



Oracle Offers Free Cloud Services to Snag New Customers

Description

Database giant **Oracle** ([NYSE: ORCL](#)) has been trying to break into the cloud infrastructure market, which is dominated by **Amazon** Web Services and **Microsoft** Azure. The company has [talked a big game](#), but that talk hasn't been backed up with results or transparency. Oracle [stopped disclosing key cloud metrics](#) last year, making it difficult to tell how its cloud business is really doing.

Oracle's latest move to spur adoption of its cloud might actually work. The company announced on Sept. 16 that it was introducing a new free tier, giving developers permanent access to a set of free cloud services and credits for additional services. This provides developers with a no-risk way to try out Oracle's cloud, which could help the company attract customers who would have otherwise chosen one of the market leaders by default.

A generous offering

Free tiers from cloud computing providers are nothing new. Amazon Web Services, for example, offers a mix of always-free services and 12-month trials. Notably, Amazon offers an always-free version of its DynamoDB database, which competes directly with Oracle's bread-and-butter database business.

Oracle's new free tier appears more generous than Amazon's when it comes to the core services necessary to develop an application, although Amazon's catalog of services eligible for some sort of free trial is much larger. Here are the key cloud services Oracle now offers for free:

Service	Oracle Cloud	Amazon Web Ser
Database	2 Autonomous Databases; 20 GB storage each with limited compute power	1 DynamoDB; 25 GB stor; limited read and write cap
Compute virtual machines	2 Compute VMs; 1/8 OCPU and 1 GB memory each	Only available as 12-mon
Block storage	100 GB	Only available as 12-mon

Service	Oracle Cloud	Amazon Web Ser
Object storage	10 GB	10 GB
Load balancer	1 load balancer	Only available as 12-mon

An OCPU is equivalent to one physical CPU core. Data sources: Oracle and Amazon.

Oracle's free tier provides everything needed for a developer to build and test an application on an always-free basis. "Enterprises can use Free Tier to prototype, prove out new technologies, and do testing before moving production workloads to the cloud. They can sample robust enterprise infrastructure capabilities like load balancing and storage cloning," according to the press release.

Oracle needs a cloud boost

This free tier announcement comes soon after Oracle reported disappointing fiscal first-quarter results. Total revenue was flat, and revenue from software licenses dropped 6%. Cloud revenue is now split between two different reporting segments, making it difficult to tell what's going on under the surface.

The company managed to grow per-share adjusted earnings, but share buybacks were the main driver. Adjusted net income was actually down from the prior-year period.

Oracle's Autonomous Database is an important product; it gives existing on-premise database customers a path to the cloud, and it makes the company's core database product accessible to new customers. With the free tier including two Autonomous Database instances, Oracle is opening up the product to a wider swath of users.

"The Autonomous Database is the most successful new product in Oracle's history. We added more than 500 new Autonomous Database cloud customers in Q1, and we expect to more than double that in Q2," said CTO Larry Ellison in prepared remarks included in the company's earnings release.

It's unlikely that Oracle is ever going to be a market leader in the cloud infrastructure-as-a-service market. However, the [cloud database market](#) is a different story. With the Autonomous Database headlining the company's free cloud tier, Oracle is now better-positioned to win new database customers.

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timothy-green

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