

# The Cloud War: A review of the battle for Cloud dominance

Part 1: The race to the Cloud

Part 2: Weapons of misdirection

Part 3: The new kids on the block & a new age strategy





# Part 1: The race to the Cloud

The lucrative market of the Cloud has enticed several mega-vendors in the software industry, and the competition is heated. Who's winning and who's losing in the Cloud war?



A

midst the events of the past year, the biggest players in the software industry have been relentlessly battling for the top spot in the Cloud market.

It's clear that Cloud has completely captured the attention of the top software companies from across the globe, and their marketing is really having an effect on IT strategies globally too.

There are some very clear benefits to joining the Cloud. It's the new way of modernising your organisation's estate, improving its security and flexibility. But what's in it for the mega-vendors?

A product is usually favoured when it becomes popular with a large number of customers, but with Cloud, this hasn't been the case. The reverse has happened: vendors have provided the platform for customers to launch their products.

So again - why is Cloud such a popular platform among the big vendors?

## Heads in the Cloud

Cloud is a popular product to market for a number of reasons. First of all, it's a subscription-based model, creating a steady stream of income. This is an obvious benefit to the vendor.

The vendors make out like they're doing you a favour by not making you pay up front, but Oracle is one of the top ten richest cash companies in the world.\*

It doesn't need to make its customers pay up front. Subscription models are preferable to cash-rich vendors, providing guaranteed future income.

It's also a great model to ensure customers only use your range of products and not your competitors'. For instance, SAP's ERP Cloud product, S/4HANA, is only compatible with SAP, tying customers in to a SAP-only contract for all their software needs. This is similar for other providers.



Cloud is also a relatively simple concept and yet fairly new; it's like the software boom of the 90s is happening all over again, and vendors are cashing in on

it. If we take a closer look at Oracle and SAP's Cloud products for instance, they've not really come up with anything new.

The databases and applications they've been selling for years are now simply available in the Cloud. Therefore, vendors have created an entirely new market with limited innovation.

## The Cloud competition

It's fairly safe to argue then that Cloud platforms benefit vendors more than

customers, and the vendors are most definitely aware of this fact. Unfortunately for longstanding software vendors Oracle and SAP, the market

is so lucrative that software giants like Amazon, Google, and Microsoft have noticed and decided they want in on the action.

Generally, all markets involve competition in one way or another, and the more competitive a market is, the more options and buying power customers tend to have.

Oracle and SAP have been riding a wave of limited competition in the database market for years, and

customers have had very little control over products and costs as a result.

With the rise of Cloud and, subsequently, giant organisations entering the market, Oracle and SAP's foundations of traps and tactics to coerce customers to invest in their products are starting to shake.



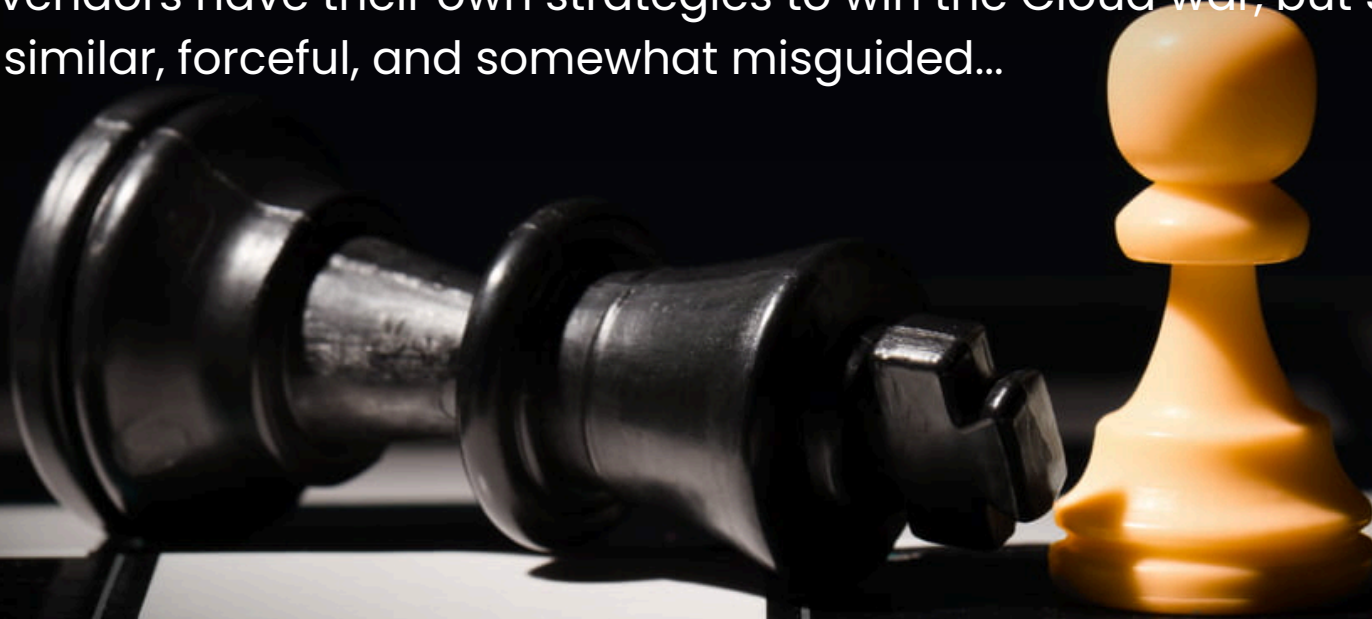
Interactive poll not supported

[View online version](#)



## Part 2: Weapons of misdirection

All Cloud vendors have their own strategies to win the Cloud war, but SAP and Oracle's are relatively similar, forceful, and somewhat misguided...



## SAP vs Oracle

- SAP vs Oracle – Firstly, Oracle and SAP seem to be very much focused on each other (rather than customers). They tend to treat customers like points on a scoreboard and often brag about stealing one another's biggest customers.

## Support Deadlines

- Both Oracle and SAP have set end-of-support deadlines to force customers to move to the Cloud or go unsupported. This suggests low adoption rates of their Cloud models.

## Forceful Tactics

- Oracle and SAP are ruthless when it comes to coercing and keeping customers. They employ a number of tactics to trick and trap customers into investing in their products.

In the current climate we're in, you don't need to be a marketing genius to know that the tactics Oracle and SAP use are probably not the best for gaining customers – and keeping hold of them.

It seems the mega-vendors are stuck in their ways, using the strategies they have relied on over the past 20 years. And it's worked too. They have grown to become market leaders in the software industry.

But we live in a very different world today than we did 20 years ago. Customers are empowered, savvy, and are not so easily fooled. They will not be forced into unwanted purchases and they won't tolerate a lack of customer service.

So it begs the question: how much longer can Oracle and SAP get away with their strategies and will it lead to their demise?





# Part 3: The new kids on the block & a new age strategy

Not only is the Cloud model highly profitable for vendors, Oracle and SAP were leaving pretty big holes in the market that the likes of Amazon could easily fill...



- **Amazon (AWS)** – AWS has taken the market by storm, largely due to its 'lift and shift' capabilities; a move to Amazon's Cloud is simple.

- **Google** – Google Cloud offers a suite of Cloud computing services that fit in to the Google ecosystem, running on the same infrastructure used for end- user products (Gmail, Youtube etc).

- **Microsoft** – Microsoft Cloud product, Azure, is used for building, testing, deploying, and managing applications.

- **IBM** – IBM's Cloud is one of the most open and secure Public Clouds.

## The war on hosting

It seems Oracle and SAP can't win the Cloud hosting war with Amazon, Microsoft and others so far in the lead, as backed by Gartner's Magic Quadrant, which placed the vendors well behind the competition.

Microsoft Azure secured the biggest publicly stated Cloud contract – the Pentagon's \$10 billion JEDI contract – while AWS is reported to have a 32% share of the market.

Despite AWS coming in late to the

software game, it has completely dominated the market, conquering the Cloud space before Oracle and SAP could even get started. So how have these vendors managed to compete and win against giants Oracle and SAP?

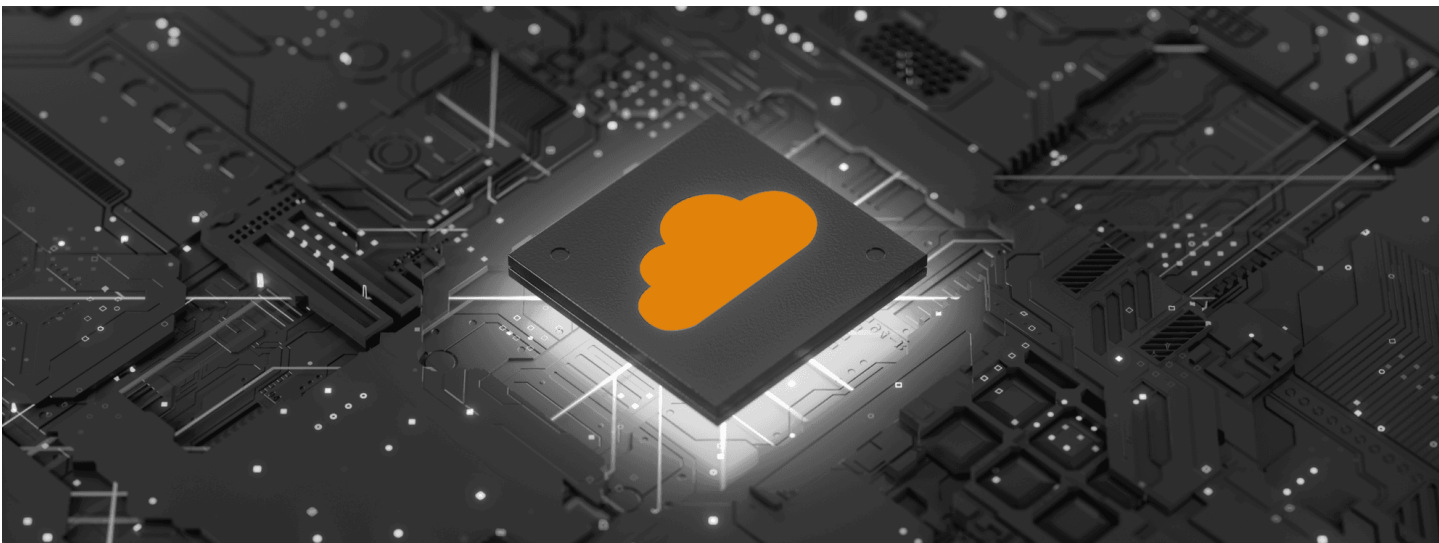
## A new age strategy

It appears the immense success of vendors such as AWS and Salesforce is derived from a very different strategy than that devised by the likes of Oracle and SAP.

This 'new age' strategy seems to be







gaining real traction; it's called 'customer service.' This simple concept seems unknown to Oracle and SAP, and yet it's what has propelled other vendors into winning positions in the Cloud war.

Jokes aside, AWS and Salesforce (and others) have chosen to listen to their customers, respond to their needs, and provide an exceptional level of service. Surprisingly, customers tend to like this.

## Customer-centric model

Oracle and SAP tend to take the old-fashioned approach of centering everything they do around profit. This is why they use automatically renewing contracts with automatic price increases.

And it makes sense; the sole focus of an organisation is to generate profit, right? Well, this strategy was effective back in the heyday of Oracle and SAP, but we've entered the age of the savvy consumer. If an organisation's sole focus is profit, it falls behind all of its competitors that have put

customers first.

And it makes sense. Focus all of your organisations' efforts on meeting your customer's needs and not only will you retain customers, but you'll also benefit from recommendations (and in the case of the vendors discussed, recommendations from some of the biggest companies in the world).

## The proof is in the product

This strategy is not just about the service, but the product too. By designing a product that meets all of the needs of the customers, success seems inevitable. Oracle and SAP seem to design their products for themselves, which is a little counterproductive.

Now we've established the new age strategy, let's take a further look into the positions of the current organisations in the Cloud war. Spoiler alert: Oracle and SAP are not winning.

## Current affairs in the Cloud war

Now we've established the strategies of the vendors in the Cloud war, we'll analyse what battles are currently playing out, who's winning the war, and who is losing.

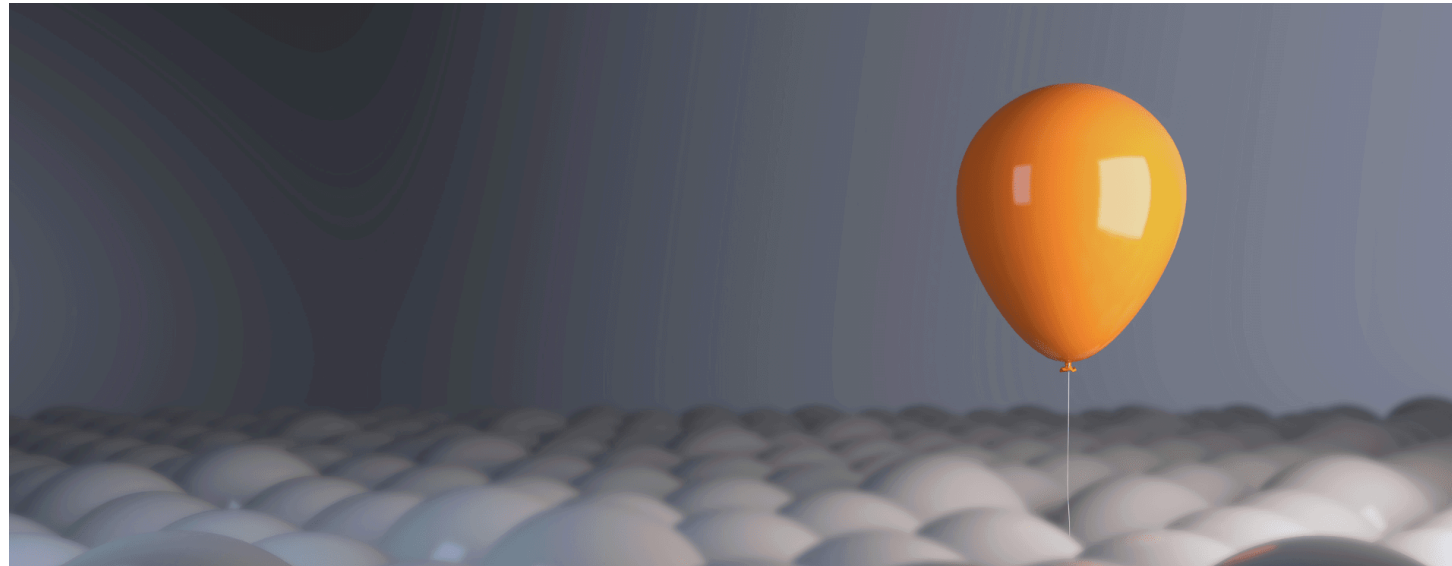
### Amazon vs Oracle

Amazon was a long standing Oracle Database customer. However, a few years ago Amazon celebrated the migration of its databases from Oracle to its own in-house solution with AWS.

Like most of Oracle's customers, Amazon didn't like the service it was receiving or how much it was paying for the privilege.

Amazon can be ruthless with competitors at the best of times, so we can only imagine what happens at the worst.

The latest news in this longstanding battle is Amazon's new range of databases



designed to rival Oracle's. Before this release, Oracle Database remained relatively unchallenged as a leading enterprise database system.

After Amazon has crushed Oracle in the Cloud war, we believe the move to launch its own range of databases is Amazon's final blow. What will happen to Oracle if it can't compete with Amazon's products?

### Oracle vs Oracle

Larry Ellison, the CEO of Oracle, has been stating that Cloud will never be successful for years. It's only until fairly recently that he realised how lucrative the market was, and decided he wanted to get involved. Since then, he's made some rather awkward statements like this one from a conference with Tech Monitor:



“

**We'll make Cloud computing announcements because, you know, if orange is the new pink, we'll make orange blouses. I mean, I'm not gonna fight this thing ... well, maybe we'll do an ad. Uh, I don't understand what we would do differently in the light of Cloud computing, other than market ... you know, change the wording on some of our ads.**

Larry Ellison in Tech Monitor

✕ in

It's not really as simple as changing the wording in a few ads. Oracle is now marketing against years of its own marketing, and rejecting the success of its on-premise products in favour of Cloud.

## Microsoft vs AWS

After their battle over an exclusive Pentagon contract worth billions of dollars (and Microsoft subsequently winning), AWS and Microsoft continue to battle it out at the top of the Cloud war. Recently, Microsoft has made announcements on how it is planning to heavily invest in industry Clouds.

AWS has a range of industry Clouds (Cloud products designed for specific industry use cases), so this heavy investment from Microsoft in this realm of Cloud seems to be the vendor's next move against its main competitor.

## Microsoft vs SAP

A few years ago, this is not a battle you would have foretold. SAP and Microsoft were once proud Cloud partners, but there has been a transition in recent years.

The Dynamics 365 suite that Microsoft has released treads directly on SAP's toes.

The suite of products has been available for a while, but it was used largely by small fry, and wasn't the giant it is today. This is a battle that we can expect to see played out over the coming years as a partnership gone bad.

Want to know more about how the future of cloud could impact your ERP estate? [\*\*Contact us today!\*\*](#)

Want to find out more?

## Contact us...

...and have a chat with one of our friendly team about how your organisation can save at least 50% on your Oracle & SAP support costs.

