

## MARKET NOTE

# Oracle OpenWorld: Blockchain in the Mix

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## EXECUTIVE SNAPSHOT

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### FIGURE 1

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#### Executive Snapshot: Oracle OpenWorld – Blockchain in the Mix

This document offers an overview of Oracle's OpenWorld conference held in September 2019. During the event, Oracle featured its product strategies for blockchain, including the development of blockchain applications, a new blockchain table available with Oracle's Autonomous Database, and the evolution of its blockchain platform as a service.

#### Key Takeaways

- Blockchain is still a small part of Oracle's overall strategy, but since announcing its initial forays into blockchain last year, the company has continued to build out its offerings and featured the technology in multiple sessions and talks.
- Oracle has added two components to its blockchain strategy that are very interesting. First, it has begun developing blockchain applications to allow a near-turnkey implementation of the technology across a few well-understood use cases such as supply chain. Second, it has created a "blockchain table" available as a part of its Autonomous Database. Both offerings make blockchain simpler to implement.
- Oracle's platform as a service has evolved to support multiple deployment models, including multicloud and on-prem. In addition, the road map for the product has evolved in such a way as to demonstrate Oracle's long-term commitment to the technology.

Source: IDC, 2019

## IN THIS MARKET NOTE

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This document covers Oracle's recent OpenWorld event held in San Francisco in September 2019. The annual event offers Oracle an opportunity to showcase its products and strategy to customers, developers, and industry observers. Though official attendee numbers are not released, the event purports to draw visitors from more than 90 countries and boasts more than 2,000 sessions and 250 exhibitors. It is one of the largest technology vendor conferences of the year.

As with last year's event, blockchain played a small but significant role in Oracle's event. There were nearly 30 sessions covering blockchain in familiar use cases such as voting, identity, and supply chain and featuring clients and partners such as GE, Deloitte Consulting, and Infosys. In addition, product managers, marketers, and partners took advantage of the opportunity to tout their blockchain products, services, and companies. The technology was even included in Oracle CTO Larry Ellison's keynote address.

While 30 sessions may not seem a very big number compared with 2,000 sessions spread over the four-day conference, the sessions themselves were meaty and showed the evolution of Oracle's thinking around blockchain – from interesting emerging technology to serious product. Oracle, whose reputation is so tied to traditional databases, could arguably remain ambivalent to blockchain at this point as a part of its product strategy. That it has chosen not to do so is particularly important to the blockchain market at this point in its development.

## IDC'S POINT OF VIEW

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Oracle's approach to blockchain as discussed at OpenWorld was divided into three components: creating products, adding blockchain into the traditional database product, and creating a more robust blockchain platform. Altogether, the message from Oracle was that their approach to the technology is serious and is aimed at not just creating blockchain solutions but at productizing the technology. That has been a real challenge for many vendors. Oracle is aiming its strategy at answering the questions: "How will Oracle customers actually 'buy blockchain?" and "Why would a company purchase a blockchain product?" And maybe most importantly: "Why would a company buy a blockchain product from Oracle?"

## Blockchain Applications

One part of the Oracle strategy is targeted at the application layer of the blockchain stack (i.e., creating the solutions that enterprises can use to harness blockchain). This portion of the strategy is about developing the applications for vertical industries to encourage, and even create, the use cases for blockchain. Some of the skepticism of blockchain has been based on the thinking that blockchain is a solution in search of a problem or that conventional technologies are sufficient, and building applications around blockchain helps Oracle (and the market in general) demonstrate the problems blockchain can solve. It is quite literally creating something to have a product to sell.

The applications currently developed are for procurement, order management, and transportation logistics, areas where blockchain has seen great promise already. Over time, Oracle is looking to create additional applications to offer clients, including solutions for Internet of Things (IoT) and edge computing.

The issue for Oracle with this type of approach is the messaging of the applications (i.e., answering the "Why Oracle?" question). Will customers look at Oracle, and these solutions from Oracle, as necessary or desirable? That may be a tough message for Oracle, but at this point in the development of blockchain as a market, no tougher than any other vendors in the space. They are all looking to provide a compelling message for blockchain applications, especially those that are prebuilt. That also requires Oracle to answer the question "Why blockchain?" For Oracle, the answer to that question depends on consistent education – featuring it at OpenWorld, for instance.

Another issue for Oracle with building applications for blockchain will be ensuring the applications scale with the customers' needs. A big question for blockchain has been its ability to scale, with the answer to that question being mostly theoretical. Production implementations in logistics and supply applications have been relatively limited, so Oracle will have to ensure that any customers that use their blockchain applications can continue to use it as their needs grow.

### ***Creating a Blockchain Table***

Along with building blockchain applications, Ellison announced blockchain would be included as a new table type in Oracle databases beginning this fall with the release of Oracle Database 20c. The new blockchain tables take some of the principles of blockchain – namely an append-only database that "chains" data as it is added – but make them more accessible for developers. The tables fully support existing applications and Oracle tools. The idea behind this table type is to leverage characteristics of blockchain like immutability and tamper resistance – but to make those characteristics available where a full distributed, decentralized model is not necessary.

There are other benefits to the blockchain table, including more secure methods for protecting databases. For instance, private keys can be used to "sign" entries, ensuring that any changes are attributable to individuals. Along with immutability inherent in hashed data, this means any fraudulent effort to change the database will be not only recognized but also connected to a particular user.

The blockchain table is a clever approach to blockchain, offering users a simple method for integrating some of the more attractive attributes of blockchain. For internal projects within an enterprise, or applications with multiple trusted parties, this type of approach is interesting. It also means the ability to deploy "blockchain" without a need for changes to infrastructure and with the ability to leverage existing resources and experienced Oracle developers.

### ***The Evolving Oracle Blockchain Platform***

For more serious applications of blockchain, Oracle has expanded the capabilities of its blockchain platform as a service as well as advanced its road map for its platform. The product remains an easy-to-manage, build, and administer platform built on Hyperledger Fabric (components are loaded automatically) for permissioned distributed applications. With its newest edition, however, Oracle has added the ability to provision instances into hybrid and multicloud environments as well as into on-prem deployments. That makes it easier for enterprises that may need to comply with data sovereignty or residency mandates to still use blockchain for applications.

Perhaps more important than the new capabilities of the platform, Oracle presented its extended road map for its blockchain platform. According to the company, the road map is aimed at developers, operations, and infrastructure. For developers, Oracle wants to provide tools that make developing for blockchain easier. It also wants to provide tools that make provisioning, scaling, and deploying blockchain applications and instances smoother and better as well as working toward interoperability

and the ability to support multiple blockchain protocols. And finally, Oracle is enhancing its datacenter and cloud infrastructure to make migrating from on-prem to cloud or wherever an easier-to-manage process.

What Oracle's blockchain road map demonstrates, along with its inclusion of blockchain in its database and its initial steps toward developing blockchain applications, is a commitment to the technology. That is important for several reasons. First, it gives developers that are also beginning their blockchain journey some confidence that their platform vendor will be there to support them as their needs evolve and grow. In addition, that will contribute to the entire market's evolution. A vendor like Oracle backing blockchain means other vendors will develop their own competing – or even complementary – services. That will be important if blockchain is to move from novelty status for pilots and proofs of concept to enterprise-grade solutions.

## LEARN MORE

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### Related Research

- *Accenture's Blockchain Analyst Event 2019: No More Digitizing the Pigeon* (IDC #US45328719, July 2019)
- *Project Libra: A Bold Step for Cryptocurrencies and Payments* (IDC #US45328419, July 2019)
- *SAP SAPHIRE – Putting Blockchain in Its Place* (IDC #US45209619, June 2019)
- *Money20/20 Asia: Discussing Payments and Blockchain in Asia* (IDC #US44951619, May 2019)
- *Hyperledger Global Forum: Demonstrating Leadership in Blockchain* (IDC #US44833018, February 2019)
- *IDC Market Glance: Blockchain, 1Q19* (IDC #US44837919, February 2019)
- *Understanding the Blockchain Stack* (IDC #US44295318, December 2018)

### Synopsis

This IDC Market Note covers Oracle's recent OpenWorld event held in San Francisco in September 2019. At its annual OpenWorld event, Oracle expanded on its strategy for blockchain. While still a small part of Oracle's products, the event demonstrated a commitment to blockchain and a long-term vision for developing products and solutions built on the technology.

"For every vendor offering blockchain solutions, these are still early days," said James Wester, research director, Worldwide Blockchain Strategies at IDC. "What Oracle showed at OpenWorld is an evolving strategy and a well-thought-out road map for blockchain as the market develops."

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