

Oracle Repositions Middleware to Bring Applications Together

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Fusion Middleware will integrate Oracle's application platform suite (APS) and other products with its recently acquired applications. But new customers should wait to see that all these products can be brought together.

NEWS ANALYSIS

Event

On 25 April 2005, Oracle announced that it is rebranding its APS and other products as Oracle Fusion Middleware. Oracle will certify its PeopleSoft and J.D. Edwards applications for this offering by the end of 3Q05.

Analysis

This is more than a cosmetic name change for Oracle Application Server 10g. Oracle is now making its APS central to its strategy for packaged applications. Until now, Oracle AS 10g has been seen primarily as a platform for custom development. Now Oracle has given it proper branding and a role (comparable to that of SAP's NetWeaver) as a foundation for Project Fusion. This is the term for the next generation of Oracle's packaged applications, which will combine Oracle's eBusiness Suite with products acquired from PeopleSoft, J.D. Edwards and Retek.

Users of these acquired companies' products now have a further reason to look at Oracle's APS. But in some cases they cannot yet take full advantage of Oracle's middleware, because some products use embedded middleware from third parties such as BEA Systems and IBM. By 3Q05, Oracle will certify PeopleSoft and J.D. Edwards applications with key Fusion Middleware components so that customers will be able to swap equivalent products.

Strategically, Oracle needs to make Fusion Middleware able to support its new role while still competing with specialist APSs such as those from BEA, IBM and Microsoft. Oracle will have to constantly balance the requirements of Project Fusion and the need to keep up with applications-neutral APSs.

Tactically, Oracle will have to offer a compelling case for customers of its PeopleSoft and J.D. Edwards products to swap third-party middleware components for Fusion Middleware equivalents. Such replacements will be painful, and many customers will try to avoid them as long as possible. But Oracle needs to have these customers adopt Fusion Middleware as fast as possible to reduce maintenance costs, favor cross-selling and prepare the ground for their eventual migration to Project Fusion applications.

Recommendations

- **Enterprises that are strategically committed to Oracle's applications and looking for middleware products:** Evaluate Fusion Middleware products primarily on their technical merits, but also consider the strategic role these products will play in Oracle's application strategy.
- **Customers of Oracle's PeopleSoft and J.D. Edwards products:** Wait for evidence of the successful integration of these packages with Fusion Middleware, and evaluate the relevant costs and benefits before considering a change of middleware platforms.

Analytical Source: Massimo Pezzini, Gartner Research

Recommended Reading and Related Research

- "Magic Quadrant for Enterprise Application Servers, 2Q05" — Innovation in technology and business models is keeping the market for enterprise application servers competitive and expanding. **By Yefim Natis, Massimo Pezzini and Kimihiko Iijima**

- "Vendor Rating Update: Oracle Is Still at the Crossroads" — Growth in the database management system market remains sluggish, and Oracle is relying on other products and its installed base to meet revenue goals. **By Jeff Comport and others**

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