

Oracle Modern Supply Chain Experience 2016

CIMdata Commentary

Key takeaways:

- *Oracle's Modern Supply Chain Experience highlighted their end-to-end supply chain offerings, which includes their PLM solutions*
- *Oracle's move to the cloud has deeply affected more than their business results, with many changes in development, collaboration, and other processes spanning their business*
- *While the cloud is their PLM future, their current PLM strategy echoes their Applications Unlimited approach, allowing customers to mix and match on-premise and cloud offerings based on their specific needs*

CIMdata attended the Oracle Modern Supply Chain Experience 2016 in San Jose, California on January 25-27, 2016. The Oracle Modern Supply Chain Experience is a business meeting focused on influencers and decision makers with presentations by Oracle, customers, and selected partners, with over 2,000 people attending from around the world. As compared to the vastness of Oracle OpenWorld, this more focused event, now in its fourth year, offers a more intimate setting with a focus on supply chain and PLM.

The keynotes spoke about inspiration. Mr. Terry Bradshaw, former NFL quarterback, spoke about the importance of having a passion. When you love what you are doing, there will be success. In her remarks, Ms. Nancy Aosey, CEO of International Medical Corporation, focused on the challenges of managing logistics in times of global emergencies where speed saves lives.

Ms. Ayah Bdeir, CEO of LittleBits, spoke of her journey as an engineer, which inspired her to create LittleBits, a company that helps “non-engineering” people develop products using technology building blocks that magnetically snap together like Legos. You can quickly combine a power source, motors, fans, and other electro-mechanical parts to demonstrate concepts. This harkens back to the erector sets of the 1950s, but with high-tech parts. Ms. Bdeir emphasized that entrepreneurs need help around the world to facilitate knowledge and experience transfer on matters of production and logistics. She suggested that a “pay as you go” supply chain model is desperately important for entrepreneurs like her, and to support the “Maker Movement”—a renaissance of individual creativity supported globally by 3D printing and many open source technologies.

Messages in this year's technical and business tracks focused more on Oracle's cloud strategy than last year's. Cloud permeated every aspect of the event. Ms. Safra Katz, Oracle CFO, explained that customer decisions to leverage the cloud often have little to do with technology, but have far more to do with corporate culture and business situations. It takes leadership and courage to drive change. Not everyone is ready, but according to Mr. John Chorley, VP of Product Development, customers need to start mapping out a multi-year roadmap for their cloud strategy. Oracle believes the cloud is here to stay, and it's better to be ready with a plan and intent, than it is to “fall” into it. CIMdata agrees that companies need to determine how best to use cloud as part of their IT portfolio.

Ms. Katz characterized commodity companies as being in shock with respect to IT and the cloud. They need to find cost reduction opportunities and have old IT systems to update or replace, but the expense is a huge obstacle. Cloud delivered systems provide a means to

update and leverage newer solutions and business practices. Businesses recognize that a transformation is coming and is needed. How well the transformation is executed and how fast is yet to be seen. Oracle is committing significant resources to further expand all of their platforms into the cloud.

Oracle executives stated their continued commitment to existing on-premise offerings through the Applications Unlimited program and specifically for Oracle Agile A9. The program ensures customers' investments in their on-premise solutions, even as Oracle moves to support the same use cases on the cloud. The intent when moving these functions to the cloud is to use a Web-services-first mentality: build the services first, then expose them in the user interface (UI) to avoid engineers poorly designing UIs for other engineers. A critical reason cited for Oracle's success is their commitment to standard-based openness. "That's why it's called OpenWorld," exclaimed Ms. Katz. Many Oracle partners and competitors have booths side by side. The customer gets to make the decision. "If we lock a customer in, they will spend all their time trying to jailbreak. That is not how you treat the customer," Ms. Katz emphasized. CIMdata agrees. In this era of product innovation platforms companies need to be able to use solutions from multiple providers in their IT environment.

Oracle held a private briefing with a number of industry analysts including CIMdata and shared how Oracle itself is adapting agile/scrum to non-co-located teams. Co-located teams leverage their proximity to benefit development. Oracle's cloud development teams are using collaboration technologies in interesting ways to replicate some of the "closeness" typical of agile/scrum teams. CIMdata believes that others could leverage this agile process knowledge and experience, including Oracle's Agile PLM clients and their strategic partners who want to make product development more nimble. Historically, partners have made a lot of money by making things more complex and implementing customized systems. With the more standardized cloud solutions, partners need to transform to focus more on helping the customer get through the change process. Partners need to become more strategic, with a consulting focus on organizational change management, rather than in codifying customized workarounds.

In the face of all of these changes, Oracle continues to expand the capabilities of Oracle Agile A9. They feel that Agile A9 has come of age and claim that Oracle is winning more benchmarks that include their CAD integrations. Their highest selling-volume modules include Agile Product Development (PD) and Agile Product Portfolio Management (PPM), followed by Agile Product Quality (PQ). Oracle emphasized that there are no plans to force customers to migrate to cloud-based PLM. Oracle has built a tight integration between Agile A9 on-premise and Oracle Innovation Management (IM), a cloud-based solution that helps customers to better manage work in process and strategic portfolios in the context of IM, and to manage the tactical portfolio within Agile A9. CIMdata believes this approach is consistent with their Applications Unlimited program and lets people get started on the cloud while still relying on their on-premise Agile A9 implementation.

In the event's PLM track, several customers talked about their Oracle Agile PLM success stories. Mr. Brice Dudley of Dell shared a long-term roadmap that involved rolling out new capabilities of Agile A9 over the course of several years. NBTY discussed their initial focus on the bill of materials and on formulation, and how 2016 is focused on innovation, including taking a scrum approach to implementing new portfolio management practices. CIMdata also attended sessions on managing complex requirements and on integrated CAD. Overall, the tone from the customer sessions was one that echoed the message from Oracle: Agile A9 is not going to fade away with the continued emergence of cloud-based PLM.

The event was action packed, with three days of rich content. PLM played a more significant role and had a stronger presence than in prior years. There were themes that crossed all sessions, such as the inevitability of the cloud and the importance of supporting innovation with requirements traceability. Oracle's commitment to extending and enhancing cloud-based PLM was clear, while remaining committed to Agile A9 and on-premise customers. For Oracle customers the event continues to evolve into a business leadership and strategy meeting, distinguishing it from Oracle OpenWorld, which is more targeted at developers. CIMdata looks forward to next year's event, and sessions by customers using this hybrid environment with a range of cloud and on-premise solutions that show the power of Oracle's approach.

About CIMdata

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