



Market Insight Report Reprint

Oracle is building a compelling proposition around applications and enterprise cloud

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With the conversion to the cloud now a main street activity, Oracle is pitching a strong corporate narrative around being the only provider able to deliver an integrated set of applications and a purpose-built enterprise cloud. It can now position its combined cloud and application assets as a compelling offering to tap the cloud opportunity.

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Introduction

After years of effectively playing catch-up, Oracle is pitching a strong corporate narrative around cloud, and can now position its combined cloud and application assets as a compelling offering to tap into the mainstream conversion of business to the cloud.

THE 451 TAKE

With the conversion to the cloud now a main street activity (see Figure below), Oracle is building a strong corporate narrative that it hopes will resonate with enterprise buyers – that it's the only provider able to deliver an integrated set of applications and a purpose-built enterprise cloud. Furthermore, in rotating applications to a SaaS model and using a universal credit model that allows consumption of most Oracle Cloud infrastructure (OCI) services (IaaS and PaaS) from a paid pool of credits, Oracle believes it has aligned its business model with customer success. It gives customers flexibility in trying new services or shifting resources to services that they use, and reduces friction in the procurement process.

Context

Oracle believes the combination of OCI, its database and its applications arguably delivers the widest view of customers' data requirements available, because it brings together ERP, CRM, HCM and CX. Now using containers and Kubernetes, the integrated cloud-native applications are engineered to work together and incorporate built-in AI with modern user experiences, and are offered as four new releases a year (around 100 enhancements per quarter per product area).

Looking to current and post-pandemic requirements, Oracle is positioning these for use at all stages of customer supply chains, to deliver new logistics capabilities by connecting different teams and sharing data across all platforms. For example, Oracle ERP AI provides automation of transactions and manual auditing, and data to sales support, intelligent marketing programs and recruitment. The unified user interface means all of its SaaS applications work in mobile devices, access universal search across applications, use conversational interfaces, and are connected to an employee directory.

Oracle Cloud Infrastructure

With the main street conversion to the cloud in mind, Oracle says buyers are choosing OCI for easier and faster migration of enterprise applications, high performance at lower cost, easy management and security, plus tools for developers to build faster. The Gen 2 OCI provides 'as is' migration for stateful applications, dedicated network connections between resources, native support for database and storage clustering (Oracle RAC), and support for Oracle Exadata environments, Oracle Autonomous Database and load balancing.

OCI's pricing means customers pay the same price for the same service in different regions, not multiple dimensions of pricing for compute depending on where it is. It connects with non-OCI environments for hybrid operation, can run high I/O workloads, and includes built-in redundancy, security and monitoring. OCI Dedicated Regions gives users the same full set of capabilities on-premises as in public clouds, and provides a granular level of VMware control it believes other providers cannot offer.

Automated scaling and performance, converged database systems (graph, SQL, NoSQL, etc.) eliminate unnecessary data migration and management of multiple systems. OCI provides evaluation and remediation of user, resource and data security, while OCI Cloud Guard provides security, automated patching and maintenance. Oracle's APEX low-code development environment is now on OCI, plus Resource Manager for workload deployments, CI/CD integration with Jenkins and GitHub, Oracle Integration (hybrid integration) and data science tools.

Oracle has 29 public cloud regions and dedicated regions (from 18 public cloud a year ago), 65 infrastructure services (versus 40 a year ago), 70 compliance programs, including FedRamp High (versus 40), and ISV and HPC applications and workloads (especially cloud-native), in addition to the mainly Oracle applications and workloads it had a year ago. The company is currently expanding its Flexible Infrastructure (VMs, block and load balancers) options including live resizing without reboot.

For hybrid infrastructure, it now offers OCI Roving Edge cloud compute and storage, for disconnected and ruggedized environments such as defense, agriculture, and oil and gas, as a single device or five- to 15-node clusters that link to OCI, Exadata Cloud @ Customer, OCI Dedicated Regions (OCI on-premises), and Oracle Cloud VMware Service, which gives full control of VMware via bare metal and Layer 2 network.

Developer services

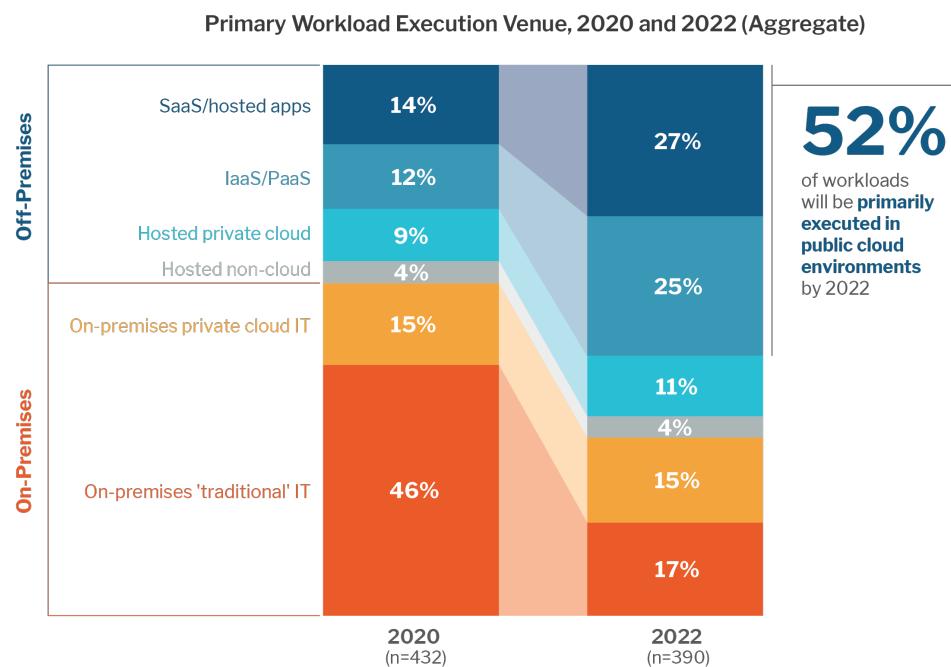
Oracle already has a portfolio of developer services, but is expanding these in a big way to provide the kind of cloud-native constructs required in modern application developer environments including APM, queuing, service mesh, serverless, CSM, build pipeline and workflow services. It has integrations with customer developer tooling such as Jenkins and Spinnaker, without assuming everything is running on OCI.

The company is adding OCI ARM for developers to make ARM relevant on the server side, including the optimization of its software for ARM. It hopes to jumpstart ARM development, and make OCI the best ARM developer environment. Its Oracle Data Science and AI Platform is a unified platform allowing users to deploy models across the platform and onto the cloud, embedding AI into its SaaS business applications to train those models.

As a second mover, it has architected OCI in such a way that customers can choose the level of control, agility and responsibility they want to adopt, and move up the stack (or down the stack) from DIY bare metal, VMs and Kubernetes through managed Kubernetes, serverless Kubernetes, container VMs, application services to functions (serverless).

In OCI, each layer is built on the ones either side of it. Customers can choose to build and manage their own OCI infrastructure deployments, or choose Oracle-provided patching, scaling and frameworks maintenance, or go for purely building applications. Oracle plans significant security updates with a focus on data protection, unified identity, and transparency and customer control.

Conversion to the Cloud



Competition

In the cloud infrastructure and platform realm, Oracle competes with AWS, Microsoft Azure, IBM Cloud, Google Cloud Platform and Alibaba Cloud. Each cloud provider has its own suite of database services that competes with Oracle's database options, and open source database engines are also widely available. Attempts to shake users free from their attachment to on-premises Oracle software and infrastructure in favor of the cloud (including OCI) are ongoing.

In the ERP software market (another Oracle stronghold), the company's primary rival is SAP, which has partnered with Google Cloud Platform for a couple of years as well as Microsoft. Hybrid clouds offer promising integrated on- and off-premises IT operations, including AWS Outposts, Microsoft Arc, Google Anthos, IBM Cloud and Alibaba's Cloud Enterprise Network. IBM Cloud Private is a container-native analog to OCI's Dedicated Regions.

SWOT Analysis

STRENGTHS <p>Oracle is quickly expanding the reach and ecosystem around OCI. Already differentiating against the hyperscalers on performance and economics, it is now wielding its integrated capability as a unique qualifier.</p>	WEAKNESSES <p>The company is expanding quickly and tapping new opportunities, which accelerate its scale and reach. However, Oracle's continued investment and customer success will need to be spectacular if it isn't to be a runner-up to the hyperscalers.</p>
OPPORTUNITIES <p>Applying the concepts of smart retail and customer-first support of the enterprise buyer provides a joined up experience for the cloud and applications. Being able to 'copy and paste' a public cloud into their own datacenters means enterprises can go to the Oracle cloud, and they are in the driver's seat with regard to data locality, security, recovery and transparency.</p>	THREATS <p>Competition and irrelevance threaten Oracle – its database and applications are known quantities, and many will find a way around them.</p>

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