

EVENT FLASH

Is Oracle the "Apple" for the Enterprise?

Simon Piff
Daphne Chung

Christopher Holmes

IN THIS EVENT FLASH

This IDC Event Flash presents the highlights of the Oracle OpenWorld event held in Beijing on December 13–15, 2010. During the event, Oracle, the erstwhile database company, shared its vision of "hardware and software, engineered to work together." The software working together has long been demonstrated, but now with the addition of the hardware piece, Oracle promises to provide a fully integrated, out-of-the-box solution, and the new kid in the integrated systems family via the company's middleware solution — Oracle Exalogic Elastic Cloud, which started shipping recently.

As its messages during the conference focused on the integration of the hardware and software and the ability to see value when the box is switched on, Oracle seems to have taken its learning from the consumer space, but who in the consumer space? Is Oracle a Dell or a Lenovo? We think not; its market is clearly at the more discerning end of the market — with much reference being made to the focus on the Top 3,000 companies worldwide. So, who? Well, with an integrated hardware/software, performance focus, and a higher price point (a comment made by a number of customers during the event) the obvious answer would be Apple.

Just thinking about how Oracle has developed over the last few years, and certainly with the acquisition of Sun, the ability to provide the hardware and the software together in a single package, with the applications and hardware designed to work together — would lead one to think of Apple and its integration of the hardware and software via the Macintosh computers.

Oracle vendors reaffirmed their commitment to the Asia/Pacific (AP) region with the announcements of customers in the region that are incrementally investing in Oracle's current favorite product, Exadata, Oracle's database in a box.

Listening to how this product has been engineered and positioned, and hearing from a number of customers about how the product was deployed and is performing internally lead these analysts to conclude that, just perhaps, Oracle is finally doing for the enterprise what Apple has been doing for consumers for some time now — delivering complete, well-engineered solutions that do what they say on the box.

SITUATION OVERVIEW

The server trend currently is characterized by a move toward highly virtualized, distributed x86 fabric whereby individual servers are losing their identity as they are clustered together in "compute nodes" held together by a virtual environment and managed by policy. This has been the trend for the past few years and looks set to be the way many server vendors are positioning their products and are going to market.

Bucking this trend is the never shy or reticent Oracle. In 2008, and in collaboration with HP, the company introduced its first database in a box, Oracle Exadata. With the 2010 acquisition of Sun, it took Oracle no time at all to drop the HP hardware and reengineer a solution based on Oracle software and Sun hardware. Oracle introduced to the market Exadata 2.0, the database machine running on Sun hardware (albeit the x86 variant) now known as Oracle Exadata Database Machine X2-2. Oracle also introduced the machine's X2-8 version, with a difference of eight two-socket servers in the X2-2 model to two eight-socket servers for the X2-8 model.

Since the product launch, Oracle has surprised the market by shipping many of these machines to various businesses and industries in as unlikely places as Bangladesh and the Maldives, as well as in the usual markets in Australia, Thailand, the Philippines, China, and Singapore.

During an Exadata customer panel at the Beijing event this week, the three customers who spoke to a panel of analysts had mostly good things to say about the Exadata. To be fair to Oracle, even the negatives were to be expected and the Oracle team did a reasonable job of explaining to both the customer and the panel how the company has responded to the issues raised by the customers. For example, the issue of having to buy Exadata in quarter-rack modules was addressed by the possibility of leveraging Oracle's Exadata On Demand business, presumably to burst out to in the cloud as performance demands require, up to the point it makes economic sense to procure another quarter rack, or whatever unit the customer demands.

With Oracle Exalogic, Oracle continues to show its commitment to developing products with its "hardware + software" integrated stack that works out of a box. Exalogic is to the middleware space what Exadata is to the database area; and the two are part of Oracle's datacenter vision. It provides customers with an open and elastic platform to deploy on and frees end users up to focus on developing differentiating solutions to be deployed on this standardized building blocks, as well as existing Oracle applications that will work automatically with Exalogic. It promises greater performance of Java and non-Java, scalability, open, and

Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights. Visit us on the Web at www.idc.com. To view a list of IDC offices worldwide, visit www.idc.com/offices.

Copyright 2011 IDC. Reproduction is forbidden unless authorized. All rights reserved.

Filing Information: January 2011, IDC #AP2670316S, Volume: 1

Asia/Pacific Infrastructure Software: Event Flash

reliable platform for mission-critical systems that boost the ability to lower total cost of ownership (TCO) of the deployment layer dramatically. The current release is on x86, and comes with both Linux 5.5 and Oracle Solaris 11 Express, which end users can choose to configure the balance of this mix during installation. The key piece that provides the elasticity comes from the InfiniBand product that allows for resource pooling for multitenancy capabilities. And logically, this fits well with the extensive Weblogic suite customer base, particularly on the transaction processing angle. Together, Exadata and Exalogic are built to complement and leverage the power each brings to the database and middleware space; and could enable Oracle to attract non-Weblogic Exadata customers into the company's middleware fold as well.

On December 2, 2010, Oracle announced a SPARC-based version of Exalogic.

FUTURE OUTLOOK

Oracle appears to be totally invigorated by the acquisition of Sun; it is clear that the senior executive team has quickly gotten its head around what it means to move from being a software company to being a software-and-hardware company.

Microsoft's wailing some months back that Oracle is driving back to "minicomputer hell" seemed a valid cry at the time, but realizing this platform is running on Intel Xeon and can be simply plugged into the existing environment and, if the environment is rich in Oracle, can simply be added to the virtual fabric that exists, the cry is less believable and somewhat reminiscent of a statement a few years back when Mr. Ballmer stated that Linux was Microsoft's biggest threat. The only thing that announcement achieved was to make enterprises, which previously had no interest in Linux, sit up and pay attention to an open source project that the world's largest software company thought was its major threat. Similarly with Exadata and the Exalogic machine, it seems the outcome of Microsoft's cry is to make customers take a closer look at what Oracle has to offer.

Ironically, as the Oracle acquisition of Sun was pulling through, and Mr. Ellison was defining Oracle's strategy as "going after IBM," it also appears that Oracle is emulating IBM, but only in a number of ways. If we consider the drive to virtualization as also an attempt for the x86 server vendors to build "mainframe-class" computing out of the x86 chips, then Oracle has already achieved this with the Exadata database machine (I am sure IBM will argue this, but the parallel cannot be ignored). Where the comparison to IBM ends is that Exadata is aligned to what the future of x86 server architecture is looking for; and it does not take a religious change of IT architecture to adopt.

What was left unspoken at Oracle OpenWorld was that HP must be very concerned about what Oracle is doing with the Sun platform. Interestingly, HP was a Diamond sponsor of the event, almost embarrassingly as a reminder that HP was the "ex-partner" for Exadata, but still needing to cling onto the coat tails of the Oracle database business. This is something that HP still rely on quite heavily (perhaps unwisely so) but it was clear that, in the minds of the Oracle executive team, HP intends to be the supplier of choice for the largest enterprises in the region and can now fulfill beyond just the database. HP can provide a full stake of application, middleware, database, operating system, server hardware and storage; and if it is all procured under the Exadata and Exalogic badge, then everything comes in a single box (okay, two boxes). This is clearly proving to be a compelling message to customers.

So what are the similarities to Apple? If we look past the fact that these two companies are the last of the IT companies that are still run by their charismatic and somewhat outspoken founders, but instead look at the iPhone and iPad revolution — these products revitalized a company whose future had not been looking healthy and become global phenomena that captured the hearts and minds of many who previously were not aware of nor interested in Apple. This appears to be what is happening with Exadata. Early customers are clearly satisfied with the product, even prepared to pay the price premium to obtain the kind of performance (and in datacenter worlds, that translates into "satisfying the business requirement") to get what they need. To be clear, we have yet to hear of any wins that provided Oracle with a new footprint into an account, the customers we met were already existing Oracle customers, although some of them clearly gave other vendors and opportunity to win this business. At least one customer replaced a competing vendor with the Exadata. But it is early days since enterprises, no matter how much they believe they can, never move as fast as the consumer market.

Another similarity, especially with the Exadata box, has been the release of a "new to the world" product that is a game changer, and the need to manage a new product introduction, where the difficulty in designing a supply chain, which has no previous reference is extremely difficult. Similar with the iPhone, it seems that initial demand is outstripping supply, and the new supply chain function in Oracle (the company now has to manage a hardware supply chain) is having issues in meeting the demand for the boxes.

If we look further ahead (and this needed better evangelism from the Oracle team that for reasons not entirely unclear are holding its cards very close to its chest), if Oracle is able to energize the ISV community onto its Fusion platform, and the Exalogic platform could be the ideal product for this, then this becomes a serious game changer. It is clear that the engineering that has gone into Exadata and Exalogic, and the corresponding simplification of management and enhancement in performance, could become a compelling case for customers, and therefore compelling for ISVs. If this becomes a reality, then Oracle's version of iTunes could be populated with a slew of niche vertical applications that can leverage the underlying engineering from Oracle.

Will we see "o" Fusion and "o" AppsShoppe, perhaps even an "o" Server in the future? Well, perhaps not. But if Oracle replicates its success with Exadata with the more recent Exalogic, then this is a company that is clearly going to change many of the market's current preconceptions.