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Seeing The Light

Oracle will make it easier for customers to integrate third-party and homegrown apps with its E-business software

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Larry Ellison blinked. In his stare-down with Oracle's customers over the issue of application integration, the CEO has backed down from his controversial hands-off-our-applications policy. Oracle last week promised to make it easier for its customers to integrate third-party applications and custom software developed by a company's own programmers with Oracle's 11i E-Business applications.

The change of heart is important for Oracle's 4,000-plus application customers. In the current economy, few IT managers have the budgets to launch drawn-out integration projects or rip out serviceable software in a quest to deploy an all-purpose suite from a single vendor. But that's the direction Oracle's been pushing them. In a speech six months ago, Ellison warned customers about the pitfalls of integration. "You'd buy parts from three or four other companies and try to knit those pieces together," he said. "How do you get that right? How do you do that?"

Oracle now plans to promote actively the application programming interfaces, data definition languages, and data schemas in 11i, its so-called "information architecture." The vendor will do so, says a spokeswoman, by better educating its own consultants and by reaching out to other consultants, systems integrators, independent software vendors, and customers.

"Oracle finally recognizes that they don't have the best product in every single market and every single niche," says Steve Kissinger, Oracle implementation manager at Airborne Inc., which uses the vendor's financial applications to help run its Airborne Express package-delivery service. The Seattle company is about to integrate Optika Inc.'s document-imaging software with Oracle software to store customer invoices and shipping documents as attachments to 11i application data.

Mark Barrenechea, Oracle's senior VP of applications development, calls the integration push a "bridging strategy" to help customers who aren't ready to decommission non-Oracle applications they've licensed and installed. It's also an acknowledgement as Oracle expands into new markets that its applications don't provide all the features that might be needed by, say, a telecommunications or financial-services company.

Two things haven't changed in Oracle's message: The company believes customers are better served by an application package from a single vendor than by a best-of-breed approach involving multiple software suppliers. And it continues to advise against doing any custom-tuning to its applications. "We still say run them out of the box," Barrenechea says (see "Apps Made Easy?" March 12, 2001).

SAP, Oracle's chief competitor in the enterprise applications market, provides programming interfaces to its applications, and during the next two months it will introduce "umbrella integration" technology, including portal software and an integration hub. The hub will be included in version 3 of SAP's customer-relationship management software, due this week, enabling the application to be marketed as a standalone product. PeopleSoft Inc. also has made available its software interfaces.

Oracle's data schemas detail how data is organized in an application; they are particularly useful when building industry-specific applications to work with 11i. Barrenechea says data-layer integration with Oracle software has "been hard, and it has not scaled" to support the volume of data-sharing and transactions typical in enterprise environments.

KPMG Consulting has experienced the pain. Through its Rapid Return on Investment solutions practice, it's completed 10 Oracle 11i implementations and has another 50 under way. "Oracle 11i integration had been difficult in the past because the integrator wasn't able to see all the details of the code during the integration process," says Paul Cyphers, director of the KPMG practice.

Joshua Greenbaum, an analyst at Enterprise Applications Consulting, says integration work with Oracle applications will still require significant effort, because Oracle isn't providing prebuilt links to non-Oracle applications, as SAP does.

Still, any efforts to lessen the time and money spent on integration will be welcome. "We don't have a lot of application integration and development money to spend right now," says John Holdeman, IT manager at BorgWarner Inc.'s auto-parts manufacturing plant in Fletcher, N.C. The plant tentatively plans to integrate its shop maintenance application from Project Software and Development Inc. with Oracle's financial applications, in order to share maintenance cost data. Holdeman says Oracle's APIs will be useful in easing the work.

Oracle has already lost business at least in part because of its less-than-enthusiastic support for third-party integration. Chipmaker Advanced Micro Devices Inc. recently chose SAP over Oracle when it moved off its Baan enterprise resource planning system. "I didn't want to be held hostage," CIO Fred Mapp says. "I wanted to make sure I could utilize best-of-breed" applications.

In his speech, Ellison told Oracle customers they'd be better off with 80% of the functionality they wanted than 100%, if custom-coding was required to close the gap. Now Oracle is giving them another option: linking best-in-class apps from other vendors with its own.

While Oracle continues to warn that customization of its applications invites problems, SAP contends that's not a concern with its software. Peter Graf, head of marketing for SAPMarkets, says SAP's integration tools and interfaces can handle high transaction volumes and are stable enough that SAP apps can be upgraded without complication. But Barrenechea says systems integrators appreciate the no-customization approach because it gives them more time to spend on business-process reengineering.

Customers say they're glad to see that Oracle's mind-set, at least regarding integration, is changing. Says Airborne's Kissinger, "I think they're in a more realistic mode now."

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