COMMENTARY

CIMdata®

# Enabling Smart User Experiences

## 2024 Oracle Applications & Industry Analyst Summit

### Key Takeaways

The 2024 Oracle Applications & Industry Analyst Summit offered an in-depth look at Oracle's progress since Oracle CloudWorld last year and their expansive plans for the year to come.

Consumer grade+ user experiences are the expectation, with embedded traditional and generative AI making users and their companies more productive and effective.

Their Redwood design system is being leveraged to great effect across their applications portfolio and will help their customers and partners to extend Oracle's offerings to meet new business needs.

Oracle Fusion Cloud PLM continues to evolve, with user adoption ramping up. At the same time, Oracle Agile once again gets an end-of-life (EOL) extension to continue to support its long-time customer base.

CIMdata had the pleasure of attending the 2024 Oracle Applications & Industry Analyst Summit in Redwood Shores, CA on 24-25 April 2024.[1] Mr. Steve Miranda, Oracle's Executive Vice President, Application Development, kicked off the first afternoon session providing an Oracle Fusion Applications Strategy Update. Early in his remarks, Mr. Miranda displayed a slide of customers on Fusion applications on the cloud. He claimed all were running the same version of the software, a stark contrast to the on-premises world where Independent Software Vendors (ISVs) like Oracle could have nearly infinite permutations of customer installations of the same "product." This could not be a technical conference without a discussion of artificial intelligence (AI). At CloudWorld last year Mr. Miranda stated that Oracle would have 40+ AI use cases in their products in the coming releases. Based on his remarks they have bested that estimate. Of course, Oracle has had "classic AI" in their products for years, as have other ISVs. To support generative AI uses cases, Oracle added a Large Language Model (LLM) as part of the Oracle Cloud Infrastructure (OCI) stack, making it available across their cloud portfolio. During his remarks he highlighted examples from: narrative reporting in enterprise resource planning (ERP), where the app starts with existing material and summarizes it for consumption; helping users create inputs to supply chain management (SCM); and helping users create item descriptions in product lifecycle management (PLM). In cases where users are offered AI assistance (by the push of a button), the users get to review all created or modified inputs before they become part of the record in the system. Mr. Miranda emphasized that AI technology is embedded in the applications out-of-the-box at no additional charge, apparently not the case at some other software companies. The 50+ generative AI capabilities are available to all customers.

[1] Research for this commentary was partially supported by Oracle.

Mr. Miranda also announced an exciting initiative called Smart Operations that elevates Oracle's capabilities to support manufacturing environments with broad capabilities and interconnects factories with the broader supply chain, product development, finance, and human resources functions. This new offering expands Oracle's position in the manufacturing execution systems (MES) market segment. Fusion Cloud Smart Operations includes four offerings in its initial release:

- Operators Workbench—automated data capture and continuous monitoring
- Digital Work Instructions—visual guidance on real-time manufacturing execution processes
- Maintenance Technician Workbench—generative AI assistance with tasks, service history, and a knowledge base
- Production Supervisor Workbench—AI-powered anomaly detection and opportunity insights

Mr. Miranda claimed that with this offering Oracle would "harness digital technologies to move supply chain and manufacturing operations into the cloud era." This more tightly integrated offering will help Oracle connect their digital thread across the manufacturing execution divide. Oracle has some early customers helping to guide development and CIMdata looks forward to see what other functionality they include in coming releases.

Next up, Mr. Mike Sicilia, EVP of Oracle Industries, provided an update on their industry strategy. He emphasized that customer challenges vary by industry, and evolve in different ways. Oracle claims to be uniquely positioned to offer an end-to-end solution for their targeted industries. This talk highlighted a fine line that Oracle has to walk: they have a comprehensive platform that includes leading capabilities in many application segments, such as ERP, SCM, human capital management (HCM), and customer experience (CX). Some customers have bought into the complete platform vision. But Oracle must also accommodate customers whose information technology (IT) landscape includes solutions from other providers. Oracle maintains that their main concern is customer success, with a full Oracle stack or something more heterogeneous. The key enabler of this vision is the OCI stack of comprehensive services to support Oracle applications or the integration of other products into a customer's solution. Industries of interest include communications, energy & water, engineering & construction, financial services, food & beverage, healthcare, hospitality, life sciences, local government & public safety, and retail. He quickly reviewed Oracle Cloud for Banking, Oracle Cloud for Healthcare (leveraging their Cerner acquisition and considerable tech stack), and Oracle Cloud for Retail. These are supported by cross-industry initiatives like OCI, autonomous database, their Redwood design system, enterprise communications, payments, and eGovernment. Other ISVs have been successful with an industry approach and Oracle appears to be making the right investments to strengthen its competitive position in key vertical markets.

The focus on AI continued with Ms. Miranda Nash, Group VP, Applications Development & Strategy, Fusion AI providing an update on AI in applications and industries. Ms. Nash claimed that AI was a key ingredient in every Oracle product, embedded to reduce complexity, cost, and risk. Their AI capabilities are designed to be practical and grounded in fact (as most LLMs are, one hopes). Their approach will not require customers to piece together their own solution and hire their own data scientists (which is good because they are difficult to find and expensive). At CloudWorld last year Oracle used the phrase "radical practicality" and it drives their approach today. Their capabilities are practical and embedded in the applications to help with existing workflows. CIMdata agrees with this approach first highlighted by CIMdata in our 2019 CIMdata PLM Market & Industry Forum on "augmented intelligence." These embedded capabilities enhance a users' capabilities and can improve their performance, both in volume of work and its quality. Just as with all generative AI, adopters must beware of hallucinations and bias that can emerge from applying LLMs to such problems. That is why Oracle provides guardrails to measure the accuracy of support provided, and give users the ability to overrule the AI.

Oracle's Redwood design system helps provide a consistent user experience (UX) across their myriad applications. In our industry analyst role, CIMdata attends a range of ISV conferences and has watched UX move well beyond style sheets to using design thinking to reimagine how software capabilities are delivered. Mr. Jeff Price, Oracle VP for the Oracle Applications Platform, provided a comprehensive and much needed update about Redwood. He cited their three high-level goals:

- Consumer grade+ UX
- Intelligent & Integrated—customers use their data to help themselves, not to help other companies or to train AI
- Created the same way Oracle does—Oracle builds their applications using Redwood and enables customers and partners to do it too

According to Mr. Price, Redwood use has grown significantly between 2023 and 2024. There are over 54 applications using Redwood, with twice the number of customers and three times the users. More importantly, ten times the number of customers are using Redwood to extend their applications. Redwood enables no-code development based on business rules, low-code visual development using drag and drop logic, and "pro-code" tools for full-time developers who have full access to the underlying code. Mr. Price claimed that Oracle was rebuilding apps from their Cerner acquisition using Apex, part of the Redwood design system. Providing strong no-code/low-code capabilities has grown more common in the PLM space in the last few years and Redwood will help partners and customers adapt and extend Oracle applications themselves to meet current and future business needs. CIMdata was impressed by their progress to date.

On day two, Mr. Jon Chorley, Oracle's Chief Sustainability Officer and Group VP of product strategy for SCM, focused on Oracle's direction for supply chain and manufacturing. He claimed we are in a "no new normal" environment post-pandemic and that Oracle is well positioned with their investments in UX and generative AI to meet these new challenges. For example, he claimed that their HCM application is 100% Redwood. According to Mr. Chorley, Oracle's cloud-native apps are now at parity or better with their on-premises predecessors and Oracle's end-to-end platform is resonating with their customers and prospects. But, once again, while they have a broad and deep platform, Oracle recognizes that all customers do not want their IT landscape dominated by one provider. Mr. Chorley also provided some color on the company's Smart Operations offering and related initiatives. Oracle's vision is to provide holistic capabilities, so that most manufacturing companies do not need a dedicated MES. Their goal is not to replace all MES in the market, just to help customers recognize that many will not require a stand-alone MES application when using Oracle's modern cloud applications.

Mr. Geoff de Carbonnel, VP, SCM Product Strategy, Manufacturing and Maintenance, provided brief demonstrations of their initial Smart Operations offerings, which will start rolling out later this year. Traditional AI is leveraged across the Oracle portfolio, and generative AI is making its way into all of their Fusion applications. In many cases, the "AI Assist" button awaits a user push to offer assistance on the task at hand. In each case, generative AI offers up its assistance and awaits the user's review and acceptance. While this co-pilot approach keeps the human in the loop, CIMdata thinks that this could go astray when users do not take their reviewer role seriously enough. Users often blithely accept information on their screens, not reviewing it as closely as a proofreader with a manuscript. These applications are new and it will take some time for these new computer/human interactions to become routine.

As part of the event, CIMdata was able to sit down with Mr. John Kelley, Oracle's VP of PLM Products, to get an update on their PLM portfolio. Their Oracle Fusion Cloud PLM offering continues to evolve, including leveraging generative AI. They also continue to offer their on-premises solutions, Oracle Agile PLM and Oracle PLM for Process (P4P). Oracle Agile is still on release 9.3.6 which had an end-of-life (EOL)

date of 2025. "Had" is the operative word in that sentence, as Agile's EOL date is tied to the EOL dates of database and middleware products upon which it relies. Oracle continues to offer Agile release upgrade packs (RUPs), and security upgrades and bug fixes. Since the EOL for the underlying database and middleware just moved out to 2027, so will the EOL for Agile. Mr. Kelley claimed that the functionality gaps between Agile and their cloud offerings have been closed, with customers moving more easily than before. Customers used to have to keep Agile for CAD data management but partners have developed new direct CAD integrations to their cloud offering, which will eliminate this requirement.

These are just the highlights from a jam-packed 1.5-day event. Their end-to-end cloud-based offerings are impressive and architected to support continued evolution by both Oracle and their customers and partners. This is important because technologies like generative AI are so fast moving and ISVs need to be nimble in their usage of them to benefit their customers. Customers are also changing rapidly in our "no new normal" reality. Their evolving businesses and competitive environment demand resilience from their ISVs and Oracle is well positioned to support their customers to meet their expanding needs.

## 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.