Oracle Blockchain

Founded 1977 | HQ Redwood City, CA | 137,000 employees (2018) | $39.83B revenue (2018)

This report focuses on the enterprise blockchain division within Oracle. Oracle is the enterprise blockchain dark horse. Its stealthy but deeply funded and well-sourced entry into the market follows Oracle's well-established pattern: the firm has a history of first dismissing new technologies, only to work quietly and then launch into the new market with full force. … Over the coming few years, Oracle may well set a benchmark for its competitors and will likely gain significant traction within the Oracle customer base.

The Company

Oracle is one of the world's largest and most successful IT vendors, founded in 1977, with revenues of $39.83 billion in 2018. This report focuses on the enterprise blockchain division within Oracle.

Though initially best known for its database business, Oracle has grown both organically and by acquisition to embrace the full stack from core hardware to business applications. Oracle's customer base is global, and typically (though not exclusively) its customers are large organizations in both the public and private sectors. In 2016, Oracle surprised the market by releasing several SaaS applications ranging from customer experience (CX) through financials to supply chain. The surprise and differentiating factor in these SaaS applications was that they ran on a full stack of Oracle software and hardware yet were charged and serviced via a single license and support call. Oracle saw the rapid success of these applications and extended its enterprise customer base into the mid-market. The company first announced its blockchain ambitions in late 2017 and launched its eponymous Oracle Blockchain Platform (OBP) in mid-2018. To date, there has been only limited public discussion and visibility of Oracle's work in this space.

Blockchain is arguably a logical extension of Oracle's SaaS applications, and in 2019 the firm announced its first blockchain-enabled SaaS application. Oracle's enterprise blockchain work has been, over only a short time, extensive. The use of blockchain is clearly a key factor in the company's future growth strategy.

⚙ The Technology

There are two critical elements in Oracle's enterprise blockchain strategy:

➜ Oracle Blockchain Platform (OBP)
➜ Oracle SaaS Applications

OBP is, as the name suggests, Oracle's core blockchain platform infrastructure. Based on Hyperledger Fabric 1.4 (Oracle joined this open-source initiative in 2017), the platform differentiates itself in providing the first fully managed, secure, and permissioned Platform as a Service (PaaS). It also provides a range of plug-and-play components, APIs, and developer frameworks for easy connection to its SaaS applications. However, beyond the many standard components it has built, what particularly caught our attention was an option called OBP EE (Enterprise Edition): a dedicated on-premises enterprise blockchain option. A second element that caught our eye was the focus Oracle has placed on analytics, often a weak spot in blockchain deployments. Also interesting was that OBP not only has a built-in connection to Oracle Analytics Cloud via DBaaS or ADW, but the entire transaction history is mirrored, and it provides fast and accurate analysis. That may seem an obvious thing to do, but as of today, Oracle is one of the few vendors, if not the only one, to provide this as standard.

Regarding the SaaS applications, Oracle is rolling out its program over the next couple of years to encompass all its SaaS offerings. As of 2019, Oracle has launched integrations with NetSuite, FlexCube, and Open Banking, with retail, health sciences, and construction/engineering set to launch within the year. The flagship element to date, though, is Oracle Cloud SCM (supply chain management) with pre-built blockchain functionality such as track and trace, lot lineage, and provenance

now available. Within the next few quarters, Oracle will add pre-built options for cold chain, warranty, and usage tracking. It will also release more accelerators, templates, and pre-packaged components to connect to both its own and third-party applications.

The bottom line is that Oracle is trying to flip the switch from consulting-led enterprise blockchain to pre-assembled, plug-and-play enterprise blockchain. To date, too many projects have been consulting-led, lengthy, and costly. Oracle sees blockchain as an infrastructure platform component that should be easy to access and utilize. This approach should enable developers to quickly build and provision everything from complex smart contracts to basic records management. This should be applauded, but the platform and SaaS options have only been available for a short period, and end-user feedback is limited.

Figure 1
Oracle Blockchain Assessment
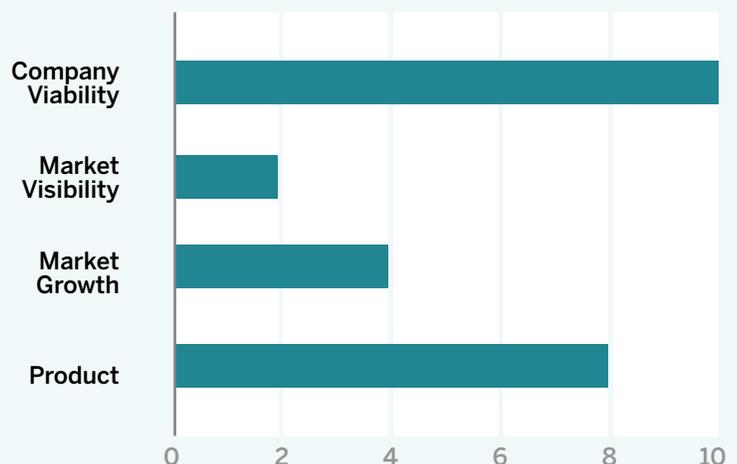
Our Opinion

Oracle is the enterprise blockchain dark horse. Its stealthy but deeply funded and well-sourced entry into the market follows Oracle's well-established pattern: the firm has a history of first dismissing new technologies, only to work quietly and then launch into the new market with full force. That being said, with Oracle's deep roots in the supply chain, financial services, and government sectors, blockchain always made more sense for it to embrace than for some of its competitors. The full-stack nature of Oracle's SaaS offerings makes them ideal candidates to bundle blockchain functionality. In other words, though there will always be disruption when leveraging blockchain, Oracle's approach makes it one of the simplest and least disruptive approaches to adoption. The other side of this coin is that such an easy integration may mean that the truly disruptive and transformative nature of blockchain is potentially limited, impeding the reimagining and reinventing of traditional business process activities. Either way, the significant but early progress of Oracle here is impressive. Over the coming few years, Oracle may well set a benchmark for its competitors and will likely gain significant traction within the Oracle customer base. Figure 1 shows our assessment of Oracle Blockchain across four categories.

Advice to Buyers

It stands to reason that existing Oracle SaaS customers should first consider OBP's options, as they are, or will be, pre-integrated capabilities. For non-Oracle SaaS customers, Oracle should at least be on the shortlist for consideration, if solely for the work they have undertaken to build and to pre-package many elements of blockchain. Similarly, those considering a digital transformation exercise that will involve the replacement of existing business applications may want to look at what Oracle has to offer. Finally, it is worth noting that Oracle to date has focused much of its blockchain efforts on consortiums. For example, it leads the Retail Blockchain Consortium (RBC), and is also heavily involved in the Global Shipping Business Network (GSBN). Oracle has a specifically designed blockchain option for existing or new consortiums that want to work collectively.

🔍 SOAR Analysis

Strengths

→ Existing global customer base looking for blockchain options

→ Pre-building blockchain functionality for plug-and-play integration

→ On-premises and consortium options available

Aspirations

→ Replace IBM as the de facto choice for consortiums

→ Open up a clear lead on SAP

→ Embed and bundle blockchain as core functionality

Opportunities

→ Quickly lock out competitors

→ Extend blockchain across its entire SaaS/PaaS portfolio

→ Expand and create blockchain analytic services

Results

→ 150 active blockchain customers

→ Approximately 500 firms running active trials

→ Significant DB/analytics capabilities versus the competition

About Deep Analysis

Deep Analysis is an advisory firm that helps organizations understand and address the challenges of innovative and disruptive technologies in the enterprise software marketplace.

Its work is built on decades of experience in advising and consulting to global technology firms large and small, from IBM, Oracle, and HP to countless start-ups.

Led by Alan Pelz-Sharpe, the firm focuses on Information Management and the business application of Cloud, Artificial Intelligence, and Blockchain. Deep Analysis recently published the book "Practical Artificial Intelligence: An Enterprise Playbook," co-authored by Alan and Kashyap Kompella, outlining strategies for organizations to avoid pitfalls and successfully deploy AI.

Deep Analysis works with technology vendors to improve their understanding and provide actionable guidance on current and future market opportunities.

Yet, unlike traditional analyst firms, Deep Analysis takes a buyer-centric approach to its research and understands real-world buyer and market needs versus the "echo chamber" of the technology industry.

About the Author

Alan Pelz-Sharpe is the founder of Deep Analysis. He has over 25 years of experience in the IT industry, working with a wide variety of end-user organizations like FedEx, The Mayo Clinic, and Allstate, and vendors ranging from Oracle and IBM to startups around the world. Alan was formerly a Partner at The Real Story Group, Consulting Director at Indian Services firm Wipro, Research Director at 451, and VP for North America at industry analyst firm Ovum. He is regularly quoted in the press, including the *Wall Street Journal* and *The Guardian*, and has appeared on the BBC, CNBC, and ABC as an expert guest.

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