

OFFERING OVERVIEW

Oracle Cloud ERP Builds on Analytics, Automation, and AI Lead

Long-Term Investment and Customer-Led Innovations
Drive Roadmap



R "Ray" Wang
Principal Analyst and Founder

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EXECUTIVE SUMMARY

The COVID pandemic has exposed weaknesses in every organization's back-office system. The inability to easily access data, enable self-service capabilities, and intelligently automate processes has created demand for self-driving and autonomous enterprise resource planning (ERP). Add the shift to the cloud, the pressure of digital transformation, and replacement cycle dynamics, and customers are seeing the greatest level of innovation in a decade as vendors compete for a five-year refresh cycle. Moreover, new cloud deployments provide a catalyst for improving and automating back-office processes like never before.

Although the number of vendors in the market has diminished due to mergers and acquisitions, the consolidation of ERP and the move to the cloud have led to concentrated platform investments contributing to a projected \$44.6 billion market by 2026. Successful deployments will achieve the elusive goal of improving efficiencies and preparing for exponential growth. The use of artificial intelligence (AI) and machine learning (ML) in the back office will power the next wave of postdigital ERP advancements.

This Offering Overview examines Oracle's cloud offering in ERP. The report identifies key differentiators, examines functional capabilities, considers the offering's strengths and weaknesses, and provides use cases. Technology buyers should use this report to evaluate Oracle Cloud ERP in their vendor selection process.

Business Themes



New C-Suite



Future of Work



Matrix Commerce



Technology Optimization

ABOUT ORACLE CLOUD ERP

Overview

Announced in 2013, Oracle Cloud ERP has grown to more than 7,700 customers for the venerable Austin, Texas–headquartered technology giant. Oracle’s Cloud ERP includes a broad suite of ERP/enterprise performance management (EPM), human capital management (HCM), and supply chain management (SCM) offerings. This ERP suite meets product-centric as well as services-centric requirements.

Oracle’s customers tend to fall into the medium-enterprise to large-enterprise categories with between \$500 million and more than \$10 billion in revenues and with between 500 and more than 20,000 employees as the norm. ERP/EPM includes financials, project portfolio management, procurement, risk management, planning and budgeting, financial close, performance reporting, accounting hub, subscription management, and enterprise data management across a common data model. HCM includes global HR, talent management, workforce rewards, and workforce management. SCM supports supply chain planning, manufacturing, order management, product lifecycle management, procurement, supply chain collaboration and visibility, maintenance, logistics, inventory, and the Internet of Things (IoT). Oracle releases updates on a quarterly basis. Given Oracle’s size and breadth of offerings, most major vertical industries are a fit for Oracle’s Cloud ERP offerings.

Customers that choose Oracle Cloud ERP often seek multinational and global deployments, have large-enterprise requirements, require vertical expertise, and expect to have one major technology partner with Oracle. Today’s Oracle prospects and clients seek native capabilities in analytics, automation, and artificial intelligence (AI).

Oracle Cloud ERP Applications include the following (see Figure 1):

- Financials
- Project Management
- Procurement
- Risk Management

- Planning and Budgeting
- Financial Close
- Performance Reporting
- Enterprise Data Management
- Supply Chain and Manufacturing
- Accounting Hub
- Subscription Management

Market Segment

ERP refers to a transactional system that manages the “back”-office functions of an enterprise. These departmental areas typically refer to finance, human resources, supply chain and logistics, and project management. *Cloud-based systems* refers to a deployment option in which the software is hosted on a vendor’s server. The term *multitenant cloud solutions* refers to a deployment option in which only one copy of the software code is available to all customers, although the data is unique to each customer.

Figure 1. Inside the Oracle Cloud Family of Applications



Source: Oracle

Modern global cloud ERP suites encompass a wide range of end-to-end business processes including:

- Procure to pay
- Order to cash
- Hire to retire
- Assess to acquire
- Financial plan to report
- Project initiation to project closure

Constellation estimates that the global cloud ERP market will be worth \$44.6 billion annually by 2026, with a compound annual growth rate (CAGR) of 11.2%. Surveys of customers show that the top migration market is North America and that services-based ERP is leading the charge in cloud migrations and new cloud deployments. Key vendors in this market include Epicor, FinancialForce, Infor, Microsoft Dynamics, Oracle, Oracle NetSuite, Sage, SAP, Workday, and Unit4.

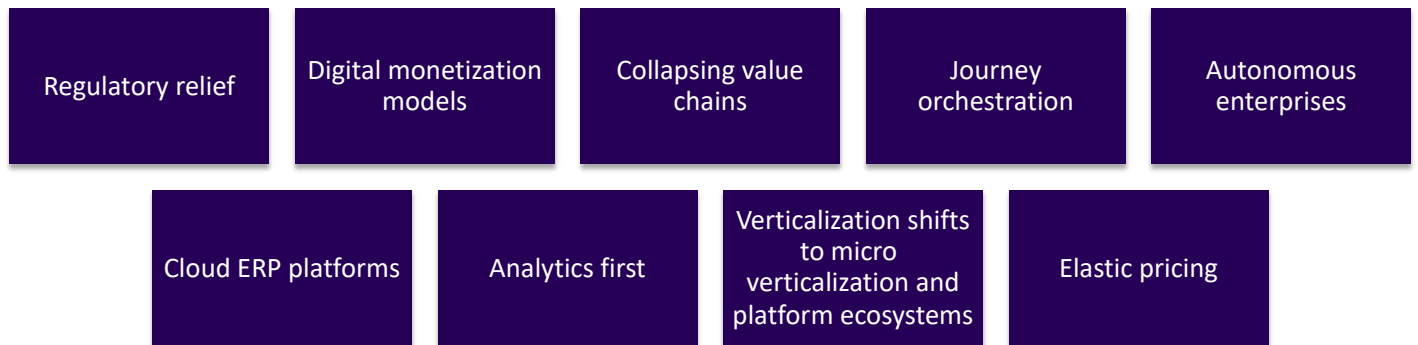
Market Trends

Digital business models meet automation, AI, people-centric requirements, and cloud migration requirements for the global cloud ERP market. Technology leaders in charge of legacy on-premises ERP systems face massive challenges to balance technical debt and short-term business requirements. ERP market trends highlight the major challenges ERP users face and the trends in ERP that will impact the business over the next decade. The good news: Cloud ERP vendors have started to close the gap between functional parity and replacement economics.

As more organizations consider cloud ERP options in their upgrade and digital transformation strategies, Constellation believes choosing a vendor they can trust will be the most important decision they can make in the postdigital ERP era. In Constellation's ERP conversations with more than 300 technology leaders over the past six months, nine major trends have emerged for 2021 and beyond for postdigital ERP users (see Figure 2):

- 1. Regulatory relief as a service.** Organizations depend on their cloud ERP provider to keep them up to date on regulations, compliance requirements, and legislative burdens. CFOs and risk-

Figure 2. Global Cloud ERP Trends for 2021 and Beyond



Source: Constellation Research

management types have found that cloud ERP solutions mitigate compliance risk as well as ensure timely implementation of key regulations. Among its many use cases, AI is useful for fraud prevention, helping organizations avoid bad outcomes by applying cognitive reckoning to identify potential threats. The goal is to mitigate risk, achieve regulatory compliance, and prevent disasters. Customers also seek AI to augment human decisions and suggest next-best actions.

2. **Digital monetization models.** The shift from ownership to access requires ERP systems to support subscription business models. These new models enable postsale revenue opportunities such as installation, warranty, and vendor-managed inventory. Subscriptions also require regulatory compliance for revenue-recognition rules such as ASC 606. Expect ERP systems to provide growing support to customer success management platforms and new outcomes-based pricing models.
3. **Collapsing value chains.** Classic megaprocesses such as invoice to close, procure to pay, hire to retire, and order to cash have traversed functional fiefdoms. Early adopters of cloud ERP seek multithreaded value chains that support a multiparty-centric view. These parties could include the employee, customer, supplier, partner, and others. The convergence of classic megaprocesses makes way for multiparty value chains. Context is key, because each role sees only the relevant information at the right time.
4. **Journey orchestration.** ERP users expect to design, execute, and automate end-to-end business processes. Organizations would like to be able to orchestrate external and internal processes and to make it possible for key business leaders to craft their own cross-functional capabilities.

5. **Autonomous enterprises and AI.** From chatbots to mixed reality, AI has entered the ERP market. Systems that mimic three of the five senses—sight, hearing, and touch—have entered the mainstream. Natural-language processing and video intelligence enable large quantities of unstructured data such as documents, chats, log files, and transactions to be ingested and organized into logical categories via techniques such as topological data analysis. Customers expect the ability to use voice as an interface as much as they use touch and gestures.
6. **Cloud ERP platforms.** Extension of key capabilities in industry verticals, last-mile functionality, and custom requirements will require cloud ERP vendors to open up their platform layers to enable user-based configuration. Users need to extend and expand ERP footprints to accommodate changing business models and new requirements.
7. **Analytics first.** The ERP market landscape has shrunk from hundreds of vendors to a dozen core providers. During the merger-and-acquisition binge over the past decade, customers have prioritized the stability of a vendor over innovation. With a refresh cycle ahead, customers have increased their expectations for obtaining both stability and innovation from one core vendor.
8. **Verticalization shifts to microverticalization and platform ecosystems.** Customers expect their cloud-based ERP solution to deliver deep industry-vertical functionality. Customers also expect their ERP vendor to provide integration support for adjacent solutions in the ecosystem. Why? Years of experience have taught customers that they need a platform they can extend as well as one that is part of a larger ecosystem.
9. **Elastic pricing.** Customers have gotten accustomed to cloud-based pricing models based on the number of users. As complexity in cloud products grows, customers expect to see flexible pricing models based on usage, platforms, and the number of users. Moreover, customers that face divestitures and mergers also would like the ability to reduce licenses as needed. Constellation has developed pricing models that clearly state discounting based on volume metrics that enable flex-up and flex-down pricing.

Partnerships and Alliances

Oracle's key system integrator partners include global Tier 1 players such as Accenture, Deloitte, IBM, Infosys, KPMG, PwC, Tata Consulting Services, and Wipro.

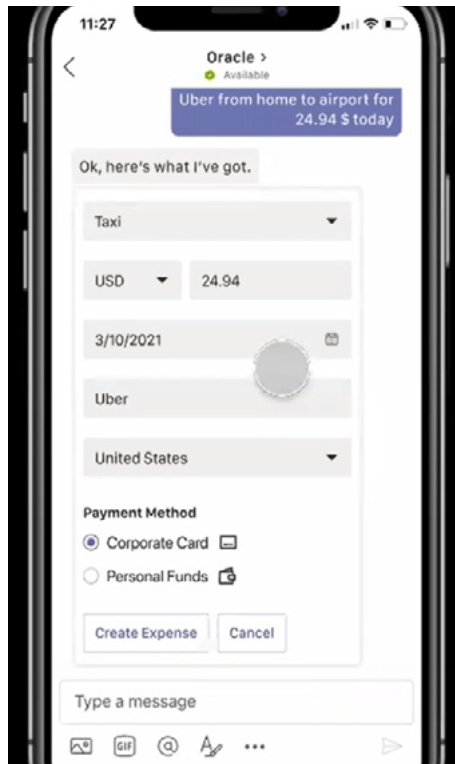
FUNCTIONAL CAPABILITIES

Updates 21A and 21B Build on Oracle Financials Leadership

The latest release of Oracle Cloud ERP Update 21A has some general improvements, including simplified workflow capabilities and a strong focus on adding machine learning (ML) and AI-driven automation across the suite. Oracle Cloud ERP update areas include an assets focus on lease compliance and the GASB 34 accounting standard, improvements in budgetary controls, automation and reconciliation capabilities for cash management, better mobility and virtual assistants for expenses, additional features for joint venture management, and new features and integration for payables and receivables. Here are some highlighted capabilities in updates 21A and 21B:

- **Expenses Digital Assistant improves.** One of the features most sought by customers is the Oracle Digital Assistant, built on the Oracle Digital Assistant platform. Update 21A delivered automatic synchronization of expense types and synonyms, manual submission of expense reports, and the ability to view expenses requiring attention. In Update 21B, the Expenses Digital Assistant adds support for Microsoft Teams, building on existing Slack and native SMS capabilities. Oracle's Expenses Digital Assistant delivers an intelligent conversational experience that enables users to quickly access information and complete tasks across conversational channel platforms (see Figure 3).
- **Joint Venture Management gains flexibility.** New project attributes in Oracle Joint Venture Management such as project, task, and expenditure type can be used in the distribution of payments. Task and expenditure types can now be used to override project-costing adjustments.

Figure 3. Oracle's Conversational Expense Creation with Teams



Source: Oracle

- **Lease Accounting receives new features.** Oracle Lease Accounting users now can amend leases for scope decreases. New asset end dates and options support right-of-use amortization for the equipment throughout the asset life rather than throughout the lease term. Lease payment processing enables organizations to pay lessors and other parties with leases for rent, service, insurance, common area maintenance charges, and other categories in lease payments (see Figure 4).
- **Advanced Collections gains enhanced message content for dunning letters delivered via email.** Oracle Advanced Collections users gain enhanced rich text content for use as attachments in dunning letters. Users can insert logos, include hyperlinks, and apply different font styles and sizes.
- **Budgetary Control improves features.** New enterprise-level budgetary controls are in one place in a region displayed above the ledger and business unit options on the

Figure 4. Asset Start and End Dates Support Right-of-Use Amortization

Asset 13006 : Details

Details Serial Numbers

Asset Overview

Asset Number13006

* Item

Production Took Kit

Model

1

* Units

2

* Asset Start Date

01/01/21

* Asset End Date

12/31/21

Asset Amortization End Date

12/31/21

Asset Status

Draft

Additional Details

* Location

AUSTIN_TX

Employee

Source: Oracle

Manage Budgetary Control and Encumbrance Accounting page. Additional budgetary control transaction information includes reasons why a transaction passed validation with a warning, related transaction type, transaction action, and control level applied during validation. Budget hierarchies can be updated while the control budget is active. Users can now carry forward open purchase orders for budgetary control in nonsponsored projects. The long-awaited ability to connect and integrate budget revisions with EPM Planning financials arrived in the Update 21A release.

- **Federal Financials debuts.** Starting in Update 21A, key items include federal invoice accounting, federal payment accounting, federal purchase order accounting, federal requisition accounting, federal payment processing, federal payment file formats, and federal prompt payment.
- **Assets gains ease-of-use features.** Two new features in Oracle Assets Update 21B make it easier to add assets. The first capability gives users the ability to derive an asset location from a payables invoice ship-to location. Mapping enables automatic population of the asset location for each invoice line. Users gain the ability to add assets to a tax book.

- **Revenue Management delivers subscription duration and price periodicity.**

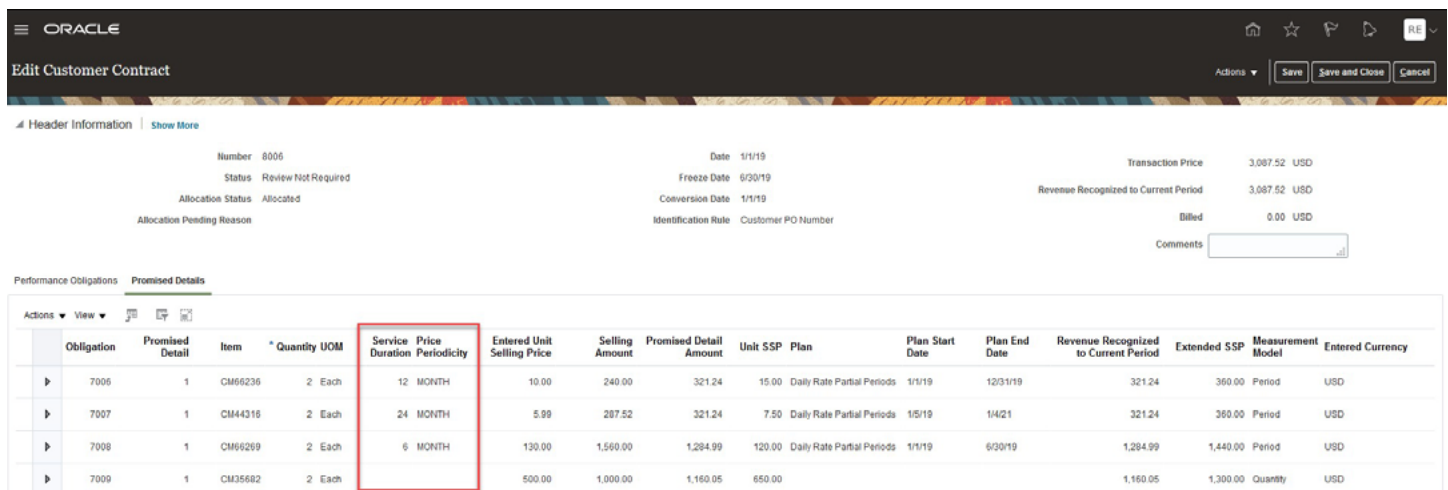
Customers can capture price periodicity and service duration by using the Order Management, Service Contracts, and Subscription Management products. Price Periodicity supports year, month, week, or day (see Figure 5).

- **Expenses receives minor enhancements.** Expenses users can now cancel payment requests for cash advances as well as for expense reports. The system can now automatically detect duplicate expenses, alerting users when duplicates are found and enabling them to choose to keep or delete potential duplicates.

Projects Receives Improvements

The flagship Oracle Projects adds significant common technology and user experience capabilities with better APIs and Workflow, and the Grants Management, Labor Distribution, Project Billing, Project Control, Project Costing, Project-Driven Supply Chain, Project Foundation, Project Management, Project Performance Reporting, and Project Resource Management applications gain improvements. Here are some selected highlights from updates 21A and 21B:

Figure 5. Inside the New Subscription Duration and Price Periodicity



The screenshot shows the Oracle 'Edit Customer Contract' interface. At the top, there's a header with the Oracle logo and 'Edit Customer Contract' text. Below this, there's a 'Header Information' section with various fields like Number, Date, Status, Freeze Date, Allocation Status, Conversion Date, Identification Rule, Transaction Price, Revenue Recognized to Current Period, and Billed amount. The main part of the page is a table titled 'Performance Obligations' with a 'Promised Details' tab selected. The table has columns for Obligation, Promised Detail, Item, Quantity, UOM, Service Duration, Price Periodicity, Entered Unit Selling Price, Selling Amount, Promised Detail Amount, Unit SSP, Plan, Plan Start Date, Plan End Date, Revenue Recognized to Current Period, Extended SSP, Measurement Model, and Entered Currency. A red box highlights the 'Service Duration' and 'Price Periodicity' columns for the first three rows.

Obligation	Promised Detail	Item	* Quantity	UOM	Service Duration	Price Periodicity	Entered Unit Selling Price	Selling Amount	Promised Detail Amount	Unit SSP	Plan	Plan Start Date	Plan End Date	Revenue Recognized to Current Period	Extended SSP	Measurement Model	Entered Currency
7006	1	CM66236	2	Each	12	MONTH	10.00	240.00	321.24	15.00	Daily Rate Partial Periods	1/1/19	12/31/19	321.24	360.00	Period	USD
7007	1	CM44316	2	Each	24	MONTH	5.99	287.52	321.24	7.50	Daily Rate Partial Periods	1/5/19	1/4/21	321.24	360.00	Period	USD
7008	1	CM66269	2	Each	6	MONTH	130.00	1,560.00	1,284.99	120.00	Daily Rate Partial Periods	1/1/19	6/30/19	1,284.99	1,440.00	Period	USD
7009	1	CM35682	2	Each			500.00	1,000.00	1,160.05	650.00				1,160.05	1,300.00	Quantity	USD

Source: Oracle

- **New REST APIs for project management arrive.** Project Control adds Project Budget Version “additional actions,” and Project Foundation gains “project rate schedules.” New APIs include a project resources REST API and work plan template tasks retrieval. Oracle Project Resource Management adds the ability to nominate and fulfill multiple resources.
- **Project Foundation gains Microsoft Project 2019 integration.** Oracle Project Foundation users can now integrate the desktop version of Microsoft Project 2019 with Oracle Project Execution Management and Oracle Project Financial Management.
- **Project Billing adds ease-of-use features.** In Oracle Project Billing Update 21A, contract administrators can easily see the correct email addresses for sending invoices within the bill-to contact email inside contracts. Project billing managers can define business-specific calculations for progress and fees by using the project process configurator. Update 21B brings item billing for contract lines. Receivables clerks can also group invoices by bill-to site and bill-to contact to simplify work groupings.
- **Project Management gains multilevel planning resource breakdown structure.** Financial plans in Oracle Project Management can now be summarized to various combinations of planning resources. Users have the flexibility to map detailed resource work planning to financial resource plans.
- **New utilization features improve Project Resource Management.** A new view of project utilization in Oracle Project Resource Management adds an expanded table view and options for different data display ranges. Nonworked time now can be categorized by work type to exclude it from utilization calculations. The added ability to shift the schedule by calendar days provides greater flexibility for request and assignment adjustments.
- **Grants Management adds invoicing and revenue options.** Organizations creating award contracts via Oracle Grants Management now have additional invoicing and revenue options from all creation methods.

Cross-Product Enhancements and Self-Service Features Improve Procurement Cloud

Enhancements to Oracle Procurement Cloud include updates to Oracle Procurement Contracts that allow the automatic assignment of numbers for imported contracts and the ability to view amounts in contract version history. Oracle Self Service Cloud Procurement adds task numbers to identify project tasks when importing requisitions. Cross-product procurement features add the ability to configure commenting options for approval and rejection.

Touchless Operations Drive ERP Innovations

- Oracle's strategy for Oracle Cloud ERP is predicated on a future of delivering touchless operations, continuous forecasting, and an enhanced conversational experience for Oracle customers. Together, these advancements fuel customer finance digital transformation from data automation to faster decision velocity and reimagined back-office experiences.
- Touchless operations are key to financial close acceleration. Oracle Cloud ERP's capabilities in the areas of intelligent documentation recognition, intelligent process automation, and machine-driven supplier opportunities are examples. These enable customers to pull data from multiple sources into ERP with little manual intervention so that transactions are continuously standardized, recorded, and reported.
- Continuous forecasting is where Oracle's integrated ERP and EPM solution enables the accounting actuals to continuously feed into the predictive models. Higher-frequency machine-generated predictions complement human consensus and help customers move more quickly as business assumptions shift and change. Oracle continues to enhance driver-based forecast models, introduce new machine algorithms, and ensure that the insights are explainable and understandable by financial analysts with little data science training.
- Conversational experiences with employee self-service operations, including submitting expenses and project timecards, are handled effortlessly via a digital

assistant. Digital assistants also help managers with talent recruitment, assist Finance in securing quick updates on reconciliation and financial close—all with less data entry, fewer errors, and no menu to navigate—and (as noted above) are available for Microsoft Teams on all devices.

BUYER CHALLENGES

Enterprises and brands seeking new ERP systems must compare the current- and future-state requirements of their existing legacy on-premises customization with the out-of-the-box configured requirements of cloud-based ERP systems. In many cases, legacy on-premises ERP systems may have outlived their useful life for supporting regulatory requirements as well as for integration with newer technologies.

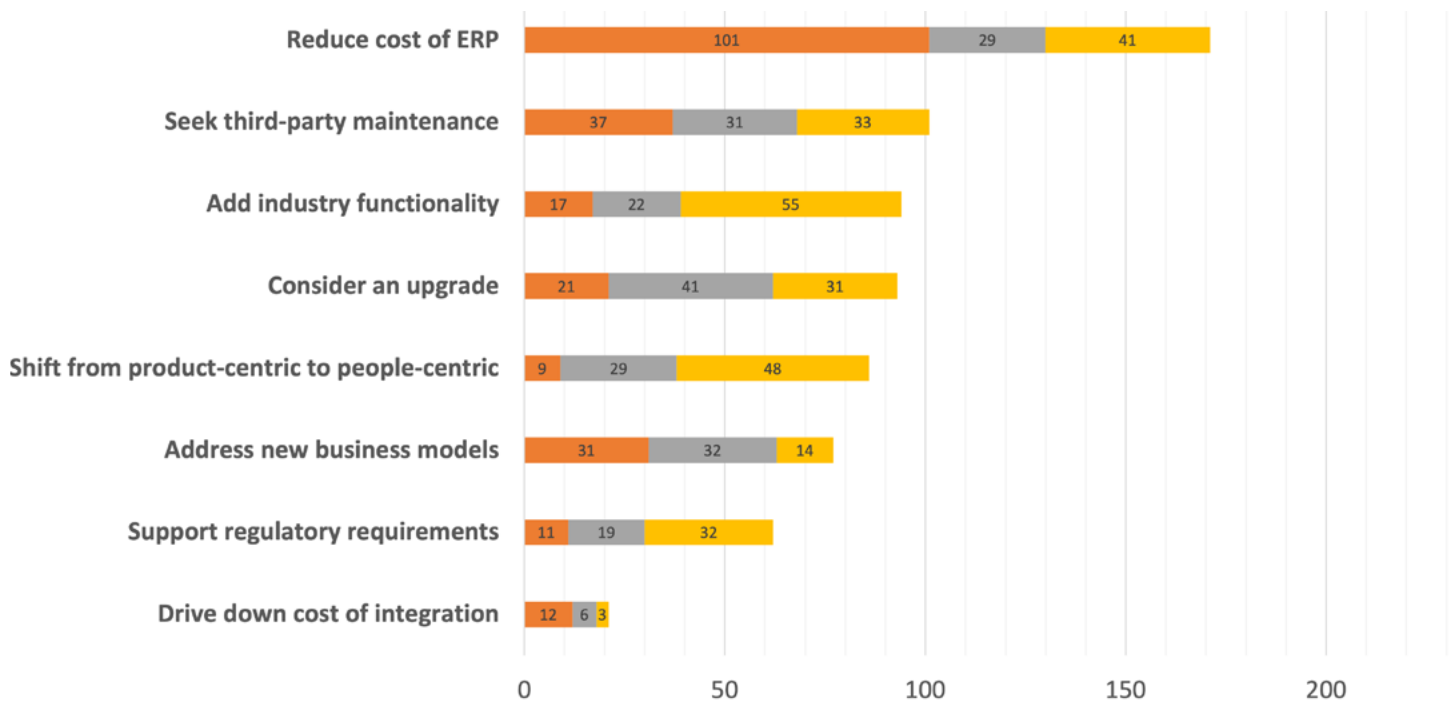
Integration with existing and new systems is one of the most significant factors in migrating from on-premises to cloud-based ERP systems. In addition, the market has rapidly consolidated around a dozen ERP suites with varying degrees of cloud deployment options. Buyers must consider their requirements for deployment options that range from a hosted single-tenant multi-instance cloud to true multitenant software as a service (SaaS).

Customers of ERP implementations prior to the year 2000 (Y2K) push have slowly begun the much-needed process of upgrading or replacing existing ERP installations. Over the past decade, the slower-than-expected adoption of cloud ERP has stemmed mostly from a lack of functional parity with highly customized legacy systems and from an inability to achieve meaningful ROI by replacing those systems. However, as vendors double down on reinvestment and users must adapt their ERP to a barrage of changing business models and increasing regulation, an ERP renaissance is occurring.

In Constellation's conversations with more than 300 CxOs in 2020 about ERP, leaders said they face the following challenges (see Figure 6):

- **Improving analytics and reporting.** Analytics and reporting have moved from afterthought and once-a-week management team discussions to a daily first-and-foremost focus. Teams begin the day with corporatewide dashboards and expect real-

Figure 6. Executives Face Significant Challenges with Existing ERP Systems



Source: Constellation Research

time information. More and more organizations seek improved forecasting, planning, and scenario-building tools powered by some level of AI. Existing systems continue to require workarounds and a patchwork of solutions.

- **Reducing the cost of ERP.** Users seek to drive down the cost of ERP ownership. The cost of maintaining a legacy ERP system over five years often exceeds the cost of a replacement cloud ERP system. Customers that seek to reduce the number of on-premises licenses face an uphill battle with legacy vendors on maintenance costs. Technology and procurement leaders seek pricing elasticity in user-based, usage-based, and platform pricing.
- **Seeking third-party maintenance.** Independent maintenance for on-premises systems enables customers to consider a replacement or upgrade strategy while saving as much as 50% on maintenance costs. The money saved on maintenance is often used to fund the upgrade or replacement project. Leaders must determine whether to soldier on with existing systems, upgrade, or consider third-party maintenance.

- **Adding industry functionality.** The collapse of industries along value chains has shifted what industry functions businesses require from their ERP systems. Deeper out-of-the-box requirements of microindustries and the ability to configure platforms to deliver on unique business requirements make it challenging for microindustries to work with their current ERP system. As industry-specific requirements grow and industries collapse, ERP systems face breaking points that often require expensive customizations.
- **Addressing emerging digital-business and monetization models.** With an increase in postpandemic business models built on less density and more digital business, brands and enterprises must consider digital monetization. Customers seek subscription services, support for digital goods and services, and the ability to create new pricing schemes. Organizations also seek postsale business model and monetization support from their ERP system, which may not have originally been designed for such business models.
- **Considering an upgrade.** Aging systems, pressure from indirect access, audit threats, and the need for new functionality plague enterprises that have a legacy on-premises ERP system. Business leaders seek more capabilities from their ERP system but expect to pay less. Legacy vendors expect to grow their accounts with upgrades and more modules sold to show revenue growth. Technology and procurement leaders must find business value in upgrades.
- **Shifting from product-centric to people-centric requirements.** Most ERP systems deliver well-refined processes designed for making goods or products. Over the past decade, customers have been seeking ERP systems that also address the services-centric requirements and people-centric approach to humanizing digital processes. From installation to project management, services delivery, and warranty management, people-centric processes have blended with the product-centric world and, in many cases, spawned people-centric-only businesses.

- **Meeting regulatory requirements.** ERP systems often bear the brunt of all legislation, regulatory requirements, and compliance initiatives. These systems must address every new whim of government as well as ensure the mitigation of risk to regulatory bodies. Leaders must manage the challenges of keeping their ERP system up to date.
- **Driving down the cost of integration.** Managing and maintaining integration of disparate cloud systems requires competencies in data and process integration. Given the lack of maturity and availability of open APIs and microservices for legacy on-premises ERP systems, most enterprises face a tough challenge in managing the cost of integration. Further, the proliferation of cloud systems in marketing, sales, service, commerce, and human resources often complicates the overall environment. Legacy ERP systems are expensive to integrate with other key business systems.

PRICING

Pricing for all Oracle products is transparent and updated on a regular basis on the Oracle website.

Published pricing for Oracle Enterprise Resource Planning Cloud – Hosted Named User is \$625 per user per month, which includes the following Oracle products:

- Financials
- Advanced Collections
- Automated Invoice Processing (requires separate purchase of WebCenter Forms Recognition)
- Grants Management
- Project Contract Billing
- Project Financials
- Project Management
- Revenue Management

Oracle Enterprise Resource Planning Cloud – Hosted Employee is \$35 per hosted employee per month and includes the following Oracle products:

- Advanced Collections
- Automated Invoice Processing (requires separate purchase of WebCenter Forms Recognition)
- Expenses
- Financials
- Grants Management
- Project Contract Billing
- Project Financials
- Project Management
- Project Resource Management
- Revenue Management
- Task Management
- Time and Labor for Projects

Oracle Enterprise Resource Planning for Self Service Cloud – Hosted Named User is priced at \$20 per user per month and includes the following Oracle products:

- Expenses
- Bill Management
- Project Resource Management
- Task Management
- Time and Labor for Projects

ANALYSIS AND OBSERVATIONS

Strengths

- **Global and international finance capabilities for Tier 1 and Tier 2 ERP requirements.**
Oracle is one of the major Tier 1 finance solutions for global ERP. Oracle's improvements in automation and ML place the company in the lead for stand-alone or integrated financial solutions.

- **Strong foundation for autonomous and self-driving ERP.** Oracle has embedded the AI infrastructure required for early steps in intelligently automating transactions.
- **AI-powered user experiences.** Contextually relevant user experiences are powered by AI. Oracle's UX paradigm enables personalization at scale. Oracle's digital assistants show depth beyond in capability.
- **Strong project management offering for a services-centric ERP customer.** Oracle brings leading project management and project-based ERP credentials to project-centric organizations.
- **Proven planning and budgeting capability.** As one of the leading planning and budgeting solutions, Oracle has built a CFO-centric and user-centric approach.
- **Rich industry-focused requirements and adoption across industry verticals.** Oracle has deep capabilities across many industries. These address not only regulatory requirements but also very industry-specific needs.
- **Tight integration with Oracle HCM and Oracle CX across a common data model.** Oracle is one of the few vendors that has a unified data model.
- **Deployment choice of Cloud@Customer as hosted or pure software as a service.** Oracle provides development choice.
- **Transparent pricing models.** Oracle is one of the few vendors that publicly publishes its price list.

Weaknesses

- **Need for more professional services and implementation expertise.** Constellation's customers seek more choice and variety in the number of available Oracle experts.

- **Customers' perception of the Oracle brand not meeting today's reality.** Oracle prospects often have a strong perception of the brand that is either positive or negative, with very little middle ground. That perception does not reflect the actual capabilities and available offerings.
- **Channel conflict with Oracle Consulting Services and SI partners in the field.** Clients as well as partners cite channel conflicts when seeking third-party implementation services.

Figure 7. Oracle ERP Cloud's Strengths and Weaknesses

STRENGTHS	WEAKNESSES
• Global and international finance capabilities for Tier 1 and Tier 2 ERP requirements • Strong foundation for autonomous and self-driving ERP • AI-powered user experiences • Proven planning and budgeting capability • Strong project-management offering for a services-centric ERP customer • Rich industry-focused requirements and adoption across industry verticals • Tight integration with Oracle HCM and Oracle CX across a common data model • Deployment choice of Cloud@Customer as hosted or pure software as a service • Transparent pricing models	• Need for more professional services and implementation expertise • Customers' perception of the Oracle brand not meeting today's reality • Channel conflict with Oracle Consulting Services and SI partners in the field

Source: Constellation Research

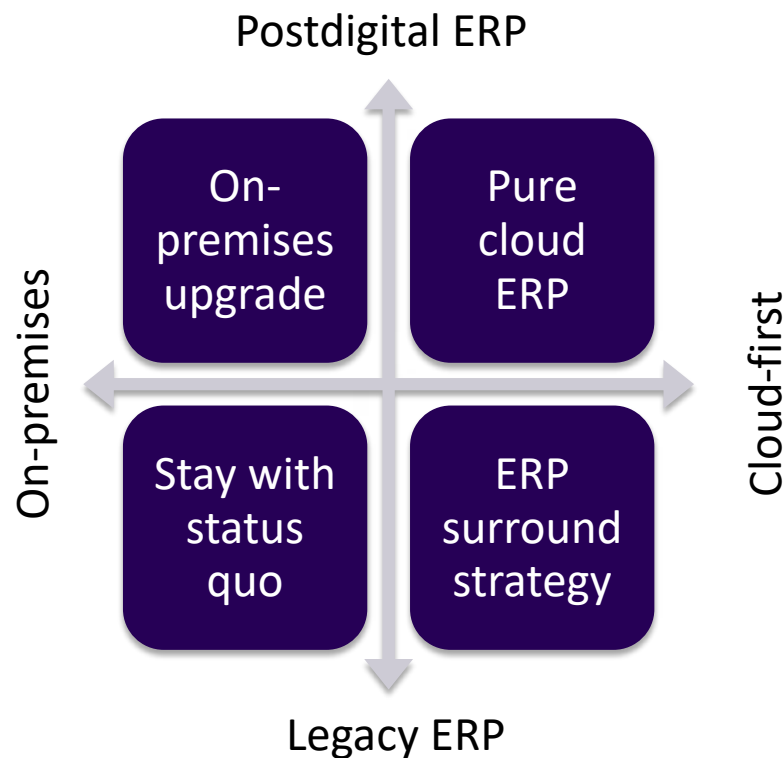
RECOMMENDATIONS

Start Optimization and Innovation with the Cloud; Then Build for AI

The road to postdigital ERP comes with many approaches. Evaluations should consider on-premises versus cloud and legacy ERP versus postdigital ERP (see Figure 8). Constellation recommends that customers do the following:

- **Surround legacy systems with cloud innovation and hybrid integration.** Organizations seeking to dip their toe in the water with cloud ERP can start with adjacent cloud solutions such as pricing, forecasting, demand planning, recruiting, and talent management. The goal is to understand the ease of use while accessing innovation at the edge. Teams should select integration tools that will enable hybrid models and long-term cloud-to-cloud orchestration.

Figure 8. A Postdigital View of ERP Modernization



Source: Constellation Research

- **Consider a two-tier approach to cloud ERP.** Start an upgrade or replacement project inside a division, geography, or separate business unit. Take the time to redesign processes for both efficiency and automation. Apply lessons learned from the upgrade or replacement experience to drive future adoption across the enterprise.
- **Make the shift to pure cloud ERP.** Explore the requirements to move to a pure cloud ERP solution. Map previous customizations to new or promised functionality on the roadmap. Consider the impact of integrations. Design the system to address key business questions. Assess processes for automation capabilities. Design for digital feedback loops.
- **Incorporate digital feedback loops.** Use each choice to create digital feedback loops that deliver insights. Insights power next-best actions along the data-to-decision continuum. The creation of feedback loops mitigates risk, ensures compliance, optimizes operations, grows revenue, improves experience, informs product offerings, and enables brand promise.
- **Democratize decisions in the front office and the back office.** Employees throughout the enterprise can take action to improve customer experiences, but only if they have the right information presented in context at the right moment. Renew existing transactional systems from ERP, customer relationship management, and supply chain management by abstracting the transactions and enabling orchestration of new experiences. Taking these new journeys to the front lines will enable the ability to democratize decisions across all stakeholders.
- **Deliver mass personalization at scale with automation and AI.** As organizations light up their data-driven digital networks, they can finally deliver mass personalization at scale. Intelligent enterprises will use AI and ML tools to automate this personalization and build autonomous and self-learning systems over time.

When to Consider Oracle Cloud ERP

Based on conversations with more than 200 Oracle Cloud ERP customers and partners and 200 large enterprise ERP prospects, Constellation recommends that organizations meeting the following requirements consider this offering for their short list:

- New prospects that seek the best functionality and value ratio
- Oracle “red stack” diehard customers
- Midmarket to large enterprises seeking an international and global footprint
- Forward-thinking buyers seeking a future of autonomous and self-driving applications
- SAP customers seeking change and modernization in the cloud
- Workday prospects seeking greater end-to-end finance functionality
- Customers seeking strong planning and budgeting capabilities
- Services-centric ERP customers requiring sophisticated project management capability
- Product-centric ERP customers with a manufacturing bent for both process and discrete
- Organizations wanting an option of deployment models to grow into over time—from on-premises to cloud—on the same code base

RELATED RESEARCH

R “Ray” Wang, “Market Overview: Cloud ERP Drives Back-Office Digital Transformation, Constellation Research, March 9, 2021. <https://www.constellationr.com/research/cloud-erp-drives-back-office-digital-transformation>

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ANALYST BIO

R “Ray” Wang

Founder and Principal Analyst

R “Ray” Wang is founder, chairman, and principal analyst of Constellation Research Inc. and author of the popular enterprise software blog, A Software Insider’s Point of View. He previously was a founding partner and research analyst for enterprise strategy at Altimeter Group.

A background in emerging business and technology trends, enterprise apps strategy, technology selection, and contract negotiations enables Wang to provide clients and readers with the bridge between business leadership and technology adoption. Wang has been recognized by the prestigious Institute of Industry Analyst Relations (IIAR) as Analyst of the Year, and in 2009 he was recognized as one of the most important analysts for enterprise, SMB, and software. In 2010, Wang was recognized on the ARInsights Power 100 List of Industry Analysts and named one of the top influential leaders in the CRM Magazine Market Awards.

Wang graduated from Johns Hopkins University with a B.A. in natural sciences and public health. His graduate training includes a master’s degree from Johns Hopkins University in health policy and management and health finance and management.

 [@rwang0](https://twitter.com/rwang0)  constellationr.com/users/r-ray-wang  linkedin.com/in/rwang0

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Constellation Research is an award-winning, Silicon Valley–based research and advisory firm that helps organizations navigate the challenges of digital disruption through business model transformation and the judicious application of disruptive technologies. Unlike the legacy analyst firms, Constellation Research is disrupting how research is accessed, what topics are covered, and how clients can partner with a research firm to achieve success. Over 350 clients have joined from an ecosystem of buyers, partners, solution providers, C-suite, boards of directors, and vendor clients. Our mission is to identify, validate, and share insights with our clients.

Organizational Highlights

- Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015.
- Experienced research team with an average of 25 years of practitioner, management, and industry experience.
- Organizers of the Constellation Connected Enterprise—an innovation summit and best practices knowledge-sharing retreat for business leaders.
- Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.



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info@ConstellationR.com



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