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OnSite

RealNetworks and Oracle Corporation: Using Streaming Media to Reduce Costs and Drive Revenue

Executive Summary

As a world-class software provider, Oracle Corporation knows technology. When it decided to pursue the potential cost reduction benefits of streaming media, it chose RealNetworks as its streaming platform. Working from basic beginnings, Oracle has expanded its use of RealNetworks' products and services to almost every aspect of corporate communications, internal and external marketing, and product training.

The result is over \$20 million in annual cost savings. Streaming media has reduced travel and facilities costs of in-person seminars and meetings, eliminated the physical reproduction costs of CD-ROM and VHS tapes for product and systems training, and sliced customer acquisition costs through inexpensive but effective lead generation models. Oracle also is deriving revenue from proprietary programs, streaming original niche programming such as "Cooking with Code," "Dr. DBA," and "E-Business@Work" — all sponsored by third parties and advertisers.

Business Challenge

Oracle Corporation is one of the world's largest software vendors, with \$10.8 billion in fiscal year 2001 revenues and nearly 40,000 employees worldwide. In 1999, CEO Larry Ellison set a corporate mandate for the next year: Transform Oracle Corp. into an e-Business by using its own E-Business Suite of enterprise software, and cut \$1 billion in expenses in the process. The company developed new Web-based processes for communication, marketing, and training, including a large effort to deploy a system that delivers rich media over the global network.

In January 2001, Oracle announced it had met this ambitious goal, improving operating margins by more than 10% each quarter. Oracle's challenge in 2001 was to continue cutting costs by increasing use of its streaming resources. To that end, Oracle continued to build, deploy, and manage services based on this streaming technology. In addition, Oracle wanted to add to its top line revenue with sponsorships for original programming, delivered over the existing infrastructure.

Oracle Expects Sweeping Benefits from Streaming

Oracle foresaw several potential benefits, outlined below, if it could effectively and efficiently expand its use of rich media delivered over a streaming media network:

- Cut external marketing and training costs: Oracle delivers up to 24 product training seminars each week. Internet Seminars could replace many in-person seminars, which cost as much as \$350 per attendee.
- Cut content delivery costs without affecting quality: Oracle wanted to expand access to 150 live Webcasts of educational, marketing, and training seminars each year. Its media archives contain over 240 gigabytes (GB) of media archives, with more than 5 GB added each week.
- Improve virtual collaboration: For activities among and between product, marketing, and sales teams, and between geographically dispersed employees, Oracle wanted to continue to increase the quality and consistency of internal communications, while decreasing the costs.
- Centralize costs: To avoid duplicate employee and application costs and outsourcing costs for streaming events and services, Oracle wanted to create one core team managing streaming services within Oracle.
- Create additional revenue: Oracle wanted to leverage its streaming investments to create new revenue from broadcasts of Internet Seminars and E-Business Network programs through sponsorships.
- Cut training costs: Oracle wanted to reduce or eradicate physical media costs of training, such as VHS tape duplication and distribution costs.
- Increase sales lead generation: Oracle wanted to capture sales leads generated when potential customers view any of the 579 Internet Seminars, 564 E-Business Network shows, or 228 Quote Archive clips.

Selection Criteria and Evaluation Process

Because Oracle is a major software supplier, its internal IT staff is extremely experienced in dealing with new and emerging technology. Oracle initially chose RealNetworks as a streaming product supplier in 1997 because, "RealNetworks was the only game in town," said Nathaniel Robinson, Oracle's senior director of broadband marketing. RealNetworks dominated the desktop player market and, just as important, offered strong, reliable support. Even with its internal expertise, Oracle required good support. It recognized that its need for customer service would only increase as the mission-critical nature of streaming grew within the company.

According to Robinson, Oracle knew it "needed to stay at the top of its game in leading the industry as it rolled out its streaming media infrastructure. The key was to ensure that the system would work effectively for Oracle's present needs, and could be extended to support future plans as well."

In 2001, Oracle remained committed to using RealNetworks for several reasons:

- Simple content creation tools: RealProducer, RealNetworks' easy-to-use content authoring tool, allowed Oracle's employees to create rich

media. The company widely uses RealPresenter to synchronize video and audio with PowerPoint slides and to capture content used in live seminars. Both products were used at 2001 Oracle OpenWorld to broadcast all keynotes and technical sessions over the Internet.

- “OS-agnostic” streaming platform: Oracle had a corporate-level requirement that its streaming platform be independent of the operating system, as Oracle did not want to become reliant on any one OS platform. RealNetworks offered the only OS-agnostic streaming platform available.
- Ongoing support: Oracle knew it would receive good ongoing support from RealNetworks.

The Deployment

As expected from a technologically savvy company, Oracle continued to build out the majority of the streaming infrastructure itself. It designed its own content management system, built a customized user interface for the management system and the streaming network, and integrated the RealPlayer into its own internal application. For example, Oracle has designed a tri-pane browser-based application, which includes streaming media, PowerPoint slides, and online chat. Oracle integrated RealPlayer into this application to create a branded streaming environment.

Oracle uses almost all of RealNetworks’ products. At the server level, Oracle has deployed four RealSystem Servers, two to serve content to internal audiences and two to external audiences. At the desktop, Oracle uses RealPlayer internally, and has integrated the RealPlayer into many Web-based applications. For content creation, Oracle uses RealPresenter to integrate and synchronize media with PowerPoint presentations. Oracle encodes its content with RealSystem Producer.

Oracle has performed the majority of the integration, upgrade, and installation work itself and reports that, although RealNetworks has been there to provide help if needed, the majority of work has been straightforward. Oracle and RealNetworks continue to collaborate to develop a tiered content distribution system, with centralized main servers, regional distribution nodes, and local delivery points.

The Results

With the tools in place, Oracle has a vast streaming resource available. Many corporate communications have moved entirely online. Robinson said, “At Oracle, it changed the way we look at doing events, augmenting or even replacing physical events. For instance, divisional updates and product seminars are now given over the Web, as is programming that is both relevant and compelling to developers, line of business managers, executives, partners, and customers.” Oracle has calculated the following results of deploying a streaming infrastructure:

- Sales lead generation: Streaming programs generate over 3,000 sales leads every week for Oracle, totaling over 1.4 million leads in FY 2001.

- “Zero-cost” marketing: By leveraging the streaming resources already in place and moving marketing seminars online, Oracle has cut the cost per attendee from \$350 to less than \$2 for more than 575 live and on-demand Internet Seminars in the streaming system.
- In-house expertise cuts media costs: Oracle estimates it cut \$20 million in costs of direct mail, event production, and physical media delivery, shipping, and materials (e.g., Beta SP and VHS tapes).
- RealNetworks Support: While Oracle required no extra bandwidth or external services to get its streaming system up and running, it uses RealNetworks’ support to supplement internal expertise as necessary.

Aberdeen Conclusions

This case shows how Oracle and RealNetworks enhanced an existing network with streaming service to transform the way in which the company communicates with its employees, customers, partners, and prospects. Oracle is a good example of how a company can push the internal use of streaming to derive real cost savings, more than \$20 million in this case. It is also an example of potential revenue generation: Even though specific figures were not provided, Oracle reported it is already receiving sponsorship and subscription revenues for its streaming programs.

One caution: While Oracle may seem to be out in front in its use of streaming, it is in fact receiving benefits that any company could achieve today. Three years ago, a streaming system required technical expertise and large product and professional services investments to develop, deploy, and manage. The technology is rapidly maturing. Like other providers, based on its experience at Oracle and with other customers, RealNetworks has refined its technology so that any competent IT staff can deploy and manage the streaming infrastructure. Oracle’s experience proves that a commitment to streaming at a corporate level can lead to concrete — and significant — contributions to overall profitability.

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*Aberdeen Group, Inc.
One Boston Place
Boston, Massachusetts
02108
USA*

*Telephone: 617 723 7890
Fax: 617 723 7897
www.aberdeen.com*

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