Oracle Comms Dives Deeper into the Network with SDN/NFV
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I made the short trip up to Boston last week to attend Oracle Industry Connect, a new event focused specifically on Oracle’s communications, financial services, healthcare, retail, and utilities verticals (think a smaller and less insane version of Oracle OpenWorld), where I gained some insight into Oracle’s communications strategy in general and, more specifically, around operators’ NFV/SDN initiatives.

THE NETWORK IS NEW GROUND FOR ORACLE

It’s not easy being Oracle these days. It’s a seemingly odd statement, given that it refers to a $37B company with a $176B market capitalization, but I believe it's a true one, at least in the communications space.

On one level, Oracle continues to compete fiercely against other IT firms, ranging from the other enterprise giants such as IBM, HP, and SAP to more telco-focused players such as Amdocs and NetCracker. Indeed, one of the primary purposes of the Boston event was to emphasize what Oracle views as a key differentiator: the fact that it has scope and breadth as an enterprise IT company but also strong vertical businesses. And it’s clear that Oracle views its communications vertical as a lynchpin to its success in other industries—a message that came not only from Bhaskar Gorti and others within the CGBU but from Mark Hurd himself, who emphasized the extent to which communications underpins so many other industries.

Yet the other message that came through loud and clear this week—one that wasn’t as apparent even at OpenWorld 6 months ago—is that Oracle has now firmly planted its stake in the ground in the network realm as well, which means facing off against the network equipment providers, many of whom were once Oracle partners and in many cases remain Oracle customers. Granted, Oracle’s acquisition of Acme Packet last February represented a definitive leap into the network, and its purchase of Tekelec took it even further down that path. However, it’s rapidly becoming apparent that Oracle’s aspirations go beyond SBCs, SS7, Diameter, and PCRFs—the company is jockeying for a leadership role in operators’ software defined networks.

Network equipment providers should be keeping their eyes on this shift as it represents an Oracle that has changed significantly from just a few years ago, when it was just launching its communications vertical. When IT companies started making moves into network functions such as policy, the oft-heard argument coming from the network side was, “We understand the network in a way that an IT vendor cannot.” The problem today is that as intelligence moves out of the network, and as network functionality becomes far less hardware-bound, that argument can easily be turned upside down . . . and once it is, it’s hard to make an argument against Oracle’s capabilities in IT.

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It’s also hard to argue against the scope of Oracle’s communications portfolio and the resources it’s able to commit to making its solutions work in a virtualized environment. An Oracle speaker during one of the sessions summed it up perfectly when he made the comment that those who say that NFV/SDN will have no effect on their OSSs have their heads in the sand; as I noted in last month’s CRS note *MWC14 Highlights Hurdles to Evolution*, SDN introduces layers of complexity and new requirements that many existing OSSs are ill-equipped to deal with, and there is a real risk that existing OSS environments will create significant roadblocks to successful SDN deployments. NFV and SDN are more than just enabling solutions to run on hypervisors; it necessitates a more holistic understanding of how these changes will affect the operational environment, including service fulfillment and service assurance, and Oracle is clearly focusing on ensuring that its portfolio of solutions can meet that challenge.

As Oracle navigates these new waters, it continues to run into a very real hurdle: there are plenty of operators out there that are very familiar with the company on the IT side—and not always in a good way. They chafe against Oracle’s high maintenance costs. They dislike doing business with an 800lb gorilla. They resent the vendor lock-in. They believe the company lacks innovation. You name an argument against Oracle, and I’ve probably heard it. Whether these are real issues or unfair perceptions, they continue to work against the company, and as Oracle jockeys for position in this new SDN realm, they’re likely to continue to surface.

What’s interesting, though, is the number of operators I’ve spoken to over the years who say all that…and then buy Oracle products anyway. When I ask them why, the answer is simple: they work. As one Oracle customer told me this week, “Reliability makes the price tag worth it.” Another told me at OpenWorld a few years ago that while dealing with a company as big as Oracle is often a hassle, when something goes wrong, Oracle answers the phone when they call and sends in the troops to fix it.

As Oracle makes its move into the SDN/NFV world, and as it increasingly goes head to head against new competitors with deep roots in the network realm, Oracle may want to adopt some variation of “You get what you pay for” as its marketing slogan. Operators understand that they need the capex savings and service agility that virtualization affords, but they worry about the impact of these new technologies on the availability, reliability, and scalability on which their businesses depend. There are times in life when it makes sense to look for a bargain; selecting the vendors that will essentially transform not only your network but also your operations environments is most likely not one of them.

As always, I welcome your feedback.

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