

Oracle OpenWorld 2017: The cloud will rule the future, but current realities still demand attention

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Oracle OpenWorld 2017, held in October 2017 in San Francisco, was attended by over 60 000 delegates, including numerous analysts. Oracle cloud solutions were at the forefront and multiple announcements were made to highlight Oracle's progress in the cloud. From a telecoms perspective, Oracle Communications announced strong evolution of its SaaS products on the Oracle Cloud. These new cloud offerings are increasingly transcending the communications service provider (CSP) market to become cross-vertical. Oracle Communications also highlighted its continuing investments in traditional BSS/OSS on-premise products, along with dual-speed hybrid architectures for BSS customer care and revenue management. This was comforting for current customers that are not yet ready for the shift to the cloud or SaaS.

Major announcements

Some of the key developments announced during the event include the following.

- **Oracle Autonomous Database Cloud:** SaaS database middleware that has automated support operations, including fast security patching.
- **Oracle Live Experience Cloud:** a customer engagement centre integrated into web and mobile apps that incorporates customer information into the journey.
- **Oracle Identity Security Operations Center and new security features for Oracle Management Cloud:** automatic analysis and actions for events that exhibit abnormal behaviours.
- **Oracle services expansion:** continued development of its services capabilities, even as it expands its partnerships with systems integrators (Sis), especially for product integration and organisational change.
- **Artificial intelligence and machine learning feature functionality:** will be added to products across the company, not centralised.

Oracle's four potential journeys for communications service providers' transformation to digital service providers

Oracle has identified four types of journey that CSPs undergo on their path towards transforming to digital service providers (DSPs). Each of these journeys relates to an Oracle product.

- **Network evolution.** The focus here is IoT, 5G and network function virtualisation (NFV). The related portfolio is a continuing evolution of the Tekelec and Acme Packet acquisitions, including virtualised versions. These will work with Oracle's and others' orchestration engines. These systems are increasingly gaining traction in the enterprise market as well.
- **Digital operations.** The focus in this journey is simplification of legacy frameworks, the acceleration of new architectures and the integration of business systems into cloud. It includes the portfolio of products across the Concept-to-Cash-to-Care spectrum including CX (customer experience) cloud, monetisation

cloud, IoT cloud and enterprise resource planning (ERP) cloud. These services are offered not just for CSPs, but also for the broader enterprises that need support for complex use cases.

- **Digital business.** This journey is focused on creating new ecosystems, expanding existing ecosystems and cross-selling into other industries by leveraging a robust partnership model. This includes a string of on-premises, hybrid and cloud-based products that are focused on customer engagement, monetisation and orchestration.
- **Customer experience.** This journey is focused on data-driven contextual engagement and artificial intelligence to provide exceptional customer experience. It includes the newly announced Live Experience Cloud, as well as the CX cloud product line that works autonomously or with the Siebel on-premise products in a dual-speed IT model.

Linking Oracle Communications portfolio to the broader Oracle strategy

Oracle's commitment to cloud is evident in everything they are doing. Cloud products for the communications market are increasingly being sold to enterprises and are coupled exclusively with the Oracle computing infrastructure. The strategy involves:

- building out data centres worldwide, ensuring required local coverage in key countries
- writing Oracle cloud apps to run *exclusively* on the Oracle Data Centres and offered as SaaS *only*. Oracle claims that performance is much better for Oracle products (both apps and middleware) when run on its computing platform, rather than those of competitors
- reaching critical mass with cloud apps that are as horizontally cross-market as possible
- verticalising the cloud apps, but at a conservative pace.

The Oracle CX product offering has already reached stage 4, with a CSP-specific release. The new Oracle products of the Communications BU are in phase 2.

Analysis

Our opinion of the announcements – and the articulated and presumed strategies – is generally positive. Oracle Communications has brought to market many of the nascent plans presented a year ago.

Continuing to expand beyond CSPs as the market converges with enterprise

Oracle Communications, which used to focus almost entirely on the network operator market, now sees itself increasingly serving non-network operator DSPs and the communications needs of enterprises. Customers are from industries including financial services, high tech, cloud hosting and connected vehicles. This will give the business unit a larger market to serve, but may defocus from the specific needs of CSPs for a while as features and functionality mature.

Too strong a commitment to SaaS and Cloud

Oracle Communications is following an overall Oracle market strategy with a strong commitment to SaaS delivery models. These SaaS cloud applications, offered exclusively on Oracle's own public cloud, is very forward-looking, but we believe it to be more tuned to the enterprise market and will be more aggressive than what the majority of the CSP market will embrace.

An intelligent commitment to existing on-premise products

Oracle's on-premise products represent a large, embedded base and substantial revenue. Continued support of Siebel and BSS/OSS on-premise products is required – but Oracle went beyond this, announcing strong evolution of these products. However, transition plans to the cloud for existing customers was mentioned only in the Concept-to-Cash-to-Care BSS/OSS solution.

- CX has a co-existence plan with existing Siebel customers, where Siebel functionality and data storage and management functions continue, with new features put in the CX cloud components. The final step in decommissioning Siebel and moving the entire operation to the cloud was not discussed.
- Other BSS/OSS on-premise components will continue to be strongly supported and evolved, as well as migrated and integrated with the cloud. More details on the migration and transition plans are expected over the next year.

Communications network elements are being virtualised for on-premise deployment

Oracle is selling its virtual network functions (VNFs), based on its core network portfolio, to work with both their own and other companies' orchestrators. They will also run on multiple technologies, as standards have not yet shaken down in the market. The NFV presentations focused on the VNF automation and orchestration levels, and where and how an Oracle product fits into the NFV architecture. The little that was said about NFV matches what Analysys Mason perceives as a lull in purchasing (although not interest) as the network management architectures, platforms and technologies are worked out, and VNF licensing and purchasing terms and processes mature.

Evolving partner strategies

Oracle has been heavily reliant on SI partners for its go-to market strategy, especially in emerging markets. At OpenWorld 2017, Oracle Communications announced a new cloud partner program with specifically identified roles for partners in the areas of business process transformation, implementation, ongoing operations, co-selling and reselling. This program launched with a partner specialisation for Oracle Monetization Cloud. There is now an increasing focus within Oracle Communications to expand its in-house consulting capabilities and to take on a leading role in working with prospects. The consulting organisation has developed several cloud-ready start-up packs to accelerate customers' implementation of the business unit's cloud services. The focus on cloud-based solutions also affects the partnership as it means fewer traditional integration opportunities for SI partners. Oracle is clear that they will continue to stay away from integrating with other vendor solutions and from major work on supporting organisational changes required to support cloud based architecture models. However, it will take SI work on its own products, as well as prime contractor roles.