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Oracle's approach to the cloud is clearly differentiated

Ovum view

Summary

One of the key challenges for any CIO managing a cloud environment is the need for a new approach to thinking about the IT environment. In the cloud world, the thinking is that IT resources are treated like cattle and not like pets, and must be marshaled and used for the benefit of the business, not individualized. This analogy has been used before to describe cloud computing, but when it is applied to the management paradigm, the real value of the separation becomes apparent. Managing individual workloads running in specialist environments might provide optimum utilization of resources and cost, but this comes at a significant overhead in terms of staffing. Ovum research indicates that the future IT environments will be a hybrid mixture of on-premises, SaaS, and public cloud services (IaaS and/or PaaS).

The autonomous database as a service will enable greater business value and a guarantee of service availability

The core of any organization's value is the corporate data, and most of this data is held in databases. However, these data repositories are complex and expensive to manage to ensure that data is both secure and available. As organizations continue their journey to adopt cloud computing, moving these corporate repositories is now beginning to tax the minds of CIOs. Currently, cloud providers enable organizations to migrate these databases from on premises to a cloud model, but cloud database services are still rudimentary in terms of the service capabilities they offer. Oracle has an extensive heritage in the database market, and while it has been accused of being slow to move this expertise from an on-premises to a cloud model, its reasons are understandable: it did not want to reduce the quality of service customers could expect from a database as it moved to the cloud.

The Oracle Autonomous Database Cloud (OADC) is a new concept that Oracle will be rolling out throughout 2018. It is built using AI and machine learning and is designed to improve the availability while reducing the cost of managing these complex assets. Initially the OADC will be for data warehouse deployments, but will be expanded to cover OLTP, NoSQL, and Graph use cases. The core premise of OADC is to transform the way in which databases are managed when they move to the cloud to improve some challenging operational activities, such as tuning databases to ensure optimum performance, patching and updating databases to ensure security and compliance, and auto-scaling databases to meet business demand. The cost savings associated with automating these activities typically performed by DBAs will enable these expensive resources to be used for value-adding data science activities enabling organizations to exploit these data assets. The other main advantage of this autonomous approach is that it will provide a guarantee of service availability, with Oracle quoting no more than 30 minutes of downtime a year, including time for maintenance, updates, and so on.

Recognizing the importance of the edge cloud and how it is connected is a real differentiator

The market in global cloud provision is showing significant disruptions thanks to the trend to become more precise in terms of where workloads and data are located. Government and industry regulatory

rules on data and privacy are driving demand for different layers of public cloud availability based on geographic reasons. However, data privacy alone is not the sole reason for more localized public cloud offerings; political instability is also a driver. The 2016 UK vote on membership of the EU demonstrates that even in mature markets, political change can be disruptive to other nations' economies and business operations. Service providers need to understand the adoption patterns of cloud computing so that any investment in regions/countries matches the opportunity in 2018/19. Cloud computing is being adopted globally, but the predominant approach differs between countries and regions and is dependent on multiple factors, such as data sovereignty laws, government policy on the use of IT, and how mature the market is in terms of cloud computing use.

Because of this disruption, a three-tier model has emerged that includes global centralized resources, regional resources, and a local in-country presence. This will change the strategic decisions of many cloud service providers and internet giants. Currently, most of the regional and local capacity is located in co-location facilities or provided by regional cloud service providers. Oracle has announced its intentions to build out the cloud in a mixture of locations, some in traditional locations, but many in new locations where global cloud providers do not have a presence. Ovum considers this move by Oracle as a key early first-mover advantage, particularly in locations such as Korea, Japan, Saudi Arabia, and the Nordics that represent significant opportunities. Building points of presence in different geographies sounds like a simple exercise, but making them deliver a known performance is not. Oracle has built a backbone network that means any data center is no more than two hops from another one, which means that any latency is a known quantity, enabling Oracle Cloud to deliver a known service quality.

A new financial model to purchasing cloud is designed to meet the flexible business demand organizations expect from CIOs

For many organizations, the biggest challenge that cloud computing faces in 2018 is dealing with an ever-increasing level of complexity from the sheer number of different services on offer. Coupled with this increase in provider options is the need to simplify the purchasing experience to cover all the different services. This might sound familiar to data center managers who have struggled with different licensing and pricing models for years, particularly because one of the key value propositions of cloud computing was a simple and easy-to-understand pricing model. Ovum believes that the value of cloud provision lies in the platform and its ability to integrate with other environments. For enterprise customers looking to adopt cloud services, the journey and different stages on that journey need to be planned so that cloud adoption is strategic and not just tactical. However, the problem of knowing exactly what services or resources are needed makes budgeting for this plan a problem for CIOs.

Cloud providers must simplify the way services are purchased if they are to deliver organizational value, particularly if service providers are legitimately claiming to be solving more than just specific line-of-business issues. In addition, service providers need to offer an array of integrated services and support. For many organizations moving workloads to the cloud, a lack of skills and knowledge is the biggest area where help is needed. This often surfaces at the planning stage where detail requirements are needed while business plans remain fluid. Oracle announced a new flexible approach to help customers solve this dilemma. Financial segregation is an approach to reduce complexity by enabling a budget to be defined, but it can be used to consume any service in the IaaS and PaaS catalogue as they are needed, eliminating the need for forward knowledge of exactly what

will be required. This segregation also allows for this budget to managed in organizations with a complex financial setup. This is done through the account and sub-account model where an organization gets single DNS and as a company it can buy centrally and allocate as the organization requires to the different departments. This is supported by access segregation where workloads for the different departments can be managed to ensure only those authorized to do so can access the services.

Appendix

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Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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