



Insight

Oracle Enhances Financing Programs for ODA Launch

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IDC OPINION

The prevalence of cloud computing options among enterprise clients is well documented at this point, and IT assets that allow faster deployments, flexible capacity options, and pricing transparency have become requirements. Further:

- Oracle's Oracle Database Appliance (ODA) meets many of these needs, and with the new lower entry point and help from its partners, Oracle intends to focus on the next tier of customers.
- As part of this strategy, Oracle Financing has put together some compelling programs to help its partners increase the market penetration of the ODA platform.

IN THIS INSIGHT

This IDC Insight reviews the new financing programs that are available to support sales of the Oracle Database Appliance (ODA).

In June 2016, Oracle unveiled additional models to its Oracle Database Appliance that it first introduced in 2011. Focusing on the new customer requirements of simplicity, flexibility, and cost-effectiveness, the new ODA models offer a lower entry price and improved functionality to Oracle's innovative appliance lineup. Looking for ways to increase ODA sales, Oracle Financing unveiled new financing programs to speed time to market for its partners and increase penetration in the SMB space.

SITUATION OVERVIEW

The prevalence of cloud computing options among enterprise clients is well documented at this point, and IT assets that allow faster deployments, flexible capacity options, and pricing transparency have become requirements. Oracle's ODA meets many of these needs, and with the new lower entry point and help from its partners, Oracle intends to focus on the next tier of customers. As part of this strategy, Oracle Financing has put together some compelling programs to help its partners increase the market penetration of the ODA platform in the SMB space. Highlights of the program are:

- **Right to use:** Instead of purchasing a technology solution, customers can opt for a "right to use" subscription-style structure. This is an operating expense solution that lets partners' clients pay for the right-to-use Oracle technology over a specific period of time. Once that time period ends, customers have the option to extend the term or refresh their existing Oracle systems or return the systems.
- **Asset management solutions:** This program includes a built-in technology refresh to offload order management from the partner and customer, helping customers stay up to date on

Oracle's latest Oracle Database Appliance and other Oracle technology platforms. Many of the right-to-use options are also included in this program.

- **Structured migration program:** This program enables customers to defer payments until they start enjoying the full benefits of an ODA solution. Whether a partner customer is migrating to ODA from other system platforms or creating a hybrid cloud using a combination of on-premises ODAs and Oracle Cloud IaaS/PaaS solutions, Oracle Financing will create the right structure to align payments with technology deployment, providing Oracle channel partners another tool to assist their customers.
- **JD Edwards as a service:** Working together with its partners, Oracle has created a JD Edwards solution for customers wanting a subscription-style model that includes ODA, the JD Edwards application, and partner services in a packaged offering. Deploying JD Edwards in this manner reduces up-front costs and enables partners to deliver a flexible, JD Edwards-in-a-box solution. JD Edwards as a service is a great structure for customers wanting a subscription-style acquisition model and management of the entire stack, facilitating rapid innovation cycles with their partner-provided services.

In addition to these programs, Oracle Financing works with its partners to understand any hurdles its customers are dealing with and help remove objections to the sales process, whether accounting or approval obstacles, providing the financial flexibility that enable its partners to close deals.

FUTURE OUTLOOK

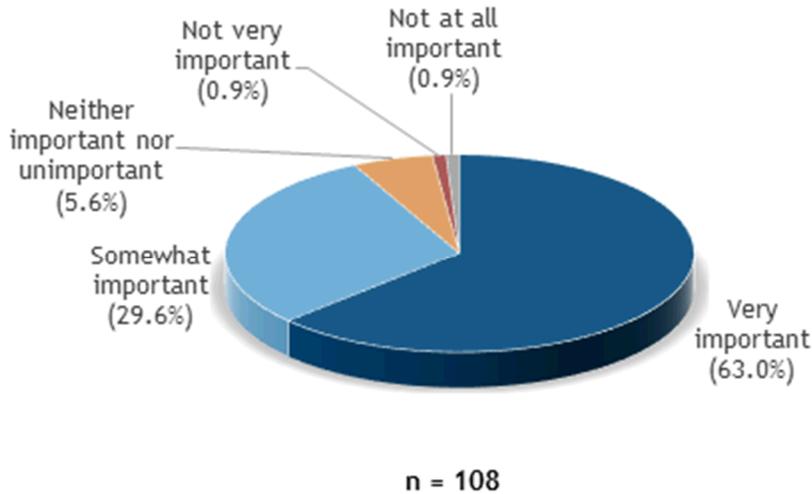
One of the most interesting developments of the 3rd Platform is the rate at which organizations shift from "purchasing" infrastructure that they own and operate to renting that infrastructure via a hosted private or a public cloud delivery model. In 2014, companies were about 3.7 times more likely to buy IT infrastructure hardware than to "rent" infrastructure via IaaS and hosted private cloud services. In 2019, they will be spending more to "rent" IT infrastructure (\$68.3 billion) via a hosted private or public cloud model as they will spend on hardware to put in their own datacenters (\$63.6 billion).

Along with new ways to acquire IT capacity, customers also want more innovation in their payment options. Our research shows that pay-per-use programs are now a key requirement when enterprises' evaluate their IT infrastructure partners. This summer, IDC conducted a survey of U.S. customers and asked about the importance of flexible payment models and if it influenced their provider selection process. As Figure 1 illustrates, 63% of the respondents stated flexible payment options or pay per use were "very important."

FIGURE 1

Importance of Flexible Payment Options or Pay-per-Use Availability

Q. When selecting an IT infrastructure provider, how important is the availability of flexible payment options or pay per use?



Source: IDC's *Pay-per-Use Models in IaaS Survey*, July 2016

Oracle Financing understands this trend and is offering innovative payment solutions to help both its partners and its customers buy hardware, software, or combinations of products and services. Working within the broad Oracle product portfolio, the Oracle Financing team has offers with customized payments that align with customers' business, operational, and budgetary needs. By removing clients' economic and budget hurdles, Oracle Financing is supporting its partners' goals to increase SMB market growth.

As we stated in our *IDC FutureScape: Worldwide Datacenter 2016 Predictions* (IDC #259808, November 2015), we expect that "by the end of 2016, 50% of companies will demand payment models based on usage for major IT and datacenter investments, basing vendor decisions on these programs." As we move to the maturity stage of the 3rd Platform, innovative and easy-to-use payment models will become table stakes for IT providers. Oracle Financing is addressing these new customer requirements with payment models that provide the flexibility customers need to make this transition.

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