

A Rimini Street White Paper

Weathering the Oracle® Fusion® HCM Storm

By Frank Reneke

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This white paper represents the opinions and insights of industry expert Frank Reneke.

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Today Mr. Reneke specializes in new software technology for ERP. His key competency area is Human Capital Management and he has written and published articles and made multiple speaking appearances on trends over the last 20 years. Mr. Reneke's current areas of interest include SAP, JD Edwards, PeopleSoft, Oracle EBS, Oracle Fusion, Workday, SaaS and cloud computing.

About Rimini Street, Inc.

Rimini Street is the leading third-party provider of enterprise software support services. The company is redefining enterprise support services with an innovative, award-winning program that enables Oracle and SAP licensees to save 50 percent on annual support fees and save up to 90 percent on total support costs over a decade. Clients can remain on their current software release without any required upgrades or migrations for at least ten years. Hundreds of global, Fortune 500, midmarket, and public sector organizations from virtually all industries have selected Rimini Street as their trusted, independent support provider.

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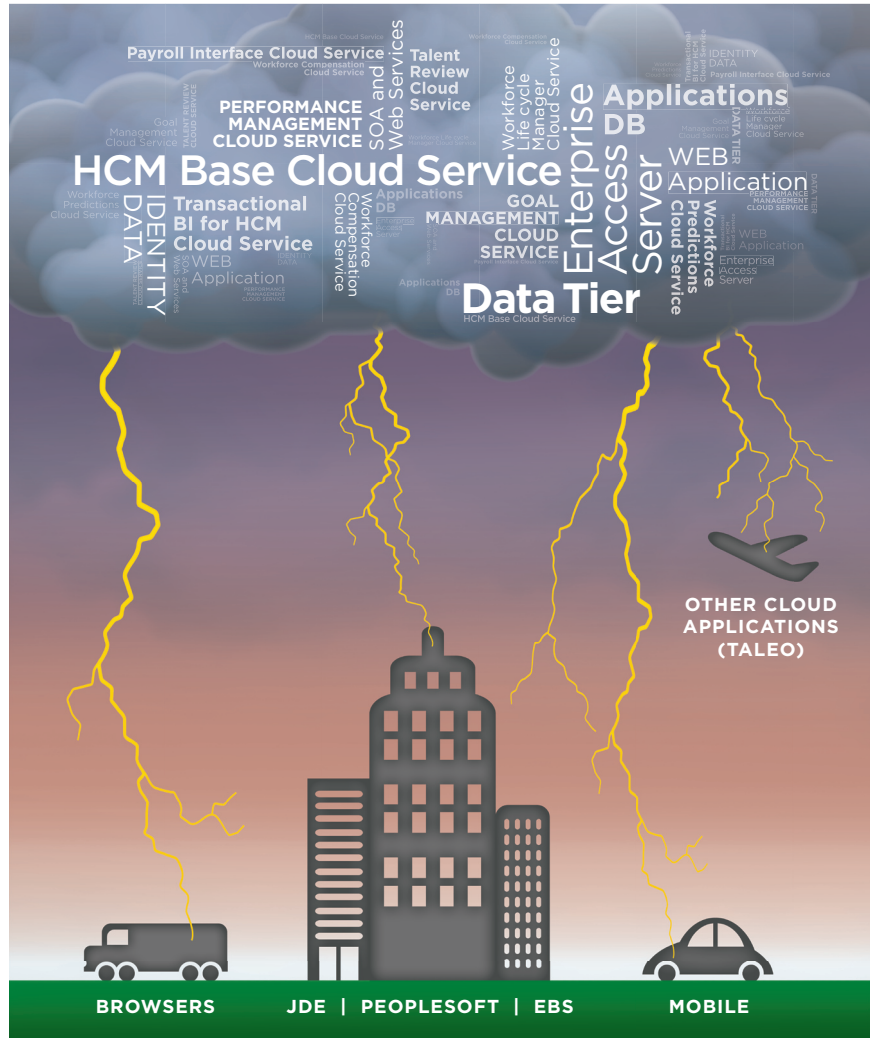
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Oracle Fusion HCM Public Cloud

There's an old sailor's saying that goes like this:

Red sky at night, sailor's delight. Red sky at morning, sailors take warning.



It's the dawn of a new day for Oracle's HCM strategy and a storm is on the horizon. Oracle is calling it "Cloud Services." It's full of rain, thunder and lightning. And Oracle itself, along with 25,000 consulting companies in the Oracle PartnerNetwork, want to bring it to your enterprise. Brace yourself for turbulence – in the year ahead you can expect to be approached by Oracle and its thousands of partners with thousands of reasons you should continue to pay full vendor maintenance fees on your existing HCM system and migrate to Fusion HCM as soon as possible.

This white paper is designed to help you weather the storm by explaining my informed view of Oracle's overall HCM cloud strategy for its Fusion HCM roadmap. The points I'll make can also help you navigate the Oracle cloud in general, not just HCM. We'll give you the storm preparation tips you need to take the helm confidently through the upcoming heavy weather!

Executive Summary

Fusion Is Far from Complete But You Are Being Pressured to “Buy In” Now

Industry analysts are saying that it will be several more years before the full Fusion suite is “complete.”¹ However, Oracle is heavily marketing the general availability of Fusion HCM and is priming its sales force for a big HCM push in the coming year. And in spite of having preached the gospel of a unified, integrated ERP for the past 20 years, Oracle is now pressuring its Applications Unlimited HCM customers to migrate to Fusion HCM “in the cloud” piecemeal in a “Coexistence” strategy that lets customers run older applications at the same time they are gradually implementing and integrating more Red Stack technological underpinnings and HCM functionality.

Can You Really “Coexist” with Oracle’s Total Technology Roadmap?

The coming year is critical. Organizations need to decide if their own IT roadmap can, in fact, “coexist” with Oracle’s elaborate agenda, or whether they should instead pursue options such as modern pure-play SaaS vendors – or third-party support, which can free up IT budget, giving organizations the non-pressured time they need to calmly and deliberately chart their own course of technology innovation.²

In This White Paper

This white paper discusses:

- **The hazards of migrating to the Oracle Cloud.** In the vast majority of cases, it is the software vendor and its implementation partners, not the customer company’s CIO or VP or HR, that is pushing hard for cloud HCM. Oracle claims simple integration and ease of customization, extensibility, and implementation for Oracle Fusion HCM. We will show that these are more marketing pitches than fact-based reality.
- **History: HCM has always been partially outsourced in a “cloud.”** True innovation in HR is not coming from the big software vendors today, and it hasn’t for a decade or more.³ We examine the evolution of HCM systems, with special attention to how in the 2000s Taleo and SuccessFactors managed to out-innovate the big ERP vendors, becoming major HR players in their own right before being acquired by Oracle and SAP respectively.

¹ As Chris Kanaracus commented in June 2011, “Speculation about the long-delayed [Fusion] software’s release date has gone on for years. “Oracle Makes Fusion Applications ‘available,’” Computerworld, July 20, 2011. Even four years ago, Fusion was already “late” – see Thomas Wailgum, “Oracle Fusion Applications: Is 2012 Delivery Too Little, Too Late, or Smart Strategy? An inside look at the launch delays, large expectations and executive departures that have dogged Oracle’s next-gen application suite, now promised for delivery in 2010,” CIO magazine, October 3, 2008, http://www.cio.com/article/452717/Oracle_Fusion_Applications_Is_2010_Delivery_Too_Little_Too_Late_or_Smart_Strategy_, accessed September 28, 2012.

² “Organizations should carefully consider the return on investment from their software license maintenance fees and explore options that may deliver greater return on investment. Rimini Street customers found significant cost savings and were taking advantage of the next few years’ savings to explore other technology options for future investment.” Nucleus Research, Research Note: Benefits from Third-Party Support: Rimini Street,” Document K26, June 2010.

³ “Despite hundreds of billions wasted on failed research and development projects, most market influencers would agree that enterprise software vendors have produced a dearth of innovation over the past decade ... Innovations came from the consumer tech side and next-generation solution providers.” R. “Ray” Wang, SoftwareInsider, October 4, 2010.

- **Cloud services offered by Oracle.** To help give you an idea of what's coming from Oracle in terms of cloud HCM – and to decide if it has any relevance or potential ROI for your business – we'll delve into the details of Fusion HCM and Taleo in the cloud.
- **Oracle HCM Storm playbook.** You are about to be inundated with HCM sales pitches from Oracle itself as well as the 25,000 companies in the Oracle PartnerNetwork. We'll tell you what you can expect, and how to educate yourself against claims such as that Fusion HCM offers a superior user experience.
- **Six easy storm prep tips.** This white paper concludes with actionable recommendations for Oracle licensees.

Weathering the Oracle Fusion HCM Storm

Hazards of Migrating to the Oracle Cloud

Do You Want Cloud or Do You Really Just Want Simple?

Why do we keep hearing that everyone wants to move to the cloud for HCM? Whose idea is it? Does your CIO want to move your current HCM system to the cloud? Or is it your enterprise software vendor who wants you to license new proprietary technology in a cloud?

I believe in most cases it is more of the latter – sales pressure from the vendor and its partners – in spite of all the noise being made today about everybody supposedly being in a mad rush to move to cloud computing. As a matter of fact, I do not think I have ever been told by the VP of HR that they want their system in the cloud. Aside from security considerations, what they want is something that is simple: easy to use with minimal training, always on, no IT headache, no administrative overhead – and by extension, they want reduced total cost of ownership (TCO).

Does Oracle Fusion HCM qualify as “simple” under this definition? Perhaps an argument can be made that some cloud systems (for example Salesforce.com) have achieved simplicity and security – but is that true for Oracle Fusion HCM?

How “Simple” Is Oracle Fusion HCM?

Oracle Fusion HCM is built on Oracle Database, which is arguably among the most secure database architectures in the world. But is Oracle Fusion HCM simple? In its 2011 white paper “HR in the Cloud: Bringing Clarity to SaaS Myths and Manifestos,”⁴ Oracle discusses at length some of the misconceptions that have grown up around cloud computing and introduces the reader to Oracle Fusion HCM:

With the arrival of Oracle Fusion Human Capital Management (HCM), Oracle is redefining the Total Cloud Ownership experience, with a full suite of enterprise-grade, SaaS HCM applications that can be deployed easily and securely across any environment, from private and public clouds, to hybrid, on-demand, or on-premise environments. Oracle Fusion HCM is also redefining the business of HR, with applications that deliver a next-generation user experience, built-in business intelligence, networking and collaboration capabilities, and embassy-grade security.

Let’s dive a little deeper and discuss what Oracle means by “cloud.” When we do this we realize that the situation is not simple at all – in fact, Oracle is unleashing a storm of new technology it wants customers to license, implement and use. That means additional up-front and ongoing costs for you. And beyond the browser interface designed for the end user, little is simple or easy about Oracle Fusion HCM.

⁴ Oracle Corporation, “HR in the Cloud: Bringing Clarity to SaaS Myths and Manifestos,” April, 2011, http://www.intelenex.com/pdf/fusion_hcm_whitepaper.pdf, accessed October 16, 2012.

Oracle Claims Simplified Integration

Oracle claims it's easy to integrate your on-premise applications with its cloud applications. But what's the reality?

Oracle provides only a pre-built integration that runs in batch mode to move data between systems. In the Coexistence model, Oracle Fusion HCM is not integrated with JD Edwards, PeopleSoft or Oracle EBS, and the batch interface is not real-time.

Oracle Claims Ease of Customization and Extensibility

In order to modify your system, you must leverage a series of Oracle Composers so that you can easily make changes to the user interface, business processes and business intelligence reports without the need for significant IT intervention.

However, a new and different skill set is required to implement these capabilities, and it will take a significant amount of time before there is a significant number of people in the industry who can actually deliver on the promises. For now Oracle encourages clients to use the system as is, "out of the box." In other words, Oracle is effectively saying that it's easy to customize your Oracle system if you are trained to do it; but since you are not, Oracle advises you to not to modify it. On top of that, the early Fusion HCM adopters have been all but blocked from doing anything in this area.

Oracle Claims Fusion Is Easy to Implement

Analysts state that Fusion is not an upgrade, it is a complete reimplementation.⁵ And Fusion is not just another traditional implementation; Fusion requires that both your internal resources and outside consultants receive training in extensive new specialized skill sets in the following areas:

- Oracle Business Rules
- Human Workflow Service
- BI Composer
- Application Composer
- Business Process Composer
- JDeveloper
- Web Center
- BPEL

Bottom line? The Fusion HCM end user may experience a simple and easy-to-use interface – but that interface bears a strong resemblance to the current interfaces in today's JD Edwards, PeopleSoft and Oracle EBS HCM applications, all of which have been updated to be somewhat "Fusion-like" (see next section). However, if you're among the people who have to implement and support Fusion, you may find that it is not simple to integrate or customize – it's a brand-new product with a steep learning curve. For example, you will need expert resources in J2EE and BPEL, and the ecosystem of Oracle consultants is just now beginning to develop these skills in earnest. Not so simple or easy after all.

⁵ "The cost and effort of implementing Oracle Fusion Applications will be similar to that of a new implementation." Forrester Research, "Oracle Fusion Applications: Still a Mystery," December, 2008. "For replacement or augmented module(s), the implementation effort will vary widely, with costs similar to reimplementation for replacement modules." Gartner, "Oracle Fusion Applications: A Mystery Resolved," September 16, 2010.

Oracle Claims Superior Employee Experience with Fusion

Oracle will tell you Fusion is easier to use, but you need to ask yourself:

- Is the Fusion UI really a big improvement over what we've got already? The interface looks a lot like the latest releases of EBS and PeopleSoft.
- How much is that marginal improvement worth if we're already doing HR satisfactorily on our current platform? Is the disruption and expense of change really worth it?

The reality is that all enterprise applications got easier to use when they were ported from client/server architectures to web-based platforms. That's when major "ease of use" advances were made; at Oracle today, it's more about making it pretty. JD Edwards, PeopleSoft and Oracle EBS HCM all have already received improved interfaces; they even have common features now, as Oracle copies functionality from one product line and inserts it into its other product lines.

Given all this, it is difficult to understand why Oracle is making so much fuss about Fusion's ease of use. The reality is that the JD Edwards, PeopleSoft, and EBS HCM systems all look and feel somewhat alike already, and are comparable to Fusion HCM in terms of ease of use. Plus, they are already integrated, and less costly than the Fusion cloud services Oracle wants you to buy.

History: HCM Has Always Been Partly Outsourced in a “Cloud”

Even before the development of ERP systems and what we today call cloud computing, HCM systems have always been outsourced. If you think about it, HCM is a bit like a merger between two companies with vastly different cultures: on the one hand you have the needs of the HR department to hire the best talent and manage it; on the other hand, you have the financial requirements of the company to pay employees a fair wage. One culture focuses on the look and feel while the other focuses on costs per employee, with very detailed reporting requirements around taxation and regulation. It is almost as if these two cultures do not even speak the same language.

That said, HR and payroll – the two most common modules of any ERP system – have to coexist and work together globally. On top of that, HR/payroll has spawned many additional modules that must interact with these vastly different cultures and feed data back and forth.

The best examples of this are recruitment applications – an area where, over the past decade, pure-play cloud companies have excelled in creating innovative solutions while the big ERP vendors have faltered. For example, more than once I have implemented Oracle Recruitment only to be told by my customer that it did not work as well as the outsourced recruitment solution they had before implementing Oracle Recruitment.

How Did We Get to Today’s HCM Systems?

To understand HCM, we need some basic knowledge of how we have ended up where we are today with SAP, JD Edwards, PeopleSoft and Oracle EBS HCM systems. These companies, each in their own way, sought to dominate the market by attacking the best-of-breed vendors. They wanted to offer integrated systems to lock out the competition by offering lower licensing costs and elimination of costly interfaces between systems – while simultaneously locking clients into their proprietary architecture. The thought was that by offering easier access to shared data, they could dominate the market and keep everything for themselves. The vendors did not want to leave any money on the table because they felt it would allow an opening for third parties that specialized in an area to move in. The two biggest and most successful examples of such third-party vendors are SuccessFactors and Taleo. Together, these two companies owned the recruitment marketplace; they have since been acquired by SAP and Oracle respectively.

The reason the big vendors bought SuccessFactors and Taleo is that the big vendors were seeking to build out their product lines and expand them with new features so clients would not spend their money elsewhere. In my experience as a consultant over the past 17 years, I have seen this strategy often work very well in the sales cycle. Oracle and SAP would often give away modules at no cost to get the bigger deal for Financials and Supply Chain. Clients would license Core HR and Payroll and then be given modules like Compensation and Performance “for free.”

Description of HCM Cloud Services Offered by Oracle

Fusion HCM

Oracle Fusion Human Capital Management is a set of HCM modules covering workforce development, workforce rewards and workforce analytics. It replaces HCM for JD Edwards, PeopleSoft and Oracle EBS and is currently only available as a Coexistence hybrid model or as a standalone SaaS offering from Oracle via a cloud service with subscription pricing based on number of employees. Core modules include Global Human Resources, Fusion Transactional Business Intelligence, Global Payroll, Global Payroll Interface, Compensation Management, Incentive Compensation, Performance Management, Goal Management, Workforce Directory Management, Lifecycle Management, Talent Review, and Workforce Predictions.

Oracle Fusion Human Capital Management (HCM)		
Global Human Resources	Workforce Management	Benefits
Compensation Management	Talent Review	Performance & Goal Management
Global Payroll	Network@Work	KPIs, Dashboards & Extensibility Framework

Source: <http://www.oracle.com/us/products/applications/fusion/human-capital-management/overview/index.html>, accessed October 17, 2012.

Currently Fusion supports only five core countries for Payroll (US, UK, Middle East, Saudi Arabia and China). The other countries are supported with Global Payroll, which includes a payroll engine gross-up calculation as well as an interface to a third-party payroll system (like ADP). Customers must license both Global Payroll and Global Payroll Interface cloud services in order to pay workers outside the five core countries. The general strategy that Oracle has adopted for Global Payroll seems to be one of codependence on in-country providers – as opposed to the Oracle EBS model of independence.

Taleo

Taleo’s solutions are primarily centered around talent acquisition; they overlap the Fusion HCM modules to some extent. The Oracle Taleo Cloud Service is like the Fusion Cloud Service, but with a slightly different look and feel, and a different technology stack underneath to support it.

Recruitment and Learning Management are the modules that Oracle will try to leverage. Taleo Recruitment will fill the hole in Fusion HCM where nothing existed before, and will also replace Recruitment in the Application Unlimited apps.

Learning Management also fills a hole in the Fusion product line; it will be sold to clients who want to replace their legacy learning applications.

Fusion HCM and Taleo are 100 percent different applications, in different clouds, with friction points that will cause users and implementers alike issues during the coming year until Oracle can complete integrations between the applications. I call this “thunder and lightning” – and it’s all part of the coming Fusion HCM storm.

Oracle HCM Storm Playbook

Understanding Oracle's Urgency About Cloud HCM

Oracle is further along in its development of cloud HCM than it is with its other application products lines, partially because of its acquisition of Taleo in 2012. At the same time, Oracle is facing extremely stiff competition from HCM SaaS vendors, which are successfully positioning themselves as a modern replacement for mature legacy systems like PeopleSoft.

It is a battle that Oracle urgently needs to win, to prevent other vendors from seriously eroding its customer base: Oracle must convince thousands of its existing HCM customers to adopt pieces of Fusion now (the Coexistence strategy), as the first phase of what will eventually amount to total Red Stack lock-in.⁶

In my opinion, Fusion is a bet-the-company strategy for Oracle, and it's still years too early to tell whether it will win or lose the bet. The gamble extends to Oracle's hardware operations as well, as Oracle is currently leveraging its Exadata database machine to erect the massive infrastructure (imagine an Amazon.com-size platform for business) that will support its planned Cloud Services and house its customers' data.

With so much on the line, make no mistake: Oracle needs to win big with Fusion HCM, and is going to come at you with everything they've got, whether you need it or not.

Full Suite vs. Coexistence

For various reasons, the majority of customers who already have JD Edwards, PeopleSoft and Oracle EBS will be unable to migrate fully to Oracle Fusion for the foreseeable future. There are just too many gaps in functionality and differences in architecture to make it feasible for Oracle to support migrations now for the full suite. Customers not wanting to relicense and implement in the cloud will instead see the full force of the Fusion storm from the 25,000 Oracle PartnerNetwork (OPN) partners and thousands of Oracle salespeople who want them to adopt the modular Fusion Coexistence model.⁷

⁶ "Understand that executing the current product line upgrades will push you to adopt more of the vendor's technology stack to support SOA. As you adopt these releases, you will find that you are more committed to the vendor." Forrester Research, "How to Negotiate Oracle's Software License Agreement," June, 2006.

⁷ Applications Unlimited customers should also be aware that Oracle will eventually stop putting out new releases of these applications. See Gartner, "Evaluating Oracle Siebel CRM for 2011 and Beyond," November 2, 2010. At the same time, Oracle's investment over time will shift from Applications Unlimited to Fusion. "After an application or product line has reached critical mass on migration to Fusion, expect Oracle to recalculate its business decision and adjust its investment strategies accordingly." Paul Hamerman, Forrester Research, "Oracle Open World Delivers a Pragmatic Message and Approach," October, 2006.

The Playbook: How Oracle and Its Partners Will Try to Sell You “Cloud HCM”

What can you expect from the coming storm? Here’s how the Oracle sales force and the OPN will try to approach you this year: ⁸

Oracle Sales with the Big Four Implementation Partners

1. First, try to sell a complete Fusion HCM system (Performance and Compensation plus Taleo Recruiting and Taleo Learning) against competition.
2. If that does not work, try to sell the Full Taleo Talent Suite (all Taleo Modules plus Fusion Compensation) to Full Taleo Talent Suite customers.

Oracle Sales with OPN Consisting of 25,000 Companies That Want Part of the \$7 Billion HCM Market

1. Sell Taleo Recruiting to all Oracle HCM customers worldwide (E-Business Suite, PeopleSoft and Fusion).
2. Sell a complete Fusion Performance and/or a Compensation suite to Oracle HCM customers worldwide.
3. Sell Taleo Learning into Oracle HCM customers looking for a cloud learning management system (LMS).
4. Sell Fusion Compensation to Taleo Performance customers.
5. Sell Fusion HCM SaaS to Taleo Recruiting-only customers.
6. Sell Taleo Performance to Taleo Recruiting-only customers.

The bottom line here is that Oracle is out to make it rain money during the storm, and it badly needs customers to buy new applications and services. It won’t always be about what is right for the individual customer, as everyone’s situation is different. To weather the storm, at some point you may decide to keep Fusion out of your organization until you’re ready.

In a recent ZDNet article, Larry Dignan explains that “Oracle’s growth plan revolves around expanding Taleo internationally, cross-selling and targeting staffing service providers. Oracle plans to allow partners to specialize Taleo in the fiscal third quarter of 2013. The roadmap for HCM includes integration with Taleo and PeopleSoft, E-Business Suite and Fusion HCM. Ultimately, there will be a ‘superset performance product’ that has the best of Fusion HCM and Taleo.”⁸

⁸ Larry Dignan, “Oracle leaks Fusion HCM, Taleo pitches and pricing”, ZDNet, August 29, 2012, <http://www.zdnet.com/oracle-leaks-fusion-hcm-taleo-pitches-and-pricing-7000003430/>, accessed September 6, 2012.

The Cloud Is About the Money

That's the Oracle Cloud HCM playbook. It's not about what customers need; it's about what Oracle desperately needs: serious sales traction (on a new, untested platform that has many industry observers shaking their heads with skepticism) that will ensure continued unimpeded flow of Oracle's massive revenue stream.⁹

Oracle wants you to believe its cloud offering creates a competitive edge, but:

- Beware of vendor lock-in.¹⁰
- Be aware that Oracle will own your data.

Oracle wants to generate more revenue:

- 25,000 partners are going after an estimated \$7 billion market.
- Fusion will not be free. Fusion pricing is such that the total cost of ownership (TCO) may actually be actually higher.¹¹

Oracle wants its partners to innovate for them. Why? Because:

- It wants to lock their partners into the Fusion platform ("Red Stack").
- Oracle realizes it can effectively innovate for itself because it is too big.

⁹ "Oracle is going to start sunsetting support for PeopleSoft, Siebel and Oracle EBS as part of its massive Apps sales campaign to get customers to upgrade to Fusion Apps, which will carry along significant Middleware license sales given Fusion's updated architecture." Peter Goldmacher, "Industry Outlook: What if the HP Board Isn't Incompetent?," Cowen and Company, October 19, 2010.

¹⁰ "Organizations that plan to move forward with Fusion and standardize on Oracle technologies for applications, middleware and databases will have increasingly less control and leverage if the entire portfolio is owned by one vendor." Gartner, "Oracle Fusion Applications: A Mystery Resolved," September 16, 2010.

¹¹ "The cost and effort of implementing Oracle Fusion Applications will be similar to that of a new implementation." Forrester Research, "Oracle Fusion Applications: Still a Mystery," December, 2008.

Six Easy Storm Prep Tips

1. **Don't sail into the storm** – wait it out. Give it a few years until these Fusion HCM applications mature. Version 1.0 of anything rarely works well.¹¹
2. **Don't let Oracle's partners fool you with thunder and lightning.** While many of these consulting firms do great work and take great care of their clients, they are under pressure to make money too.
3. **Try out new sails** – explore all your options before committing to being powered by an unfinished, untested, still largely unknown new platform such as Fusion. Evaluate the more mature HCM options available to you today from smaller, more nimble SaaS/cloud vendors.¹²
4. **Take advantage of the silver lining** – reduce your annual support costs by moving to third-party support. The budget you free up can give you the non-pressured time you need to calmly and deliberately chart your own course of technology innovation. Why pay the vendor if it is not supporting your customizations or offering enhancements or innovations that deliver actual ROI?¹³
5. **Make your ship stronger** by investing in your enterprise system by adding customizations for the business. You know your business and what you need better than your software vendor. They have never offered you more than 80 percent of what you needed anyway. It's always been expected that you would build or buy the other 20 percent.
6. Invest your savings from third-party support and **hire the right crew.** After all, it's about talent, not clouds.

¹¹ "Oracle's application suite [EBS 11i] was widely panned when it was launched in May 2000. The software was bug-ridden and users were swamped with patches to fix the problems that ran into thousands – more than one every week." *Information Age*, "Oracle finally tackling 11i quality problems, says AMR," March 17, 2004.

¹² "Consider augmentation strategies for Oracle Applications, but don't limit your thinking to Oracle Fusion Applications." Gartner, "Oracle Fusion Applications: A Mystery Resolved," September 16, 2010.

¹³ "Customers can save millions of dollars if they have a viable third party alternative to applications support and can postpone the move to Fusion. This is a huge opportunity for Rimini Street and massive problem for Oracle." Peter Goldmacher, Cowen and Company, "Industry Outlook: What if the HP Board Isn't Incompetent?," October 19, 2010.

Conclusions

Oracle Needs You to Keep Paying Full Maintenance AND License New Fusion Apps

Although Oracle is not putting it this way, Oracle's approach to Fusion is really more of an "around the edges" strategy than a full-on "everything Fusion" strategy, given the years it will take to complete the full suite. Oracle cannot afford to lose the maintenance revenue for its installed base and would rather have customers continue to pay maintenance and license new "edge" Fusion applications as additional revenue.

Oracle Needs to Avoid Losing HCM Market Share to Today's Competitors and Wants You to Help

With its acquisitions of PeopleSoft, JD Edwards and Taleo – plus its own E-Business Suite HCM offering – Oracle enjoyed a place of preeminence among HR vendors in the 2000s. Today, that is all changing rapidly, as cloud HCM vendors redefine expectations for the 2010s.

We expect that the sales armies of Oracle and its OPN partners will be aggressively placing Fusion and Taleo front and center at every installed JD Edwards, E-Business Suite and PeopleSoft customer. This is due to Oracle's perceived loss of market share to modern HCM SaaS vendors and the fact that over the last two years Oracle has lost almost every sale against these vendors in head-to-head competition. Fusion HCM is directly aimed at stopping that trend.

Fusion as a Whole Will Not Be Finished for Years – And Fusion HCM Is Still Maturing

Of all the Fusion Applications, Fusion HCM is the most ready; but there are still a few holes to fill, like Time Management for HCM, and I would expect some announcement from Oracle about this in the near future because Oracle needs to fill these holes to have a complete payroll product in the market.

Edge Applications May Be More Expensive to Interface with Fusion than with Apps Unlimited

If you are looking for edge applications like Taleo or SelectMinds from Oracle, we believe it will be less expensive to interface them with your existing applications than with Fusion Middleware. Adding Fusion to get these applications from Oracle only adds costs and complexity. Oracle's acquisitions of Taleo and SelectMinds were aimed directly at trying to dominate the HCM market – but they have added layers of complexity too.

There are different cloud architectures that have to be integrated, and different user interfaces that will need to be standardized. I don't expect this to be fully integrated to Fusion for perhaps another year – and until then, Oracle Fusion HCM will be a set of cobbled-together applications running on several different clouds with different looks and feels.

Don't Let Oracle Try to Bundle Maintenance Contracts With New Licenses!

Lastly, in the area of software maintenance, make sure you keep your JD Edwards, PeopleSoft or Oracle EBS maintenance contracts separate from any new Oracle licenses. By keeping your maintenance agreements separate you can outsource your software support and save 50 percent over Oracle annual maintenance fees – while taking advantage of the latest and greatest innovations that are coming in the rapidly evolving HCM space, and last but not least, weathering the storm.

Good luck and safe sailing!

– Frank Reneke, Group Vice President, Corporate Strategy, Rimini Street Inc.

