

Oracle OpenWorld 2019: Augmenting Intelligence Across the Portfolio

CIMdata Commentary

Key takeaways:

- *Oracle OpenWorld 2019 brought together 60,000 attendees from customers and partners to their sprawling event in downtown San Francisco.*
- *The company is greatly expanding the use of artificial intelligence and machine learning across their expansive portfolio.*
- *Oracle PLM Cloud continues to evolve and grow their customer base with more and more Oracle Agile customers making the move.*

CIMdata had the pleasure of attending Oracle OpenWorld (OOW) again this year. The event, held September 16-19, 2019 in downtown San Francisco, drew over 60,000 customers and partners. Just as last year, Oracle also held an expansive one-day Analyst Summit leading into the OpenWorld program. This year saw a new venue for the session: Oracle Park, the recently rebranded home of the San Francisco Giants. Using a stadium for such an event is an appropriate image given the large numbers of analysts in attendance that cover hardware, cloud, enterprise software, the Internet of Things (IoT), and the other varied segments in which Oracle competes. The main event was held at the Moscone Center, a large event complex downtown, supplemented by hotel conference rooms in that part of the city. CIMdata attended both the Summit and sessions in the main conference program, gathering the source material to author this commentary.

Travel and/or other expenses were provided by Oracle.

Augmentation Everywhere

At last year's event, Oracle introduced their "second generation cloud," enabled by their autonomous database.¹ While that message was consistent this year, there was more emphasis on autonomous functions and augmented intelligence across their portfolio. This is consistent with the approaches of other enterprise software leaders, like SAP and Infor, who also need to determine the best way to insert new technologies into their enterprise solutions. For example, in his keynote, Mr. Larry Ellison, Oracle's Founder, Chairman and Chief Technical Officer (CTO) followed up his 2018 announcement of their autonomous database with autonomous Linux, which he claimed was a necessity to best support their autonomous database. He stated that Oracle has worked on this new offering for almost 20 years and it was the world's only autonomous operating system (OS). He claimed this new OS would only be down for 2 minutes a month and was a key factor in helping Oracle patch their whole global infrastructure in 4 hours. CIMdata believes this could appeal to many companies that rely on Linux since failure to apply security patches and updates has led to many disastrous security breaches in the last few years. Mr. Ellison stated that Oracle Autonomous Linux was 100% compatible with IBM RedHat Linux, another important feature since RedHat is a dominant player in the global Linux market. To emphasize this point, Mr. Ellison stated that in 13 years no RedHat incompatibility bug has ever been filed and that thousands of IBM RedHat Linux applications run unchanged on Oracle Autonomous Linux.

¹ For more information on Oracle OpenWorld 2018, please see <https://www.cimdata.com/en/resources/complimentary-reports-research/commentaries/item/11002-securing-our-cloud-future-oracle-openworld-2018-commentary>

During his keynote, Mr. Ellison also announced an update to their Oracle marketplace with Oracle Marketplace Paid Listings, an ecosystem of third-party enterprise applications that run on Oracle Cloud Infrastructure (OCI). Customers can pay for third-party applications with “Universal Credits” and receive consolidated bills for their Oracle and third-party solutions. It makes sense for customers to receive one bill and CIMdata is pleased to see Oracle introduce this new capability. Mr. Ellison also previewed Oracle’s plans to radically scale up their OCI global footprint, where they plan to expand from 16 regions in 2019 to 36 in 2020 which, according to Mr. Ellison, tops the 25 regions offered by Amazon Web Services (AWS). Providing global accessibility with high performance is a big challenge for all global cloud service providers and this expansion shows Oracle’s continued commitment to the cloud. Mr. Ellison claimed that over 40,000 customers were executing a “significant amount of workload” on Oracle Cloud and these OCI expansions will bring more potential users within range of Oracle’s solutions.

One major benefit claimed for cloud solutions is the ability to stay up to date as enterprise software evolves and, as importantly, to avoid the often-painful upgrade cycle that occurs when major new versions are introduced. In a session entitled “Winning the Apps Battle,” Mr. Steven Miranda, Executive Vice President, Applications Development, reiterated that Oracle plans quarterly updates to their Software-as-a-Service (SaaS) applications, with no plans to return to the days of big releases. Again, this is consistent with other enterprise providers moving to the cloud. All such providers hope to limit disruption in their customers’ business processes while continuing to enhance their applications. Some, like Oracle, will allow customers to “opt out” of new features for a time but when asked during a session focused on Project Portfolio Management (PPM) this ability varies by application. This is particularly important in regulated industries where business applications must be validated, making customers reluctant to introduce changes into validated systems and processes.

In another example of augmented intelligence, during a session entitled “Delivering a Connected and Conversational Intelligent Business,” Mr. Suhas Uliyar, Oracle Vice President of Product Management for Mobile and Integration, spoke about the Oracle Digital Assistant, their offering that bundles a range of augmentation capabilities as shown in Figure 1. Mr. Uliyar claimed that Oracle’s application teams have adopted these augmentation tools to build digital assistants into their applications. This is a good approach, as it supports technology insertion across the portfolio in a consistent way. It will also allow Oracle to update their augmentation capabilities with less impact on other applications. Companies are already seeing benefits from things like chatbots and machine learning applications and CIMdata looks forward to seeing how these capabilities will be employed in their PLM offerings.

During a main tent session hosted by Ms. Safra Catz, Oracle’s Co-CEO, Mr. Miranda drove home this message by suggesting the Oracle will have artificial intelligence/machine learning (AI/ML) “everywhere” in their portfolio. Oracle plans dozens of smart functions across sales, marketing, supply chain, financials, and human resources. During his remarks he cited some early metrics:

- 624 million route recommendations in field service
- 500,000 send-time recommendations in marketing
- 58.5 million product recommendations in email campaigns
- 4.4 million next best sales action recommendations
- 2x higher lead conversion rate using lead scoring

Of course, these are just counts of actions. The real proof will come as customers see consistent success using these smart applications and expand their reliance on them. This is already happening in other applications and CIMdata believes that over time Oracle will also engender these benefits.

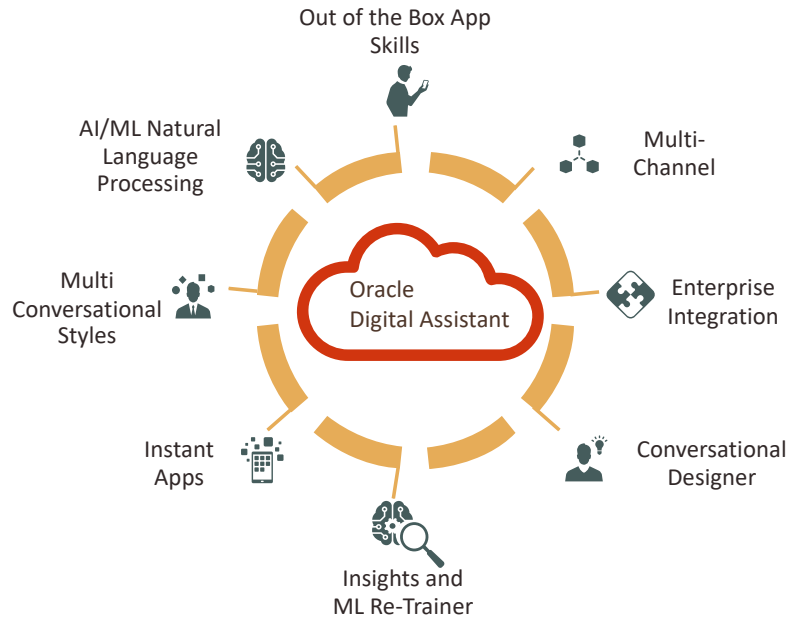


Figure 1—The Oracle Digital Assistant
(Courtesy of Oracle Corporation)

PLM Update

Based on conversations with Oracle at OOW, cloud interest and revenues continue to grow. Some larger customers are starting to move off of Oracle Agile on-premise to Oracle PLM Cloud, including a major industrial customer with 7 business units moving from Oracle Agile to Oracle PLM Cloud, with 5 completed and 2 almost completed. The firm will continue to use Oracle Agile as a team data manager (TDM) to help manage engineering work-in-process data, and move bills of material, visualization, and business process to the cloud. This approach is consistent with other solution providers that have cloud PLM offerings such as Autodesk.

Mr. John Kelley, Oracle Vice President of Product Value Chain Strategy, provided an update to a good crowd including many Oracle Agile users, based on a show of hands during Mr. Kelley’s presentation. Their PLM strategy has been consistent over the last five years, stated Mr. Kelley. Customers using Oracle Agile can stay there. Those that want to use some Oracle PLM Cloud capabilities can work in a hybrid environment. And those that are ready for cloud can adopt as much of the Oracle PLM Cloud needed to address their use cases and vital business concerns.

As described in earlier Oracle commentaries, Oracle refers to their offering as PLM 4.0, Digitally Connected PLM. This is not a reference to Industry 4.0 but to stages of evolution from TDM in the early 1990s, to engineering centric until the 2010s, when Oracle focused on product launch (see Figure 2).² According to Oracle, Digitally Connected PLM is supply chain and customer

² See also the CIMdata commentary about the 2019 Oracle Modern Business Experience event: <https://www.cimdata.com/en/resources/complimentary-reports-research/commentaries/item/11726-oracle-modern-business-experience-an-integrated-business-innovation-platform-commentary>

centric. At its core is the enterprise product record, Oracle’s digital thread that spans from idea through product life. It leverages technologies like the Internet of Things, predictive analytics, and social listening to close the continuous improvement loop back to product development.

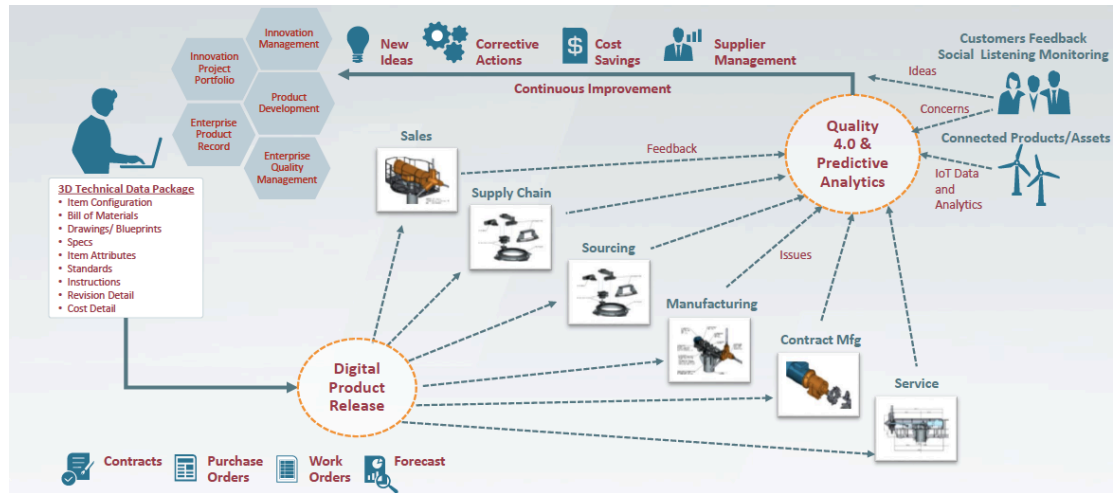


Figure 2—Digitally Connected PLM with Oracle PLM Cloud
(Courtesy of Oracle Corporation)

Mr. Kelley did make a very useful distinction about the digital twin at Oracle. Oracle is not focused on the “design” digital twin, sometimes referred to as a virtual prototype, used to support design and simulation. What they care very much about is the “operational” digital twin where they can leverage IoT and ML to optimize manufacturing and product usage. Mr. Kelley stated that Oracle has pre-built solutions for production monitoring, predictive maintenance, and connected workers, among others. These could help customers get a leg up enabling these high value use cases. Mr. Kelley highlighted the example of ML-Driven Preventative Maintenance Planning, where optimizing the factory maintenance schedule can have ripples back into the supply chain. The sessions included discussion of the roadmaps for their cloud PLM modules with three time horizons: the current release (19D), “Next” refers to the next year’s road map; and “Future” is just that, beyond “Next.” Of course, all presentations include Safe Harbor statements that allow for changes, but roadmaps are very important to customers who may be looking for specific capabilities before they will move.

At the Oracle Modern Business Experience event in March 2019. Mr. Kelley spoke about the future of their on-premise applications.³ The end of life for Oracle Agile A9 was scheduled for January 2022; August 2022 for Oracle Agile EDM 6 (Eigner); and April 2023 for Oracle Agile PLM for Process. Mr. Kelley stated then that they are working to extend the end of life for all three solutions to December 2025. He was optimistic about getting the change approved in March, and remains so but admitted less progress to date than he had hoped for back in March. When it happens, this will be good news for Oracle PLM on-premise solutions. This gives them more time to make the move to the cloud. As importantly, it gives Oracle more time to evolve their solutions, and build more experience in moving on-premise customers to the cloud.

Conclusion

Just as last year, OOW is just too large to cover. Too many sessions, too many disparate venues. (Yoga at Oracle Park at 6:30 anyone? Based on reports, several hundred did just that.) Oracle is all in on the cloud, literally, with products spanning “chips to fingertips,” as Mr. Ellison

³ Op..cit.

used to say. But Oracle has a fine line to walk. As both a leader in enterprise applications AND a global cloud infrastructure provider, Oracle competes with many software companies that could run on OCI. They need to remain open, as was stated more than once in the sessions attended. With customers wanting to use multiple cloud infrastructure providers, their announced partnership with Microsoft supports that type of openness. Oracle and Microsoft are linking their respective clouds. According to the press release “Enterprises can now seamlessly connect Azure services, like Analytics and AI, to Oracle Cloud services, like Autonomous Database. By enabling customers to run one part of a workload within Azure and another part of the same workload within the Oracle Cloud, the partnership delivers a highly optimized, best-of-both-clouds experience.”⁴ Oracle needs to remain open while optimizing their Oracle-centric environment. Sounds like the same issue facing other large PLM solution providers and their evolving platforms, but on a much broader scale.

On the PLM front, Oracle continues to work the plan. Oracle PLM Cloud continues to mature and add new customers. Interest in moving to the cloud continues to grow and Oracle is having some good success, but it will take time. That is why the EOL extension and harmonization are so important. No one likes uncertainty. This gives their legacy customers more time to make the move. According to Mr. Kelley, the Oracle PLM Cloud is ready to adopt now. Early returns suggest that clients are beginning to agree.

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.

⁴ <https://www.oracle.com/corporate/pressrelease/microsoft-and-oracle-to-interconnect-microsoft-azure-and-oracle-cloud-060519.html>