

Generating New Business Opportunities

Oracle CloudWorld 2023

Key Takeaways

Oracle CloudWorld 2023 brought together 20,000+ in-person and virtual attendees to their event in Las Vegas, NV on September 18-21, 2023.

As at many conferences in the last year, Generative AI was an important topic across Oracle's offerings.

Oracle is expanding their embedded finance capabilities with new partnerships with Mastercard and HSBC.

Their cloud infrastructure business has seen strong results, driven by their support for multi-cloud, the integration of their cloud infrastructure and applications, and offerings supporting generative AI development in their customer base.

Oracle customers are moving to PLM on the cloud but may have more time as the Oracle Agile end of life (EOL) date might shift (again).

CIMdata had the pleasure of attending Oracle CloudWorld 2023, held at The Venetian in Las Vegas, from September 18-21, 2023.¹ The company stated they expected over 20,000 in-person and virtual attendees for the event. As in the previous year, on Monday Oracle invited the media and industry analysts in attendance to the Oracle Analyst Forum, where Oracle's executives offered previews of the CloudWorld content, with ample time for audience questions on each presentation.

Oracle and Generative AI

Like other enterprise software companies, Oracle embedded artificial intelligence and machine learning (AI/ML) capabilities in their software offerings several years ago, stated Mr. Steve Miranda, Oracle Executive Vice President (EVP) of Applications. In the last year, the hype around ChatGPT and other generative AI offerings has been loud and constant, with these capabilities often emphasized by other software companies at their events attended by CIMdata. A key foundational element of most early Generative AI solutions is large language models (LLMs). In June 2023, Oracle announced their partnership with Cohere, a provider of an enterprise AI platform which includes advanced LLMs that industrial users can adopt and build upon using their own data.² The two companies have worked swiftly,

¹ Research for this commentary was partially supported by Oracle.

² <https://www.oracle.com/news/announcement/oracle-to-deliver-powerful-and-secure-generative-ai-service-for-business-2023-06-13/>

with Mr. Miranda suggesting there could be up to 50 generative AI use cases in upcoming Fusion application releases. He claimed that Oracle is moving beyond pattern matching and is using generative AI to develop content. For example, HCM systems are using it to help generate job descriptions for recruitment. In financial reporting, generative AI will create summaries of financial information.

Mr. Miranda then hit important topics that have come to the fore after the initial hype: what data is used to train generative AI; how can customers' data be protected, and how can we be sure that the generated content is factual and actually based on real-world data. Mr. Miranda stressed that Oracle will never pass customers' data to the LLM and they will not train the LLM using these customer data stores. As importantly, all LLM features are human reviewed and published. The LLM only creates recommendations, humans publish. Protecting customer data is of paramount importance. Explanatory capabilities have been critical to AI applications since their inception and it is good that Oracle is addressing this important topic.

Advances in Embedded Finance and OCI

At last year's event, Oracle discussed their Oracle B2B Commerce partnerships with JP Morgan Chase and FedEx for embedded finance.³ At this year's event, Oracle discussed some major expansions in the business networks they can support, including Mastercard⁴ and HSBC, a global banking titan.⁵ If this commerce network can work securely, it can reduce the administrative and transactions burden for companies who rely on Oracle Fusion Cloud and E-Business Suite applications. It is not clear to CIMdata how Oracle can monetize this capability, but it would be valuable to their customers.

Providing cloud infrastructure is a strategic imperative for Oracle and many sessions focused on their evolution and expansion in this area. Mr. Clay Magouyrk, EVP, Oracle Cloud Infrastructure (OCI), stated that Oracle is seeing growth across all areas enabled by OCI, as a result of several factors:

- The integration of Oracle infrastructure and applications—when customers select Fusion Cloud applications, they often choose to use OCI for other workloads. Similarly, if customers opt for Oracle's industry applications, they often buy other capabilities as well.
- Oracle's expanded integrations with other clouds—Oracle works with both Microsoft and Amazon Web Services (AWS) and now have 12 interconnected regions for Microsoft Azure. In addition, the company's "Oracle Database on Azure" offering co-locates an extension of OCI, bringing it closer into an Azure datacenter. Mr. Magouyrk claimed that Oracle has almost 500 multi-cloud customers and is seeing an acceleration in adoption.
- Oracle investments in differentiated services and infrastructure—He used the example of OCI Superclusters, which support up to 2048 nodes/16K GPUs which Oracle claims are ideal for training generative AI solutions.⁶

Mr. Magouyrk also highlighted the capabilities of Oracle Alloy, an Oracle cloud infrastructure platform announced at CloudWorld 2022 that allows others to become cloud providers, leveraging a full range of cloud services.⁷ He cited Nomura Research Institute (NRI), TIM, and Vodafone as Oracle Alloy customers. In a later session, Mr. Larry Ellison stated that NRI was using Oracle solutions to run the Tokyo Stock Exchange.

³ This is discussed in CIMdata's commentary on CloudWorld 2022: <https://www.cimdata.com/en/resources/complimentary-reports-research/commentaries/item/20248-the-future-is-multi-cloud-oracle-cloudworld-2022-commentary>

⁴ <https://www.oracle.com/news/announcement/ocw-oracle-accelerates-speed-of-business-with-new-b2b-integration-partners-2023-09-19/>

⁵ <https://www.oracle.com/news/announcement/ocw-hsbc-partners-with-oracle-2022-10-18/>

⁶ <https://www.oracle.com/ai-infrastructure/>

⁷ <https://www.oracle.com/news/announcement/ocw-oracle-alloy-brings-power-of-cloud-to-masses-2022-10-18/>

C-Suite Keynotes

Ms. Safra Catz, Oracle CEO, hosted a session subtitled "Together We Can Do Anything" and was joined by six industry leaders she termed "truly courageous:"

- First up was Mr. Dara Khosrowshahi, CEO of Uber, who emphasized how Oracle enabled their continued business transformation and expansion. He provided a specific example of their two-wheeled business in Brazil, which he stated was their 6th largest business. Having a platform that can support their 20% year-on-year growth is critical for Uber's continued success.
- Ms. Lori Goltermann, CEO Enterprise Clients for Aon, a global strategic consulting firm, uses Oracle to help manage their complex service delivery capabilities around the world.
- Loblaw Companies Limited, Canada, wants to "help Canadians live life well," with over 2,500 retail stores in Canada, as well as a significant e-commerce business. Mr. David Markwell, their EVP, Chief Technology & Analytics Officer, said they looked at many companies to help them in their cloud journey and wanted a partner who was "in it with them." There were many applicants, but Oracle best fit the bill, technically, in terms of performance, as well as being a good partner. A major early task: bringing a 180 TB SAP database to the Oracle cloud (in only about six hours). The company has not looked back and will eventually get all of their applications on the cloud.
- TIM Brazil chose to move all of their operations to the cloud during the pandemic in 2020 and Mr. Leonardo Capdeville, the company's Chief Technology and Information Officer, described his journey with Oracle to better support their 62 million telecommunications customers.
- Mr. Ram Krishnan, Emerson EVP and COO, described their far-flung operations: 80+ countries, 130 factories, and 14K suppliers. While his customer story was interesting, he delivered the quote of the conference: "vision without execution is hallucination."
- The last customer, First Solar, an American manufacturer of solar panels, with a particular focus on utility-scale installations. Mr. Aaron Bly, their CIO, also described their cloud journey and how Oracle was there to support them every step of the way.

Over the last few events, Oracle has emphasized their transition from a product company to a service company and these customer testimonials illustrate how they have changed their mindset, business processes, and offerings to support a wide range of customers with their cloud infrastructure and applications.

A CloudWorld event would not be complete without a session hosted by Mr. Larry Ellison, Oracle's founder and Chief Technical Officer. Like Mr. Miranda before him, Mr. Ellison had a lot to say about generative AI, including his claim that the Oracle Generation 2 cloud is the best cloud for training generative AI models. Mr. Ellison described how Oracle is helping companies train their LLMs locally using (and protecting) their own data, building upon foundational LLMs from others, like their partner Cohere, for example. He cited Imagen AI, who trained existing models with their cancer biopsy imaging data set, resulting in a solution that can diagnose cancer in minutes, dubbed "immediate oncology intelligence."

At Oracle CloudWorld 2022 Oracle suggested that the future was multi-cloud. In his remarks this year, Mr. Ellison stated that clouds should be open, not walled gardens, and should be interconnected. This means dealing with the typical hyperscalers plus clouds that may come from different application providers. Mr. Ellison stated that once customers choose their applications landscape, it is Oracle's job to interconnect them in a way that supports their needs. With their partnerships and technology Oracle has shown its commitment to supporting multi-cloud scenarios, which is essential since most applications landscapes include offerings from multiple solution providers, not just Oracle.

Focus on PLM

Oracle CloudWorld offers a wide range of topics over the run of the event, including a number focused on product lifecycle management (PLM).

A session titled “Customer Insights: Simplify Your Journey to Product Data Mastery” included several customers talking about how they were leveraging Oracle Product Lifecycle Management to better connect their value chains. Christie Digital, a global audiovisual company based in Cypress CA, was running Oracle Agile on-premises and had integrated SOLIDWORKS using a third-party solution. They wanted to move to the cloud to “improve operational efficiency”. Christie Digital started assessing solutions in January 2021 and chose Oracle Cloud PLM and an implementation partner. Between July and November 2021, they stood up their cloud PLM implementation, with Oracle Cloud Product Development and Oracle Cloud Quality Management. They are managing over 81,000 stock keeping units (SKUs); some SKUs have as many as 12,000 items. The company stressed they avoided comparing the on-premises and cloud solutions and focused more on understanding the differences before starting the implementation so they could make the necessary process changes. With on-premises solutions, you could choose when to migrate, but these implementations often would be revision-locked. With Oracle SaaS applications, Oracle’s product roadmaps highlight new features that will be added each quarter, with customers determining how and when it is best to adopt them to meet their business priorities. But it is critical to note that customers can only delay accepting new features for two releases (or six months).

To supplement these PLM sessions, CIMdata often requests meetings with Oracle PLM executives. CIMdata met with Mr. John Kelley, Oracle Vice President for PLM Product Strategy, to get a much-needed update. As a company, Oracle has a long history in PLM, some efforts predating their 2006 acquisition of Agile Software. In the years before their acquisition by Oracle, Agile had acquired two other PLM companies: Eigner, a German provider of on-premises PLM offerings (2003) and Prodika, a leading formulation/recipe development solution (2006). Oracle Agile and Oracle PLM for Process (Prodika aka P4P) became the foundation of Oracle’s on-premises PLM offerings.⁸ As with much of their on-premises applications portfolio, cloud-based PLM solutions were developed as part of their Fusion initiative. Customers could move at their own pace, keeping their Oracle Agile implementation, linking Oracle Agile with other Oracle cloud-native offerings, or moving to the cloud. The current Oracle Agile EOL date is August 2025, and it may get pushed to December 2027; the decision should be made in the coming months. Also delayed is Oracle’s cloud-native recipe management solution, which provides a partial migration path for their Oracle P4P on-premises customers. Many customers use other solutions to support recipe development, and focusing on recipe management makes more sense for Oracle, connecting the recipe that should be made with the ERP, which executes it.

Conclusion

Oracle CloudWorld has a big task: engaging a user community representing the breadth of the Oracle’s product and service portfolio. There are hundreds of sessions and any CIMdata commentary can only represent a small slice of that content.

Oracle remains unique with their combination of hardware (legacy Sun Microsystems), cloud infrastructure (using their hardware, and components from others, like NVIDIA), the world’s leading database offering, and a strong portfolio of enterprise applications. Like many other companies, Oracle has applied AI in their enterprise offerings for years, but the emergence of generative AI has been embraced by Oracle, with solutions leveraging generative AI to be in delivered products in the coming months. Generative AI can help all of their businesses, include EHRs and Cerner. Oracle is working hard

⁸ Eigner has very little installed base left and was characterized as a “toolkit” in our conversation.

at synthesizing disparate EHR systems and data structures to bring some organization to the chaos. They have had some early wins, and with the global demographic trends, healthcare will become even more important.

Some of the early applications of generative AI in diagnosis are impressive and could be game changing. Oracle's PLM is a small part of their overall supply chain management business. Oracle continues moving on-premises customers to their cloud offerings, with more and more customer cases presented at events like this each year. It could be faster, of course, but that is true of most software companies letting customers move at their own pace. A major forcing factor is the EOL of the on-premises solutions, which might shift again, helping to accommodate users not yet ready to move. To speed the process, Oracle just has to do the same thing as all companies trying to get customers to move to new software: they have to make that cloud future so enticing that customers see the value and start their journey. Their expansive vision, with PLM on the cloud tightly integrated with ERP and SCM, seems to be working based on the customers cases presented at CloudWorld 2023. Oracle claims that many customers are adopting cloud applications, including PLM, as part of their overall digital transformation initiatives around connected supply chains. This approach yields a single, connected product record for design, procurement, quality, and services execution. CIMdata looks forward to more such examples next year at Oracle CloudWorld 2024.

About CIMdata

CIMdata, a global strategic management consulting firm, provides services designed to maximize an enterprise's ability to design, deliver, and support innovative products and services. For more than forty years, CIMdata has provided industrial organizations, providers of digital technologies and services, and investment firms with world-class insight, expertise, and best-practice methods on a broad set of product lifecycle management (PLM) topics and the digital transformation they enable. CIMdata also offers research, subscription services, publications, and education through certificate programs and international conferences. To learn more, visit www.CIMdata.com or email info@CIMdata.com.