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# **Open Standards for Economic Growth**

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**Why does Oracle advocate open standards?**

**Why all companies & governments should support open standards?**

**Why do some companies oppose open standards?**

# Case Study: A Common Problem

A small company, new to the market, competing against established, dominant firms with a product that is untested and has few, if any, customers.

**How can it compete and grow?**

**Solution: Grow Using Open Standards**

# Did the Strategy Work?

The small company was Software Development Labs, founded in 1977

Today everyone knows this company by the name of its first product...

The Oracle logo is displayed in a bold, red, sans-serif font. The word "ORACLE" is written in all caps, with a registered trademark symbol (®) to the upper right of the letter "E". The logo is centered horizontally on the slide.

# Open Standards = Interoperability

- Convergence is Increasing Complexity of IT Systems and the Need for Standards
- Customers are Demanding Choice and Flexibility Through More Open Systems
- Industries Collaborate on New Standards to Grow Business, Increase Efficiencies, and Remain Agile
- Governments and Private Sector are Adopting Open Standards to Empower Interoperability

# Benefits of Open Standards

Innovate	Better products	New technology
Transparency	Avoid lock-in	Market stability
Market access	Economic growth	Reduce costs

**Source:** The Momentum of Open Standards - a Pragmatic Approach to Software Interoperability  
The European Journal of ePractice, No.5, 2008 [<http://www.epracticejournal.eu/document/5156>]

# Open Standards Enhance Innovation

- Who?
  - UC Berkeley economist Hal Varian in *Information Rules*.
  - European Commission funded *FLOSSIMPACT study*.
  - UC Berkeley sociologist Neil Fliegstein in *Architecture of M.*
- What?
  - Innovation is whatever action an organization values highly.
- Why?
  - Enables sustainable innovation on top of agreed platform.
- Where?
  - In every well-functioning market – supported by institutions.
- When?
  - Whenever standards create new business (PDF, ODF, XML).
  - The Internet itself is the best example (HTTP, TCP/IP).

# Open Standards Avoid Lock-in

- Who?
  - Repeated attempts at platform monopoly.
  - Some software players work against this practice.
- What?
  - Collaborative interfaces between technologies.
- Why?
  - Lock-in unsustainable in the long run. Hurts markets. Unfair.
- Where?
  - Developed in 500+ standards setting organizations (SSOs) including consortia, e.g. W3C and Oasis.
- When?
  - Whenever competing standards are avoided



# Open Standards Reduce Costs

- Who?
  - Industry analysts like AMR, Forrester, Gartner, & IDC agree.
  - 1/3 of an average IT budget is spent on integration.
- What?
  - Standards drastically reduce integration costs.
- Why?
  - One-to-many versus one-to-one interfaces
- Where?
  - Our acquisition of BEA systems – integrate, don't shut down.
  - Oracle Fusion Middleware – connecting technology pieces.
- When?
  - Whenever businesses must collaborate. All business should.



# Open Standards

Good for Customers

Good for Business

*Unless Your Business  
Threatened by Open*

# Globalization's Influence

Modern Enterprises Are Powered by Global Networks:

- Communication Networks
- Supply Chains
- Transportation Systems

24/7 (Every Hour, Every Day) Operation

Information Technology Enables Interoperability Among Suppliers, Partners, and Customers

Governments See Information Technology as Key to Growth and Success in the New Global Economy

# Open Standards: A Global Imperative

## Why Limit Business to a Nation or Region?

- Modern Business Require Global Markets

## Global Markets Depend on Open Standards

- Open Standards Provide a Level Playing Field for Enterprises of All Sizes, and of all Types

## Open Standards:

- Enable interoperability,
- Protect investments, and
- Permit everyone to leverage industry development.

## Open Standards Grow the Market for *Everyone*

# Companies/IT Industries/Governments


Depend on a Proprietary Base:

- They determine what, when and how
- You build value on their foundation
- They control future direction

**OR**

Build on an Open Standards Foundation:

- Transparent process open to everyone
- You build an industry
- You influence evolution of technology base



Open standards  
+  
Wide implementation  
=  
Economic growth

# Public Sector Open IT Standards Role

Stimulate their emergence

Ensure they contribute to software  
interoperability

Push for openness and transparency in  
procedures

Use Open Standards in procurement

*ENGAGE IN PROCESS*

# Cloud Computing

- Huge opportunity—bigger than Internet economy?
  - Already: 50% of productivity growth in OECD is due to IT
- What is the situation?
  - Public, government clouds (US, UK, EU – most countries)
  - Private clouds from Microsoft, Amazon, IBM, Google, etc.
  - Lack of interoperability between clouds—no data portability
- Standardization is important
  - Clouds (so far) tend to be based on web standards
  - However, few or no inter-cloud standards exist
  - Short term commercial opportunity might foreclose the market
  - A few, good standards will open up the market



# What is being done? What about the EU?

- What is being done?
  - Talks in global standards organizations
  - Many scattered initiatives
  - Beginning standards work
- What should the EU do?
  - Put cloud standardization on the agenda
  - Voice their own concerns
  - Ensure a new market is formed

# European Standardization Reform

## Outdated legal base

- Council Decision 87/95 (ICT standardisation in public sector).
- Directive 98/34 (formally recognised standards organisations).

## Wrong priority to European standards organizations

- CENELEC (1959) – Electro-technical standards.
- CEN (1961) – European pre-standards and standards in ICT.
- ETSI (1988) – Telecom standards.

## Recognizing global fora/consortia must happen soon.

- Is a laudable aim in Vice President Kroes' Digital Agenda

# Conclusion

Open standards are good for:

- Industries
- Economies and
- Most businesses

Global open standards lead to economic growth

Governments must support global, open IT standards

Cloud computing needs a basis in open standards

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