

Oracle Modern Business Experience: An Integrated Business Innovation Platform

CIMdata Commentary

Key takeaways:

- *Oracle is all-in on the cloud, hosting their cloud-native applications on Oracle-managed cloud infrastructure running on Oracle hardware.*
- *Oracle is “patient zero” in a major cloud applications outbreak, with the company now relying in-house on their expansive cloud suite.*
- *Oracle continues to elaborate their Oracle PLM Cloud offering, expanding it to “Digitally Connected PLM” leveraging the Internet of Things (IoT) and artificial intelligence and machine learning (AI/ML).*

CIMdata attended the first Oracle Business Experience conference at the Mandalay Bay Resort and Casino, Las Vegas, NV, March 19-21, 2019. This new event attracted more than 6,000 attendees and combined three previously separate events: the Oracle Modern Supply Chain Experience on which CIMdata has reported since 2016; the Oracle Modern Finance Experience; and Oracle Human Capital Management (HCM) World. According to Mr. Glenn Seninger, Oracle GVP, NAA Edge Applications Team, the new merged event was “designed by customers for customers.” The goal in combining the events was to bring thought leaders and experienced people from Oracle customers, Oracle, and Oracle partners together so that all could leverage the wisdom of the collected subject matter experts across multiple business domains. Over 100 customers presented, ranging in size from Fortune 500 companies to small and medium enterprises (SMBs). Oracle added over 225 education sessions to the comprehensive event. At their customers’ request, Oracle also included more networking and exhibit hall time in the agenda, providing attendees more time to see Oracle solutions in action on the exhibit floor and to interact with a wide range of Oracle partners.

The analyst track kicked off with Mr. Steve Miranda, Oracle Executive Vice President, Oracle Applications, providing an update on Oracle product development. Mr. Maranda believes that Oracle has learned how to move their customers from their on-premise solutions to the cloud. He claimed that Oracle has customers of varying sizes in just about every country using at least one of their many cloud-based applications. But there is much work to be done to improve the customer journey, according to Mr. Miranda. Of course, the velocity of their product development is increasing, completing some parts of the suite and adding new solutions like supply chain localizations. Oracle has made significant progress in building out their cloud-based innovation platform. As they continue to do so, it will be critical for them to encourage and help their sizable customer base to take advantage of all that it offers.

Oracle, like some of the other major enterprise solution providers, see artificial intelligence and machine learning (AI & ML) best applied at the point of work, augmenting the knowledge and capabilities of users. For example, Oracle is applying ML to their user interface for human resources, making more things self-service or automating them using bots. Many users rely on their phone, so they can send a text message to the cloud-based apps to get needed information in a text message response. Many also rely on technologies like Alexa in their home or office and use it to ask the Oracle Assistant questions like “was my check deposited?” Another key application is the monitoring of input and providing validation of requests, with the goal to predict a need and push the desired information just when a user needs it. Mr. Miranda claims he could readily apply this technology to Mr. Mark Hurd, Oracle’s Co-CEO who thinks

he is unpredictable. But, given Mr. Hurd’s role at Oracle and his focus on the business, his information needs are often similar and follow common and relatively predictable business cycles. At some points, sales data are the most relevant and at others planning and forecasting is Mr. Hurd’s task at hand. CIMdata agrees that applying AI and ML at the point of work makes the most sense, and enterprise suite providers are in the best position to leverage their own solutions and data to provide these important capabilities.

The conference keynote featured Mr. Rick Jewell, Oracle’s Senior Vice President for Applications Development, Supply Chain Management. His talk, entitled “Tomorrow’s Supply Chain, Today,” began with troubling statistics: while 50% of CEOs say their industries will be digitally transformed by 2020, 76% of Chief Supply Chain Officers say their digital transformation projects are not aligned. Of course, Mr. Jewell claimed that Oracle was ready to help with a broad and deep set of solutions that they strive to keep current. As stated in previous CIMdata commentaries, Oracle is all-in on the cloud. Their Chairman, Mr. Larry Ellison quips that their offerings “go from chips to fingertips” with Oracle-manufactured servers powering the Oracle cloud bringing Oracle cloud-native applications to desktops and mobile devices everywhere. Oracle is clearly following through on its promise, but much of the road is still in front of it.

Their Digital Supply Chain Platform, shown in Figure 1, is quite expansive, with most items covered in CIMdata’s Enterprise Application Architecture™ that describes a framework for our industrial consulting clients to understand their application landscape and future requirements. At last year’s Modern Supply Chain Experience, Mr. Jewell claimed that Oracle has over 1,220 customers on the cloud. Now that number is well over 2,400 according to Mr. Jewell.



Figure 1—Oracle's Cloud-Native Digital Supply Chain Platform
(Courtesy of Oracle Corporation)

During the session, Mr. Jewell made brief mentions of many global leaders making the cloud move with Oracle. He stated that Broadcom implemented Oracle PLM Cloud as the first part of their digital transformation. General Electric (GE) is looking to move workload in their divisions, with several groups going full cloud with ERP and supply chain applications, according to Mr. Jewell. He continued dropping names like the Wonderful Company, Office Depot, and Western Digital, the largest disk drive company in the world. A later panel session featured executives from GE, Western Digital, TCF, and TaylorMade who provided more details on their on-going transformations. CIMdata is glad to see that many category leaders are moving to the cloud. Their success could prove aspirational to their many competitors and value chain partners, further accelerating the move to the cloud.

The transformation of one particular company was revisited in multiple tracks: Oracle itself. At last year's event, Mr. Jewell spoke about how Oracle Corporation went live with Supply Chain Planning and Procurement in Figure 1. Since then, he stated that Oracle has implemented everything from Figure 1 except Maintenance & Service, which Mr. Jewell claimed was up next. This is an impressive achievement for a firm the size and complexity of Oracle. On the PLM side, Oracle Hardware was featured in sessions that spanned the elements of Oracle PLM Cloud: Oracle Innovation Management Cloud, Oracle Project Portfolio Management Cloud, Oracle Product Development Cloud, Oracle Quality Management Cloud, and Oracle Product Data Hub Cloud. Transforming the former Sun Microsystems business is crucial because over 50% of their servers now go to Oracle locations to power the Oracle cloud, a vital part of their corporate vision. Sun was a long-time Agile user, which was central to their "before" PLM environment that was linked to Oracle E-Business Suite. Today, their environment is built around Oracle PLM Cloud linked to Oracle ERP Cloud, with particular focus on supply chain management that went live in October 2018.

Last year, Oracle announced five IoT cloud applications that Mr. Jewell claimed saw excellent growth: Asset Monitoring, Production Monitoring, Fleet Monitoring, Connected Worker, and Service Monitoring. Beyond those applications, this year Mr. Jewell also reported significant progress in integrating their IoT applications with multiple Supply Chain Management (SCM) and Customer Experience applications. Maintenance Cloud, Manufacturing Cloud, Transportation/Logistics Cloud, and Service and Engagement Cloud are generally available today, with Planning Cloud and Warehouse Management Cloud in progress. Mr. Jewell also mentioned applications relevant to CIMdata's definition of product lifecycle management (PLM), including IoT-Driven Maintenance Activity and ML-Driven Preventative Maintenance Planning. A future initiative is planned around Intelligent New Product Development (NPD)/New Product Introduction (NPI) Optimization. He also described their work around the IoT and SCM Connected Digital Twin. Like many of the PLM solution providers covered by CIMdata, Oracle also believes in the importance of the digital thread and digital twins. As is often the case, they mean something a bit different than other players. They are using visualization technology to support ideation and collaboration, but physics-based twins are not an emphasis, which makes sense given that Oracle does not provide authoring or engineering-oriented simulation tools. But the digital thread and digital twins are essential to their vision for "Digitally Connected PLM" as shown in Figure 2. Their digital thread extends from the fuzzy frontend of innovation, supported by Oracle Innovation Management Cloud, all the way to fielded connected products/assets and back. In developing their Oracle Quality Management Cloud offering, Oracle brought together the development teams from Oracle Agile PLM, Oracle E-Business Suite, and other Oracle enterprise applications to ensure that the new cloud-native offering could meet or exceed the capabilities of their existing on-premise solutions. Beyond that, they also extended Oracle Quality Management Cloud to span product development, change management, IoT, AI/ML, inspection processes, manufacturing, supplier management, and monitoring the voice of the customer using Oracle Social Cloud for sentiment monitoring. This will help Oracle connect the digital thread from idea through life and provide feedback that can enhance continuous improvement activities.

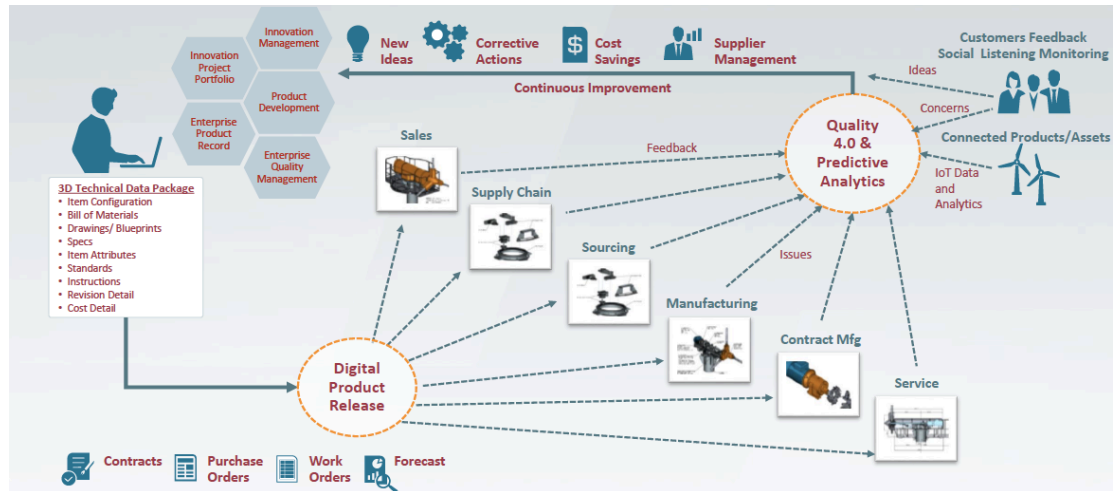


Figure 2—Digitally Connected PLM with Oracle PLM Cloud
(Courtesy of Oracle Corporation)

While this new digitally connected vision is a small shift, Oracle’s core strategy to support their PLM customers remains basically the same as that of the last several years:

- Customers can remain on their existing on-premise applications (Oracle Agile, Oracle EDM (Eigner), and Oracle PLM for Process).
- They can plan their move to replace these applications with Oracle’s cloud-based offerings. (Oracle just added a process PLM offering to their cloud roadmap last year and the first release is still three years away.)
- They can run some mix of both.

According to Mr. John Kelley, Oracle’s Vice President PLM Products, SCM Division, last year they switched from an annual release cycle to quarterly releases, using a scrum-based continuous development process for both their on-premise and cloud-based solutions. One issue faced by Oracle customers is Oracle’s policy that Premier Support for Oracle was tied to their release date and lasted for five (5) years. What happens when there is no point release on which to pin a date? The solution: Mr. Kelley pushed for harmonizing the Premier Support timelines for all of their on-premise solutions to the end of 2025. Mr. Kelley clearly stated that this decision was *not yet final* but was likely given his experience within the company. When it is final, this timeline should give the new solutions time to mature and their customers time to plan their seemingly inevitable move to the cloud.

In conclusion, the Oracle Corporation is fully committed to the cloud, spanning the cloud server hardware, IaaS and PaaS offerings, to their cloud portfolio delivered to browsers and mobile devices everywhere. They have some good customer stories to date, with big names putting their businesses in Oracle’s hands and on their cloud. Their PLM offering continues to evolve, now starting to leverage Oracle’s investments in IoT, AI, and ML. Their vision of Digitally Connected PLM is coming to fruition and CIMdata looks forward to next year to see how their customers will use Oracle solutions as part of their own digital transformation.

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,

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