— Oracle to the Cloud —

Top 5 Myths

DEBUNKED

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Introduction

Cloud has become the de facto standard for modern IT. Companies of all sizes from virtually every industry have tapped the cloud to take advantage of the many benefits it offers – everything from cost reduction to scalability to quick, easy provisioning. As of 2017, 86 percent of all data center workloads have been moved to the cloud. By 2021, the ratio is expected to grow to 94 percent.

Still, not everybody has rushed to get there. Companies running legacy Oracle applications lag early and later stage cloud adopters – for good reason. These IT decision makers watched and waited to ensure the reward outweighed the risks, given known uncertainties related to Oracle's cloud position and the overall benefits and economics.

Successful cloud migrations, with documented security, compliance and savings outcomes, paved the path for accelerating rates of adoption. Yet, for Oracle application customers, navigating questions such as support, performance and license compliance has added another dimension to their business case. The forecasted savings and efficiency gains had to offset the uncertainty and perceived risk.

These decision makers opted to defer migration until these questions were addressed. As success has built evidence and resulting confidence, interest in Oracle application migration to public cloud providers such as AWS has picked up steam.

We decided to go to the source to better understand IT decision makers' attitudes about cloud migrations. We conducted a survey looking at the common myths and prevailing attitudes around migrating Oracle applications to the cloud, while also exploring the current pain points, challenges and benefits of cloud migration among Oracle applications customers.

We polled 300+ IT professionals with influence and decision-making ability who use legacy Oracle Applications or the current generation of Oracle Cloud Applications for their primary business applications. These professionals all worked for established companies, categorized as between $100 million and $5 billion in annual revenue. **More than two thirds (68%) of those surveyed reported they were the main IT decision maker within their company.**

This eBook explores the data in depth and illustrates the current state of the Oracle application landscape.

Migrate Now:

Operational Efficiency Delivers Big Savings Enabling Shift to Innovation

Cloud migration is a critical tool for business competitiveness. Companies moving to the cloud dramatically cut their costs by eliminating servers, lowering capex ratios, trimming back operational maintenance, and simply paying only for what they use. Cloud lets them provision their own compute and storage capacity and access apps across regions. Most importantly, cloud shifts IT spend from an operate-and-run business model to one based on innovation and bottom-line productivity gains. IT professionals now have the power to transform the way business is done. From increasing productivity by breaking down silos, to securing the enterprise, cloud's impact reverberates company wide.

The survey reflected the strong interest executives have in moving to the cloud. **Almost nine in ten (86%) IT decision-making professionals (ITDM) say their senior management has mandated a cloud adoption strategy in all forms (SaaS, PaaS, IaaS, private and/or hybrid cloud).** Nearly six in ten (59%) already have a formal, documented plan in place for cloud adoption. An additional 36% have less formalized plans or are making decisions in phases (i.e., moving a single application first).

ALMOST
~~86%~~
9 in 10
IT decision-making professionals respondents say their senior management has mandated a cloud adoption strategy in all forms

The clear majority of IT decision makers are actively outlining their cloud migration next steps and addressing it this year.

But until now, Oracle application users have lagged when it comes to cloud migration. Why? It's a simple risk/reward scenario. Oracle application decision makers have long felt the benefits of migration did not outweigh the risks. This perception was perpetuated by misleading and often inaccurate information about how complicated the move to the cloud would be.

The good news is that there is a growing belief that it's not only technically possible to make the change, it's feasible to reap significant benefits. The data is clear: 2019 appears to be the year Oracle migration will pick up speed.

Three in five ITDMs (59%) say they are planning to migrate their legacy Oracle applications or databases this year, and nearly one-third (32%) say they should have done it already. An additional 7% noted that they need to do it but that it's not yet planned. Only 2% of those surveyed reported they had no plans to move any of the organization's legacy Oracle applications or databases to the cloud.

What specifically is holding ITDMs back? And what will convince the holdouts to get past the "risks outweigh the rewards" mentality?

Busting The 5 Myths Holding ITDMs Back

Myth 1: **It's Too Difficult to Navigate License Compliance**

Of all the challenges ITDMs face getting to the cloud, one of the more confusing and complex areas to navigate is license compliance. ITDMs remained confused and worried about the bring-your-own-license ("BYOL") model when moving enterprise apps off premise to a third-party cloud.

Overall, 94% of ITDMs ranked license compliance as an important consideration. Of course, Oracle does exert a lot of influence over the process, and 58% reported that they are very or somewhat worried that their licenses will not remain valid with a third-party, non-Oracle cloud if they moved. **More than half of ITDMs (55%) are concerned that if they move to the cloud, their chances of Oracle compliance audit will increase. Nearly half of ITDMs (49%) feel if they move to the cloud, Oracle will no longer support them.**

The good news is that companies can run Oracle applications in a third-party cloud environment – unless there is a specific contractual provision preventing them from doing so. Another piece of good news: AWS and Microsoft are "authorized" cloud environments as defined in Oracle policy statement (Jan 2017).

	ITDM's in IT for 1-10 years:	ITDM's in IT for 11+ years:
I want to move my legacy Oracle applications to the cloud but feel that there are too many risks moving to non-Oracle IaaS	85% agree	65% agree
Cloud is the way to go, but uncertain about how to get there	66% agree	41% agree
BYOL (legacy license compliance and support) is an important reason why my company hasn't yet moved to the cloud	87% agree	75% agree
I am concerned my licenses will not transfer to the cloud if my company migrates	64% agree	48% agree
Concerned if my company migrates the chances of an Oracle compliance audit will increase	62% agree	42% agree

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Myth 1: It's Too Difficult to Navigate License Compliance

According to licensing advisory firm Palisade Compliance, the confusion and concerns expressed by Oracle customers are understandable and, in part, fueled by ambiguity from Oracle, even though Oracle has acknowledged BYOL is acceptable for third-party cloud. "That [confusion] is by design," Palisade wrote in a recent whitepaper, "because Oracle wants you to use their cloud, and not the cloud you want to use."

Palisade offers a few tips for navigating compliance:

- **Know your contracts.** It is extremely rare for an Oracle contract to have a specific provision against a particular cloud offering.

- **Take stock of your overall compliance position.** Oracle doesn't audit companies just for moving to a third-party cloud. Oracle's audit process targets companies who are out of compliance. Stay in compliance and you're most likely to stay out of an audit.

- **Document your license position.** Document your licensing strategy to show how your deployments align with your contracts and cloud migration preferences. Don't sit back and wait for Oracle to tell you if you are in compliance. It is your obligation to be in compliance. Take control to support your position.

- **The shift is happening.** Oracle customers across industry sectors have successfully deployed in third-party clouds and Oracle supports them every day without issue. The crowd's clout is in your favor.

- **Start Early.** Compliance is an ongoing obligation regardless of where you deploy your Oracle software. Move through it with your organization and cross it off your list. Don't delay and find yourselves with unanswered questions mid-way, or worse, after a migration project is complete.

To avoid any issues, always be sure to plan properly and understand the terms and conditions of licensing and support agreements, in addition to arrangements with any software vendors. Then, Oracle applications customers can feel comfortable hosting legacy applications in AWS public or in private, co-location facilities, or in private data centers without issue.

Myth 2: It's Not Feasible to Move Oracle Applications to the Cloud

One thing ITDMs are in almost total agreement over is that moving their legacy Oracle applications to the cloud would make things a lot easier for their organizations (94%). They also know that it's possible – at least in theory. An overwhelming majority (95%) of ITDMs reported that they believe Oracle applications can be moved to the cloud.

However, confusion over the journey to the cloud abounds, and it's no wonder given the current landscape. As the "cloud wars" continue to play out in the media, presenting often contradictory points of view, it can be easy to determine that the options are limited. Oracle application users may perceive that they are required to follow Oracle's trajectory toward the cloud or that it is a path of least resistance and risk, following the old adage that you can't be fired for buying from IBM, even if it might be more expensive or less beneficial.

The survey showed many ITDMs are not aware of their options or what next steps they should follow. **Almost three in five ITDM (57%) say that while they know cloud is the way forward, they are not sure how to get there.**

This is where the myths surrounding Oracle migrations come into play. Despite agreeing that moving to the cloud will make workloads easier, the majority of IT professionals have the sense that moving their legacy Oracle applications to the cloud will be difficult and dangerous. **Specifically, with regard to legacy Oracle applications, four in five ITDMs (79%) want to move these to the cloud (public, private IaaS) but feel there are too many risks moving to third-party, non-Oracle IaaS.**

Seventy percent of ITDMs said they are already using a non-Oracle cloud in some capacity (public, private IaaS) and expect to increase that usage. Still, this group doesn't have current plans to move legacy Oracle applications off site – indicating a missed opportunity, due to the clear confusion around the optimal path to migration.

While there's an abundance of misinformation out there, a wide range of companies across industry sectors have successfully migrated – and clearly, many more will be looking to do so this year.

Using a proven and well-planned approach, the migration of Oracle applications to the cloud will be successful. Important factors to consider include:

- Scope of your organization's applications footprint (business areas, level of customization and/or unique business requirements, availability of off-the-shelf applications that will materially meet the high priority requirements, etc.)
- Technical specification and compatibility (e.g., O/S version, source system, size and configuration, performance, user profile, etc.)
- Integration to internal and third-party systems (number, extent, available documentation and support)
- Architectural considerations (e.g., accessibility, availability, geography, security and privacy, etc.)
- License profile

CASE STUDY

American Commercial Lines

Find out how American Commercial Lines, a shipper of liquid and dry commodities at scale, successfully migrated its Oracle E-Business Suite financial, purchasing, inventory and asset management modules to AWS. The company was looking for flexibility, cost reduction and a pay-as-you-go structure – but was concerned about downtime. With help from Apps Associates, transition downtime was limited to just four hours.

READ CASE STUDY →

Myth 3: Cybersecurity Concerns Outrank Cloud Benefits

Security continues to be an ongoing challenge for organizations. Chief Information Security Officers (CISOs) have tried to counter for their poor visibility into infrastructure and workloads by investing huge amounts of money keeping the data in their applications secure. Still, breaches happen, year after year.

Concern over security in the cloud plays a prominent role in CISOs' reluctance to move legacy applications. **When asked to rank concerns as important or non-important, almost all ITDM's (97%) ranked security as an important reason to why they haven't yet moved their legacy Oracle applications to the cloud.** Security also ranked highest (compared to all other answers) as a "very important" reason (79%).

While most ITDMs ranked other concerns, such as cost and complexity, as important – when push came to shove, security was clearly the primary sticking point. **When asked to choose the two most important reasons as to why they haven't moved to the cloud yet, security topped the list (61%). Security significantly outweighed the #2 concern (cost – at 29%). Clearly, cloud security is a universal concern and goes beyond Oracle application customers.**

When it comes to moving to the cloud, seven in ten ITDMs (71%) are worried the environment will not be secure if they move. Comments from survey takers underscored the trepidation ITDMs still have when it comes to security – how "the biggest concern is the loss of data and the theft of credentials" and that "security is always our biggest concern and also uptime of the application in the cloud."

Top 5 concerns keeping Oracle application customers from migrating to the cloud:

61% — Security

29% — Cost

24% — Performance, Availability

21% — Compliance

18% — Complexity

When asked to rank concerns as important or non-important, almost all ITDM's (97%) ranked security as an important reason to why they haven't yet moved their legacy Oracle applications to the cloud.

While security is still a concern for IT professionals in today's world, cloud technology has advanced quickly to provide the security measures companies need. One solution is being driven by AWS, through its AWS Shared Responsibility Model for security and compliance. The model calls for AWS to secure the cloud itself – all the hardware, software, physical infrastructure and assorted connections (including networking, database, storage and compute resources). Meanwhile, the customer is responsible for all system security above the hypervisor – things like data, platform, applications, operating system and networking traffic protection. AWS achieves third-party validations for thousands of global compliance requirements and updates security controls on a regular basis. Public cloud offerings like AWS can provide highly mature foundations for organizations concerned about security, as they have the scale and platform maturity needed to maximize foundational protection. Coupled with MSPs and security solution and service providers, the cloud environment can be made to be more secure than most organizations can provide on their own.

Myth 4: **I Can't Afford It**

While security outranks cost as the main reason ITDMs are hesitant to migrate to the cloud, cost remains a prevalent factor in the conversation.

Overall, 87% of ITDMs say cost is a reason they haven't moved their legacy Oracle applications, and more than half say cost is a "very important" reason why they haven't migrated. Over three in five ITDMs say if they move to the cloud, they will have no way of controlling the infrastructure costs.

Among those who want to move their legacy applications but have not, one in five say they can't because of cost. Of the 86% of ITDMs who report that senior management has mandated a cloud adoption strategy, nearly nine in ten (88%) say cost is an important reason why they haven't moved.

Over **three in five** IT decision-making professionals say if they move to the cloud, they will have no way of controlling the infrastructure costs.

One thing to remember is that pricing at the infrastructure level of compute/network/storage alone is deceiving because, unfortunately, it's not an apples-to-apples comparison. That is certainly true in the case of AWS vs. Oracle or any third-party cloud vs. Oracle. There are other factors that must be considered in the configuration and deployment that further distorts the comparison — i.e., the overall design of the target environment can and will vary.

Pricing comparison must go beyond the level of infrastructure commodity. The real challenge and game changer for organizations relative to cost comparison is the TCO analysis which must look at total IT spend before and after the transformation to cloud. This includes license/subscription fees, which don't fall into a simple line-item comparison because of the swap-out at the upper tiers of the stack (applications, databases, analytics, etc.). Also, that's where breadth of services and features start to make an impact, because the shift of IT spend must move from operate-and-run toward innovation in order to gain the overall benefits of cloud computing.

CASE STUDY

Komori America

Find out how Komori America, a manufacturer of precision printing equipment, cut monthly hardware costs in half and slashed auto invoicing times from 45 to 15 minutes by moving Oracle EBS to AWS.

"After doing the ROI analysis, we realized that migrating our Oracle EBS instance to Amazon Web Services (AWS) was a much better fit for us." — Andrew Katz, Director of Information Technology, Komori America.

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Myth 5: Oracle Applications Users Have Limited Cloud Options

Even if ITDMs were comfortable with the security, licensing and cost implications of a cloud migration, many are confused about the different cloud options and how to parcel out the best path forward for their specific business.

Two in five ITDMs (40%) say private cloud would be their preferred choice if they were moving their legacy Oracle applications to the cloud in the next 12-18 months. This is followed by SaaS platform (18%), public cloud (17%) and some combination of resources (23%).

Interestingly, these choices don't necessarily align with perceived ease of migration. SaaS was ranked first for ease, with 79 percent of ITDMs finding it easy to move their legacy applications over, slightly outranking PaaS, private and public. PaaS and public cloud had the highest rankings as "somewhat hard" (22%), indicating a lack of awareness around what is possible with public cloud offerings like AWS or the complexities of SaaS implementation, particularly with respect to change management when introducing a new business application environment to the organization. Both paths are, in fact, feasible and simply must be objectively assessed to make the right decision on which way to proceed in the near and long term.

Preferred Cloud Choice for Oracle Application Users

40% — Private Cloud

18% — SaaS Platform

17% — Public Cloud

23% — Some Combination
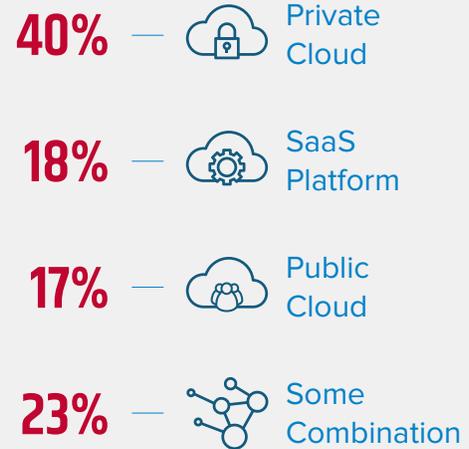
Move it, Manage It: **The Clear Path Forward**

So, is this the year more companies step forward to move Oracle workloads into the cloud? For many, the answer appears to be "yes" – if they can find a resource to help them move through the process.

Almost all ITDMs (98%) say if there was someone who could migrate their existing Oracle applications to the public/ private cloud and ensure there would be no issues they would be likely to use them. Almost three in five ITDMs (57%) would be "very likely" to do so.

At least nine in ten ITDMs say there would be value in having a provider who can help with the following tasks:

- Building analytical solutions that are tightly coupled with source Oracle data (93%)
- Integration (connecting Oracle footprint to non-Oracle applications) (91%)
- Allowing your CRM to work in an integrated way with Oracle (90%)
- Finding a single provider who can help with all three (92%)
- At least half of ITDMs reported they would find "a great deal of value" in having a provider help with the above

And after the migration is complete, they're also looking for assistance with application and infrastructure management:

- Application management: 52% "very likely" to use someone after migrating
- Infrastructure management: 57% "very likely" to use someone after migrating

However, despite the clear demand for support, there's confusion around where to find these partners, especially in the shadow of Oracle. Half of ITDMs (50%) feel if they move to the cloud, they will not be able to find the support they need. Only 38% feel there is "definitely" a provider who can help with the three aspects listed above.

These responses show that IT leaders are realistic about the fact that they'll need help navigating the complexities of moving to the cloud. The responses also reflect a lack of awareness in the marketplace about where to find the resources they need to get the job done.

Partnerships are crucial to long-term success, through the migration and even post-migration. Partners who know their way around Oracle and the cloud, who've delivered thousands of migrations, who know what issues to look for, can remove friction from the process. They can advise on best practices and guide firms through an implementation. ITDMs looking for help should seek out partners who have documented experience migrating Oracle applications and can act as an extension of their IT teams.
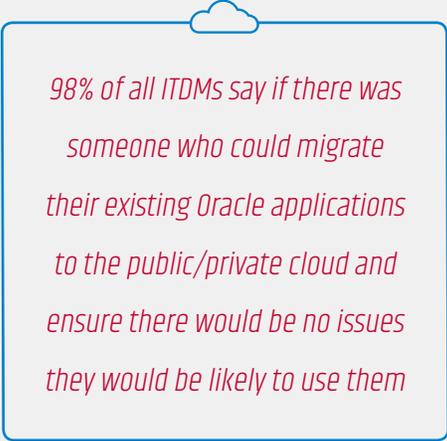
> *98% of all ITDMs say if there was someone who could migrate their existing Oracle applications to the public/private cloud and ensure there would be no issues they would be likely to use them*

Conclusion

The time to migrate to the cloud is now. IT decision makers know that migrating legacy Oracle applications would make their lives easier, and the majority plan to make the change. But they're confused about how to do so, and there's a culture of fear around migration.

IT decision makers want to move forward. But to do so they must acknowledge that myths and misinformation have been holding them back unnecessarily. It's time to embrace the following:

- Oracle license compliance is complex, but the rules are on your side. Just make sure you read the contract, stay in compliance, and engage with a partner that knows the ins and outs of Oracle licensing.

- Security is a hurdle to overcome, but the benefits of moving applications far outweigh the work you need to do to secure your own cloud environment.

- Cost should be a consideration when migrating Oracle applications to the cloud, but the long-term cost benefits outweigh the short-term challenges.

- There is a solution that is right for your business— whether it be SaaS, Private, or Public cloud—there are plenty of options and you will find the pathway that aligns with your needs.

With the right attitude and information, companies can bust through the confusion and misinformation and successfully move Oracle applications to the cloud. And with the right partner, they can get where they need to go.

About Apps Associates

Apps Associates is the recognized industry leader for migrating and managing Oracle-to-the Cloud. With thousands of engagements, Apps Associates brings the knowledge, flexibility and relentless customer-first focus companies rely upon to help them move to the cloud and solve their most strategic and complex business challenges. Acting as an extension of customers' IT teams, Apps Associates delivers breadth of services and dependability along with unparalleled agility and ROI. Longstanding customers such as Brooks Automation, Hologic Inc., Sensata Technologies Inc., and Take Two Interactive Software Inc. turn to Apps Associates as their trusted partner for the management of critical business needs, providing strategic consulting and managed services for Oracle, Salesforce, integration, analytics and public, private or hybrid cloud infrastructure. Apps Associates is an Oracle Platinum Partner, a Premier Consulting Partner with Amazon Web Services with competencies in Oracle and Managed Services as well as Salesforce Silver Consulting Partner.

To learn more about how Apps Associates has successfully migrated hundreds of Oracle application customers to the cloud, click here, or follow Apps Associates on social media on Twitter and LinkedIn.

About This Study

The "Oracle to the Cloud: Top 5 Myths, Debunked" survey was commissioned by Apps Associates and conducted by Regina Corso Consulting in February 2019. Respondents to the online survey were 300+ IT professionals with influence and decision-making ability who use Oracle Enterprise or Oracle Cloud Applications for their primary business applications. A portion of the survey questions were phrased as "select all that apply," allowing for multiple answers from IT professionals.