



## Market Insight Report Reprint

# Oracle Cloud Infrastructure lands a high-profile reference customer: Zoom

May 5 2020

**Jean Atelsek, William Fellows**

The Zoom conferencing app has become essential infrastructure for staying connected during the global COVID-19 pandemic, powering everything from remote classrooms to happy hours. At the beginning of the global work-from-home transition, the company tapped Oracle Cloud Infrastructure as a new supplier to help cope with the growing surge in demand.

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**S&P Global**

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## Introduction

The Zoom conferencing app has become essential infrastructure for staying connected during the global COVID-19 pandemic, powering everything from critical business meetings and telemedicine appointments to remote classrooms, the NFL draft and even happy hours. At the beginning of the global work-from-home transition, the company tapped Oracle Cloud Infrastructure (OCI) as a new supplier to help cope with the growing surge in demand.

### THE 451 TAKE

Zoom operates a multi-cloud infrastructure and uses multiple suppliers – private on-premises datacenters and hyperscalers – and says it will continue to do so. However, it points to performance, scalability and security as factors in its selection of Oracle's cloud business, OCI. While Microsoft, Google, Cisco and others have video conferencing offerings, Zoom has shown the industry that it is capable of delivering a high-quality system that is easy to use and scales well.

Its conferencing app has become essential infrastructure for everyone to stay connected during the global COVID-19 pandemic, powering everything from remote classrooms to happy hours. It's not just an enterprise app any longer. Instead, a new set of users of Zoom's service are taking advantage of the free tier to stay in touch with family and friends. Zoom's challenge will be the extent to which it can convert these into paying subscribers. Public cloud infrastructure, by contrast, is usage-based, meaning customers, including Zoom and other online services, pay for the resources they consume – clearly a factor in any new deployment decisions.

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## Details

On April 28, OCI and Zoom jointly detailed the circumstances behind their newly forged relationship, necessitated by the rapid scale-out of demand on the Zoom video conferencing platform. As detailed in a recent report, OCI is making moves to burnish its reputation as a top-tier cloud provider, and winning Zoom as a new customer can be seen as a proof point.

In the past few months, Zoom usage increased 30x, from 10 million daily meeting participants to 300 million, and continues to grow rapidly. The company has a diverse and distributed global infrastructure across multiple public clouds, datacenters and colocation facilities.

The evolution of the OCI-Zoom supplier agreement is notable for its velocity: the two started discussing a deal in mid-March, and by the end of April, OCI was hosting hundreds of thousands of Zoom users, and processing multiple petabytes of video data through OCI on a daily basis. Zoom executives noted that the company is 'doubling down' on improving security to address problems with intruders to virtual meetings.

OCI has continued to open new regions during the pandemic despite supply chain and personnel constraints; regions rolled out since February include Seoul, Osaka and Mumbai. The company expects to have 36 OCI regions operating by the end of the calendar year. OCI's primary mission is to help customers get the most out of Oracle software while transitioning to off-premises infrastructure, but a secondary goal is to make its Gen2 cloud a best-in-class destination for the most demanding enterprise workloads.



## Market Insight Report Reprint

# 8x8 picks Oracle cloud for video transit services

May 15 2020

**Carl Brooks**

Oracle Cloud Infrastructure has notched another significant win for its platform and cloud infrastructure services. Unified communications services provider 8x8 has signed on to have Oracle host its video calls and collaboration services, moving from Amazon Web Services to Oracle Cloud. With \$353m in revenue last year, and growing 17% over 2018, 8x8 was having a fine time of it, apparently, until the surge in network traffic and work-from-home employees came on. The company says it chose to move to Oracle Cloud for price and performance. It says it now has about 20 million concurrent video callers with concomitant increases in other traffic on its platform.

One significant aspect to those savings is that Oracle Cloud, unlike AWS or Microsoft Azure, does not charge for internal data transfer between regions, and its data egress costs are more competitive. Oracle boasts that it is saving the company 80% on those data charges – whether that's the whole story will come out in the wash with 8x8 financials, but it makes a compelling storyline for potential customers. Ultimately, the significance of this announcement is that not only is it another proof point for Oracle Cloud's claim to pride of place in the technology arena, but it highlights that the company also has the capability to make aggressive, tactical moves in selling its services. Oracle Cloud is still behind other hyperscale rivals on features and uptake – but money walks, pretty much every time.

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