Oracle advances its cloud story in higher education
Ovum view

Summary

Despite the historical reluctance of higher education institutions to adopt new technologies, the increasingly powerful need to innovate on a shrinking budget is turning the tide for cloud computing in the sector. The advantages that cloud computing can bring to an institution are far-reaching, and many vendors see where the higher education market is headed and are delivering their applications via an on-demand model. The approaches and strategies that these vendors are employing vary widely, and each approach carries a great deal of weight as they attempt to contend with the considerable resources necessary to transition to on-demand. Oracle continues to invest in and evolve its cloud strategy for higher education and other industries, with a growing commitment to configuring its horizontal solutions to meet industry-specific needs.

Despite slow adoption, the cloud discussion continues

The findings of Ovum's 2015/16 ICT Enterprise Insights survey show that a number of institutions have either outsourced the delivery of their systems or are using a cloud-based delivery model for many solution areas, which suggests cloud momentum is building in higher education. However, there are still a significant number of institutions that have deployed their applications on-premise. Historically, the reasons why institutions have been slow to adopt cloud-hosted services have included security, access to the information by third parties, and large existing investments in on-premise solutions. Although some of these reservations still exist, more institutions are recognizing the value of on-demand as an enabler of differentiation and for adding sophisticated technology solutions while keeping IT budgets relatively constant. Solutions such as student information systems (SIS) and learning management systems (LMS) are mission-critical, and institutions understand that if these systems fail while on-premise, the response time to students is severely compromised.

Although higher education continues to lag behind other industries when it comes to cloud computing, it is for the most part understood that cloud computing is the paradigm that will enable new services without requiring huge investments in hardware, software, and infrastructure. Hence, an increasing number of institutions are moving from contemplating cloud services to committing to cloud services.

SaaS on PaaS for the Oracle Student Cloud is a game changer

Oracle's education and research practice laid out its modern student strategy at the recent Oracle OpenWorld conference. The strategy is designed to help institutions obtain greater value from existing Oracle student applications via its software-as-a-service (SaaS) on platform-as-a-service (PaaS) offering. The benefit of combining SaaS with PaaS is the possibility to extend SaaS applications and add new functionality on a cloud platform, while still allowing frequent upgrades to the core application. Oracle is delivering a unified cloud platform for SaaS applications, enabling institutions to modernize the student experience through a practical path to new functionality and capabilities. The path includes giving institutions choice as to whether they want their applications on-premise, in the cloud, or on a hybrid model, and providing end-to-end support for all. In addition to Oracle's cloud strategy for higher education, overall the company sold more SaaS and PaaS, and grew faster – 82% last quarter – than any other cloud company last fiscal year. While Oracle's roadmap for the Student
Cloud did not include dates as to when all the modules would be available, it is undeniable that the company’s combination of expertise in both higher education and horizontal technology is a game changer for the industry. Several horizontal technology companies have created industry-specific business units, but not all have configured their horizontal solutions to meet industry-specific needs the way Oracle has.

### Understand where cloud works best

Institutions have different orientations to the cloud according to the solution area, and some solution areas will be more difficult to adapt than others. Institutions must therefore develop a strategy that investigates the costs and complexities of integrating cloud services into an institutional environment. Understanding how on-demand delivery models will both address the critical challenges they face and improve the quality of specific applications is important. Furthermore, institutions should investigate which applications may benefit from SaaS and hosted models in terms of reliability, agility, and time to value, and offer more frequent upgrades at a lower total cost of ownership (TCO) to provide a positive ROI in a given period. Security concerns must also be considered to ensure content and data will be safe.

Vendors must also prove to institutions that they can fully manage the service better than the institution could. Therefore, vendors must clearly explain the definition of cloud, engage their customers, and explain the business benefits it can bring to help institutions to move the discussion forward.

### Appendix

### Further reading

"Oracle is on a mission to enable innovation in the higher education industry," IT0008-000270 (April 2016)


### Author

Navneet Johal, Research Analyst, Education Technology

[navneet.johal@ovum.com](mailto:navneet.johal@ovum.com)

### Ovum Consulting

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](mailto:consulting@ovum.com).

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