Oracle Value Chain Summit 2014

CIMdata Commentary

Key takeaways:

- *The importance and visibility of Oracle's Value Chain Summit is clearly increasing, with keynotes from Oracle's President, Mark Hurd and well-known author and business consultant Geoffrey Moore, among others*

- *Oracle announced a new Product Value Chain solution, Oracle Innovation Management solution, designed to fill the gap between product strategy and execution*

- *A sizeable number of this year's presentations clearly illustrated Oracle's comprehensive end-to-end lifecycle management strategy and associated business platform-enabling capabilities*

Oracle held their second annual Value Chain Summit February 3-5, in San Jose, California. The event once again attracted a few thousand Oracle customers who were interested in better understanding Oracle's various supply chain technologies and where they are heading. As with last year's event, the summit was comprised of a set of keynotes and focused tracks, which included a well-attended track dedicated to Oracle's Product Value Chain products—Agile PLM and Agile PLM for Process. In total over 650 individuals attended the more than 24 break out sessions specifically focused on these products.

The first day keynotes were particularly insightful this year. Mark Hurd, Oracle's President, made a number of noteworthy comments related to information technology and business. He commented on how 9 billion devices are currently connected to the Internet and how by 2020 50 billion devices are expected to be connected, as the Internet of Things significantly expands. He also mentioned that IT spend is only projected to grow by 1 to 2 percent a year, while data is growing by 40 percent annually—clearly a potential imbalance is on the horizon. Additionally, he described how Oracle is investing $5 billion this year in research and development, which is focused on their Cloud offerings, industry applications, vertical integration, and best of breed capabilities. Finally, it is worth special note that Oracle has continued to acquire companies in the last 3 years (according to Mr. Hurd, 30) and has $40 billion in available cash. These facts point to Oracle's willingness and ability to grow organically as well as inorganically as they continue to build out their enterprise business solution platform.

Geoffrey Moore, as an invited speaker, spent much of his time addressing the three primary forms of innovation described in his recently published book, Escape Velocity: differentiation, neutralization, and optimization. He commented that differentiation is what most companies talk about and it is focused on getting out of the current circle of competition. Neutralization is about getting back into the circle of competition, and optimization is innovation that allows a company to stay in the circle of competition (i.e., not being left behind). According to Mr. Moore, to be innovative a company has to be focused, disruptive, and mission critical in each form of innovation as required. He also stated that the main problem with innovation is the go-to-market strategy associated with it or perhaps the lack of one.

The main product announcement made during the event was Oracle's new Innovation Management solution. This newest Oracle offering, which is part of Oracle's Product Value Chain solution set, is a focused solution that supports the product innovation process. Oracle Innovation Management has been designed to help companies select the best ideas and

convert them into market winning products. The first release focuses on capturing, refining, and selecting the best ideas; defining and fulfilling product requirements; managing product proposals; and optimizing a company's innovation product portfolio. This solution enables the front end of design and is an excellent addition to Oracle's solution portfolio. According to Oracle, this solution will provide integrations to Agile PLM and Agile PLM for Process so that all PLM customers will be able to take advantage of this new offering, which bridges the gap between product strategy and execution. The new solution will also be open for integrations to non-Agile PLM solutions. Additionally, Oracle's product strategy management team provided insights into the roadmaps for Agile 9 and Agile PLM for Process beyond the newly announced innovation solution. Agile PLM for Process will be adding new specification management structuring capabilities, additional business intelligence reports, and enhanced specification structure navigation capabilities Oracle also stated that Agile PLM for Process will support multi-level formulation capabilities in an the upcoming release of Agile PLM for Process 6.2.

As previously mentioned, there were more than 24 breakout sessions, where many Oracle customers described their Agile implementations and how Oracle is helping build out their business platforms.

David Rudzinsky, Senior VP and CIO from Hologic, a rapidly growing life sciences firm, commented that when they purchased Agile PLM in 1999 they viewed it as an application, but as they have grown, acquired companies, and significantly expanded their product offerings, they now consider it to be one of their business "platforms" that has grown and evolved to support their changing needs. During Motorola's presentation, they stated that Agile PLM provided "a single process and platform…for PLM." This platform concept was echoed by a number of the presenters throughout the 3-day event, with many stating that Agile provides them with one source of the truth—all things product related.

CIMdata also had the opportunity to interview a number of long-time Agile customers who also talked about their continued implementation of Agile solutions and how they have been able to migrate from one solution to another without some of the difficulties commonly encountered (e.g., loss of data and significant cost). A major US-based computer manufacturer interviewed, also a long-time Agile customer, described how they have implemented a significant number of Oracle Product Value Chain solutions over the years. They see Oracle as providing an extendable business solution platform for their business. On the main stage, Jim Lebs, VP for Supply Chain at Sonic Corporation, described the connectivity of the Agile products with other Oracle solutions. Sonic, a US-based 60-year-old quick serve company with more than $3 billion in revenue, like other main stage presenters, described their multiple Oracle business solutions environment. In Sonic's case, that includes Agile PLM for Process for product specifications and formulas, Demantra for demand planning, and Oracle E-Business Suite for operations and other business process enablement.

Just as last year, a sizeable number of this year's presentations clearly illustrated Oracle's comprehensive end-to-end lifecycle management strategy and associated business platform enabling capabilities. CIMdata continues to be impressed with the progress being made in enabling extended (i.e., outside the traditional engineering-centric domain of PLM) lifecycle management capabilities. This is not a simple task when one considers the breadth and depth of Oracle's software solution offering. With Oracle's Cloud and associated application strategy, CIMdata is confident that Oracle will continue to deliver additional well-thought-out and integrated capabilities that leverage Oracle's comprehensive set of solutions, beyond those under their PLM banner, to support adjacent up- and down-stream business processes.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at http://www.CIMdata.com or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.