

The Future is Multi-Cloud

Oracle CloudWorld 2022

CIMdata Commentary

Key takeaways:

- Oracle CloudWorld convened in Las Vegas, NV on 17-20 October, their first large in-person event in three years.
- Oracle acknowledged that the future will be multi-cloud and their Microsoft partnership is just the first in what its customers hope will be a series of announcements to support their own cloud journeys.
- The company described innovative new approaches to B2B commerce processes and much needed global innovation in healthcare.
- Migration from Oracle Agile PLM is accelerating and new PLM capabilities are on the horizon.

CIMdata had the pleasure of attending Oracle CloudWorld 2022 in Las Vegas, NV on 17-20 October 2022. As with other enterprise solution providers, this was the first in-person Oracle customer event since 2019, when it went by the moniker OpenWorld. Approximately 10,000 attendees crowded The Venetian conference center and other venues in Las Vegas.¹

Day 1 included an Analyst General Forum at Caesar's Forum, an adjacent meeting venue in the shadow of the High Roller, Las Vegas' gargantuan Ferris wheel. Presentations by senior leaders provided the industry analysts in attendance with a preview of keynote sessions delivered later in the week to the general audience. Mr. Doug Kehring, Executive Vice President, Corporate Operations for Oracle, led off. Mr. Kehring is a 22-year Oracle veteran tasked with "transforming Oracle into a cloud company," no small task. His remarks included Oracle's positioning as the only end-to-end software and infrastructure provider. In the past, Oracle presentations might spend time bashing their competitors, and there was some of that in this event. But the tone has changed in the last few years. Mr. Kehring and others emphasized the need to operate in a heterogeneous world. In the past, that might have meant only being open to customers combining other enterprise software with Oracle solutions in their IT landscape. Today, that means embracing multi-cloud, providing the integrations necessary for customers to link solutions running on different cloud infrastructure. In several talks, they highlighted their work with Microsoft to enhance the interoperability between Oracle Cloud Infrastructure (OCI) and Microsoft Azure.²

Mr. Steve Miranda, Oracle Executive Vice President for Applications Development, continued the integration theme but at a much deeper level. At the event, Oracle announced Oracle B2B Commerce, a partnership with JP Morgan (and their Payment business) and FedEx, that directly connects more than 40,000 buyers, sellers, and service providers through Oracle Cloud Enterprise Resource Planning (ERP).³ The key attribute they all share? Being on Oracle Cloud ERP. Suppose a company wants to source a product from a company that uses Oracle Cloud ERP and then ship the product to a location using FedEx? Today, most companies would place an order using their ERP system and authorizing a payment. Another transaction would be to arrange for FedEx shipping and authorizing a payment. In Oracle B2B Commerce, all of these connections can be readily made from within Oracle Cloud ERP. This is often referred to as

¹ Travel and/or other expenses related to this commentary were provided by Oracle.

² <https://news.microsoft.com/2022/07/20/oracle-and-microsoft-announce-availability-of-oracle-database-service-for-microsoft-azure/>

³ <https://www.oracle.com/apac/news/announcement/ocw-oracle-revolutionizes-b2b-commerce-2022-10-19/>

embedded finance, defined by McKinsey as “the placing of a financial product in a nonfinancial customer experience, journey, or platform”.⁴ We have seen this for years with financial products, like private-label credit cards. But what Oracle announced is another level of disintermediation. Mr. Miranda asserted that Oracle’s unique combination of technology, including multi-tenant Software as a Service (SaaS) and ecosystem allows the company to provide these capabilities. With Oracle’s strong position in cloud ERP, they are well positioned to take further advantage of this trend. Some PLM solution providers have also cited this benefit of multi-tenant SaaS, the ability to link value chain collaborators more deeply, and CIMdata anxiously awaits the day when more PLM solutions are fully multi-tenant so that the product lifecycle can benefit from these business-level integration capabilities.

In his keynote, Mr. Larry Ellison, Oracle’s founder, Chairman of the Board, and Chief Technology Officer, spoke about an even more audacious plan. Stemming from Oracle’s efforts during the COVID-19 pandemic, Mr. Ellison described his vision for a global public health analysis system. Today, Mr. Ellison claimed, big healthcare technology providers focus on selling systems to big hospitals, who each operate their own system. One result of this “islands of automation” approach is that an individual’s medical records are stored by every provider they have ever visited in their life. Of course, this tack by Oracle results from their acquisition of Cerner, a leading provider of digital information systems, for \$28.3 billion,⁵ which Mr. Ellison referred to in his remarks as a “merger.” Mr. Ellison stated that the dynamism resulting from the global impacts of COVID-19 called for a new approach to application development, one that he claimed sped development by 10x. During the pandemic Oracle solutions helped manage over 100 clinical trials for COVID-related treatments. They collaborated with the Centers for Disease Control (CDC) on v-safeSM, a COVID-19 Vaccine Information system built using OCI. It leveraged the CDC’s previous development of a system used in Ghana to track Yellow Fever vaccine distribution. In this instance, over 150 million US COVID-19 vaccine records were voluntarily shared by patients and managed in the new system to better track vaccine uptake. Oracle also collaborated with the University of Oxford to create the Global Pathogen Analysis Service (GPAS), originally developed by the university to monitor genetic mutations of the tuberculosis pathogen. The new GPAS is deployed globally on the Oracle Cloud. As we now painfully know, the COVID-19 pandemic required a quick response across many dimensions, and our fractured global healthcare “system” was not up to the task. Ironically, Mr. Ellison noted that, in an emergency, doctors and hospitals cannot access your full medical records but they can readily access your global credit card records to ensure that you can pay for services rendered. His vision is for a national electronic health record (HER) system where the individual controls their own information. His initial focus is the United States but for this to work to speed the response to the next pandemic, it will have to be a global effort. Of course, there are many hurdles to overcome to achieve this vision but clearly their \$28.3 billion bet on Cerner will be at the heart of any eventual solution.

Oracle CloudWorld included two sessions focused on Product Lifecycle Management (PLM). One session centered on Cohu, a global provider of equipment and services for back-end semiconductor manufacturing, which focuses on processing completed chips cut from the wafers used in production. The company is using new capabilities offered by Oracle and their partner Anark, a leading provider of what this company terms intelligent information management (IIM) software and solutions. Previously, their work with Oracle focused on using their technology to deliver 3D technical data packages (TDPs) using Adobe 3DPDF that could

⁴ <https://www.mckinsey.com/industries/financial-services/our-insights/embedded-finance-who-will-lead-the-next-payments-revolution>. Free subscription required.

⁵ <https://www.oracle.com/news/announcement/oracle-buys-cerner-2021-12-20/>

be shared with value chain partners. While this was a huge step up from sharing drawings, this approach still had some drawbacks. Those providing the TDPs lost control of the information and it could be difficult to know if the TDP in hand was actually current. Cohu spoke about their use of the combined Oracle and Anark solution as a platform to dynamically serve up more detailed TDPs and to better support engineering changes and other technical communications between value chain participants. CIMdata likes this approach, as it aligns better with the PLM vision laid out decades ago that value chain participants would be able to readily access the right information when needed.

Facebook, now Meta, also a long time Oracle Agile customer, described how Meta (Facebook) upgraded their existing Agile PLM solution to Oracle Cloud PLM in just eight months working with Oracle partner Inspirage. Meta's FaceOps division uses Oracle Cloud PLM to design and manage the equipment that goes into their data centers, in effect playing a building information modeling (BIM) role for the company. In a one-to-one meeting with Mr. John Kelley, Oracle Vice President for PLM Product Strategy, he shared that Meta has two business units on the cloud, and two more plan to move over the next two years.

Mr. Kelley also indicated that Oracle Cloud PLM conversion is picking up, with a significant increase in cloud PLM revenues as a result. Oracle continues to innovate on their cloud offerings, bringing new capabilities with each quarterly update. The company is still focused on a three-pronged migration approach: people can stay on Oracle Agile PLM, they can combine their Agile implementation with some Oracle cloud-native solutions, or they can choose to move to the cloud. Many companies have already pursued the second option, combining Agile with their Product Hub product information management (PIM) offering. Companies delaying their move off of Agile did get some good news. The current Agile release, 9.3.6, relies on some database and middleware capabilities that are possibly going end of life (EOL). To prepare for this eventuality, Oracle is working on a new Agile release, 9.3.7, that will replace these capabilities when needed. Agile 9.3.7 is currently expected in 2024 but that date could slip if those enabling solutions get extended life. This means that Agile's EOL date will be at least five years after the new release, pushing into 2029 or 2030.

Oracle is also working with their lead customers in the formulation space to elaborate their product strategy for Oracle PLM for Process. They previously stated that this new cloud-native solution will focus on recipe management (as opposed to recipe development available in the on-premises offering). Since recipe management is often more document-centric, their new process offering will be built upon existing Oracle Cloud PLM capabilities. They are currently in limited beta.

In conclusion, Oracle CloudWorld celebrated a return to in-person events in a new location, Las Vegas, after a long run in San Francisco. Oracle acknowledged that the future will be multi-cloud and their Microsoft partnership is just the first in what its customers hope will be a series of announcements to support their own cloud journeys. The company described groundbreaking new approaches to B2B interaction and much needed global innovation in healthcare. Their cloud PLM business is picking up and their existing solution, Oracle Agile PLM, will have an extended life. They are moving more and more customers to the cloud and can better support that migration. The future looks bright and challenging, but hopefully the challenges Oracle faces going forward will be mainly from progress on their bold vision of a cloud-based future.

About CIMdata

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