

Oracle's CX Cloud Suite is a model for the next generation of service delivery platforms

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Ovum view

Summary

Oracle's ongoing strategy to transform itself into a cloud computing-centric business is finding clear purchase in the development of its customer experience applications. Investment in the CX Cloud platform has led to an industry-leading feature set, and enthusiasm among Oracle customers. This is good news for Oracle, and good for the service delivery industry, which has been struggling to adapt to an explosion of new tools and customer contact methodologies. Oracle's core argument – that it is time for enterprises to embrace suites instead of best-of-breed applications – is making headway. It also parallels the transition in contact centers from a channel-centric view of customer engagement to a data-driven, holistic view. Through judicious investment in integrations and acquisitions, Oracle has helped the marketplace understand the criticality of un-siloing the tools that orchestrate customer contact and the vast corpuses of data that propel those customer interactions.

Customer engagement means more than just contact centers

Businesses rarely operate their customer service organizations in isolation anymore. The contact center has evolved from a siloed arm of operations into a unit that needs to be more fully integrated with the rest of an enterprise. This shift, which has taken place at leading companies but remains in process for many more, necessitates a re-evaluation of the underlying software and hardware stack.

Two technology shifts in particular bear on this. First is the shift to the cloud, which is ubiquitous. But also of note is the pivot away from a telecom-centric view of customer engagement (focusing mainly on the voice channel) towards one that incorporates advanced business intelligence software to understand how customers can connect seamlessly via multiple channels of their own choice, and those connections can be influenced, leveraged, and monetized for the benefit of the enterprise.

Oracle's strategies in incrementally developing a suite of platforms for customer experience management have begun to bear fruit at exactly the right moment for them to take advantage of the convergence of those two shifts.

Ovum has previously described the Oracle CX Cloud as a major departure from the more traditional CRM suite offerings. It contains the table stakes: marketing, sales, and service; and then raises those stakes, with important back-office elements like configure, price, quote (CPQ) for B2B and B2C organizations; e-commerce; social relationship management; and marketplace support. The comprehensive customer engagement platform supports the entire customer journey across any and all channels of interaction.

The moment is ripe because the buyer for CX tools is changing, moving to stakeholders higher on the corporate ladder who have a greater degree of revenue responsibility to the organization.

Contact center buyers have traditionally built their service platforms out of an ad hoc collection of best-of-breed applications. Often those applications were purpose-built to support activities derived from voice contact. For example, analytics was used as a way to optimize agent performance. But with other organizational departments interested in the outcome of the customer experience, tools like analytics have to have broader scope. They need to be integrated with marketing apps, financial systems, back-office transaction and workload processing, and much more. Oracle's Cloud CX is well

positioned to capitalize on this shift, and the new breed of CX buyer is very familiar with the kind of integrated software suite Oracle is expert at building.

Suites prove popular among a changing buying community

At the recent Oracle Modern Customer Experience Analyst Summit, Oracle stressed the importance of integrating all of the component parts of its Cloud platforms and its CX tools. Part of this effort will take the form of a series of adapters that connect systems to effect processes in specific vertical industries. For example, the company identified CX and OSS/BSS integration for service provisioning and billing in telecom as one area of effort.

Also, Oracle will build unified models covering data usage, policy, user experience, and analytics that are targeted to vertical industry use. Four are currently available (high tech, industrial manufacturing, and auto; financial services; consumer goods; and communications) with eight more planned for next year (higher education, healthcare/life sciences, automotive, hospitality, insurance, media, utilities, and public sector).

In shifting from old-school CRM to a new model of suite-based CX, the company has also had to integrate numerous acquisitions, notably Responsys and Eloqua for marketing software; and RightNow, TOA, and InQuira for service. It is hard to envision making these continuous integrations in a premise environment. Oracle's transition to the cloud has allowed it to evolve its feature set and its market presence in a timely way, without many of the headaches and false starts that were common ten or fifteen years ago.

What this means is that the enterprise buyer can consider a longer-term outlook with the cloud than she might have had in a previous buying cycle. That seems counterintuitive, but in CX, many buyers have been wary of long-term commitments, especially for premise systems, because the channel landscape has been changing so rapidly. Paradoxically, a high-end cloud strategy allows a business to be future-proofed against new contact channels, emerging social media, shifting consumer preferences, and data analysis requirements.

Oracle's investment in acquisitions and R&D makes sense

Oracle's roadmap reflects continued technical investment in the CX platforms. Sales Cloud release 11 focuses on enhancing mobile features and partner relationship management, along with the aforementioned industry solutions. Service Cloud has also seen considerable attention, notably from the ongoing integration with newly acquired field service vendor TOA. Oracle has also developed new customer Community Self-Service, a peer-to-peer self-service platform that is tightly integrated with other Oracle Service Cloud components, as it is built on the same platform as the Customer Portal. The solution enables organizations to provide an easy-to-use self-service channel, while leveraging customer knowledge to improve service operations.

One notable new partnership is with Directly, which has created an on-demand solution to crowd-source and scale technical and customer support. Acting as an extension of the Service Cloud, Directly matches customers who have questions with experts who are part of a flexible network of on-demand talent developed from a company's own user base and community. This service allows enterprises to anoint "experts" from among their most qualified customers. Those experts are then empowered (via a mobile app and some innovative routing and scheduling software) to assist

customers with support problems. There is an incentive mechanism built in to allow quality answers (and quality experts) to surface more quickly.

This integration allows Oracle Service Cloud to retain control of the underlying knowledge management infrastructure, but also gives Oracle access to a new form of interaction routing or the ability to harness non-employees without having to build that itself. This kind of extensible service model is likely to become more common, as firms like Oracle partner (or buy) the best-of-breed apps and connect them to the cloud platforms quickly and efficiently.

It represents the ultimate separation of CRM into what now should be described as systems of record (SoR) and systems of engagement (SoE) – in this case, the CX Cloud functions as the canonical repository of customer data (and the platform for analyzing it), and external tools like Directly leverage the SoR to engage more effectively with customers.

Oracle appears committed to building a complete CX Cloud suite, both horizontally and vertically, via organic applications development (Sales Cloud, Commerce Cloud, Loyalty Cloud) and through best-of-breed acquisitions. This strategy appears to resonate with Oracle customers, who are increasingly taking advantage of hybrid strategies that allow for incremental cloud adoption (by application, by business function, or by business unit). In fact, approximately 30% of CX customers have bought or expanded into two or more functional areas (service, sales, marketing, commerce), while 10% of those customers currently utilize all pillars.

Appendix

Further reading

SWOT Assessment: OracleCX Cloud, IT0020-000186 (April 2016)

"Oracle reaching critical mass with SaaS business," IT0014-003101 (February 2016)

SWOT Assessment: Oracle Marketing Cloud, IT0020-000126 (June 2015)

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