Oracle

Expectation relative to market segment

Track

Technology Segment	Ticker	Exchange	Bloomberg	Analyst
Enterprise Applications	ORCL	NASD	NH NUC <GO>	Trevor White

Trevor White
twhite@NucleusResearch.com
Daniel Elman
delman@NucleusResearch.com

With global markets thrown into chaos, Oracle represents a clear value message for enterprise clients who are looking to leverage a main single vendor across the entirety of the organization's technology needs.

Price 11/02/2020 $59.90
52 week range $62.60 - $39.71

COMPANY

Oracle sells database software and technology, cloud engineered systems, and enterprise software products—particularly its own brands of database management systems. Oracle develops and builds tools for database development and enterprise software applications including Enterprise Resource Planning software, Human Capital Management software, Customer Relationship Management software, and Supply Chain Management software. Oracle is one of the largest Cloud Computing vendors in the world and in 2019 was the world's second largest software company as measured by both revenue and market cap.
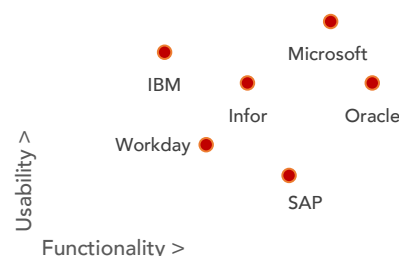
MARKET

Oracle is one of only a handful of vendors that offers a full suite of enterprise applications, and is also one of the world's largest cloud providers. As the global economy starts to stabilize over the next six months, Nucleus expects that cautious buyers will look to more traditional Vendors that have a proven track record. Nucleus analysis shows that by leveraging multiple applications in a unified cloud, organizations can achieve value above and beyond what can be achieved by each individual application on its own, which will also help to set Oracle apart from competitors over the next several quarters, as businesses take a stronger and more skeptical look at investments. The pandemic has also finally put to rest the cloud debate and Oracle's full suite of cloud applications is well positioned to take advantage of those organizations looking to make the switch. Oracle customers Nucleus interviewed this quarter have been satisfied with the direction of the overall business area and generally anticipate growing or maintaining the Oracle footprint within their business area.

MARKET POSITION

(Usability > vertical axis, Functionality > horizontal axis)
Microsoft, IBM, Infor, Oracle, Workday, SAP

RELATIVE SOLUTION COST

Workday	103%
SAP	100%
Oracle	100%
Microsoft	100%
IBM	97%
Infor	97%

Relative cost to a customer based on typical mid-sized deployments during the past 6 months.

CUSTOMER PERCEPTION

> 95 Positive

Analyst estimate based on feedback from customers and prospects during the past 6 months

COMPETITION

Over the last year, Oracle has won deals with McDonalds, Albertsons, and Humana Inc. as they move parts of their businesses onto Oracle's cloud infrastructure. Nucleus believes that the momentum in the cloud infrastructure space has shifted towards Oracle's IaaS, making it a more legitimate challenger to the name brands of AWS (AMZN), Microsoft Azure (MSFT), and Google Cloud Platform (GOOGL). In the enterprise application segment, Oracle competes against best of breed applications, as well as offerings from similar vendors such as SAP (SAP) and Infor. Net new deals to both its IaaS and enterprise application segments over the last year underpins the strong results Oracle achieved last quarter.

OUTLOOK

Oracle has long been considered a legacy software organization but may now provide one of the best available buys on the market. With global markets thrown into chaos, Oracle represents a clear value message for enterprise clients who look to leverage a single vendor across the entirety of the organization's technology needs. As the ability to access data across applications in real time becomes increasingly important with the expanding use of AI and machine learning, vendors offering multiple applications leveraging a common data model across a unified cloud will be particularly well positioned. Oracle database technology is still the gold standard across the industry, and it consistently improves with added capabilities each year. As budgets remain tight into the future, organizations will look to the safety of legacy technology providers.