Section 1: Executive Summary

Research Introduction

Oracle customers understand change. Oracle’s steady stream of acquisitions, longtime but evolving focus on Fusion applications, sudden shift to cloud strategies – have created an unclear picture for some Oracle application customers.

The core Oracle Applications Unlimited products, including Siebel, PeopleSoft, JD Edwards and Oracle E-Business Suite, are some of the most robust, proven business applications in the world. Yet Oracle customers sometimes struggle defining their future Oracle application strategy. Here are some of the key questions they are grappling with:

- “Do we remain on our stable and scalable on-premises applications? Should we continue upgrading? How much investment is Oracle making in our Applications Unlimited products?”
- “Are Oracle Fusion Applications mature enough? Is there a business case to migrate to Fusion Applications or should I look elsewhere?”
- “What is Oracle’s future application strategy? On-premises, hosted, and cloud deployment options – or a mix of one or more of those choices?”
- “Should I incorporate cloud solutions into my existing applications landscape? And if so, from whom?”
- “What is the total cost of ownership, including maintenance, in each of these scenarios, and what is the value I can expect?”

Rimini Street recently conducted a global survey of 139 Oracle customers representing a variety of industries, company sizes and regions to better understand the implications of these choices and how they affect customers’ application strategies for 2015 and beyond.

The main purpose and focus of this survey is to help Oracle customers benefit from insights on how their peers are responding to these questions and challenges.

Top Survey Feedback from Oracle Customers

1. Only 5% of Oracle Customers Surveyed Currently Plan to Use Fusion Applications

Respondents Cited “No Strong Business Case to Move to Fusion”

The vast majority of survey respondents are choosing to remain on their stable and mature applications, and have no plan to implement Fusion Applications; this is a testament to what they like best about their Oracle applications: functionality, stability and scalability. “No Strong Business Case” was cited as the number one reason for not moving to Fusion applications (54%); additional important reasons were “Unclear Fusion Roadmap” (35%), “Lack of Resources to Execute a Migration to Oracle Fusion Products” (33%), “High License Costs” (33%) and “No Incremental Value over Current Applications” (30%).

These findings confirm that these survey respondents are satisfied with their current application releases and are presently unable to define a business case for replacing them with Fusion Applications.
2. Only 35% of Oracle Customers Surveyed Currently Planning an Upgrade

“Current Applications Are Robust and Meet Business Needs”

Not only are the surveyed Oracle customers choosing to remain on their current applications instead of deploying Fusion Applications, 65% have no existing plans to upgrade to a more recent version of their Oracle applications, or remain undecided on this point. These Oracle customers appear to be scrutinizing the value of upgrades and want to see a clear return on investment and compelling business benefits before deciding to move to the next release.

Among respondents who are not considering an upgrade, “Current Application Meets Business Needs,” “Cost Prohibitive to Upgrade,” “Move to a New Application Later” and “Not Enough New and Valuable Functionality” were among the top reasons.

These responses suggest that these Oracle customers are focused on maximizing the value of their existing, stable applications while avoiding the cost and disruption of unnecessary and forced upgrades in order to stay supported by the vendor.

3. Survey Respondents Want More Product Roadmap Clarity

“Cost Prohibitive Upgrades” and “Possible Forced Migration to Fusion” Also Top Concerns

Survey respondents cited “Cost Prohibitive Upgrades” (58%), “Unclear Future Product Strategy” (36%) and “Possible Forced Migration to Oracle Fusion” (32%) as the top three biggest concerns regarding Oracle’s application strategy.

Oracle customers appear to be seeking clarifications and guidance on where they should be investing in the future, beyond their current applications. Should they start their migration path to Fusion, or should they continue to invest in and roll out the latest applications?

“Vendor Lock-In” (27%) was next cited as a top concern regarding Oracle’s application strategy suggesting that customers may be wary of being forced in a specific direction that does not align with their business goals. Survey respondents ranked “Move to a New Application Later” (32%) in the top three reasons they would not plan to upgrade, which may suggest that they are open to evaluating other vendors to maintain freedom and flexibility in the future.

4. Over 70% of Surveyed Customers Are Dissatisfied with the Cost of Oracle Annual Support and Maintenance

No Support for Customizations and Process Inefficiencies are Among Top Challenges

Over 70% of respondents say they are dissatisfied, or extremely dissatisfied, with the cost of their Oracle support and maintenance while only 25% of the respondents said they were dissatisfied with the level of service they receive from Oracle Support. The top three challenges with the vendor support and maintenance program cited by respondents of this survey include: “Escalating to a Senior Engineer” (35%), “No Support for Customizations” (32%) and “Explaining the Same Issue Multiple Times” (31%).

Overall, these are questions and issues that remain top of mind for Oracle customers as they head into the Oracle Open World conference in late September, 2014.
Study Conclusions

Based on the survey findings, it is evident that Oracle customer survey respondents want to continue running their existing stable and scalable applications which meets their business requirements, thereby maximizing their value and return on investment. There appears to be a reluctance to change for the sake of change, as seen by the 95% of the customers surveyed who responded “No” or “Maybe” when asked if they had current plans to migrate to Fusion Applications. 54% of respondents said the number-one reason was that there was “No Strong Business Case for Oracle Fusion.”

It is also not a surprise that Oracle customers are increasingly wary of upgrading to the next version without compelling business benefits or return on investment. These customers are scrutinizing the incremental functionality in newer releases relative to the need to keep their businesses competitive and their companies on the leading edge of performance.

To compensate for a reported lack of incremental functionality and an unclear product strategy as seen in Top Survey Feedback #3 above, we believe more and more companies are shifting towards a hybrid IT model. They are doing this by moving investments from back-end operations or “keeping the lights on” to “innovating around the edges” of core Oracle applications through flexible cloud-based solutions.

The result: delivering what the business needs, faster.

It is also not surprising that this group of highly independent, educated and motivated Oracle customers, whose primary goal is to drive maximum value and productivity from every IT dollar, is increasingly assessing the value of high and rising cost of maintaining their Oracle applications.

While many Oracle customer respondents still remain satisfied with the level of service they receive today, the challenges cited on Top Survey Feedback #4 signifies that the costs relative to the benefits of Oracle support and maintenance will be under tight scrutiny going forward.

Overall, Oracle application customer respondents overwhelmingly expressed a desire to continue running their current, robust application releases and also identified several primary Oracle applications strategy concerns, including what they believe is an unclear future Oracle product roadmap, lack of a business case for a migration to Fusion Applications and cost prohibitive upgrades. We believe this is a prudent strategy.

Rimini Street conducted this survey to better understand the priorities, needs and concerns of Oracle application customers – and how to address them, such as hybrid IT deployments and the need for a more relevant, cost-effective support service model that does not require upgrades for at least fifteen years. We hope these results are helpful for Oracle customers and the overall industry.
Section 2: Data Analysis and Insights

This section provides detailed analysis and expert insights on the four major customer feedback categories outlined in the “Executive Summary” in Section 1.

Customer Feedback #1: Only 5% of Oracle Customers Surveyed Currently Plan to Use Fusion Applications

“No Strong Business Case to Move to Fusion”

In this section, we sought to understand the interest and adoption of Fusion applications among the Oracle customers surveyed. In a nutshell, if Oracle considers Fusion Applications as its true future path, most Oracle customers haven’t received the memo, as seen from the survey results.

![Chart showing survey results](chart1.png)

Figure 1

Of the Oracle customers surveyed, 66% had no plans to implement Oracle Fusion Applications and another 29% did not know if they would. Only 5% were decidedly planning to use Oracle Fusion Applications.

These survey results indicate that despite its extensive sales and marketing efforts, widespread adoption of Oracle Fusion Applications remains in serious question.

Oracle first introduced Project Fusion in late 2005 after acquiring PeopleSoft, JD Edwards and Siebel Systems earlier that year. The idea was to take the best capabilities from of each of its major applications and weave them together into a single, seamless applications suite. Oracle finally announced in in July 2009 that its
Oracle Fusion Applications was “code-complete” and started its work with early customers, partners, and systems integrators on testing the application functionality.

Today Oracle Fusion Applications claims varying degrees of coverage and functionality in categories such as financials, human capital management, supply chain management, project portfolio management, procurement, customer relationship management, and governance, risk, and compliance.

Many experts however believe Fusion is far from complete in many key capabilities in the above categories. Many Oracle Fusion pundits and industry experts also cite a lack of clarity on the deployment options and delivery strategy as another key reason why Oracle customers are showing limited interest in or adoption of Oracle Fusion applications.

For instance, the original idea was to have Oracle Fusion Applications available in a number of different deployment flavors – Oracle Cloud, hosted by Oracle or its partners, or on-premises. But since Oracle started pursuing cloud computing through its recent acquisitions (including Taleo, Eloqua and Right Now Technologies to name a few), Fusion Applications are now being sold primarily as a SaaS/cloud offering, which was not a key part of the original stated delivery strategy. This shifting “cloudy” commitment and direction has left customers confused and wary of Project Fusion overall.

Given the above, it is not surprising that Oracle’s strategy and ever-shifting timelines for Fusion have been a source of perpetual customer frustration, making it difficult for Oracle application customers to make concrete plans and choices.

Will customers using on-premise solutions have a clear upgrade path to Oracle Fusion cloud and applications or is there additional investment required? How much would that cost, on average, to implement and deploy? Many of these questions still need to be answered before Fusion can expect any widespread adoption, but Oracle has yet to provide clear and compelling reasons and benefits for moving to Fusion.

**No Strong Business Case for Oracle Fusion — #1 Reason for Not Adopting Fusion Applications**

As discussed, the survey results above show that Fusion adoption is not yet out of the starting gates, let alone hitting a blistering pace. While Oracle promises these new applications will bring genuine business value, some of the hurdles – among them, cost – have kept many Oracle customers away. The chart below clearly shows that Oracle customers are having serious challenges articulating a compelling business case to justify a move to Oracle Fusion applications.
Figure 2

Why are so many Oracle customers struggling to justify the cost versus benefits of moving to Fusion?

Depending on a customer’s specific environment and situation, there could be several reasons why the move to Fusion may not be justified. Here are a few key considerations experts agree upon that make moving to Fusion a very challenging business case:

- “Fusion Applications are built on cutting-edge technology and consequently, the hardware required to support it needs to be that much bigger.”
- “Internal staff will require re-training.”
- “Expertise does not exist internally, and to build the required support knowledge will create challenges to your business case and your project timeline.”
- “The cost of licensing between Fusion and older applications are similar, but the internal infrastructure cost grows more for Fusion.”

In our view, the most important consideration is that savvy Oracle customers are reluctant to change just for the sake of change. “If it ain’t broke, don’t fix it.”

Many Oracle customers seem to have decided that it is far better to continue with the older, more mature, stable and scalable applications that fully meet current business needs rather than invest in a product that is not fully functional or proven. The risks of Fusion far outweigh the incremental functionality that may be gained, making the business case a very hard sell to the IT and finance executives who are continually looking at investing in initiatives that are going to “move the needle” for their business – that is, increase revenue, decrease cost, or take market share away from competition, rather than invest millions of dollars in an unproven and unclear product strategy.

Here is what one survey respondent had to say on Oracle Fusion readiness:

“Quality is still an issue with Fusion. We find issues when we test patches and/or upgrades. They have no plans to fix the issues until it fits in with their future development unless we escalate. Regression issues have been a problem. They have gotten too big. They need to take a step back and focus on quality.”
**Oracle Customers are Seeking Clarity on the Fusion Roadmap**

As seen in Figure 2 above, Oracle customers also remain unclear on the Fusion roadmap, citing this lack of clarity as another top reason why they are not considering Fusion Applications.

Our view is that Fusion cloud and applications face stiff competition — both externally and from within Oracle itself, as solutions like Oracle CX and Oracle Cloud gain marquee status in the vendor's quest to become a provider of cloud-based solutions. Customers who once had a passing interest in Oracle Fusion applications now have more questions than answers: Where do Fusion applications fit in among Oracle's total product portfolio? How will Fusion applications integrate with traditional applications and newer cloud solutions?

While Oracle continues to try to convince firms to embrace Oracle Fusion Applications by marketing their speed and functionality, it needs need to present more compelling and clearly defined migration paths to Oracle Fusion Applications for its customers, particularly those on older versions of its existing applications. This lack of clarity is creating a clear divide: a very small set of Oracle customers is forging ahead with Oracle Fusion implementations, business case or not, whereas the majority of customers are very reluctant to budge from the older Oracle application releases without clear business benefits and return on investment.

**No Incremental Value Over Current Applications**

Oracle customers surveyed also do not see any incremental features, functionality and capabilities in Fusion applications as compared with their current, on-premises application. One key reason is that Oracle has done a phenomenal job over the last two decades completing business processes and building the functionality that went into making existing applications like E-Business Suite, JD Edwards, PeopleSoft and Siebel extremely feature-rich, stable and scalable releases. These tried-and-tested systems of record continue to meet business needs and provide immense value to Oracle customers’ year over year.

The consensus from experts is also that Oracle is recoding almost everything in Fusion Applications – a fundamentally new architecture, technology stack, user interface (UI), data model, process flows, designs, customizations, extensions and so on – thereby making a Fusion migration a full re-implementation, not just a traditional upgrade. Oracle customers are hence questioning the value of moving to Fusion and whether the new functionality is worth the time, cost and effort to migrate. The answer thus far is no.
Replacing or Extending Existing Applications — Top Reasons Among 5% Who Plan to Use Fusion

**Figure 3**

Among those surveyed that planned to use or might consider using Fusion applications, 45% said they would do so to replace existing applications, while 35% said it would be to extend existing applications. Using Oracle Fusion to lower overall cost (25%) and provide ease of use (23%) scored lower on the priority list; this is intriguing, as expectations are that customers may run into difficulty justifying a more-expensive solution which merely replicates the existing functionality of on-premise products and does not bring any appreciable benefit to the business.
Customer Feedback #2: Only 35% of Oracle Customers Currently Planning an Upgrade

Current Applications Are Robust and Meet Business Needs
Oracle has traditionally called all the shots on when, where and how customers should deploy application upgrades. Historically, this has been a guaranteed way for the vendor to ensure the timing of upgrades, prioritization of enhancements, and ensuring all customers are on the latest releases, which makes for predictable, steady and profitable revenue streams that blend maintenance and new license revenues.

The survey data shows that many customers are happy with the stability and functionality of their current release and frankly have little motivation to upgrade, except being forced to upgrade when a certain version of the application release becomes “unsupported.” Oracle customers are increasingly seriously considering the option of not upgrading. In a growing trend, customers are deciding that remaining on their existing application release can afford them greater flexibility and control over their own application strategies down the road.

Application Upgrades Are Not a Foregone Conclusion
According to this survey, Oracle customers are critically evaluating whether there is a clear business case to move to the next release rather than continually staying on the upgrade “treadmill” – a clear sign that they are increasingly wary of the promised benefits of upgrades versus what they actually end up receiving. This skepticism is leading to more and more scrutiny regarding whether software upgrades really deliver business value.

![Pie Chart](image)

Do you have plans to upgrade any of your Oracle applications?

- Yes: 35%
- Maybe: 26%
- No: 39%

Figure 4

Of the Oracle customers surveyed, only 35% had clear plans to upgrade any of their Oracle applications. This is a clear indication that Oracle customers no longer plan to upgrade without a lucid understanding of
functional benefits, or just to stay supported; rather, customers view upgrades as a significant investment that must deliver business value.

Another key reason companies are getting off the upgrade treadmill is that upgrading a highly customized system often costs $10 in services for every dollar spent on the software upgrade itself. This is known as the Money Pit of enterprise software, because companies end up shoveling millions of dollars and many months or even years into upgrading customized systems.

The following chart shows why more and more Oracle customers are planning to stay on the current application version.

![Why would you plan to stay on the current application version?](chart)

**Figure 5**

Oracle customers surveyed report four key factors as reasons why they would consider staying on their current application version:

1. **Current application meets business needs**

   Oracle customers who are using E-Business Suite, JD Edwards, PeopleSoft and Siebel applications have access to some of the most stable and mature platforms on the market today. Oracle customers say that these feature-rich products are more than capable of meeting their business needs. When these ERP platforms first came on the scene more than 20 years ago, they were often unstable and not fully featured, so companies saw a significant return from their maintenance dollars in terms of regular patches and vital enhancements that were needed for complete, end-to-end business processes.

   Yet as these platforms matured over the years with robust capabilities, the ROI for upgrading to the next release has been steadily declining. These proven and trusted Oracle on-premises applications will reliably support tens of thousands of users and billions of dollars in transactions, so the need for regular updates to stabilize the environment is no longer a concern.

2. **Cost prohibitive to upgrade**

   Over the past two decades, applying updates and patches and staying current has become a major part of an IT department’s day-to-day support operations – and one of its biggest budget line items. Upgrades are a huge resource drain to begin with – and worse, are typically over budget and behind schedule. As seen in Figure 5
above, Oracle customers are cognizant that upgrade projects can easily demand a disproportionate amount of
time, money and resources with the risk of providing very little return.

Upgrading is a complicated process that can tie up IT teams for 12–18 months and have unintended
consequences for the business. Sometimes an upgrade “backfires,” leading to unpleasant and expensive
results. The CIO of a mid-market lighting fixture company commented about his company’s ERP upgrade:

“Long story short, we went through the pain of doing this upgrade only to find that not only was there no
functionality there that we could use but, also in essence, we had to upgrade our hardware because
performance fell back and we’re still not at the performance we were before!”

Today, customers say they are keen to avoid upgrade projects unless there are clear business benefits and a
compelling ROI. Change for the sake of change is not happening.

3. Move to a new application later

This set of responses in Figure 5 above also suggest that Oracle customers are at least thinking about
exercising their options to use other vendor applications in the future. This “wait and see” approach is
favorable to the customer as it puts the pressure on Oracle to ship a competitive product as soon as possible
to counter other faster, cheaper and more flexible options in the marketplace.

By not rushing to the latest version, but rather monitoring their internal situation and the marketplace, Oracle
customers position themselves best for the future by making the right decision at the right time for their
business. Now, with independent support for their Oracle applications providing a proven, safe, and viable
alternative, Oracle customers no longer need to feel the pressure from the vendor to upgrade simply because
of a specific release being “de-supported.”

4. Not enough new and valuable functionality

Product upgrades come with their own unique set of challenges for customers. According to the Oracle
Applications User Group research (OAUG)¹ some of the top upgrade project risks cited by customers include:
testing (63%), overall downtime and disruption (47%), and business process damaged/ altered (37%). 28% of
Oracle customers in this study report that the current product upgrade releases do not contain enough new
and valuable content to assume business and technical risks to the organization.

¹ Oracle Applications User Group, “ERP Upgrades: What’s Your Philosophy?,” 2012,
Responses by the minority of Oracle customers surveyed who said they would upgrade, or at least consider upgrading, also brought up some very interesting points.

**Figure 6**

Access to better functionality was cited as the number-one reason for upgrading among customers that said they plan to upgrade. This is great news and a clear testament to the fact that among the 35% of Oracle customers that plan to upgrade, there is a well-understood business case for the upgrade, with a clear idea of value of the functionality in moving to the next release.

**51% of Oracle Customers Upgrading Just to Stay Supported**

However, the diligent upgrade planning described above is not pervasive among Oracle customers. 51% of customers surveyed mentioned their reason to upgrade is just to stay on a supported version. This figure aligns with a previous Oracle Applications User Group (OAUG) survey that reported upgrading, in order to stay supported, was the number one reason to upgrade.²

Oracle customers who are forced to upgrade just to avoid an end-of-support scenario take on significant financial and technical risk typically associated with an upgrade project. In addition, upgrading can significantly impact customizations and integrations with other products, requires additional testing cycles for regression testing, and negatively affects user productivity.

Many Oracle customers do not yet realize that they now have a viable choice with independent support for their Oracle applications and therefore do not need to be forced into an expensive, time-consuming and minimum-value upgrades just to stay supported.

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Only 6% of Oracle Customers Upgrading to Prepare for Fusion Applications

Only 6% of customers surveyed said they would upgrade their applications specifically in preparation for Fusion cloud and applications. The low response rate on this particular reason for upgrading validates the assumption that customers are still unclear on how and why to transition from on-premises products to Fusion Applications.

The Bottom Line On Upgrades

Routine upgrades are great if you want to stay on the bleeding edge with the latest and greatest and will also ensure that you are always supported. But before you walk down that path, you should independently verify the ROI you anticipate by upgrading. Can you provide your board a solid business case for upgrading that's based on data and assumptions that don’t come from the vendor? Many customers will struggle to deliver this but it is a crucial analysis that needs to occur.

Vendor-supplied business case models tend to be full of soft costs and very general assumptions. Before moving forward with an upgrade your vendor should be able to demonstrate, in hard dollars and cents, the ROI it is promising. If they can't, there's good reason to believe your money is better spent elsewhere.

Bottom line: you don’t have to stay on the upgrade treadmill. At a minimum, consider the strategy, “Postpone and Evaluate.”
Customer Feedback #3: Most Oracle Customers Are Unclear on Future Product Strategy

Possible Forced Migration to Fusion and Vendor Lock-In are Top Concerns

Oracle customers are increasingly growing restless and seeking clarity on an ever-growing and confusing applications portfolio. Oracle is staying silent on the future of existing applications while at the same time actively promoting new cloud applications and services including Fusion Applications. Customers are demanding more clarity and confidence in Oracle’s overall application strategy before they further invest money or resources without a clear direction.

![Chart: What are your biggest concerns about Oracle's application strategy?]

**Figure 7**

Cost Prohibitive Upgrades Are a Top Concern

As discussed in the section above, cost prohibitive upgrades are the top concern for customers with an almost 60% response rate. Customers continue to receive no clear message from Oracle on what value is realized through an application upgrade. Upgrading existing on-premise applications do not automatically entitle customers to Fusion cloud and applications. See the earlier section in this paper “Application Upgrades Are Not a Foregone Conclusion” for more details and analysis on this topic.

Unclear Product Strategy

Oracle customers cannot tell which products they should be investing in beyond their current on-premise applications. E-Business Suite, JD Edwards, PeopleSoft and Siebel applications have provided rich and stable platforms for years, but there are no evident successor products. While Oracle continues to push forward with cloud applications and services, the fact remains that Oracle’s cloud business constitutes less than 6% of its total sales.³

Customers cannot make informed decisions about their future application strategies when there are no clear product statements of direction. The first thing Oracle needs to do is clarify long-term roadmaps for its Applications Unlimited products. Many customers are likely to keep these applications running for a decade or more despite usability, flexibility, and upgrade challenges, which translates into billions of dollars of high-margin maintenance revenues for Oracle. Oracle needs to be clearer about long-term product roadmaps to help customers understand the implications of staying on on-premises applications versus migrating to Oracle’s newer offerings or considering other alternatives including Fusion cloud and applications.

**Possible Forced Migration to Oracle Fusion and Fear of Vendor Lock-In**

Survey respondents also showed a heightened sensitivity towards a possible forced migration to Oracle Fusion cloud and applications. This is understandable as the pace of innovation has slowed down for Oracle E-Business suite, JD Edwards, PeopleSoft and Siebel products. Although these products covered under Oracle’s Applications Unlimited program have published development roadmaps through the year 2020 which include annual product releases (containing limited product innovation), customers may be interpreting these product roadmaps as Oracle drawing a line in the sand to begin a possible end-of-life phase which could force them into Fusion products at some future date.

Oracle customers surveyed also said that they were concerned about the vendor lock-in scenario. Customers are beginning to realize that they do have increasing choice and flexibility. According to a recent *Wall Street Journal* article, “[Oracle] faces major threats on the technology and product front, from cloud-computing to new kinds of databases.” These fears appear to be founded, as the Wall Street Journal article goes on to cite specific examples where customers were penalized by the vendor when attempting to amend or extract themselves from their existing agreements.

“The pressures of changing technology notwithstanding, Oracle Corp.’s biggest challenge may be CIOs who say they are frustrated with what they view as its aggressive approach to pricing and locking in customers.”


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Customer Feedback #4: Over 70% of Customers are Dissatisfied with the Cost of Oracle Annual Support and Maintenance

No Support for Customizations and Process Inefficiencies Are Top Challenges

The survey also garnered interesting results about Oracle customer perspectives on their annual support and maintenance. Customers, by and large, said that they were satisfied with the quality of service being delivered by the vendor.

![Pie chart showing customer satisfaction with Oracle support and maintenance](image)

*Figure 8*

**Over 70% of Oracle Customers Dissatisfied with Cost of Oracle Annual Support and Maintenance**

![Pie chart showing customer satisfaction with Oracle cost](image)

*Figure 9*
Despite being satisfied with the quality of service as seen in Figures 8 and 9 above, over 72% of Oracle customers report that they are dissatisfied or extremely dissatisfied with the cost of Oracle’s annual support and maintenance program. Many Oracle customers are now questioning if they are getting their money’s worth on their annual support and maintenance contracts, which typically constitute the Oracle standard annual rate of 22% of the original cost to license the software. These high costs of Oracle’s maintenance and support plans are taking a toll on most customers.

The result: IT ends up saddled with a bigger and bigger annual support and maintenance bill every December, leaving little room to fund the innovation/transformation efforts demanded by the business.

**Customer Challenges with Oracle Support and Maintenance**

When asked about their biggest challenges with the Oracle support and maintenance program, Oracle customers surveyed pointed to the fact that they often had trouble escalating to a senior engineer (35%), that Oracle provided no support for their customizations (32%), and that they were often left to explain the same issue many times over during the support process (31%).

![Figure 10](image-url)
Section 3: Recommendations

Oracle has publicly stated its intention to take on the largest players in the cloud computing space. Although cloud-based and software-as-a-service offerings are increasingly gaining market traction, Oracle customers will continue to leverage investments in on-premise applications and solutions including E-Business Suite, JD Edwards, PeopleSoft and Siebel.

Given the turmoil and uncertainty shrouding the Oracle application landscape, Oracle customers using these products can do the following to plan for their next-generation application strategy:

1. **Maintain a strategy that affords maximum upgrade flexibility.** Customers can drive business results, using Oracle applications, without having an IT strategy that encourages vendor lock-in. Choosing to plan application upgrades in instances where a strong business case exists will be key.

2. **Develop a hybrid IT application strategy.** Customers can continue to innovate while using their on-premise applications by integrating best-of-breed solutions around the edges of their existing Oracle ERP applications from Oracle to include mobility, big data and cloud solutions. No longer waiting on Oracle to provide innovative new features, customers instead are choosing to take control and drive innovation using best-of-breed solutions that exist in the marketplace today.

3. **Understand all your options before committing to Fusion.** Oracle customers have said they see no compelling business case to commit their IT strategies to Fusion cloud and applications. On-premise applications and solutions from Oracle are stable and mature and meet business needs today. Customers looking for alternatives to Fusion may be well-served to take a “wait and see” approach while the marketplace evolves. When the time is right, conduct a thorough cost/benefit analysis of all available solutions and select the next-generation system appropriate for your organization. This strategy enables you to assess and adopt Fusion on your own terms and timeline.

Study Conclusions

Based on these survey findings, Oracle customers clearly desire to continue running their existing stable and scalable applications which meet their business requirements for as long as possible — thereby maximizing their value and investment. There is definitely a growing reluctance to change for the sake of change, as seen by the resounding 95% of the customers surveyed who responded “No” or “Maybe” when asked if they had plans to migrate to Fusion.

It is also not a surprise that Oracle customers are increasingly wary of upgrading to the next version without compelling business benefits or return on investment. These customers do not see the incremental functionality in the newer releases as key to keeping their business competitive and their company on the leading edge of performance.

To compensate for a lack of incremental functionality and an unclear product strategy, more and more companies are shifting towards a hybrid IT model. They are doing this by moving investments from back-end...

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operations or “keeping the lights on” to “innovating “around the edges” of core Oracle applications through flexible cloud-based solutions that deliver business results faster.

While many Oracle customers still remain satisfied with the level of service they receive today, the costs relative to the benefits of Oracle support and maintenance will be under tight scrutiny going forward.

This year’s Oracle OpenWorld conference is Oracle’s biggest opportunity to clearly explain its application strategy and path forward, as these questions and challenges remain top of mind for customers, partners and industry observers.
Section 4: Appendix

1. Survey Respondent Mix — Job Role

![Survey respondents by job role diagram]

2. Survey Respondent Mix — Application

![Which Oracle products do you currently use? (Respondents using applications with database only) diagram]
About Rimini Street, Inc.

Rimini Street is the leading independent provider of enterprise software support services. The company is redefining enterprise support services with an innovative, award-winning program that enables Oracle and SAP licensees to save up to 90 percent on total support costs over a decade, including saving 50 percent on their annual support fees. Clients can remain on their current software release without any required upgrades or migrations for at least 15 years after switching to Rimini Street. Hundreds of clients, including global, Fortune 500, midmarket, and public sector organizations from across a broad range of industries have selected Rimini Street as their trusted, independent support provider.

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