point of view. We understand that ORA for marketing will be released in 2012, with ORA for planning due a year later, in 2013, and ORA for supply chain and stores coming at the same time or shortly after.

In addition to the five products identified so far in the ORA family, there's a strong likelihood that the newly acquired ATG assets will form the basis for a Web analytics ORA offer — but no date for that has been penciled in. We believe that Oracle is thinking about enabling an ATG-based ORA offer that would report on social media data sources (e.g., Twitter, Facebook, Buzzient, or LinkedIn) and external business data sources (e.g., Nielsen, Acxiom, or D&B).

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ORA Technology

The ORA product line builds off Oracle's business intelligence (BI), data warehousing, database, performance management, other analytics technologies and, optionally, Exadata. A common data model, in a multilevel star schema model (lower-level aggregations and higher-level aggregations) across all five ORA modules, is a key goal and enabler of Oracle's strategy here — to support a "model once, deploy anywhere" approach to enterprisewide analytics.

Toward this end, some star schemas are shared across Oracle's retail data model and those of its horizontal back-office applications (e.g., finance or human resources). A multilevel star schema strategy is Oracle's approach to satisfying two objectives — speed in handling packaged reports and flexibility in handling ad hoc inquiries.

Many of the ETL transformations are architected to run on the RMA side, and some will run on the Retail Merchandising System (RMS) side. Oracle Data Integrator (ODI), a component of Oracle Fusion Middleware extracting transaction data for RMA, exposes APIs — affording Oracle the opportunity to take RMA into heterogeneous environments not running Oracle Retail foundation systems.

More broadly speaking, Oracle has a four-pronged strategy for enterprise retail BI: to combine the planned ORA product line with CRM analytics, ERP analytics, and enterprise performance management, and run all, in theory at least, on a single enterprise information model.

ORA Reporting

The analytics layer of each product in the ORA suite will be architected to run paired with a primary set of Oracle's retail products — those of a transactional nature as well as those of a planning and optimization nature.

RMA, for example, is designed to pair with five foundation systems — Retail Merchandising System, Sales Audit, Invoice Matching, Price Management, and Merchandise Financial Planning. (Foundation systems for the remaining four ORA products have not been finalized.) RMA ships with sets of Merchandising, Inventory, and Supplier reports.

Initially, RMA will support "detect, describe, and diagnose" pre-configured reporting and provide semantics for ad hoc reporting of a similar sort. RMA data management will enable "apples to apples" time series analytics across point-in-time reorganizations of reporting dimensions (e.g., organization, product, and geography). Data mining and prescriptive analytics are planned.

Additionally, at least as envisioned initially within an all-Oracle technology environment, ORA is intending to support a closed-loop cycle from dashboard analytics through triggered workflows to corrective action. We expect that the closed-loop cycle will provide analytic context for evaluating each range of possible corrective actions.

Oracle's advanced analytics service, ambitiously labeled Autonomic Decision Intelligence (ADI), is worth a final note here. During implementation, and presumably as periodically warranted thereafter, an ADI professional services team can run deep dive analytics to spot otherwise hidden opportunities for immediate improvement and ongoing reporting.

ORA Mobility

ORA applications' support for mobile analytics includes a mobile-optimized browser user environment for use by any mobile OS and native iOS apps for Apple's i-line of mobile devices. iPad instances support ad hoc analytics through OBIEE.

ORA Go-to-Market Strategy

Commercially and architecturally, Oracle's immediate go-to-market strategy for ORA is focused on the growing installed base of Oracle Retail accounts; for RMA in particular, it is retailers running RMS. As we discuss in the sections that follow, Oracle Retail's installed base is large and growing quickly — making this a smart commercial strategy. Architecturally, this go-to-market strategy is at least expedient, considering the ETL strategy described previously.

Oracle Retail's FY 3Q11 Commercial Success

Our ongoing research of retailers' technology investments suggests Oracle continued to sell new accounts and expand its footprint in existing ones at a rapid pace in its FY 3Q11.

We believe that Oracle's third-quarter wins span the globe, as we've seen evidence of continued strong deal flow in the Americas, EMEA, Asia/Pacific, and include specialty apparel retailers, department stores, grocers, hard-line retailers, and brands building out their own retail channels. (See the press release section of **www.oracle.com** for details on some of these wins.)

We believe that numerous wins include merchandise, assortment, key item planning, forecasting, and inventory optimization. Store systems seem to account for a substantial share as well. Our sense is that many of the wins included one or more retail application. Retailers also bought a mix of Oracle's HCM, financial analytics, CRM, and indirect procurement applications and Oracle technology. We see evidence that Oracle closed some ATG Commerce deals that were in the pipeline before the acquisition.

We believe Oracle go-lives in 3Q11 include merchandise operations management, planning and optimization, supply chain, store systems, ATG Commerce, loyalty, and transportation applications.

IDC's Perspective

Oracle's retail footprint, extending beyond retail-specific applications through supply chain, back office, and analytical applications and into enabling software and hardware, the totality of which we'd label as spanning "disks, data, and decisions," gives Oracle the broadest set of products and services in the retail technology market.

In the vast majority of these, Oracle has tough competition — from SAS in business intelligence and analytics; JDA in retail planning and foundation, supply chain, transportation, and store systems; HP in technologies, store systems, and services; SAP in retail planning and foundation, back office, CRM, supply chain, store systems, and analytics; IBM with a broadening set of business intelligence and commerce assets in addition to its technology and services assets; Teradata in business intelligence, predictive analytics, planning, CRM, and supply chain; and MicroStrategy in business intelligence and predictive analytics to specialist vendors in PLM, price optimization, store systems, planning, supply chain, and more. In more than one regard, each of these competitors runs neck and neck with, and sometimes ahead of, Oracle — significantly so here and there.

Still, by the most reliable and important metrics of all, how retailers vote with their dollars and put their fortunes in the hands of technology partners, reflecting their assessment of vendors' product, technology, and business capabilities and strategies, Oracle continues its run at the top of the leaderboard.

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Related Research

- *Oracle Cross-Channel Commerce Platform = Retail + Siebel + ATG* (IDC Retail Insights #GRRS52T, March 2011)
- *Perspective: SAS Steams Ahead — Retail Highlights from SAS' Annual Analyst Conference* (IDC Retail Insights #GRI227418, March 2011)

- *Perspective: Oracle OpenWorld 2010 Retail — Suite Success and Peaceful Coexistence* (IDC Retail Insights #GRI225663, November 2010)
- *JDA DNA: Product Road Map, i2 Assimilation, Dillard's Lawsuit, and Second-Quarter Results* (IDC Retail Insights #GRI224843, September 2010)

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