Oracle broadens and deepens its CX appeal with a coherent strategy

Ovum view

Summary

The Oracle Modern Customer Experience conference, which took place in Chicago in April 2018, provided an opportunity to hear about Oracle's strategy and the progress of the Oracle CX Cloud platform. While there were many product enhancements and the delivery of some new capabilities, what was evident was a more coherent and purposeful strategy driving developments. Strategy and purpose matter, as without them, competitors, not customers, will set the agenda.
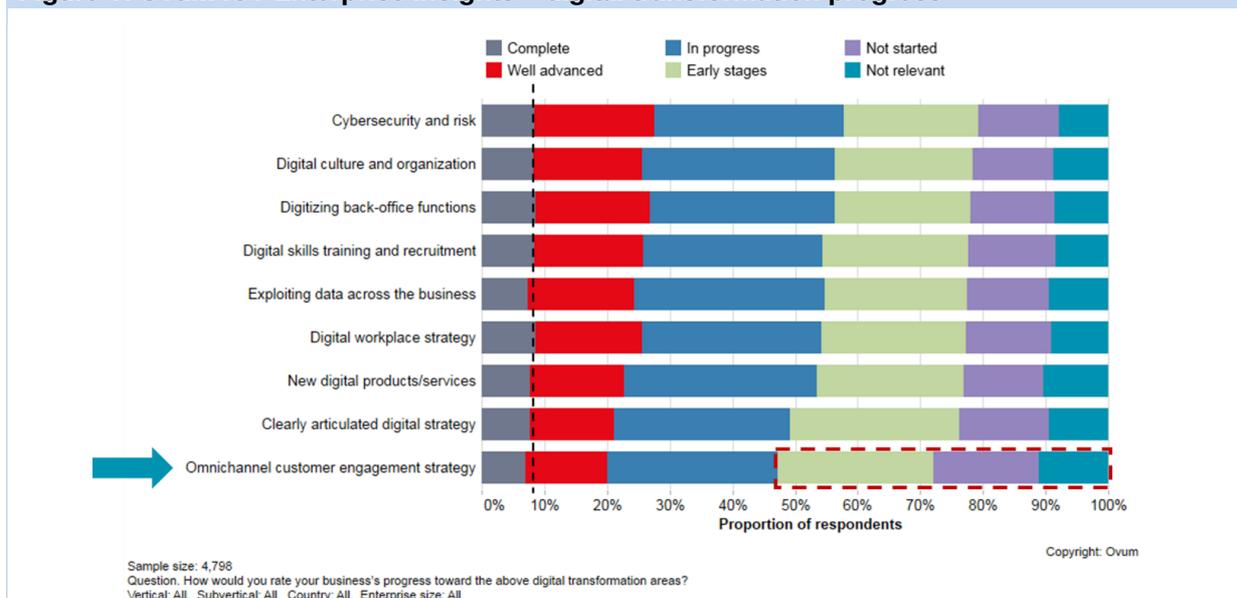
Ovum has consistently argued over the last six years that to thrive in increasingly volatile and rapidly changing environments, any enterprise must develop the capabilities to ensure persistent customer relevance – to be customer-adaptive. This must drive the digital business transformation agenda, and it demands organizational coherence, not isolated departmental digital prowess. Oracle's coherent development strategy reflects this strategic imperative.

Enterprises must center digital transformation on the customer and act as a coherent system of value creation and delivery

When customers interact with a firm, they expect a far greater level of organizational coherence than most enterprises can deliver. While many organizations focus their customer experience efforts on marketing or service to attract new customers or to serve them when they need support, the ability to do either successfully is often hampered by fragmented data hidden away in disparate systems and organizational and process silos. These structural barriers make it impossible to deliver a relevant customer experience consistently and result in wasted efforts and resources as well as dissatisfied customers.

80% of enterprises lack a coherent digital transformation strategy

Figure 1: Ovum ICT Enterprise Insights – digital transformation progress

Sample size: 4,798
Question. How would you rate your business's progress toward the above digital transformation areas?
Vertical: All. Subvertical: All. Country: All. Enterprise size: All.

Source: Ovum

The latest Ovum ICT Enterprise Insights 2017/18 – Global: ICT Drivers and Technology Priorities study found that of the nine common digital transformation initiatives outlined in Figure 1, the biggest laggard was omnichannel customer engagement strategy, which was less than 7% complete (see black dotted line). Conversely, digitizing back-office functions was the most complete, albeit at only 8.7%. Omnichannel also had the largest percentage of enterprises either not started (17%) or in the early stages (25%) (see red box).

To be effective, digital transformation must be centered on the customer, and the enterprise must act as a coordinated, connected, and aligned system of value creation and delivery (see Ovum's report *A Customer-Adaptive Architectural Approach for Digital Business Transformation*). The traditional industrial-age view of the value chain is product-centric, the assumption being that efficiency gains will yield greater profitability and that customers will keep buying. This is completely back-to-front in the digital age of intense competition and disruption by digital natives.

Customers are the source of all cash, revenue, and profits, and to survive, any enterprise must be able to respond rapidly as customers' needs, behaviors, and expectations evolve. Siloed approaches to digital transformation and product-centric approaches prevent this. Customer journeys can start in any channel selected by the customer based on convenience, and delivering a relevant experience in the moment requires not just real-time contextual insight but also coordination and alignment of any support activities such as fulfillment, logistics, and finance. Processes may span several departments, so if they are designed around customers rather than products and supported by intelligent automation that empowers engaged employees, enterprises can consistently deliver a positive and relevant experience.

Oracle's CX strategy supports organizational coherence

Oracle has greatly evolved its former CRM capabilities through both acquisition of key components and its organically developed technologies to develop a customer engagement platform for the enterprise. Ovum's research into what it takes to deliver an effective customer engagement platform has identified five foundational layers of technology that must be supported and that build on each other to deliver the sixth layer, intelligent and adaptive execution capability:

- the foundational layer, which is a cloud platform that includes open APIs to connect systems and data
- unified customer data management, which is essential for personalization
- security and compliance mechanisms to protect customer data and ensure regulatory compliance
- interaction intelligence tools and automation to trigger the most relevant response
- functional support for employees and or commerce sites
- real-time customer engagement orchestration and outcome management – the ability to intelligently deliver relevance throughout every interaction.

Oracle CX Cloud continues to evolve and can support all six layers (see Figure 2).

Figure 2: Oracle CX Cloud Suite
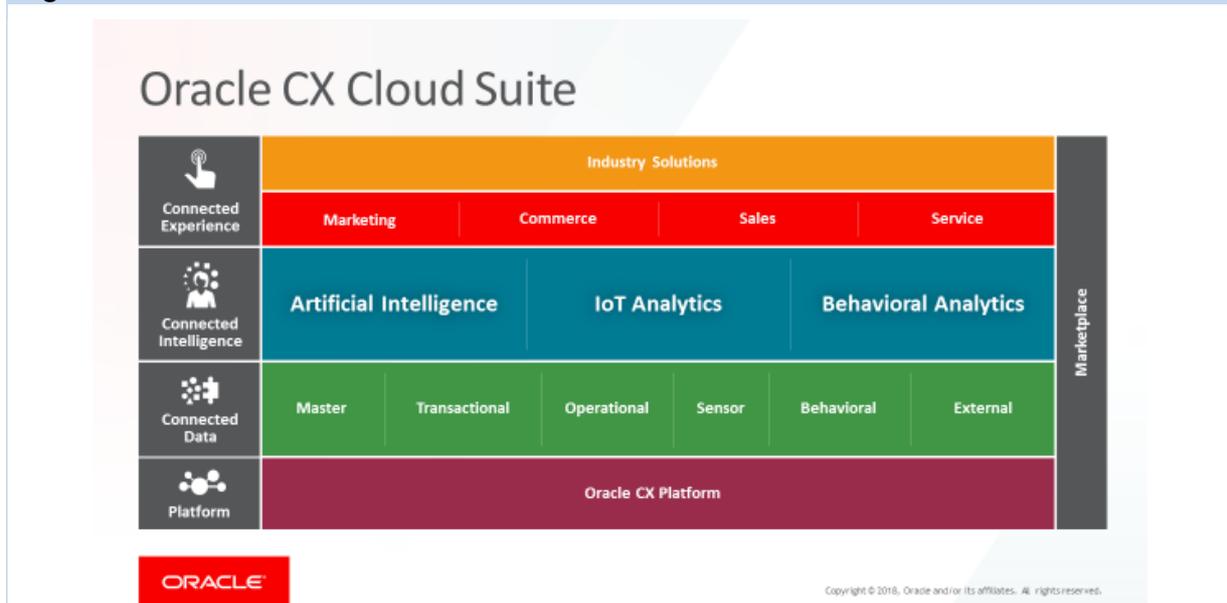
Source: Oracle

While the security and compliance layer is not explicit in this diagram, the Oracle CX Cloud Suite provides a high degree of security and support for regulatory and industry-specific compliance. Nor does this diagram fully reflect the broader "connected digital enterprise" vision and strategy that Rondy Ng, SVP of applications development, announced at the conference. His remit spans both back- and front-office applications development at Oracle, and development teams are coordinating their efforts to support the idea of a coherent and highly adaptive enterprise.

Unified data provides the raw material for digital transformation

The fuel underpinning digital transformation is data, and specifically Oracle CX Suite ingests and collates first-party customer data from any transactional system in the enterprise, including back-office and front-office systems and field sales or field service system. This first-party data can be augmented with real-time contextual data gleaned from commerce or social networks and third-party data to create a unified and dynamic customer profile. The addition of two new customer data management solutions, Infinity and CX Audience, further enrich the profile data in support of deeper personalization (see Ovum's report "Oracle positions data as the fabric of modern CX" for more information).

In the past, Oracle CX was not explicitly seen as part of a coherent and adaptive digital enterprise. It was also often sold as separate point solutions. Oracle provided evidence that more enterprises are selecting Oracle CX Cloud as part of a broader digital transformation initiative. Artificial intelligence in the guise of machine learning and natural language processing provides not only in-app intelligence but increasingly cross-organizational insight to drive persistent customer relevance, an essential goal of the customer-adaptive enterprise.

Oracle's industry support deepens its appeal

Oracle has also deepened its appeal to enterprises by developing solutions with industry-specific data models and support for industry processes. Today it has solutions for the following industries:

- high tech and industrial manufacturing
- financial services and insurance
- communications (telcos, CSPs, DSPs, media, utilities)
- retail and consumer goods
- higher education
- pharma

Expected to be released later this year are solutions tailored to automotive, hospitality, life sciences, and the public sector.

Catering to industry-specific challenges

- In high tech and manufacturing, products- and solutions-as-a-service are becoming more prevalent. Also, many businesses in these industries rely on ecosystems of value-creating partners and resellers in order to thrive. Oracle has increased the scope of its CX Suite to support these requirements.
- Oracle can also support the need for omnichannel and direct-to-consumer relationships that consumer goods companies increasingly require.
- As communications companies morph into digital services providers, they need a customer engagement platform that supports both omnichannel and the provisioning of bundled and new digital services.
- Omnichannel is also important in finance and insurance, particularly onboarding new customers and support for underwriting and claims, and agent networks.
- In hospitality, creation of more personalized customer experiences, especially when at a hotel, provides an opportunity for differentiation beyond the booking process.

The digital transformation agenda also requires consultative sales skills

Point solutions are arguably much easier to sell than platforms to support digital transformation. That has required a reskilling of Oracle's salespeople. The industry product teams, led by Aaron Shidler, VP of industry CX product strategy, have also invested in sales enablement support. This ranges from the simple elevator pitch to industry-specific guides, presentations, and solutions briefs. As enterprises realize the complexity and scope of omnichannel customer engagement, they will turn to vendors that can speak to the bigger picture and the level of organizational coherence required. Most enterprises will operate in heterogenous IT environments, but the ability to support a connected and intelligent digital enterprise positions Oracle well with organizations hoping to thrive in the increasingly volatile environments of today and tomorrow. Oracle has some worthy competitors, but its coherent vision, supported by deep industry expertise and a joined-up development approach, and its enterprise-wide breadth and industry depth are gaining advocates among its more forward-thinking customers.

Appendix

Further reading

A Customer-Adaptive Architectural Approach for Digital Business Transformation, INT001-000040, April 2018

"Oracle positions data as the fabric of modern CX," INT001-000051 (April 2018)

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We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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