Oracle Cloud and On-Premise
How to Co-exist

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Oracle is pushing hard for the cloud. Digital transformation has raised the bar for businesses, demanding that they keep up with the increasing rate of change and maintain a competitive edge, so that they remain relevant.

This is why cloud is not in doubt any more, it will happen, but it will take time until this shift is completed. As Larry Ellison stated: “Hybrid cloud means a decade of coexistence”.

This means that the new reality of enterprises is hybrid. In a hybrid world, transitioning between on-premise and cloud business process will become hybrid. This means, they will span across multiple platforms, multiple locations and will involve many more users and testers around the world.

Coexistence introduces a few core challenges and new complexities due to the two different approaches of managing change on cloud vs. on-premise.

While cloud applications are very agile and change can be implemented fast and on demand, when it comes to traditional ERP the focus is on risk prevention and high certainty, which slows down the speed of change as quality cannot be compromised. This gap between two very different change delivery approaches needs to be addressed by enterprises, or else it will become an inhibitor of change.

- Enterprises still need to think about and set goals for making their EBS more agile. They look for ways to standardize and accelerate the way they deliver change on their Oracle EBS.
- Enterprises must make adjustments to their existing testing practices as hybrid business processes require more control and management capabilities, tighter collaboration between testers across the globe and support for cross platform scripting, among many other things.

So, the key word in this paper is “coexistence” which will be the name of the game for enterprises during these years of transition. We will cover Oracle’s different approaches to cloud, discuss the challenges of coexistence and understand how to adjust existing practices and adopt new technologies to be better prepared for cloud and on-premise coexistence.
The main reason for the shift to cloud was always about flexibility, growth and speed. Digital transformation has raised the bar for businesses, demanding that they keep up with the increasing rate of change and maintain a competitive edge.

Organizations need to continuously stay relevant and meet the rising demands of their customers at the increasing pace that their customers demand it. They need to have more flexibility to change and grow the business on demand, introduce new capabilities and innovations to scale and expand the business to new sites and regions - when needed as needed.

Infrastructure technologies are the backend that support and enable the business to reinvent itself and have reached their limits through the traditional on-premise approach. **An era of digital transformations demands digital IT, digital ERP and digital practices to support and maintain the new environment.**

The move to cloud has become inevitable. It is no longer a question of if, it is only a question of when. While it may take a few decades to complete the move, we will be experiencing cloud adoption in bits and pieces, islands of satellite cloud applications that will eventually consolidate into an all-in cloud solution.
The Oracle Approach for Cloud

Oracle Cloud Approach

Quick Overview

First, let’s get the terminology right.

- Oracle’s E-Business Suite (EBS) is the on-premise traditional solution for ERP. EBS consists of a collection of modules, all integrated into one suite. When we use the term ‘EBS,’ assume it to be on-premise unless otherwise noted.

- Oracle Cloud is the generic name for all things cloud in Oracle. It is the next generation public cloud, which is quickly transforming businesses and modernizing IT. Oracle offers three approaches:

<table>
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<tr>
<th>Infrastructure (IaaS)</th>
<th>Platform (PaaS)</th>
<th>Application (SaaS)</th>
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<tr>
<td>Allows customers to run their traditional EBS on Oracle's Infrastructure</td>
<td>Allows developers, IT professionals and business leaders to subscribe and use Oracle’s Platform for side purposes, such as development, testing, etc.</td>
<td>Oracle’s Cloud Applications are a complete and modular set of enterprise applications, engineered from the ground up to be cloud-ready and to co-exist seamlessly in mixed environments</td>
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- Oracle Cloud Applications (SaaS) is the ultimate goal of Oracle, while the other two are offered as a phased approach until Oracle can deliver full coverage through SaaS.
Oracle Cloud Approach

Recommendations

Oracle’s recommended cloud approach depends on the customer and their existing state. So, it will be helpful to review the approaches to understand the benefits that enterprises should exploit.

**All-in Cloud (SaaS)** - If you don’t have a current on-premise EBS implementation and you are more of an SMB (small or medium size business), then Oracle recommends that you go directly to ERP cloud. This removes the burden of implementing an on-premises system, which can be out of line for many small businesses where funds are scarce.

**Co-existing mode** - If you are an enterprise with an on-premise EBS implementation, Oracle recommends that you go with the coexistence approach. Keep your existing EBS on-premise while adopting cloud on surrounding and satellite applications.

In the meantime, if you would like to cut budgets on new hardware, Oracle offers to move your on-premise system to run on their environment (IaaS). In the same way, if you need to build new environments for QA and development, Oracle recommends to avoid buying hardware and licenses for those production environments and offers to run it on their platform (PaaS). Once you go all-in cloud those two options are already incorporated within the all-in cloud solution (SaaS)

Oracle Cloud Approach

Coexistence

Let’s deep dive into the co-existing mode which will be the common scenario for most enterprises who are already invested with on-premise solutions.

If you are an existing EBS customer, Oracle recommends keeping the on-premise EBS.
Why? First, due to the fact the cloud ERP is not mature enough yet and cannot support complex and heavily customized business processes. Second, Oracle is acknowledging the heavy investments customers have made on their existing EBS.

However, there are two main scenarios on which Oracle does recommend existing customers to start implementing cloud applications:

- If you want to implement new modules or re-implement modules, such as HCM, Sales, or Marketing, Oracle recommends that you do so on their cloud and integrate them to your core on-premise EBS (e.g. Logistics and Finance).

- If you have a new subsidiary in a new country, Oracle recommends that instead of implementing another EBS instance, you implement the system on the Oracle ERP Cloud and then integrate them into your headquarters EBS, which is on-premise.
Co-existing with Cloud and On-premise Oracle EBS

In a hybrid world, business processes will span across multiple platforms, multiple locations and will involve many more users and testers around the world. Coexistence introduces a few core challenges that enterprises will need to address and overcome.

While cloud applications are very agile and change can be implemented fast and on demand, when it comes to traditional ERP the focus is on risk and certainty which slows down the speed of change as quality cannot be compromised. This gap between two very different change management approaches needs to be addressed by enterprise, or else it will become an inhibitor of change.

The Need for Speed - Making EBS Agile

This “speed-to-deploy” advantage which cloud provides, means that you can react quicker to the needs of the business and the needs of the customers.

However, as long as you are in hybrid mode and cloud applications co-exist and integrate with on-premise and business processes span across multiple platforms, your ability to change or expand can be restricted by the limitations of your traditional on-premise EBS that resides in your data center.

Enterprises still need to think about and set goals for making their EBS more agile, finding ways to standardize and accelerate the way they deliver change on their Oracle EBS.

IT leaders should set continuous goals for improvement of their ability to change faster and safer and measure success over time.

Some of the goals and measurements to look into:

1. Reduce Time to Market
   a. Measure the overall calendar time it takes to rollout a release to production
b. Break the release into its different phases and look for ways to improve each phase: release impact investigation, defining testing scope and cycles, time per test cycle, etc.

2. Reduce Manual Work Efforts
   a. Measure the manual work hours the team spends on every activity

3. Reduce Risk
   a. Measure the reduction in number of defects revealed on each test cycle. The goal is to shift left and identify at least 80% of the defects on the first phase of the releases
   b. Measure the reduction of after go live defects -- aim to move from single digit to zero defects after go live.

Leveraging technologies that can help you standardize, automate and accelerate the overall change process will help you build enhanced practices and make changes faster and with confidence.

**Handling “Hybrid” Business Processes Testing**

Hybrid business processes are more complex, and require a reorganized testing practice.

- Business processes are now spanning across cloud application and on-premise application and will require an update to the test catalog as well as new management and scripting capabilities.
- The ability to scale the business faster and expand to multiple regions will require adjustments to testing practices as well. Testing practices will now require support for a global approach and take into consideration collaboration of users and testers across the globe.
- Test managers and UAT coordinators are also impacted by this change, as they will need to be able to manage and control larger and more complex test cycles and ensure business processes are validated across the board.

Testing practices will require more management capabilities, collaboration, and support for cross-platform scripting, among many other things.
How to Leverage Panaya CloudQuality™ Suite

In a coexistence environment, Panaya’s solution helps you digitize your ERP and the way you deliver change as well as provide a tailored practice for hybrid business process testing designed for postmodern ERP. Panaya CloudQuality™ Suite combines end-to-end digital practices to deliver change faster and safer:

• Analyzing the impact of any change effortlessly within 48 hours
• Providing a detailed project plan and laser-focused test plan ensuring maximum efficiency and effectiveness throughout the project
• Managing, automating and accelerating time consuming efforts for different phases until go live
• Delivering a simplified end-to-end testing practice for business process test management and test acceleration
• Ensuring high quality and a zero defects after go live mentality, leveraging prediction, impact analysis and crowd wisdom, all designed to allow you to speed changes and time to market without compromising on quality.

Panaya enables IT leaders to accelerate and promote change so that your business applications meet the rising demands and pace of today’s business. When standardizing on Panaya, customers build efficient and effective practices to deliver change and are able to reduce their releases time to market and efforts by 30-50%, while ensuring there is no impact on the business process after go live.
Panaya’s CloudQuality™ Suite makes on-premises EBS more agile, enabling you to manage and introduce changes faster, better and safer. Impact analysis, test management and acceleration are available for all releases.

Panaya Test Center provides a simplified testing practice for end-to-end business process in a hybrid implementation of cloud and on-premise applications.
The objective here is to succeed in making the successful transition to the use of cloud, when the business is ready. While most consider this coexistence issue a complex topic, there are ways to simplify the process by breaking down the transformation from enterprise to the cloud into simple steps. These steps, if followed, will pretty much insure success by allowing EBS to co-exist within your enterprise, as both a cloud and non-cloud set of components that work well together. Let’s get started.

**Step 1**

**Understand your core needs and processes, existing and “to-be”**

One of the most fundamental steps is to understand your own requirements, including:

- Define the existing “as is” state, including the data, processes, testing, configuration management, etc. This means taking the time to figure out what the current state of things are, and how change will affect this state as we move to the “to be” state.
- Define the data that you’re using, and the meaning of the data. Moreover, what does the data need to be as you move to the state of cloud and non-cloud coexistence?
- Define performance and capacity issues, including what the performance model needs to look like and how many servers are needed, and how they should be configured.
- Define security, compliance, and governance requirements.
- Define release and change management solutions, or how change will be managed and the type of core tools needed to automate those processes.
- Define testing and other quality assurance requirements. Again, pick the right technology to manage and automate the testing processes.

The idea here is to define “what” we need to do. It’s important to understand the requirements before proceeding to Step 2.
Step 2
Preparing for the change

To prepare for a change that will allow Oracle cloud to co-exist with the traditional EBS platforms, there are a few things that need to be defined. Consider the following:

- Change management manages the changes in the project baseline
- An example of change management system can be a change in budget, schedule, etc.
- Configuration management deals with changes in product specifications
- An example of configuration management can be an extra feature added to the product.

We need to consider the change management solutions first and foremost. Why? Consider the complexity of running EBS on-premise with the Oracle Cloud. The ability to automate change management becomes an even more important core issue to solve. Again, while there are many benefits to having EBS co-exist with the Oracle platform, this also makes things much more complex. You need to place a solid layer of technology between you and that complexity.

Testing requirements become part of the critical path as well. Again, the complexity of co-existing means that we have to take a careful accounting of testing changes to EBS. The use of two platforms, non-cloud and cloud, means that more quality issues are likely to occur. Those issues must be spotted and resolved before end users and the business are affected.

Step 3
Implementation

It’s important that planning be done, as defined in Steps 1 and 2, before implementation can occur. You will then know most of what is needed to move to your “to be” platform, which will typically be cloud and non-cloud platforms that co-exist.

Typically, you’ll employ a staged implementation. This means moving to the new platforms using a progressive approach, meaning that you’ll iterate through the migration one component at a time.
This approach allows you to spot issues with the platform as it deploys, since the issue will most likely involve the component that was last implemented. This is almost always easier than having to deal with problems after all components are moved to the “to be” platform.

### Step 4
#### Measuring success

The ability to measure success is a requirement. You’ll spend a great deal of money to move to the new coexistence platform, and that platform will evolve quickly over time. It’s useful and highly recommended to define metrics for success now, as well as into the future.

Here are some suggestions:

- ‘Direct cost savings,’ or what the new coexistence platform will save the company in terms of operational costs. The use of a public cloud, for instance, typically means a reduction in capex costs, and that needs to be dialed into the value metrics. We can call these ‘hard cost savings’.

- ‘Indirect cost savings’ refers to the ability to understand the soft cost savings. These are a bit more difficult to define, since they are related to business enablement and value. An example would be time-to-market advantages that are available since you can deploy changes to EBS much faster when using a cloud. There are also the agility improvements, again, the ability to change EBS around emerging business needs and opportunities.

### About the Author

David Linthicum was just named the #1 cloud influencer in a major report by Apollo Research. David is a cloud computing thought leader, executive, consultant, author, and speaker. He has been a CTO five times for both public and private companies, and a CEO three times in the last 25 years.

Few individuals are true giants of cloud computing, but David’s achievements, reputation, and stellar leadership have earned him a lofty position within the industry. It’s not just that he is a top thought leader in the cloud computing universe, but he is often the visionary that the wider media invites to offer its readers, listeners, and viewers a peek inside the technology that is reshaping businesses every day.

With 13 published books on computing, more than 5,000 published articles, more than 500 conference presentations, and numerous appearances on radio and TV programs, David has spent the last 20 years leading, showing, and teaching businesses how to use resources more productively and constantly innovate. He has expanded the visions of both startups and established corporations, as to what is possible and achievable.
Thank you

www.panaya.com

About Panaya | With Panaya, organizations reach ERP agility faster - with zero time to change, zero risk, and zero defects. Panaya CloudQuality™ Suite enables all types of SAP® and Oracle® EBS changes. Panaya CloudQuality™ Suite delivers insights that tell you what will break, how to fix it, and what to test, helping organizations manage the testing process and collaborate between IT and business during the entire release process. Since 2008, 1,600 companies in 62 countries, including a third of the Fortune 500, have been using Panaya CloudQuality™ Suite to achieve ERP agility.