

Oracle's Accelerated Buying Experience: A critical step in its journey to become a digital service provider

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Ovum view

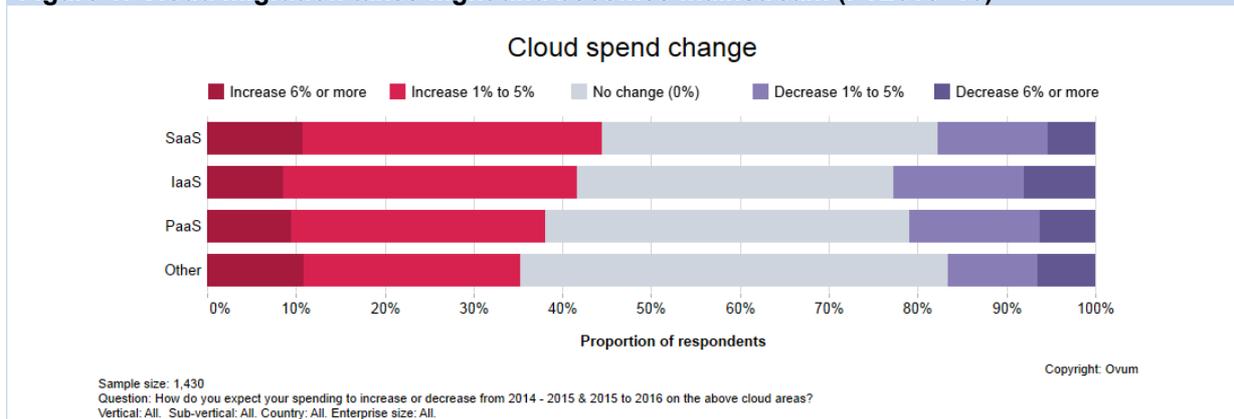
Summary

The era of the digital service provider is upon us. With the rapid pace of technology change, the wide range of technology and service provider choice, and the insatiable need for companies to deliver services better, faster, and cheaper, vendors of all types – including industry lynchpins such as Oracle – are changing how they work with customers. Digital service providers must be adaptive, flexible, and easy to engage with to be viewed by their customers as key transformation partners – roles that add far more value (and open more revenue opportunities) than solely supplying technology. Oracle, for example, is making changes internally to present more flexible cloud contracting externally through its Accelerated Buying Experience program, an important initiative that is steering Oracle toward a new digital service provider profile.

In a post-cloud world, everyone becomes a digital service provider

We are amid a powerful disruption cycle, which is shaping new business models and changing the way technology drives and supports innovation. The adoption of cloud services is a key enabler of the disruption that is transforming the core of many organizations. The migration of business technology to the cloud has moved from the theoretical purview of early adopters to a widely accepted organizational practice, with enterprises across a myriad of vertical industries adopting "cloud-first" investment strategies. According to Ovum's 2015/16 ICT Enterprise Insights survey, spend on software-as-a-service (SaaS), infrastructure-as-a-service (IaaS), and platform-as-a-service (PaaS) is accelerating as organizations execute their plans to move many workloads away from legacy models to cloud-based delivery models (whether on-premise/private, public, or increasingly hybrid).

Figure 1: Cloud migration takes flight and becomes mainstream (FY2015–16)



Source: Ovum ICT Enterprise Insights survey

Virtually all vendors have morphed or modified their strategies to take advantage of customers' cloud-first strategies, and as investment accelerates, the vendor landscape is shifting as well. Ovum believes that the degree to which software vendors reenvision their core offering and restructure their business operations to become digital service providers will determine who wins and who loses in the next era. It is no longer just about the quality of the technology, but the quality of the service

relationship as well. In a post-cloud era, success depends on becoming a digital service provider. Elements such as the buying experience, customer care, quality of service (QoS), industry expertise, and continuous innovation, among others, will become pivotal to the selection process of enterprises and the ability of vendors to retain, and by extension grow, their installed bases.

It is not surprising that vendors such as Oracle, as a major anchor in the modern-day IT ecosystem, are at the epicenter of this developing digital service provider trend. In recent years, Oracle has made significant investments in cloud services across its wide-ranging portfolio and vertical industry offerings. This type of transformation is a remarkable achievement because Oracle's customer culture has historically been rooted in products and technology. Recognizing this reality and the risk it poses to the future success of the firm, Oracle executives – at the highest levels – are driving its transformation to a digital service provider and making the required changes in the way that it does business, from sales and marketing to customer care and product development.

The Accelerated Buying Experience is a critical step forward

A part of this transformation focuses on the company's existing contracting and buying process, which had become lengthy and onerous for customers, irrespective of whether the purchase was for a major enterprise application or a small pilot project. Oracle has therefore launched an Accelerated Buying Experience program, which aims to offer quick and simple buying terms and conditions for all customers, irrespective of organization size, and value of purchase. This will initially be applied to purchases of Oracle cloud services (across SaaS, PaaS, and IaaS), but will be extended to on-premise solutions later in the year as well.

Oracle's own configure, price, and quote (CPQ) technology is being used to automate the back-end buying process, with the goal of having the required order documentation generated automatically. The new process does not remove the possibility for price negotiation, because it applies specifically to contractual terms and conditions. The new process will result in a simple one- or two-page order summary document, along with a link to the associated contract terms. This same process can be applied to subsequent repeat purchases. If larger customers still wish to negotiate on terms and conditions then this can be done, although also in a simplified manner, using what Oracle calls the Facilitated Buying Experience, with additional guidance from the customer service team.

Ovum views Oracle's efforts with the Accelerated Buying Experience as a critical step in creating a customer journey and onboarding experience that complements the agility of cloud applications. One of the many reasons that cloud services attract customers' attention is the promise of a rapid, scalable, and flexible deployment of a variety of application workloads in various cloud models (private, and increasingly public and hybrid). Dealing with complex contracting issues at the start of a cloud deployment can slow progress or deflate customer enthusiasm. To be clear, adopting new cloud services and migrating applications to cloud are hardly "plug-and-play" projects, but efforts such as the Accelerated Buying Experience help keep any unnecessary drag on implementations to a minimum.

Oracle has analyzed all of its cloud sales to date, and believes that in excess of 90% of its cloud sales would be handled using the new simpler process. Although the aim is to improve the customer experience, it will also undoubtedly reduce transaction costs, and as a consequence free up salespeople to focus on adding customer value by, for example, walking a customer through potential cloud services scenarios and the associated benefits versus constant haggling over contract terms. The initiative will augment the efforts that Oracle has already made to assist customers through the

cloud adoption process, with customer success managers focused on helping customers move from purchase to deployment and on maximizing the business outcome of their cloud investments.

However, Oracle still faces some entrenched legacy attitudes among its customer base around the sometimes adversarial nature of its relationships, a lack of flexibility in licensing and purchasing, and a lack of priority in customer care. While the new initiatives tackle these opinions head-on, Oracle will need to maintain a vigorous charm offensive to swing the pendulum in the other direction. Particular attention should be paid to increasing flexibility for the customer, to meet the needs of shorter business cycles and rapidly evolving digital strategies. In talking to Oracle's customers, Ovum has already seen positive evidence of these changes taking place, with a greater emphasis on helping to solve business problems, rather than solely on the technology portfolio, and on building a contractual and commercial relationship to suit the proposed business solution.

Oracle is a large ship to turn, but is committed to transformation

Oracle's Accelerated Buying Experience is the latest example of Oracle shaking up its portfolio, its organization and practices, and indeed its long-time image to completely turn toward a digital service provider future where the customer is at the forefront of everything it does (heavily enabled by cloud). First came a full embrace by Oracle of cloud models in its entire portfolio years ago, followed by major changes to internal sales compensation to spur sales efforts and cloud customer adoption.

More recently, Oracle unveiled its new PartnerNetwork cloud program earlier this year, an enhancement of previous cloud-related partner efforts aimed at accelerating Oracle Cloud adoption among partners' customers. The new program included new certifications, specializations, go-to-market and sales assistance, and new revenue-generation requirements across the board. These changes affect the entire channel – including the top-tier Diamond partners: Accenture, Capgemini, Deloitte, Fujitsu, Hitachi, Hewlett Packard Enterprise, IBM, Infosys, PwC, TCS, and Wipro.

Oracle's partners want customers to view them in the same digital service provider light, and an initiative such as Accelerated Buying Experience, which is available through the Oracle partner community, adds another opportunity to do so. By leveraging the Accelerated Buying Experience to neutralize or de-emphasize parts of the onerous contracting processes, partners can engage customers not just on purchasing technology but on specific business and vertical industry challenges, demonstrating different levels of expertise and innovation that will make them invaluable transformation leaders with their customers.

The Accelerated Buying Experience program is a significant sign of Oracle leadership's commitment to change its business practices for greater cloud adoption, which will continue to fuel digital transformation among its clients. As Ovum continues to observe Oracle's ongoing progress, we would recommend a "pedal to the metal" approach, where Oracle must continue to push these changes throughout the organization, not to mention change attitudes among customers and partners. Constant message management externally and positive culture change internally will be key as Oracle continues its digital service provider journey.

Appendix

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