2014 North American Managed Cloud Customer Value Leadership Award
Industry Challenges

As cloud solutions and technologies evolve, enterprises continue to show interest in how the cloud can help them achieve corporate goals. While the cloud promises previously unachievable results at attractive price points, complexity confounds resource-strapped IT departments and often drives them to seek outside assistance in managing cloud services. A wide variety of providers have been all too happy fill the gap, with everyone from traditional communications service providers to managed hosting providers to native cloud providers stepping in with managed cloud offers that provide greater oversight and assistance in terms of operating the enterprise customer’s cloud service.

Providers have come to a general consensus about what makes a cloud service “managed.” Most agree that providers bear the full responsibility for meeting performance metrics, and take proactive steps to ensure that metrics are met. But as cloud services evolve, the means by which these are met can vary greatly from provider to provider.

Major shifts have been afoot in which the enterprise IT department becomes more service-oriented, and automated service management is quickly becoming an integral part of cloud services. As such, providers have more tools at their disposal to help ensure that the customer’s operation and business goals are met. In this context, delivery of managed cloud services is shifting: routine monitoring and maintenance, as well as several management tasks, are able to be performed without human intervention.

Customer Value and Implementation Excellence of Oracle

Criterion 1: Total Customer Experience

Oracle works diligently to maximize the efficiency of each managed cloud customer’s Oracle environment by overlaying a variety of services—including deployment, monitoring, patching, security, and upgrade services—on top of the cloud infrastructure that hosts the customer’s Oracle applications. The result is an end-to-end, integrated service that addresses the entire cloud stack, from infrastructure through workload, in which Oracle manages services from applications to disk as well as complete data center operations. Oracle has spent the last three years engineering its cloud automation platform, which also assists with routine environment management based on pre-defined policies in order to provide customers with maximum efficiency in their Oracle IT environment. The company reports that it is now working on business technology management in a hybrid environment, affording customers maximum choice with regard to where their Oracle applications are housed.

Oracle Managed Cloud Services stands out for their dedication to customers’ business needs and goals. Standard governance is provided by Oracle service delivery managers, who meet with the customer regularly to discuss customer satisfaction and the customer's
changing needs. This enables Oracle to proactively recommend new processes or services that will help meet the customer’s goals.

While other providers offer some customization of their managed cloud performance metrics or SLAs, few offer the high degree of customer focus or customization of processes or services that are tailored to help customers meet dynamic business goals. Competitors may guarantee higher SLAs in exchange for greater control over the environment that they are managing, but the service levels are basic infrastructure availability guarantees. Others offer general SLA levels that customers can choose from, but they are not customizable based on the customer’s unique needs.

**Criterion 2: Ownership Experience**

Oracle managed cloud customers are afforded special benefits when choosing the Oracle managed cloud. In addition to the high-quality, custom-configured infrastructure in which to run their Oracle applications, managed cloud customers receive early patch releases, enhanced issue resolution, and the opportunity to impact the managed cloud development roadmap. They also have access to additional business services, including:

- Assessment and pre-production services
- Migration
- Upgrade assistance
- Help desk
- CEMLI services
- Environment integration
- Security
- Governance and compliance.

Competitors of Oracle do not report giving opportunities for customers to provide product roadmap input or feedback, or that their customers receive early or additional services based solely on their status as managed cloud customers.

**Criterion 3: Service Experience**

As a whole, Oracle Managed Cloud Services are engineered to handle massive transaction details in a highly secure manner. The company runs approximately 1.25 trillion business transactions per day and peak database transactions are over 5.3 billion per hour. Customers also receive migration services that aid in managing the move to its cloud for
new customers, and advanced analytics that enable predictive incident identification and management. Oracle Managed Cloud Services provides many security certifications to managed cloud customers, including PCI, HIPAA, Government, Identity Management and 21 DFR Part 11. The company also recently announced that it has been granted provisional authority to operate by FedRAMP for government deployments.

Oracle Managed Cloud Services operates 12 data centers on four continents in which managed cloud services can be hosted. The company can also remotely manage systems that are hosted on a customer's premises, or in a third-party cloud facility. This offers customers greater choice to deploy cloud in the manner most comfortable to them, while still gaining the benefit of Oracle’s management of the service.

While other providers offer high-quality data centers and security and compliance certifications, few offer such certifications on environments processing the immense amounts of data that Oracle processes in its infrastructure on a daily basis.

**Criterion 4: Vision Alignment**

Oracle has a clear vision not only for its own product roadmap, but for where the cloud in general is heading within the enterprise.

For the last three years, the company has spent significant time and dollars engineering an automation platform that leverages the latest advances in cloud orchestration to help manage more of customers’ cloud environments automatically, thus offering greater speed, responsiveness, and accuracy than manual processes. Additionally, the company recognizes the importance of hybrid configurations in the future of cloud computing. The company is aligned on a hybrid cloud vision and is currently developing business technology management services that can be delivered within a hybrid environment. It is also in the process of creating a cloud brokerage environment in which Oracle can provide third-party services through its own platform to managed cloud customers.

Most of Oracle’s competitors also recognize the importance of hybrid environments and strong orchestration, but are not yet fully delivering on integrated hybrid cloud management.

**Criterion 5: Process Design**

Oracle’s managed cloud services have two specific types of processes employed within the offer: automated and manual. Oracle has invested significant energy in engineering its cloud automation platform, which administers routine environment management. At the outset of any engagement, Oracle sets pre-defined policies that will help the Oracle environment behave in set ways, based on each customer's unique needs. The platform then carries out these pre-defined processes automatically, ensuring that policies are handled consistently and that customers receive consistently high quality transactions.
The platform also limits mistakes that can occur through manual implementation of routine management processes, also helping to ensure a high-quality experience with the managed cloud environment.

Oracle also employs some manual processes as part of its standard governance process. These processes are handled by a service delivery team that is trained to provide reliable cloud services that are manually delivered and easily customizable to ensure that they meet customers' dynamic business needs. The service delivery team meets weekly with customers also, to be able to proactively fine tune existing processes or recommend new ones that will best help meet customer needs.

Oracle’s competitors offer less flexibility or less automation in their managed services. Some offer an orchestration layer that is strong but not as customizable to meet each customer’s needs as the Oracle offering. Other competitors take a more traditional role in the managed cloud, administering the environment through their own processes and without the assistance of a next-generation orchestration layer. Oracle combines the best of automation and personalization, designing a suite of processes that help manage the basics of the cloud environment automatically, with manual assistance that can be more frequently tweaked to help meet new or changing business needs.

Criterion 6: Operational Efficiency

Oracle has engineered its managed cloud services for maximum operational efficiency, combining the right balance of automated, intelligent, pre-defined policies with processes that are carried out manually in a more dynamic, customized manner by a specially trained service delivery team. Combining cloud automation with dynamic, manual processes helps Oracle to ensure maximum efficiency for every managed cloud customer’s Oracle environment. Service delivery teams meet regularly with managed cloud customers to discuss satisfaction and changing needs, allowing Oracle to proactively adjust the infrastructure operations in order to ensure that it will meet the business’s needs at all times.

Oracle also offers a self-service mobile application that allows customers to drill down on data about their service and infrastructure as well as system usage and business transaction processing, allowing the customer visibility into operational processes so that they too can monitor operational health of services and systems. Oracle’s Managed Cloud Services are unusual in the degree to which they rely on a shared approach to business process optimization and enhancement. After customers share their business needs and goals with Oracle, the company designs the optimal infrastructure, platforms, and applications to meet the customer’s needs. It then codifies the configuration and processes as the customer’s standard operating procedure.

While competitors work together with customers to ensure satisfaction, meetings are not as regular and processes for codifying operational efficiencies are not as clear with either
competitor. Oracle goes farther than competitors to share responsibility and ensure the managed cloud environment’s success.

**Conclusion**

As cloud computing continues to evolve, customers are moving from a workload-by-workload “test” of the cloud to viewing it more as a strategic IT delivery model. And yet, with the numerous service options, configurations and providers available, complexity drives many businesses to seek out the expertise of a trusted advisor to help them devise and deploy a cloud strategy, and to manage it moving forward. Oracle’s suite of managed cloud services offers customers a highly secure and reliable yet dynamic infrastructure that addresses the entire cloud stack and can easily be evolved to meet business needs at the time of deployment and into the future. The service’s balance between automated orchestration and manual process refinement offers customers a unique environment in which to deploy their Oracle applications and workloads. Oracle’s customer focus is unmatched in the managed cloud market and for this reason Frost & Sullivan is pleased to acknowledge them as leading the market in customer value leadership for managed cloud services in North America.
Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. In a sense, then, everything is truly about the customer—and making those customers happy is the cornerstone of any long-term successful growth strategy. To achieve these dual goals (customer engagement and growth), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, differentiating from the competition. This three-fold approach to delivering customer value is explored further below.
Understanding the Total Customer Experience

As discussed on the previous page, demand forecasting, branding, and differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Best-practice organizations therefore commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase.

During the buying cycle, successful companies identify prospects, engage them through resonant communications, and manage to a successful close through superior service and targeted incentives to buy. Once the purchase is complete, customer-focused organizations continue to nurture relationships with ongoing service, transparency, and integrity. In this way, they build a loyal customer base with low attrition rates and high lifetime value. This ongoing, cyclical dynamic is further illustrated below.
Frost & Sullivan’s Global Research Platform

Frost & Sullivan maintains more than 50 years in business and is a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company’s research philosophy originates with the CEO’s 360 Degree Perspective, a holistic research methodology that encourages us to consider growth challenges, and the solutions companies employ to solve them, from every angle. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the results of our research in customer value leadership, Frost & Sullivan is proud to present the 2014 North American Customer Value Leadership Award in Managed Cloud Computing to Oracle.

Decision Support Scorecard and Matrix

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard and Matrix. This analytical tool compares companies’ performance relative to each other. It features criteria unique to each award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. This tool allows our research and consulting teams to objectively analyze performance, according to each criterion, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.
Best Practice Award Analysis for Oracle

Finally, to remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Company 2 and Company 3.

DEcision Support Scorecard for Customer Value Leadership Award (Illustrative): Customer Value Excellence

<table>
<thead>
<tr>
<th>Customer Value Excellence</th>
<th>Total Customer Experience</th>
<th>Product/Service Value</th>
<th>Purchase Experience</th>
<th>Ownership Experience</th>
<th>Service Experience</th>
<th>Weighted Rating</th>
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</thead>
<tbody>
<tr>
<td>Relative Weight (%)</td>
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<tr>
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<td>6.2</td>
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</tbody>
</table>

Criterion 1: Total Customer Experience
Requirement: Customers receive exceptional impression at every stage of the purchase cycle

Criterion 2: Product/Service Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

Criterion 3: Purchase Experience
Requirement: It is as simple for salespeople to sell the product or service as it is for the customer to buy the product or service

Criterion 4: Ownership Experience
Requirement: Customers are proud to own and use the company’s product or service

Criterion 5: Service Experience
Requirement: Customer service is accessible, fast, and stress-free
## DECISION SUPPORT SCORECARD FOR CUSTOMER VALUE LEADERSHIP AWARD (ILLUSTRATIVE): IMPLEMENTATION EXCELLENCE

<table>
<thead>
<tr>
<th>Measurement of 1–10 (1 = poor; 10 = excellent)</th>
<th>Award Criteria</th>
</tr>
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<tbody>
<tr>
<td>Implementation Excellence</td>
<td>Vision Alignment</td>
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<td>Relative Weight (%)</td>
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<tr>
<td>Company 2</td>
<td>8.0</td>
</tr>
<tr>
<td>Company 3</td>
<td>6.0</td>
</tr>
</tbody>
</table>

**Criterion 1: Vision Alignment**
Requirement: The executive team is aligned on the organization’s mission and vision.

**Criterion 2: Process Design**
Requirement: Processes support the efficient and consistent implementation of tactics designed to implement the strategy.

**Criterion 3: Operational Efficiency**
Requirement: Staff performs assigned tactics seamlessly, quickly, and to a high quality standard.

**Criterion 4: Technological Sophistication**
Requirements: Systems enable companywide transparency, communication, and efficiency.

**Criterion 5: Company Culture**
Requirement: The executive team sets the standard for commitment to customers, quality, and staff, which translates directly into front-line performance excellence.
Impact of Customer Value Leadership Award on Key Stakeholders

The Customer Value Leadership Award recognizes Oracle’s accomplishments in managed cloud computing. Unbiased, third-party recognition can help enhance credibility and brand value, thereby supporting Oracle’s standing in the market. By researching, ranking, and recognizing those who define excellence in their respective endeavors, Frost & Sullivan hopes to inspire and influence the following three constituencies:

**Investors**
Investors and shareholders always welcome impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is a highly credible way to showcase an organization worthy of investment.

**Customers**
Third-party validation can help assure prospective customers of a company’s value and reputation. It can also help lower the level of risk that a customer may feel in engaging for the first time with an organization.

**Employees**
This Award represents the creativity and dedication of Oracle’s executive team and employees. Such public recognition can boost morale and inspire your team to continue its pursuit of excellence in customer value leadership for Oracle.

About Frost & Sullivan
Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company’s Growth Partnership Service provides the CEO and the CEO’s Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit [http://www.frost.com](http://www.frost.com).