

An Oracle White Paper
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Charting Your Course with Oracle Applications



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TABLE OF CONTENTS

Executive Overview	4
Introduction: It's Time to Get Technology Right	4
Oracle's Applications Strategy: Complete, Open and Integrated	5
Complete	6
Open.....	6
Integrated	7
Charting Your Course with Oracle Applications: Strategic Recommendations	8
Recommendation #1: Upgrade to the Latest Release of Your Existing Applications	8
Recommendation #2: Optimize Your Applications Portfolio with Standards- Based Technologies	14
Recommendation #3: Extend the Value of Your Current Applications by Making Strategic Investments in Modular Solutions	18
Conclusion.....	21

Executive Overview

Business today has reached a critical inflection point. Organizations around the globe are taking a hard look at how the Great Recession of the past few years has changed the dynamics of their industries and the behavior of their customers. They are re-examining their business processes and operating models, and factoring into their strategic assumptions seismic shifts like the rebalancing of the global economy toward emerging markets, the massive popularity of social and mobile computing, the pervasive digitization of business and industry, and the need for sustainable business practices. With a renewed focus and sense of cautious optimism, they are charting a new course for the future, and looking to new software applications and deployment models to help them optimize their operations and differentiate their businesses going forward.

Enterprise software has also reached a critical inflection point, as organizations begin to embrace a new generation of applications that are service-oriented and standards-based, and able to be deployed elastically as needed by the business. If you're like many customers, you may be evaluating the impact of this inflection point on your Oracle Applications roadmap and technology investment strategies.

Whether you're considering a move to the latest release of your existing applications, making selective investments in next generation solutions, or considering new ways to deploy technology, this paper is for you. It describes recent advances in technology and how Oracle is investing in the future while providing customers with a secure path forward. It answers the questions we hear most often from customers, such as: Should I upgrade to the latest release? What can I do to get the most out of my existing investments? How do Oracle Fusion Applications fit into all this? And finally, you'll get practical advice and real examples of Oracle Applications customers who have adopted our strategic recommendations to maximize the value of their current investments, and minimize disruptions to the business as they transition to the next generation of Oracle Applications.

Introduction: It's Time to Get Technology Right

"Home Depot's Fix-It Lady: Chief Financial Officer Carol Tomé has a shot at CEO, if she can solve the retailer's technology problems." – Bloomberg Businessweek, January 2011¹

This headline sums up what many of us already know: getting technology right in 2011 is a critical success metric for executives and the organizations they run. For Home Depot's Tomé, that means investing heavily in mobile technologies to drive continued productivity and efficiency gains, while offering new mobile services to customers. Procter & Gamble is relying on wikis, blogs, and other enterprise social computing applications to foster greater collaboration and innovation across its 138,000+ geographically disbursed employees in 160 countries. Netflix CEO Reed Hastings is placing a big bet on cloud computing, redeploying almost all of the video distributor's customer-facing applications to the cloud so that his IT team can focus more on innovation and the customer experience.

¹ Burritt, Chris, "Home Depot's Fix-It Lady," *Bloomberg Businessweek*, January 17-23, 2011.

And then there's Nissan CEO Carlos Ghosn, who has wagered his company's entire future and its place in the automotive history books on his belief that consumers everywhere will embrace a pure electric vehicle to achieve sustainable mobility.

Clearly, applying technology for business advantage is now at the top of executive playbooks worldwide. Innovative companies are leveraging next-generation technologies to create disruptive business models and lucrative new markets that will ensure their success well into the future. Their IT organizations have standardized and consolidated non-essential enterprise business processes and adopted a more elastic approach to IT deployment that grows or contracts as the business changes, and accessed on demand. And their executives have identified which business processes are vital to their ability to innovate, and are selectively funding IT initiatives that help turn raw data into insights, support rapid experimentation in products and services, and create new customer interaction models using lightweight enterprise social computing applications like Twitter and Facebook.²

Helping customers successfully uptake these technology innovations with minimal disruption and maximum return on investment is at the heart of Oracle's complete, open and integrated applications strategy. In the sections that follow, we'll quickly review and update you on Oracle's continuing commitment to each of these design principles, and how they are shaping our applications product roadmaps and customer solutions. Then we'll discuss the top three strategies Oracle recommends that customers adopt when considering new technology purchases, from staying on current releases and investing in standards-based technologies, to adopting a co-existence strategy to selectively uptake Oracle's next-generation Fusion Applications.

Oracle's Applications Strategy: Complete, Open and Integrated

“Early on, we adopted a best-of-breed technology roadmap. And that's actually the great thing about Oracle when you're going best of breed: they own much of the best-of-breed applications.”
– John Hrudicka, Chief Financial Officer, Elkay Manufacturing³

Until recently, IT organizations had to make tough choices regarding which type of applications they would buy: the safe choice of Integrated ERP, with less functionality but more integration; or best-of-breed, because the best-in-class functionality was worth the cost of integration or because your industry required functionality that didn't exist in Integrated ERP. Oracle's applications strategy is designed to give customers like Elkay Manufacturing what they wanted from the start: best-of-breed applications, integrated for them.

For the past six years, Oracle's strategy of delivering complete, open, and integrated applications has informed how we acquire and integrate software companies into our existing applications portfolio, how

² Roberts, Roger, Hugo Sarrazin, and Johnson Sikes, “Reshaping IT management for turbulent times,” McKinsey on Business Technology, Number 21, Winter 2010.

³ Oracle CFO2CFO Video, A Conversation with Elkay CFO John Hrudicka, January 2011.

we design and build new applications such as our next-generation Oracle Fusion Applications, and how we support customer choice across the entire spectrum of our product and service offerings. In this section, we'll briefly examine how we're evolving Oracle's applications strategy within each design principle, then review our applications investment focus.

Complete

Since 2005, Oracle has invested \$20 billion in internal R&D and \$50 billion in 70+ acquisitions to create the industry's most comprehensive portfolio of best-in-class enterprise and industry-specific applications that all run on a complete stack of software and hardware.

In addition to Oracle's complete portfolio of cross-industry enterprise applications and technologies, we also offer specialized applications and technology features to meet the unique needs of specific industries—from healthcare to high-tech manufacturing. Because all Oracle applications are engineered to work together using Oracle's standards-based, commercially available Fusion Middleware, you no longer need to choose between integrating best-of-breed applications yourself, or going with less functionality in a traditional ERP suite.

Oracle's definition of complete applications also extends to customer choice, giving you the freedom to choose which solutions to implement, when to implement them, and how to implement them. Starting in 2005, Oracle put in place our Lifetime Support Policy to let customers drive their own upgrade strategy based on their business strategy. Under Oracle's Lifetime Support Policy, there are no forced upgrades. Rather, with Premier Support, customers receive five years of support for Oracle Applications from their general availability date; Extended Support, that provides an extra three years of support for specific Oracle releases; and Sustaining Support, which provides lifetime support and bug fixes for as long as you license your Oracle products.

Applications Unlimited is our commitment to ongoing enhancements to applications in your portfolio. Under the Applications Unlimited program, Oracle has delivered at least two new releases for every product line since 2006. Each product line has a general manager responsible for outlining the product roadmap and strategy, and dedicated development and support teams to ensure ongoing customer success. With these programs in place, customers recognize the value in our continued product investments and customer choice strategy. Today, 80 percent of our installed base has upgraded to the two most recent releases – three times better than our competitors' upgrade results.

Finally, we also define complete with Oracle's co-existence strategy, which is how we make applications work together so that you can select which applications in our portfolio meet your particular business requirements. Under our co-existence strategy, you can select CRM, HCM, SCM, or other solutions from the most recent releases of our existing application products, then move forward with confidence in complementary solutions, from EPM and GRC, to Oracle's industry-specific products or Fusion Applications.

Open

The second guiding principle of Oracle's applications strategy is our strong commitment to open standards. Standards are important, because they define how applications and their underlying technologies work and interoperate with each other. The alternative - proprietary technologies - don't

just lock you into a particular vendor and product; they also increase the upfront cost of introducing new systems, finding the right skill-sets, and integrating those systems into your existing environment. investments. Over time, the additional cost of each change, inevitable delays, and management worries can create a significant tax on what was once perceived as a quick win.

We're dedicated to delivering open, standards-based applications that enable customer choice, reduce risk, and enable you to differentiate your organization using the best technologies available from any source. Oracle's commitment to open standards is unrivalled in the industry, from our enthusiastic support of Java since its emergence as a development platform in 1995, to our strong support today for interoperable technologies such as Web services and XML. We currently have over 300 employees actively involved in 392 technical working groups, 66 administrative or policy committees, and 148 leadership positions across 93 standards setting organizations, such as OASIS and the Liberty Alliance. We also invest heavily in developing, testing, optimizing, supporting, and contributing to open source technologies such as Linux, PHP, Apache, Oracle Berkeley DB, Eclipse, and InnoDB. Through the Oracle Technology Network, we support some of the world's largest developer communities for Java and Service-Oriented Architecture (SOA).

Because all Oracle Applications are built on open industry and technology standards and architected to run on Oracle Fusion Middleware, they are ideal for heterogeneous computing environments, giving you the freedom to easily extend our products or integrate them with any third-party applications, without expensive code rewrites. Open standards also make application management easier and more cost-effective, and implementing third-party solutions or legacy systems becomes less complicated. Staff once dedicated to making your applications portfolio work together can be reassigned to activities you consider core to your success. And because Oracle Applications are standards-based, it's easier and more cost-effective to secure a qualified ecosystem of IT staff.

Integrated

The third guiding principle of Oracle's applications strategy is our commitment to helping customers reduce the cost and complexity of integrating applications, and ensure their interoperability across the enterprise. All Oracle applications come together on a complete applications platform using standards-based, commercially available Oracle Fusion Middleware, the number one middleware solution on the market. By leveraging this common infrastructure, Oracle is able to integrate its business applications, from the front-office to the shop floor, at levels you need to provide an end-to-end experience – including the user experience, business intelligence, business processes, and security and controls.

An integrated user experience, for example, increases employee productivity and satisfaction, while integrated business intelligence supports better decision-making, and integrated security and controls mitigate risks to the enterprise. As a result, you spend less time and money integrating and maintaining solutions, and more time and resources on those processes that drive competitive differentiation and value for your organization.

In this next section, we'll review the top three strategic recommendations Oracle makes to customers charting their applications roadmaps, and provide examples of customers that have successfully embraced each strategy to maximize the value of their existing applications investments, introduce technology-driven business innovation, and prepare for the future.

Charting Your Course with Oracle Applications: Strategic Recommendations

“For existing customers that own the Oracle Red Stack, Fusion represents the future. It means your investments can continue. It means that Oracle's investing their future in R&D. For customers that are acquired by Oracle, that have joined the Oracle family through other acquisitions, it's an opportunity to relook at Fusion in terms of what best-of-breed features you can keep and add to what you have and build upon Apps Unlimited. For those customers that aren't on Oracle today, you're really looking at a new set of applications, something that's different and something that gets built once in a 20-year lifetime.” – Ray Wang, Principal Analyst and CEO, Constellation Research

If you're like many customers, you're looking for guidance on how to best evaluate the numerous applications options available to you. With Oracle's September 2010 announcement about the upcoming availability of Fusion Applications, many customers want to know how our next-generation application offerings will impact their applications roadmap, what to consider when evaluating new releases of existing applications, and how the introduction of new technologies—and which ones—can provide business advantage and a return on investment.

In this section of the white paper, we'll describe the top three recommendations Oracle makes to customers evaluating their applications strategy. Our goal is to help you design and execute an applications roadmap that fits your unique situation, one that delivers ongoing value from your current investments in Oracle and third-party applications, and immediate new value from next-generation solutions such as Oracle Fusion Applications and Oracle Fusion Middleware tools and technologies.

Recommendation #1: Upgrade to the Latest Release of Your Existing Applications

Through the many customer advisory boards and user groups we engage with, Oracle has learned that customers are upgrading to the latest releases of Oracle Applications to get access to the latest release functionality, improve end user productivity, retire customizations with new functionality, and reduce their total cost of ownership. Staying current on the latest release also ensures that Oracle customers gain the flexibility of being on a more direct path to Oracle Fusion Applications, should that be a consideration.

In Oracle's experience, companies that keep current on their applications upgrades are more competitive, and our installed base clearly agrees with that strategy. Today, over 80 percent of Oracle's applications installed base now runs on the two most recent releases.⁴

⁴ Percentage reflects a weighted average of customers on the latest releases of Oracle EBS, PeopleSoft Enterprise, JDE, Siebel, Agile, PLM for Process, Engineering Data Management, Oracle Transportation Management, and Demantra.

Continued Releases

					Fusion V1.x
					Hyperion EPM 11.x
					E-Business Suite 12.x
			E-Business Suite 12.1	Fusion V1	PeopleSoft Enterprise 9.x
		Hyperion EPM 11.1.1	PeopleSoft Enterprise 9.1	E-Business Suite 12.1.3	JD Edwards World A9.x
		JD Edwards E1 9.0	JD Edwards World A9.2	Agile PLM 9.3.1	JD Edwards E1 9.x
	E-Business Suite 12	Demantra 7.2	Demantra 7.3 OTM 6.0	GTM 6.1 OTM 6.1	Demantra 7.x GTM/OTM 6.x
	PeopleSoft Enterprise 9.0	Agile PLM 9.2.2.4	Agile PLM 9.3	Hyperion EPM 11.1.2	Agile PLM 9.x
	JD Edwards World A9.1	Agile PLM for Process 5.2	Agile PLM for Process 6	Siebel CRM 8.2 for Pub Sec	Agile PLM for Process 6.x
JD Edwards E1 8.12	Siebel CRM 8.0	CRM On Demand 15	Siebel CRM 8.1.1	CRM On Demand 18	Siebel CRM 8.x
CRM On Demand 12	CRM On Demand 13	CRM On Demand 14	CRM On Demand 16	CRM On Demand 17	CRM On Demand 19/20
CY2006	CY2007	CY2008	CY2009	CY2010	CY2011+

Table 1. Recent Oracle Applications Releases

Oracle has designed the latest releases of our existing applications and new Fusion Applications to help you take advantage of new functionality and technical advances in Oracle Fusion Middleware available today. Oracle E-Business Suite Release 12.1, for example, helps companies achieve rapid value by offering both stand-alone and industry-specific solutions that complement existing Oracle E-Business Suite 11i and Release 12 environments. PeopleSoft Talent Management 9.1 allows PeopleSoft HCM customers to take advantage of new business process enhancements on that module while retaining their existing HCM implementation.

Following are some of the new functionality and technical advancements you'll find in both the current releases of Oracle Applications and new Fusion Applications, all designed to increase the productivity, adaptability, and manageability of your enterprise.

- **Service-Oriented Architecture:** The latest releases offer standards-based integration capabilities and a services library, as well as pre-built integrations with other applications in Oracle's portfolio to eliminate hard-coded point-to-point integrations between business systems that reduce business agility
- **End user adoption support:** The latest releases leverage Oracle User Productivity Kit (UPK) with pre-built content that accelerates user adoption, mitigates project risks, and ensures that users are productive from day one

- Enterprise Social Computing Applications (Web 2.0): The new releases continue to add enterprise social computing elements and user interface enhancements, to enhance worker productivity and collaboration
- Common Intelligence: The latest releases work with the common BI platform and pre-packaged analytics found in Oracle Business Intelligence, to provide a unified approach to reporting and rich, accurate and timely information to decision makers

Customers using Oracle Applications from across the portfolio are achieving incremental technology and business value by moving to the latest releases. While extensive documentation on the latest advances in each release can be found on www.oracle.com, the following section reviews the key innovations in each major product family, and how customers are using those releases to gain competitive advantages.

Oracle E-Business Suite

“The move to Oracle E-Business Suite Release 12.1.2 was the most positive Oracle upgrade that we have ever done. Our environment is challenging because we use more than 30 modules, and the fact that we were able to upgrade with little to no impact to users was remarkable.” – Michael Beamer, Global IT Applications Director, National Instruments Corporation⁵

Oracle E-Business Suite (EBS) Release 12.1 includes 16 new products, 575 new features, and over 60 new and enhanced Oracle Business Accelerator flows. The most exciting thing for Oracle is the rapid pace of adoption of the latest releases: 93% of customers are on the two most recent Oracle EBS releases. So, if you’re still on Oracle EBS 11i, you don’t have to worry about being an early adopter at this point.

Two new updates to EBS Release 12.1 have already been delivered, providing substantial advances in field service, supplier management and procurement, and warehouse management. We also worked with customers on prioritized roadmaps for specific industries, such as engineering and construction capabilities, and a new contract lifecycle management capability targeted at the public sector. The EBS product management team is already working on Release 12.2, which will deliver new functionality such as the latest available database technology to minimize patching downtimes, and more pre-built integrations

National Instruments Corporation upgraded to Oracle EBS Release 12.1.2 to keep its business applications moving forward with its rapid growth. The Texas-based company provides open graphical programming software and hardware to tens of thousands of customers around the globe. National

⁵ Oracle Customer Success Story, “National Instruments Corporation Upgrades Business Applications to Support Continued Growth”, 2011.

Instruments needed to upgrade its key business processes to quickly process, build, ship and bill a wide range of customers in diverse industries, from medical devices to next-generation gaming systems.

With the upgrade to EBS Release 12.1.2, National Instruments received a number of benefits, from streamlined purchase orders and expense approvals, to greater flexibility in how the finance organization collects and updates local, state, national and global taxes. Engineers benefit from being able to enter their time and bill it to specific projects, while managers are saving time in key processes such as time card approvals and creation of customized quotes for the 200,000+ software and hardware-configured orders the company handles annually.

PeopleSoft Enterprise

“Ernest Health is focused on providing the best possible experience and care for our patients and that requires managing a very dynamic workforce. The primary reason we chose to go with PeopleSoft 9.1 centers around new functionality. Overall, we are anticipating benefits such as increased flexibility and overall organizational effectiveness as a part of the upgrade to PeopleSoft 9.1.” – Coe Schlicher, Chief Financial Officer, Ernest Health⁶

PeopleSoft 9.1 is the third release since the PeopleSoft acquisition in 2005 and the largest PeopleSoft release in more than a decade, with 21 new solutions, 1,350 new features, 300 new web services, 28,000 web pages, and 200 industry-specific enhancements. Succession Planning, Career Planning, Integrated Talent Management, and Workforce Communications are just some of the 21 new solutions designed to help increase the effectiveness of the workforce, drive higher organizational productivity, and help customers get more value from their current investments in PeopleSoft applications. Since its launch in the fall of 2009, over 1,000 customers have upgraded to PeopleSoft 9.1 to take advantage its intuitive, Web 2.0 user experience and embedded analytics; new industry and global capabilities; and lower total cost of ownership through an enterprise manager pack, enhanced web services, and packaged integrations.

Ernest Health, an owner and operator of acute inpatient rehabilitation and long-term acute care hospitals, concurrently upgraded to Oracle's PeopleSoft Enterprise 9.1 for HR and Financial Management to help improve processes and sustain future growth. With 2,500 employees, hundreds of job codes, and dozens of benefits plans across its network of regional hospitals, Ernest Health realized there was an opportunity with the upgrade to PeopleSoft 9.1 to streamline the manual processes involved with managing employee data.

Completed six weeks early and 30 percent under budget, the HR transformation included new implementations of Position Management, Benefits Administration, eBenefits and Profile Management. The upgrade to PeopleSoft Financial Management 9.1 was completed on time and included General Ledger, Accounts Payable, Asset Management, Cash Management and Purchasing. Ernest Health also upgraded its Oracle PeopleSoft Enterprise PeopleTools technology to PeopleTools 8.50 to improve performance with partial page refresh, modal lookups, prompts and grid enhancements.

⁶ Oracle Press Release, “Ernest Health Upgrades to Oracle’s PeopleSoft Enterprise 9.1 and PeopleTools 8.50 to Support Fast Growth”, January 5, 2011.

By upgrading to the latest versions of PeopleSoft Enterprise Human Capital Management (HCM), PeopleSoft Enterprise Financial Management, and PeopleSoft Enterprise PeopleTools 8.50, Ernest Health has been able to simplify its current operations while supporting its technology vision and roadmap. Future plans include regular upgrades to the newest versions of PeopleSoft to take advantage of updated functionality and modules, with a focus on new investments in talent acquisition, performance management and self-service.

In addition to PeopleSoft 9.1, Oracle is delivering two Feature Packs on top of 9.1, one which includes a company directory and the other a test automation tool specifically for PeopleSoft. Feature Packs are common to all product lines and a way to deliver new functionality without requiring customers to upgrade. In addition, we are working on our next release, PeopleSoft 9.2.

Siebel Customer Relationship Management

“In a recent survey, 84% of users said performance was ‘faster’ or ‘much faster.’ Plus, our sales and support staff have new tools to improve productivity and customer service, which ultimately drives customer retention and revenue.” – Rob Moore, Director, Verizon Business⁷

Over 60 percent of Siebel customers have upgraded to Releases 8.0 and 8.1, to obtain new features and functionality and dramatically lower their total cost of ownership. A number of significant number of administration capabilities were added to the Siebel 8.x platform to lower its total cost of ownership, which in and of itself is a compelling reason to upgrade. For example, if you were to move from your Siebel 7.x platform to a Siebel 8.x platform and did nothing other than simply upgrade, the cost of administration would drop from \$1.00 in Siebel 7.0 to about \$0.48 in Siebel 8.0.

Oracle has delivered four new releases of Siebel CRM since 2006, the most recent being Siebel CRM 8.2 for Public Sector. Siebel CRM 8.1 is designed to offer industry-specific solutions for self-service and complete customer loyalty management that enables cost-efficiency through the use of open standards technology. With enhanced user interfaces and new sales forecasting capabilities, organizations are empowered with the tools necessary for driving revenue streams. Launched in 2010, Siebel CRM Public Sector 8.2 includes new features for automated eligibility determination, benefits management, appeals, service providers and child welfare assessments.

Verizon Business improved its system performance by 35 percent when it upgraded to Siebel CRM 8.0. The unit of Verizon Communications services 250,000 large and midsize business customers, providing them with communications, IT, security, and network solutions. Verizon Business worked with Accenture to upgrade its Siebel platform to Release 8.0, to provide its 15,000 internal users with new sales and support tools and an easy-to-use interface that improved user satisfaction by 84 percent. Key customer-facing processes were accelerated by up to 12 hours, a critical boost for a system that processes about 120 quote, 104 contracts, and 340 opportunities daily. As a result of the upgrade and

⁷ Oracle Customer Snapshot, “Verizon Business Delivers New Sales and Support Tools and Improves System Performance by 35%”, 2010.

system consolidation, Verizon expects to lower total support costs and achieve long-term costs savings by reducing customizations.

Oracle continues to build out capabilities across the entire Siebel 8.x platform and will deliver them through Innovation Packs, so that you can take advantage of incremental capabilities quickly. Oracle is also committed to delivering very robust releases within our Siebel CRM On Demand product portfolio. We announced Release 18 for CRM OnDemand in the fall of 2010, and plan to announce CRM On Demand Release 19 in the near future.

JD Edwards Products

“When Maxco was looking at the JD Edwards World 9.2 upgrade, we found a lot of things to like. In 9.2 there is BI publisher, electronic document distribution – some of those things are a little farther out for us, but we are in a position to take advantage of them now. We did the 9.1 to 9.2 upgrade in essentially one week. Very clean, very painless – it was a fabulous upgrade.” – David Bryant, Vice President and Chief Financial Officer, Maxco⁸

Over one-third of customers are on the latest release of JD Edwards EnterpriseOne 9.0. This release includes two new products and over 500 hundred industry-specific and core business features. Similar to the investments we’ve made in other product lines, JD Edwards EnterpriseOne 9.0 has an enhanced user interface, a number of packaged integrations to Oracle Applications and more business intelligence applications.

Oracle has also resumed investing in the World product line, which PeopleSoft had stopped when they acquired JD Edwards. World A9.2 has hundreds of new core business features and industry-specific capabilities for Manufacturing & Distribution. JD Edwards World continues to leverage Oracle tools such as AIA enablers, business intelligence, and BI Publisher for reporting. Packaging manufacturer Maxco, for example, is using World A9.2 to take advantage of new, key manufacturing and distribution enhancements such as Work Orderless Processing, work order ledger, batch ship confirm, Oracle BI Publisher, and improved document distribution.

JD Edwards World A9.2 also includes User Productivity Kit (UPK) content for training, to help make users productive on new releases from day one. With pre-built UPK content, users can see the functionality, learn about it, try it, and even run tests to see how well they have learned the functionality. This is particularly helpful for JDEdwards customers that are moving from an older, green screen World release to a modern, internet application like EnterpriseOne.

Complementary Product Lines

⁸ Oracle Customer Video, “Manufacturing Company Takes Advantage Of Down Economic Time And Upgrades To A9.2”

In addition to Oracle E-Business Suite, PeopleSoft, Siebel and JD Edwards, Oracle continues to invest across the portfolio of Oracle Applications including CRM On Demand, Hyperion, Agile PLM, Oracle Transportation Management (OTM), Global Trade Management (GTM), and Demantra. These are essentially Oracle's first co-existence solutions that integrate with and build business value around the edges of the larger application suites. If you consider that 86% of Agile PLM customers, 91% of Demantra customers, and 98% of OTM/GTM customers are on the latest two releases, it's clear that these customers also see the value in upgrading to these most recent Oracle applications releases.

Recommendation #2: Optimize Your Applications Portfolio with Standards-Based Technologies

According to McKinsey's Business Technology Group, IT complexity and fragmentation are increasing as organizations move beyond an ERP-centric transaction processing model, to a more flexible IT model that enables business user interactions and collaboration using Web 2.0 applications, new mobile devices, and new delivery mechanisms like cloud computing and software-as-a-service (SaaS).⁹

Organizations best poised to avoid increased IT complexity going forward are those that have replaced their rigid, labor-intensive legacy systems with flexible, service-enabled IT environments that allow application components to be deployed as needed by the business, and accessed on demand. Because a service-based architecture is based on open standards, companies can quickly uptake the latest technology advances - from business process management and Web 2.0 tools, to predictive analytics - to adapt business processes quickly and easily in response to shifting corporate priorities.

The service-oriented approach and standards-based business process management functionality found in Oracle Fusion Middleware allows customers to quickly and cost-effectively optimize and extend their current applications portfolio, using the same technologies that form the foundation for Oracle Fusion Applications, including:

- Standards-based process integration, designed to eliminate hard-coded point-to-point integrations between business systems that reduce business agility;
- Hot-pluggable business services, designed to deliver immediate value and help you differentiate your business
- A unified user experience, designed to replace the clunky user interfaces that limit worker productivity and collaboration
- Integrated business intelligence, to provide rich, accurate and timely information to decision makers within the context of their daily activities

⁹ Sarrazin, Hugo, "Leveraging IT in the New Normal," speech given at Oracle CFO Summit, April 8, 2010

- Integrated security and controls, to enable centralized management of security and access controls
- Integrated infrastructure and application management systems, designed to replace today's ineffective management tools that impact downtime, hinder user performance, and increase security and compliance risks.

The latest releases of Oracle Applications are all certified with Oracle Fusion Middleware 11g and therefore can support XML messages and a SOA-based integration infrastructure. Oracle is also investing in the delivery of pre-built content, methodologies, and integration accelerators with Oracle Application Integration Architecture (AIA). Pre-built AIA content includes business objects and services for more than a dozen common business processes, best practice methodologies, reference process models, and pre-built integration accelerators. Oracle AIA is the jump-start kit for building sustainable business process level integration spanning across multiple applications.

Our strategy to build out comprehensive integration solutions for customers was recognized by Forrester Research, which in Q42010 ranked Oracle as a Leader with very strong scores in architecture, integration server, application development framework, and business process management.¹⁰ Customers can use these tools to build their own integrations with Oracle and non-Oracle applications, and create a common architecture for faster integrations, business process improvement support, and easier maintenance.

Standards-based Process Integration

“Our real estate reports project is proof that service-oriented architecture (SOA) is not just lip service from Oracle. It works, and it helped us achieve ROI in just two months by automating a manual process that dates back to the beginning of the real estate services industry.” – John Chung, Vice President, Information Technology, Arcturus Realty¹¹

When Arcturus Realty Corporation needed to automate a critical real estate reporting process to support fulfillment of its service-level agreements with clients, the company didn't need to waste time or money upgrading its entire IT infrastructure. Rather, Arcturus Realty leveraged Oracle Fusion Middleware to quickly uptake the new JD Edwards EnterpriseOne Financial Management 8.12 module, in order to automate its mission-critical real estate reporting process. Using a SOA-based integration process enabled Arcturus Realty to reduce report cycle times by 40 percent, and achieve a return on its investment in just two months.

¹⁰ Forrester Wave Comprehensive Integration Solutions, Q42010, p. 13.

¹¹ Oracle Customer Snapshot, “Arcturus Realty Corporation Automates Real Estate Reporting Process and Achieves ROI in Two Months”, 2008.

In addition to receiving immediate benefits from process improvements, another reason to upgrade to the latest releases is because Oracle's standards-based technologies allow you to build sustainable extensions that are upgrade-friendly and reusable, whether they are integrations, composite applications, or enterprise intelligence. In addition to building standards-based IT skill sets for the future, you can re-use these technologies if and when you move to Fusion Applications.

Integrated User Experience

"Joining up our staff's end-user experience allows them to work more efficiently – and provide our customers with responsive service and a more rewarding experience in their dealings with BT." – Paul Kilkelly, Head of the Web Realization Program, BT Group plc¹²

Improving workforce productivity has been at the top of CIOs' wish lists for the past two years. Oracle WebCenter Suite 11g is designed to do just that, providing a single enterprise portal platform that can be used to create any type of custom portal, composite application, team space, or dashboard. Oracle WebCenter 11g's support for open standards makes it easy to integrate enterprise applications, business processes, structured and unstructured content, communication, social computing services and business intelligence from any source, without having to worry about changes to the underlying applications or data sources.

Oracle WebCenter Suite 11g also allows you integrate social computing services — such as tagging, RSS feeds, wikis, blogs, social networking, discussions, instant messaging, and presence – using the same portal platform. Now customers can create collaborative work environments that connect people and content together, no matter where they're located.

At British Telecom, workers are getting a productivity boost using my.bt.com, an innovative enterprise portal created with Oracle WebCenter Suite to deliver a collaborative community experience and a composite set of service-enabled applications. With my.bt.com, over 18,000 BT employees now have a single point of access into BT applications, from companywide social networking to job specific tools such as call center status trackers. Using Oracle WebCenter has given thousands of BT employees the freedom to establish alternative working arrangements, making remote employees more productive and saving BT money in the process.

Integrated Business Intelligence

"Most other companies have distinct BI implementations in different pockets of the enterprise or business functions. Our eBI solution springs from one unified framework for the whole enterprise. We're leveraging the power of integrated data and analytics to cross-pollinate ideas among the workforce. I have been involved with many large-scale functional BI successes in other large enterprises, but they

¹² Oracle Customer Case Study, "BT Group plc Enables Seamless Employee Collaboration across Technology Boundaries", June 2009.

are dwarfed by the scope of this implementation.” – Dongyan Wang, Senior Director, Enterprise Solution Group, NetApp¹³

The ability for business leaders to make rapid decisions has become even more important in the current business environment. However, the increasing complexity and heterogeneity of IT systems makes it difficult to have insight into the business and customers. Oracle Business Intelligence provides a common platform for a single, integrated view of enterprise information across Oracle and non-Oracle sources. Packaged BI Applications deliver dashboards, reports and alerts for a wide range of business functions and roles. In addition, pre-built integrations with Oracle Applications allow users to drill-down or across to the underlying transactional information.

Storage and data management solutions provider NetApp selected Oracle Business Intelligence Enterprise Edition 11g to supply insight to people in sales, finance, shipping, and other areas of the company. NetApp’s BI architecture combines source data from Oracle systems, including Oracle’s Siebel and PeopleSoft applications; SAP; and several home grown systems. People throughout the company—from executives to sales reps, analysts, production managers, and many other business users—obtain one consistent view of the data and metrics derived from these information systems.

Today NetApp uses Oracle Business Intelligence Enterprise Edition 11g, in conjunction with Oracle Portal, Oracle Content Manager, and other enterprise applications other Oracle Fusion Middleware products, to create a unified BI architecture that helps almost all business functions operate more efficiently. The finance department can now monitor every aspect of revenue management, invoices, and orders, while sales has insight into the complete sales process lifecycle, from forecasts, pipelines, quotes, bookings, and win/loss statistics, to commissions. NetApp’s HR department gets insight into employee demographics and movement, while manufacturing can manage shipment and demand-planning activities.

Integrated Security and Controls

Managing security across different applications and systems is an ongoing challenge for many companies. To overcome these challenges, Oracle Identity Management 11g delivers “Service-Oriented Security” architecture - a revolutionary approach that drastically simplifies application security by making identity functions available as discrete web services. This enables centralized security infrastructure to be woven into applications instead of being bolted on, resulting in faster development lifecycles, better IT agility, and dramatically lower integration costs.

According to a Forrester Research study of Oracle Identity Management, automated provisioning delivers an ROI of over 200% within six months.¹⁴ Oracle Identity Management also improves security

¹³ Baum, David, “Intelligence in Action”, *Oracle Magazine*, November-December 2010.

¹⁴ North, Jeffrey, “The Total Economic Impact of Oracle Identity Management, Forrester Research, October 2008.

by providing central management of policies through access control and user provisioning functionality. Finally, Identity Management enhances compliance and privacy with segregation of duties, central enforcement of privacy policies, and aggregated audit for an enterprise view of security activity.

Oracle Identity Management 11g has also been designed to address security issues around the cloud, by externalizing and centralizing critical security processes, including authentication, authorization, user administration, role management, identity virtualization and governance, entitlement management, and audit and control. Oracle Identity Management 11g also addresses security concerns with public clouds by providing comprehensive identity administration, open standards federation support, and rapid partner integrations.

These are just some of the reasons why Oracle recommends that Oracle Applications customers start leveraging Oracle Identity and Access Management as they chart their applications roadmaps. Customers can start the process of externalizing and centralizing their security today with Oracle Identity and Access Management, and be ready for Oracle Fusion Applications.

Integrated Infrastructure and Application Management

Oracle offers a single framework for managing everything from application to disk across the complete management lifecycle, from application performance management, configuration management, service level management, and event management, to diagnostics, patching, and provisioning. Oracle Enterprise Manager provides a single view of applications and infrastructure with service and system dashboards, so that IT administrators and business managers can stay connected at all times. It enables customers to proactively monitor the health of all application processes and components, ensuring business continuity. Enterprise Manager also tracks hundreds of out-of-the-box configuration metrics, making it possible to diagnose and fix problems quickly. The result is superior performance and end-user experiences, at a lower total cost of ownership.

General Electric (GE) Infrastructure uses Oracle Enterprise Manager's Application Management Pack to manage its global Oracle E-Business Suite environment, which in turn spans 17 production instances and more than 200 development, upgrade, and performance environments. Implementing Oracle Application Management Pack for Oracle E-Business Suite has enabled GE Infrastructure to serve its customers 84% faster with cloned instance availability, while saving US\$200,000 annually in operations costs because of a 75% reduction in resources required.

Recommendation #3: Extend the Value of Your Current Applications by Making Strategic Investments in Modular Solutions

“Co-existence is, in fact, the way that IT has to run. We have to be able to keep what we want to keep today and use it for as long as we want to use it, and yet give the new capabilities to the business to be competitive.” – Michael Fauscette, Group Vice President, Software Business Solutions, IDC

Our third strategic recommendation is to adopt a co-existence strategy to uptake Oracle's newer applications offerings that are designed to create strategic value around your existing investments. Oracle's co-existence strategy is part of our commitment to customer choice with applications engineered to work together. Many customers have adopted a co-existence strategy already: over half of E-Business Suite, PeopleSoft and Siebel customers, and nearly 40% of JD Edwards customers run other Oracle Applications alongside their ERP or CRM suite. Fusion Middleware is a cornerstone of this

strategy, providing a common technology platform for the latest releases of Oracle Applications, including Oracle Fusion Applications.

Fusion Applications are a complete, modular suite of applications including Fusion Financial Management, Fusion Human Capital Management, Fusion Supply Chain Management, Fusion Project Portfolio Management, Fusion Procurement, Fusion Customer Relationship Management, and Fusion Governance, Risk and Compliance. These next-generation applications offer a whole new set of high business-value modules that can work side-by-side with your existing applications investments.

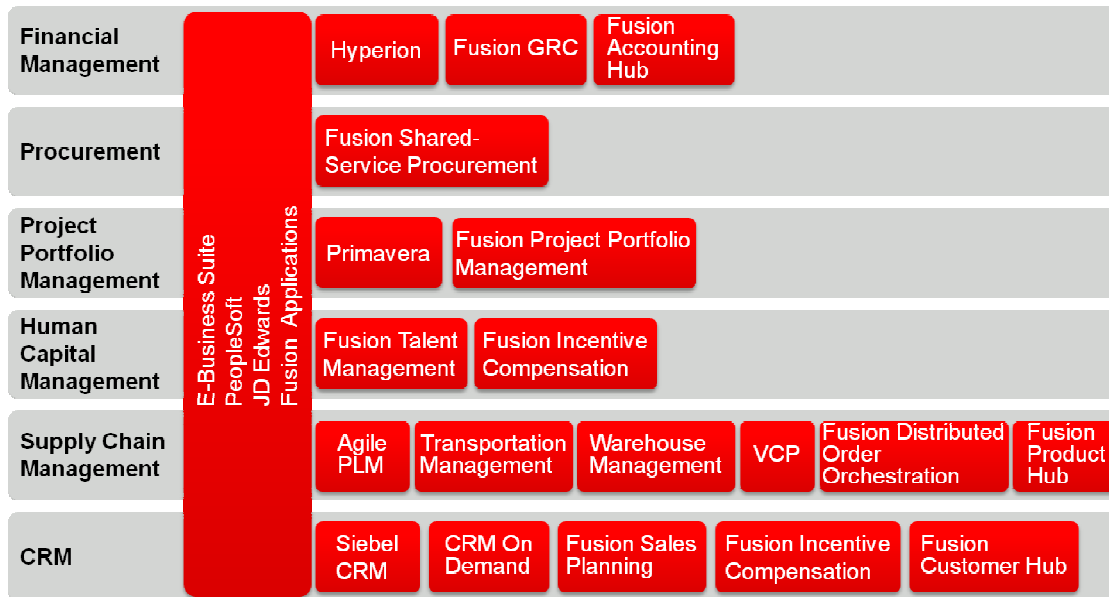


Table 2. Oracle’s Co-existence Strategy

While the latest releases of our current product lines include a number of next generation enhancements (i.e., Oracle Fusion Middleware components, new user interface, collaboration/Web 2.0, embedded analytics, etc.), there are also some distinguishing features that set Fusion Applications apart from Oracle’s current applications offerings.

First, Fusion Applications are the first and only set of applications solutions built natively on Oracle’s industry-leading Fusion Middleware. While other solutions can leverage components and features of Fusion Middleware and are certified for use with Fusion Middleware, Fusion Applications are 100 percent open, standards-based business applications that set a new standard for the way we innovate, work, and adopt technology. In addition, many who want a more elastic approach to deploying technology will demand the Platform-as-a-Service capabilities that Fusion Applications offer.

Second, we built best practice business processes by taking the best features from PeopleSoft, Siebel, JD Edwards, and Hyperion, which together amount to hundreds of years of learning from these respective

customer bases. We also reinvented the user experience to make it one with the desktop, embedding business intelligence and collaboration directly into the transaction. In addition, we designed the user interface around particular roles in the organization, resulting in the kind of intuitive applications that we now see in the consumer space.

Third, we fully engaged customers around the globe - from all regions and industries - in the design, development, and testing of Fusion Applications. The level of customer participation in designing Fusion Applications also makes this release different from any other. A thousand customers participated in our user experience program, including field studies in six countries spanning 180 user roles, and 4,000 hours of usability testing in 18 labs worldwide. We designed the user interface around particular roles in the organization, resulting in estimated productivity gains of up to 60 percent for certain business flows.

Finally, Fusion Applications are ready for the cloud, either public or private. Unlike other SaaS offerings, only Fusion Applications can run either in the cloud or on premise using the same code line. This is compelling for the majority of our customers who, with a mix of on premise applications and others in the cloud, are struggling to make security, provisioning and data integration work across different code lines and infrastructure.

Fusion Adoption Strategies

“As we look at our technology roadmap, the thing that excites us the most about Oracle’s new Fusion product is the fact that you really can look at it on a cafeteria-style basis where you don’t have to do all or nothing. And we’re very excited knowing that we can keep with PeopleSoft HR, but look to move where some of our pain points are today around talent.” – Susan Bowler, Senior Manager, HR Technology, Cox Communications¹⁵

In this section, we’ll talk about the various adoption strategies customers may want to consider when designing their Oracle Applications roadmap. The first scenario is to do nothing: you don’t have to adopt Fusion Applications if you don’t see a need to. The second scenario is to adopt Fusion Applications in a co-existence fashion by implementing a module or modules alongside your existing applications. The third scenario is when a customer wants to upgrade a specific pillar, such as HR, Financials/SCM or CRM or decides that the entire suite is a good fit. We anticipate that the vast majority of customers will fall into the first or second scenarios, either waiting to adopt Fusion Applications or adopting individual modules.

A leading Fortune 500 financial services firm is following the path of upgrading its current applications while making selective investments in new Fusion Applications modules. The company has PeopleSoft HCM 8.9 that is integrated to a custom compensation application, and PeopleSoft FMS 8.8 integrated with niche procurement providers. In the first phase of the project, the financial services firm is upgrading from PeopleSoft Financials 8.8 to 9.1 in order to take advantage of significant business and architectural benefits. In addition, they are replacing their current compensation solution with Fusion Compensation Management in order to scale globally. They are also implementing Fusion Talent

¹⁵ Oracle Video, “Oracle Fusion Applications: The New Standard for Business”, September 2010.

Management to enhance the employee review process. Both of these Fusion modules have pre-built integrations to PeopleSoft HCM 8.9.

The company is also replacing its niche providers of procurement services with Fusion Procurement including Supplier Management, Spend Analysis, Sourcing and Contract Management. In the second phase of the project, the company is planning to upgrade PeopleSoft Financials to Fusion Financials and PeopleSoft HCM to Fusion HCM.

Another participant in Oracle's Fusion Early Adopter program is a global diversified industrial manufacturer that currently runs disparate order capture and order fulfillment (legacy ERP) systems, including Oracle, SAP, QAD MFG/PRO and Baan, all connected using custom integration. The manufacturer needed an efficient way of integrating and optimizing the order fulfillment process, from the time when an order arrives to the best place where it should be fulfilled. The company chose Fusion Distributed Order Orchestration (DOO) to help them do this. Fusion DOO is a service-oriented order hub with global order promising and inventory management that can be implemented alongside their existing order capture and order fulfillment systems. DOO enables the manufacturer to leverage its existing investments while optimizing the order fulfillment process.

A third participant in Oracle's Fusion Early Adopter program is a German engineering conglomerate that currently has two CRM systems, Oracle CRM On Demand in Europe and salesforce.com in the United States. The company decided to consolidate the two different systems onto a single Oracle platform and chose Fusion CRM because of its platform-as-a-service nature, which allows for easy configuration and customized extensions. During the first phase of the implementation, the German firm is replacing salesforce.com with Fusion CRM in the U.S. while continuing to run CRM On Demand in Europe. At a later time, they will consider moving all regions to Fusion CRM.

Looking back to our original recommendations, we see that the diversified U.S. manufacturer is following the third path, investing in Fusion Distributed Order Orchestration to get more value out of its many order capture and order fulfillment systems. The Fortune 500 financial services firm is upgrading its existing applications and adding new modules that will work with them. The German engineering conglomerate is also implementing a co-existence strategy, replacing salesforce.com with Fusion CRM system while continuing to run Oracle CRM On Demand.

Conclusion

Every generation of enterprise software has focused on addressing an overarching business challenge, from automating tasks in the 1970s to enabling globalization today. The challenge of next-generation enterprise applications is to empower employees, whether you're a bank clerk, a purchasing manager, or a Fortune 500 chief executive. Through Oracle's ongoing investment in Applications Unlimited and our next-generation Fusion Applications, we seek to transform the role of enterprise applications from mere business tools to vital support systems that help every employee more actively collaborate, communicate, and contribute to the overall health and success of his or her organization.

Oracle has a 30+ year history of listening to customers, responding to their needs, and anticipating their future requirements in enterprise software and other mission-critical technologies. Our management team has met with thousands of customers worldwide to discuss how we can best improve the enterprise software experience for you. You told us you wanted more innovation, less complexity and customization, and a lower total cost of ownership—all from fewer vendor relationships. You also told

us you wanted more choice in the upgrade process—choices based on your technology strategy and your unique business needs. And you told us you wanted Oracle’s support in making your evolution to the next generation of service-enabled, standards-based applications as seamless as possible.

Oracle’s Complete, Open, and Integrated applications strategy was designed to address the needs of *all* our enterprise software customers, regardless of which applications you currently own and how you run them. The strategic recommendations made in this white paper are designed to help you design and execute an applications roadmap that fits your unique situation, one that delivers ongoing value from your current investments in Oracle and third-party applications, and immediate new value from next-generation solutions such as Oracle Fusion Applications and Oracle Fusion Middleware tools and technologies.

No other enterprise software vendor has invested as much as Oracle in delivering value to customers through an integrated stack of software, middleware, and hardware, engineered to work together on your behalf. No other enterprise software vendor offers customers as many paths to evolve to the next generation of enterprise software as Oracle. And no other enterprise software vendor is as committed as Oracle to helping customers transform their businesses and differentiate themselves in the marketplace.

We recognize you have a choice in enterprise software vendors, and we want to make that choice simple for you. So when you think about enterprise software, think Oracle Applications. Complete. Open. Integrated.



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