

Oracle adds AI to its cloud offerings to help businesses accelerate growth and drive efficiency

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Adrian Ho



Ovum view

Summary

Like other legacy software vendors, Oracle has staked its future on the cloud. Over the years, it has made a series of acquisitions (NetSuite, Textura, RightNow, Eloqua, BigMachines, and others) to expand its cloud assets, accelerate its growth momentum, and transition the entire organization to a new cloud era. Oracle recently held its inaugural Singapore OpenWorld event, with announcements about new capabilities, regional success stories, and new solution availability for customers in Asia-Pacific. This year, Oracle's overarching theme was the integration of automation, artificial intelligence, and machine learning across its entire portfolio. The resounding message was clear: not only is Oracle's cloud transition complete, it also wants to make its applications and solutions smarter so that it can help enterprises, especially line-of-business (LOB) users, become more effective. Oracle's growth in Asia-Pacific will come from two areas: deeply infused AI cloud applications and cloud infrastructure.

Get AI for every Oracle app

Cloud applications constitute one of the key pillars of growth that Oracle is betting on. A fast-expanding number of AI-driven enterprise applications offered by Oracle and regional clients were on display throughout the event. Its application AI strategy can broadly be broken up into three categories: adaptive intelligent applications, intelligent UX, and conversational agents. Of the three, Ovum believes that adaptive intelligent applications will provide the greatest opportunity. AI has been added to Oracle's ERP, HCM, and CRM offerings, where tasks are now automated and new insights can be delivered. As one Oracle executive stated: "It's about getting answers to questions we didn't think to ask."

There was no shortage of marquee customers on display at OpenWorld. AirAsia discussed how Oracle ERP has streamlined its operations, positively impacting customer experience. Siam Commercial Bank said enterprise cloud applications have allowed it to respond to customers more rapidly and to remain relevant.

One of the biggest problems with any much hyped and talked about technology is that it brings unrealistic expectations. Some would say that AI falls into this category and vendors can be found guilty of firing up the hype around it. The best and responsible approach is to demonstrate a "proof of the pudding" methodology with clear customer wins and benefits. There were enough success stories at OpenWorld to get the conversation going for many enterprises in the Asia-Pacific region that might still have doubts about Oracle's adaptive intelligent applications. Ovum believes there is a clear path to growth for Oracle here.

Databases get the ML makeover

The second pillar of Oracle's growth is cloud infrastructure (Oracle introduced its Autonomous Database in 2018). At OpenWorld there was bullish narrative from Oracle executives, highlighting that this has been one of the fastest growing products ever launched by Oracle. Oracle Autonomous Database uses machine learning and automation to deploy, optimize, patch, and secure itself with no human intervention, improving performance and effectiveness. Globally, there have been more than

4,000 new trials in the last quarter with more than 1,000 paying customers. Oracle also touted the benefits it has delivered to its customers including LOBs, with marketing departments using it to deliver better insights about customers, giving sales teams a better understanding of leads. All of these help LOBs fast-track business decisions, improve customer service, and generally make the business more competitive. Ovum believes that a truly autonomous database delivered via the cloud will garner the attention of enterprise buyers and the momentum in Asia-Pacific will remain strong for Oracle. Ovum also believes that this is only the beginning, because there is a very large installed base of customers that Oracle can mine. The early-mover advantage and brand recognition that Oracle has in this area should be used to further accelerate growth.

There is no shortage of competition in Asia-Pacific, with many software and cloud providers muscling their way into the region. Oracle's large installed base of customers will be the natural ground for cross-selling and up-selling its emerging solutions. There was also discussion about new investments in the region, including an increased presence in emerging or frontier markets such as Bangladesh, Afghanistan, and Sri Lanka. Oracle's first OpenWorld in Singapore is also a major milestone because it steps up its marketing machine in the region. Ovum believes that the momentum toward a smarter intelligent cloud will only accelerate, and Oracle has positioned itself well in the region to take advantage of this.

Appendix

Further reading

Oracle's second-generation cloud is designed to be enterprise grade, INT003-000329 (February 2019)

Author

Adrian Dominic Ho, Principal Analyst, Advanced Digital Services

Adrian.ho@ovum.com

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ovum.informa.com

askananalyst@ovum.com

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