



BETWEEN THE CEOS  
STEVE SAUNDERS

CEO AND FOUNDER  
LIGHT READING

## CEO Chat With Doug Suriano, Oracle

**T**hey say there's no such thing as a stupid question, but I probably sail pretty close to the wind in some of my interviews for LR. But then that's one of the things I really like about my job: it gives me frequent opportunities to ask some very smart individuals some very dumb questions.

Sometimes I get the impression interviewees -- and their PR handlers -- assume my line of questioning is part of some cunning interviewing strategy. It's not; I'm just not embarrassed to ask the kind of questions others wouldn't because they're worried that people will be surprised they didn't know the answer already.

In my opinion, many in our industry assume a much higher level of understanding about what's really happening than actually exists. That's true of the technology (virtualization, analytics, OSS, IoT... New IP, in other words) and of the companies and their strategies. I'd much rather raise the occasional eyebrow with my lack of knowledge than pretend I understand something when I don't.

This brings me to Oracle. I've been back at Light Reading for about a year and a half now, and for a lot of that time I've been puzzled about what Oracle is up to. After all, when I left the telecom industry in 2007, Oracle was just an enterprise company ("the" enterprise company, in many regards). I come back last year, and it has busted all sorts of moves into telecom, including acquiring both Tekelec and Acme Packet.

So I was delighted when Oracle offered me the chance to interview Doug Suriano, formerly CTO at Tekelec, and now senior vice president and general manager at Oracle, and the executive overall in charge of its entire communications strategy.

Other than the obvious one ("what's it like meeting Larry Ellison?") I had a bunch of other Steve-style questions for Doug, all with the goal of getting to the bottom of Oracle's overall strategy. Which is, of course, Larry Ellison's strategy-- because while Oracle's communications vision is put into practice by Doug Suriano and team, it's clear he's getting his orders directly from the top of the company.

What both Ellison (and Meg Whitman over at HP, and Lloyd Carney at Brocade) have realized, is that the enterprise markets where they made their fortunes are being subsumed into a far larger opportunity -- a next-generation, New IP communications market. And all three executives are personally leading their companies' efforts to not only carve out a winning share of this massive opportunity, but also to give a black eye to the traditional comms incumbents (the



**Oracle's Doug Suriano: Excited about the convergence of IT and network**

AlcaLus and Nokias and Ericssons of the world).

In a world moving away from hardware and towards software, and cloud, it's likely that a company like Oracle, a leader in both, is going to bring some pretty major advantages to the table. But I wanted to get a sense from Doug Suriano of whether Oracle can really execute in this new world. After meeting him, it's clear that it not only can, but will. In particular, Oracle's strategy of creating virtualized cloud services tailored for the nuances of different industries (and housed in 19 data centers around the world) strikes me as flat-out brilliant.

### The Tekelec connection

Steve Saunders: Hey Doug, great to meet you.

Doug Suriano: Thanks for coming here today [Oracle's office in Morrisville, N.C.].

**SS:** No worries. You were at Tekelec for how long before it was bought by Oracle?

**DS:** Since 2003. I was the CTO and VP of engineering.

**SS:** And you took the company through a major transition from being a hardware company to a focus on software, right?

**DS:** I did. There were really two transitions we went through, Steve. The first one was the transition to IP. That was a combination of software and hardware.

**SS:** That's a biggy. So why do you think Oracle bought Tekelec [in 2013]?

**DS:** First, it was part of the strategy to transition from the back office into the core [telecom] network. Oracle realized there were a lot of barriers to getting into that space. Second, I think the company saw the convergence of IT and [telecom] networks happening, and much earlier than everybody else. Larry Ellison's vision was that we not only become a part of it, but that we actually lead it.

**SS:** It was from the top of the house?

**DS:** Absolutely.

**SS:** Have you met Ellison?

**DS:** I have.

**SS:** It seems like that would be pretty terrifying.

**DS:** [Laughs] It was one of the most enjoyable two hours of my life. I was surprised how much he understood about the communications market. It was really refreshing.

**SS:** That's cool.

**DS:** So Oracle needed a sort of "bridging" technology that would let it get into the core telecom space. It needed a footprint that would give it the credibility to be able to work in a network space. That's what was missing [from Oracle].

**SS:** So the acquisition of Tekelec was about acquiring the necessary technology and customer base?

**DS:** Absolutely. And both Tekelec and Acme Packet were available at about the same time, and they both covered areas they wanted in order to get into the core. Tekelec was really well known because of its App Server product, and what it was doing with telephone applications. And Acme provided a natural progression into real-time communications and SIP signaling.

### **Winning over the Tier 1s**

**SS:** So how is Oracle getting on now in the major Tier 1 accounts?

**DS:** We are in all of them. Via Acme Packet and Tekelec, we are in just about every Tier 1 around the world, including Asia-Pac and

China. After the acquisitions, there was a little bit of hesitation on the customers' parts. They wanted to see how the integration was going, but now we've been at that for two years. There were a couple of areas that we had to work on, but Oracle now knows how to operate as a vendor to the network operators. It did take some time.

**SS:** It's a full duplex cultural shift because as operators those customers are looking to take some of the DNA out of Oracle and use it to make themselves more agile, and in the other direction, you guys have to learn the ways of the telco Jedi, right?

**DS:** Exactly right. It took some time and there were a couple of areas on the commercial side that we needed to line up: one piece was getting the T&Cs [terms and conditions] right, and the other piece was in support. The IT support model really didn't work for the network operators, so it took us some time but we are through all those issues now. But I think the DNA of these companies that were acquired is filtering in the right areas of Oracle, and then the Oracle DNA is flowing back.

That's why I'm so excited about the convergence of IT and network. We are ready to lead that because we've already been through the tough transformation pieces organizationally, while others are just starting to wake up to it.

**SS:** You definitely seem like you are well ahead of the curve. But what's more interesting to me is that when you opened the door to the arsenal, all the weapons were in there: cloud, software expertise, the tough stuff.

I'm not blowing sunshine at you; I really believe that. Oracle is a very impressive company in terms of solving really hard problems, software-driven problems, and that's what the world needs right now. Because it's turning into a software world, isn't it?

**DS:** That's right. That's exactly right, and that's where our focus is.

**SS:** That said, Oracle's technology strategy is hard to understand for an outsider. That would be my main comment. And not just for low-IQ residents of the universe like me. Oracle is probably one of the top-10 brands in the world, with this amazing heritage of database and enterprise software. But then it runs out and buys these telecom companies in a totally new space, and what those companies do is in and of itself super-complicated. How do you make it easier for your customers to understand the overall strategy?

**DS:** Let's take it in stages. I'll start by going back to the time when we actually were approached by Oracle. It's becoming clear that the endgame is the digital lifestyle; everything is going digital for the whole world. And for that to happen there needs to be broadband mobile, broadband data capabilities, all of that. So that was phase one: the network.

Phase two was the understanding that we need to improve on the economics of the data network because the ARPU is tailing off, but data consumption just continues to increase. We knew that cloud and NFV and virtual technologies were going to be needed for that next phase. It's twofold -- not only addressing the CAPEX side, but the OPEX side. How do you reduce the cost of maintaining these networks?

Phase three was really where analytics came into play, as it's where you start looking at the whole integration of the OSS. We've solved that phase.

Phase four, which we all want to get to, will take the next five to ten years; and that is full automation.

And when I put this together in my head, my conclusion was "this makes total sense, sign me up." I genuinely think this is a greatest thing that has happened in our industry, and it didn't take me long to get there. I don't think it's taken our customer base long either, based on the feedback that we're starting to get.

**SS:** You've been in your new role two months. How do you avoid becoming super-overwhelmed? Or do you just not avoid it?

**DS:** We reorganized everything, so we went from three separate businesses inside the business unit -- Acme, Tekelec and OSS/BSS -- and put them into one. One sales team facing the customer, one services team facing the customer.

**SS:** So if I'm a customer, I get to talk to one person now. One throat to choke.

**DS:** Exactly. What I've done is I've combined them to reduce the complexity through really focused areas of the business.

**SS:** There is still complexity, but it is not customer facing. Frantic activity underneath the water, lots of paddling, but on the surface it's nice and calm.

**DS:** Exactly, you want to have that really smooth interface to the customer on product, sales and service and support. I spent the first two months literally with sales kickoffs around the world. I brought all the sales people in to make sure we trained them on how we are going to manage the opportunities.

Now it's really about the external stuff, about getting the word out. A lot of our customers may have been concerned that there wasn't a network guy in charge of the communications field, but now they know me and what this is about.

**SS:** Your network credibility was obviously a big part of the rationale for putting you in your new position. At the same time, I suspect that when Oracle was looking for an executive to do the job, the fact that you'd made a transition personally in your own career, at Tekelec, from network hardware to network software, that didn't hurt. Oracle probably looked at your resume and they were like, "Ohhhh, we can work with this guy."

**DS:** It did help, as did the fact that I successfully made the transition into Oracle, which was not for the faint of heart. Looking at the big picture, the focus is now taking that message of all we discussed here out to our customers.

**SS:** The state of the state today in our industry seems to really open the door for new players to come in and show what they can do, because some of the requisites of building these new networks are in the DNA of a company like Oracle, aren't they? I'm thinking of your experience with large enterprise cloud, or of the software-defined universe as a whole.

**DS:** Exactly. If you go into that a little deeper, you have the heritage of IT where Oracle has been software leader for years and years and years. Then you put that together with where the industry is going in the cloud, and how Oracle is leading that, doing things like putting the entire portfolio in the cloud. It's really hard to touch that.

**SS:** So does Telco Cloud become one of the applications that you virtualize and put in the cloud?

**Doug:** That's my next point. What we've done is we've taken that IT Cloud and we've set up what's called Oracle Cloud for Industries, or OCI. Our finance vertical, our healthcare vertical, our communications vertical, our hospitality vertical -- all those verticals have specific nuances that we need in order to be able to set up the necessary environment for our customers in the public cloud. We deal with things like latency issues when there's a need to have real-time communications, for example.

**SS:** So CSPs [communications service providers] would be considered another vertical, possessing its own unique requirements?

**DS:** Exactly. And that vertical may have some of the most stringent requirements, if you think about it, of any other vertical. One of the good things, Steve, is that we're not just doing this for the communications market; all the good work that we are doing is actually getting rolled back into the Oracle Cloud to create high availability for all applications for many markets.

**SS:** Having met quite a few people from Oracle, my sense is that you have the right culture to perform that task. You have some advantages because you understand the implementation of complicated application software across virtualized networks in a way that Google, for example, which has limitless intellectual resources and limitless money, doesn't at all. When I talk to Google, they have some incredibly smart individuals, but they are shining points in a constellation that is backlit by a culture of limitless entitlement.

**DS:** At Oracle the entire company is focused on one goal. That's really what's going on here; 145,000 people all focused on moving all that we do to the cloud and selling it in the cloud and supporting it in the cloud.

**SS:** It sounds like Oracle's cloud is a multicolored cloud; it's got a rainbow shining through it. And those colors are different industries with their different unique need. [Ed. note: For a comprehensive list of the industries where Oracle plays, visit Oracle's exceptionally well-designed website.]

**DS:** That's right.

### **The virtualization situation**

**SS:** So where is virtualization now in terms of helping drive revenue and/or saving costs for service providers?

**DS:** It's a 10-year journey. Where we are getting the most traction right now is on the IT side and in the enterprise. That's indisputable. Oracle applications like ERP, sales, support, service.

But the adoption in the other verticals is pretty good too. There's

a lot of adoption in our Health Sciences vertical, for doing clinical trials, for instance.

Underlying all of our cloud solutions is an interest in producing standard products that are highly configurable. We don't like to do the customization; we really want to build products that are flexible, not ones that require months and months of systems integration or of custom development.

**SS:** Aren't you a system integrator player?

**DS:** We are not.

**SS:** No?

**DS:** We are not an SI player. Our consulting services teams focus exclusively on implementing Oracle products. We call it the Red Stack. So we are an SI of our own products.

**SS:** So for third-party integration you partner with people like Accenture?

**DS:** Exactly. Accenture, Capgemini, Tata. All of the big players.

**SS:** You don't see Oracle changing that strategy?

**DS:** I don't.

**SS:** What's behind that philosophy?

**DS:** I think we are really focused on products, and we always have been. It's the hallmark of the company.

There have been a couple of realizations at Oracle. One was that the evolution of OSS is really service orchestration. We see that as our birthright as a company.

For years, we've been able to take physical inventory and use it to design services and roll them out in networks using a traditional OSS model. And we've done the same thing with BSS. Now we are doing the same thing for virtual networks, for virtual inventory... how do you track where the VNFs are and how they are orchestrated? How do you manage the lifecycle of the VNFs? How you take different VNFs and put them together with the network capacity that needs to go with them?

**SS:** But where is the line between automation and insanity? There are some things that service providers never want to lose control over. And there are things they actually would rather never have to configure and manage again.

**DS:** That's right. That's where we are focused right now. To do that you need to get the network analytics so you have the feedback mechanisms that tells a network when it needs to grow and when it needs to contract. Then you have a policy engine that acts like the brain that actually directs all these functions and interacts with the network elements from the signals that it gets from the NSO (network service orchestrator).

But the most important piece that I think that Oracle brings to the table is the business transformation piece that has to be in place. How do you work with marketing to actually define the services?

**SS:** Absolutely, I see what you mean.

**DS:** How do you tie into the business side of this?

**SS:** How do you identify and quantify and prioritize opportunity?

**DS:** Exactly.

**SS:** How do you introduce and enable innovation but also control it? That's a major issue for service providers right now.

**DS:** These are the things that we are focused on. I don't think a lot of companies in the space are qualified to answer a lot of these questions, or to deliver the OSS products that can solve the challenges.

**SS:** Automation; is that a five-year mission before it's solved?

**DS:** Five to 10, I think.

### **Mobile strategy and more**

**SS:** Can you give us some insight into Oracle's mobile strategy?

**DS:** Rather than just focus just on mobile, we are really focused on being a network enabler for all networks. Mobile is certainly part of that, but also the enterprises and the MVNOs which we've got a lot of traction in, as well as the mobile and fixed networks. All of our equipment really works seamlessly in all of those environments.

In the last two months, since I've taken this role, we've kicked off a strategy initiative to identify the paths we will take to execute. We've looked at some of our portfolio gaps, and some of the gaps emerge in mobile, quite frankly. So the next step is going to be deciding how are we going to fill those gaps.

**SS:** Is it a one-year mission, two-year mission? Things tend to move quite quickly.

**DS:** We are moving quicker than that.

**SS:** Really?

**DS:** Yeah, once we get the strategy figured out, we are going to move pretty aggressively. It's been a while since we've done an acquisition, and we also have some organic things that we are going to do, not focused specifically on mobile but around being that network enabler across all these access mediums. It's pretty much in line with the strategic direction we have of getting things to the cloud, and making sure that we are the guys that assist our customers to transition from that on-prem network through hybrid type configurations, through private to public. That's really where the focus is going to be.

**SS:** We've covered everything, which I wanted to cover in this interview. Is there anything that you want to cover today?

**DS:** I have a question, actually.

**SS:** Go for it.



DS: Steve, you have this visibility from doing your interviews. Where do you think we are and where do you think the struggles are going to be? There's a lot of stuff hitting the ditch right now that's not really being talked about.

**SS:** I've been an observer of several huge revolutions in the communications industry, including the transition from circuit to packet. So the first thing I'd say is that this is not like anything we've ever seen before; this is history being made. And we're not talking about building networks or running applications anymore. We are talking about changing the world, and that's pretty cool.

It's nice to be an observer in the gallery, watching people like you and companies like Oracle build the next global digital economy. People are calling it the second or third or fourth or fifth industrial revolution, but actually it's just the global revolution. It's a high-stakes game, and there will be some really big losers that people aren't expecting to lose, and there will be some really big winners that will surprise us all. And my job is trying to pinpoint who falls where, and do it early.

But it's also early days, and I think there is going to be some backlash against things like NFV when people start to try to put different implementations together and realize that they really don't work that well together right now.

DS: Or even at all.

**SS:** It's a rocky road, but obviously that's what we do in the communications industry: we solve problems. So it's a challenge but the endpoint is so well worth it.

I think it's interesting that the door has opened to this free-market meritocracy of technology, where anybody can be a winner if they have the aggression and the insight and the ability to anticipate the customers' needs correctly. You have to be able to look a long way out, as Oracle did with the acquisition of Tekelec.

There are maybe half a dozen people in the industry who really have the ability to look at where the world of communication is going and say, "Huh, okay, if that goes there and that goes there, then we go here, and we just need this and this." I suspect that Ellison is one of those people.

DS: He is one of those.

**SS:** Chambers obviously is clearly another one. I'd say that Whitman is in that category as well.

DS: In terms of technology adoption, I see the trough of disillusionment being multi-year for this one.

**SS:** But we will get there.

DS: Without a doubt.

**SS:** Agreed. That part I'm not concerned about. But I think that the willingness of companies to jump aboard the hype wagon may define success or failure in this market. What we see from our core users, the big Tier 1 CSPs, is that they are looking for the pragmatists, and they are looking for the educator and they are looking for the honest answer.

So sometimes having a solution provider who says "we don't know" or "we have got to work that out," or "it will take five to 10 years for the full benefits of automation," that person is going to get you a phone call from a lot of service providers right now because they want to hear that. They want to hear realism.

DS: And Oracle can show them that path, that's the thing. I can show them where we are today, and what needs to come together for automation to work. There are whole pieces that haven't been looked at yet. There are standards that haven't been defined yet. You can have proprietary automation, I get that, but it's not what everybody is looking for. If you haven't even defined it, you know it's not going to happen in the next two years.

**SS:** Thanks for doing this.

DS: No problem. I'm a big supporter of Light Reading. I read all the analysis daily, I'm constantly on the site. I think you do a great service to our customers.

**SS:** That's a nice compliment, Doug, thank you.

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