Procurement's Lead Role in Reducing Oracle Database Spend

Rimini Street

Engineered for Support™

Table of Contents

Executive Summary

Database customers and industry analysts agree that Oracle® maintenance costs are out of control. In fact, in a ProcureCon survey, 87 percent of procurement professionals stated software maintenance costs are too high[1], and their IT counterparts agree. Customers are satisfied with their Oracle Database but frustrated with the poor value and limitations of Oracle's support policy. Unfortunately, according to that same study, many are not aware there is an alternative to Oracle support. Today, independent support (also known as third-party support) offers a proven option: Organizations of all sizes worldwide have already made the switch to independent support and are investing the money saved in strategic innovation and retaining headcount at risk of loss due to budget cuts.

IT procurement professionals have unique responsibilities and accountability to the companies they work for, and this puts them in a pivotal position of leverage in terms of driving cost-saving initiatives such as database support. Independent support offers an unusually attractive value proposition to accomplish this: Rimini Street, for example, takes your Oracle invoice for annual support and cuts it in half, while offering the most ultra-responsive support services in the industry. Rimini Street engineers are senior-level only, with an average of more than 15 years of experience; average response time to critical support issues is less than five minutes, 24/7/365, anywhere in the world.

This white paper is designed to answer the following questions:

How can I get better value for my support dollars? Procurement professionals need to understand what it actually costs to keep Oracle Database maintained and supported.

How is independent support different from Oracle support? We'll highlight the contrasts between the old, obsolete vendor support model and the innovative, disruptive independent support model in terms of focus, cost model, support coverage, delivery model, upgrade philosophy, innovation, and strategic flexibility.

How can procurement help lead the charge around IT and corporate innovation instead of only being known for low price? Through procurement, IT can explore more options that provide improved solutions with lower total cost of ownership (TCO) and, in turn, free up budget and precious IT resources for innovation. This allows procurement to attain its #1 goal of being recognized as a "Trusted Advisor" to the business and not just low-bid buyers.

How can I work with IT to investigate independent support? We'll help you outline your next logical steps as you continue your research to determine whether independent support is a good fit for your company.

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[1] "Benchmarking Procurement's Role in Driving Innovation and Technology Best Practice," ProcureCon Focus Report, Dec 2015.

Procurement Professionals Can Drive the Move to Independent Support

Procurement managers are responsible for acquiring goods and services that are appropriate, purchased at the lowest possible price, and of sufficient quality to meet the organization's needs. How does your Oracle Database support program stack up against those requirements?

– Appropriate? Your Oracle Database support program should align with your company's financial requirements and your IT group's strategic goals. Carefully consider whether continuing to pay Oracle's annual support fees is giving you superior ROI compared to other support alternatives.

– Purchased at the lowest possible price? The big software vendors enjoy 90 percent profit margins on their support operations. That means they use 90 percent of your maintenance fees not on supporting you but on other projects such as future product development. That cost model is being vigorously challenged as obsolete by a growing chorus of industry analysts and Oracle customers. Independent support providers such as Rimini Street are able to deliver dramatically more responsive support services at a radically lower price because they take a fundamentally different approach: Ultra-responsive support is their sole focus. This white paper examines these cost models in detail.

– Quality? In one survey, 59 percent of vendor support program customers said they were dissatisfied with the quality of vendor support[2]. The industry press abounds with horror stories of the inadequacies of vendor support. In contrast, Rimini Street Support offers a personalized approach, ultra-responsive service and value-added support services at no extra charge.

In this white paper, we'll discuss all these issues in greater detail, revealing the stark contrast between the value equation offered by traditional vendor annual support and the value equation offered by independent support. If you're a procurement director or manager who champions the cause of switching to independent support in your organization, you stand a good chance of being hailed as a hero. This white paper shows you how.

[2] Peter Goldmacher, "Maintenance Revenue: High Margin or High Risk?" Cowen & Company.

The Database Maintenance Value Gap

Rock Solid Database but High-Cost Insurance

With more than 300,000 customers, Oracle Database is universally recognized as the leading database, even among SAP customers. It is mature and stable and more than supports your business requirements. There are typically few issues, so support tickets with Oracle are relatively rare. However, you still need insurance against those infrequent instances when something does go wrong — but why pay a huge premium for it?

To make matters worse, 74 percent of Oracle Database customers have database instances that are no longer fully supported by Oracle[3]. They are paying full annual support and maintenance fees yet not receiving full support. No new fixes, updates, scripts, certifications or critical patch updates — why pay full price when you are effectively desupported?

Database Maintenance Costs Are Out of Control

Estimates by analysts vary, but with as much 89 percent[4] of the average IT budget spent on maintaining current operations, procurement professionals are rethinking enterprise software maintenance strategies. Annual maintenance fees have been under intense scrutiny, with fees taking an increasing bite out of already tight IT budgets. Ongoing costs associated with Oracle are particularly well known to be difficult to address.

Independent Support Offers a Proven Option

This significant value gap is driving procurement managers to look at alternative software maintenance strategies. The cost savings alone from switching to independent support — 50 percent annual support fee savings compared to Oracle's annual support fees — is usually substantial enough to justify the move. Furthermore, the elimination of upgrade-related costs and the addition of premium support program features at no extra cost — such as ultra-responsive service and performance tuning — can drive the cost savings even higher — up to 90 percent savings from actual annual support costs.

Hundreds of World-Class Organizations Have Already Made the Switch to Independent Support

Today, hundreds of enterprise software licensees are declaring their freedom from vendor agendas by choosing the database support provider that best fits their needs. Companies worldwide, including Fortune 500, Global 100, midmarket and public sector organizations have selected Rimini Street as their trusted, independent support provider.

Independent support closes the maintenance value gap by delivering the disruptive value equation: "50 percent savings plus premium support."

> "Unfortunately, critical IT dollars continue to be squandered on maintenance fees — accounting for 33 percent of the entire software budget."
>
> E-Commerce Times

> "The savings we've achieved with independent support have contributed to improved profitability. Rimini Street has been a game-changer for us."
>
> **Sandra Phillips**
> Commercial Manager
> RSA Insurance Group

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[3] "2017 Survey Report: Hidden Truths about Oracle Database Support," Rimini Street, Dec 2016.
[4] Gartner, "Gartner IT Key Metrics Data, 2017 IT Enterprise Summary Report," December 2016.

# Getting Maximum Value for Your Support Dollars

Customers who switch to Rimini Street for Oracle Database Support enjoy the following benefits at no additional cost:

– **Savings:** Save 50 percent over Oracle annual support fees, and remain on your current database release for as long as you wish — five, ten, fifteen years or more. You can avoid expensive forced upgrades and receive value-added services such as performance tuning at no additional cost, saving over and above the annual maintenance fees.

For example, an organization spending two million dollars on annual database maintenance will be forced to upgrade three to four times over the course of 10 years simply to stay supported. That comes to roughly $800,000 in annualized costs. Another $600,000 per year would be tied up in areas such as performance tuning handled either internally or outsourced to consultants. And finally another $600,000 per year would result from applying huge bundles of patches to fix one problem, requiring additional testing that costs time and creates business disruption. The total cost to maintain this database is closer to $4 million.

Independent support cuts your fees in half and all the other costs go away. Because of additional value-added services and upgrade avoidance, Rimini Street clients save over and above the maintenance fees. Savings of 75 percent of actual support costs are typical. This liberates funds and resources to focus on strategic initiatives like hybrid IT, big data, mobility and other projects.

Savings beyond the Annual Maintenance Fee
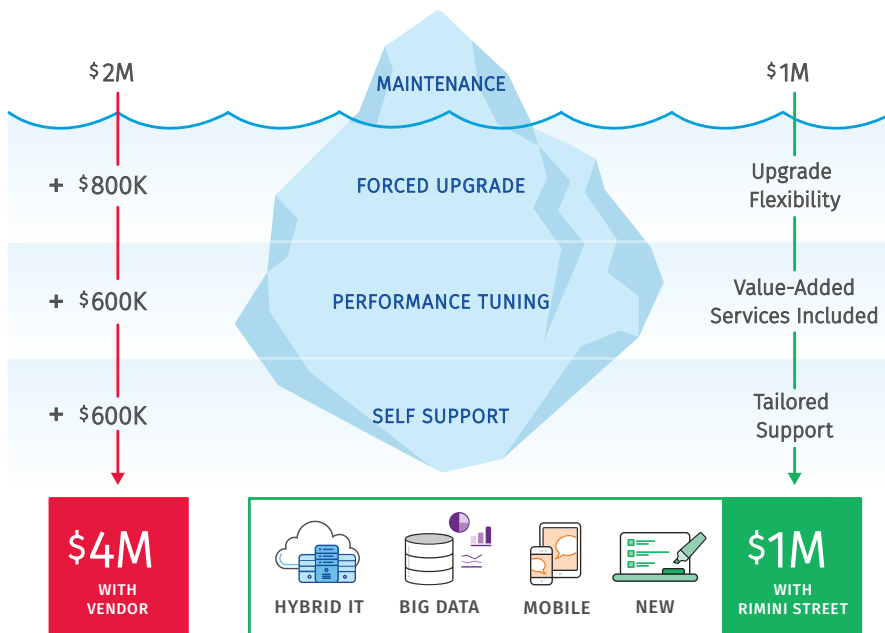
BDP INTERNATIONAL

Oracle Database Client Snapshot:

BDP International

Industry: Transportation / Distribution

Revenue: $2 Billion USD

Employees: 3,700

Oracle Database 8.1, 9.2, 10.2 and 11.2

BDP International selected Rimini Street to support its Oracle Database and reduce its annual support fees by 50%.

Expert diagnosis of performance problem areas, root cause analysis, and action plans to restore system performance at no extra charge are a huge benefit for BDP as its system usage grows — plus savings allowed BDP to reallocate funds and resources to more strategic initiatives.

"We took the money that we had budgeted for Oracle support and were able to leverage that to help us build cool new applications to keep our existing clients happy and aggressively attract new customers."

Jason Bullock
Vice President, Global Application Development BDP International

– **Superior service:** With a direct connection to an experienced Primary Support Engineer (PSE) and guaranteed 15-minute response time for critical issues, Rimini Street clients find the support they receive is vastly superior to what they previously experienced with Oracle.

– **Deep expertise:** Rimini Street's program for Oracle Database licensees includes support for all aspects and components of the Oracle Database product, including databases running on Oracle Engineered Systems.

– **Performance tuning and interoperability support:** With independent support from Rimini Street, you receive expert consultation to optimize your system performance, along with best practices, configurations, and hardware advice to ensure interoperability with related systems.

– **Database virtualization support:** Regardless of whether the issue is on the database or virtualization side, Rimini Street will work with you to diagnose the problem and determine a solution. No finger-pointing here.

– **Upgrade flexibility:** When you switch to Rimini Street Support for Oracle Database, you upgrade only if and when it makes sense for your business; you are no longer obligated to follow Oracle's agenda and timelines just to receive full support.

Reducing Out-of-Control Maintenance Costs

Today, smart procurement professionals are running the numbers and realize their Oracle Database TCO is too high. Indeed, in recent years, a steadily increasing number of customers, analysts and industry commentators has been questioning the value and fairness of the traditional vendor support model.

IT Spending Categories[5]

89% Ongoing Operations and Enhancements

IT SPENDING CATEGORIES
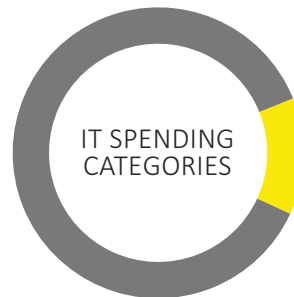
11% Business Transformation Initiatives

5 Gartner, "Gartner IT Key Metrics Data, 2017 IT Enterprise Summary Report," December 2016.

Independent Support Provides Better Value

Independent support providers have responded to the growing irrelevance and obsolescence of the legacy vendor support model by offering database and application software support based on an innovative, less-costly model that is focused on the customer's actual support needs — rather than on padding the vendor's profit margins and ensuring that the customer is dutifully following the vendor's agenda in terms of the vendor's technology road map. The independent support model is summarized below.

	Traditional Oracle Support Model	Independent Support Model
Focus	Vendor-centric	Customer-centric
Cost Model	90+% profit margins for vendor Only 10 cents of every dollar spent on actual support	Annual support fees 50% less than vendor support Cost savings enable strategic innovation and retention of headcount
Cost Model	Support desk manned by junior staffers	Direct access to an assigned, senior-level PSE
Upgrades	Forced upgrades to maintain full support	Upgrade when it makes sense for your business
Flexibility	Vendor lock-In	Flexibility and ability to keep options open
Added-Value Services	Not full support	Performance Tuning, Interoperability Support, and Strategic Roadmap Services included at no additional cost

Common Questions from IT

There are bound to be some legitimate initial questions from IT you should be prepared for:

Q. "The quality of independent support cannot be as good as the vendor's."

A. Forbes Tech expert Dan Woods answers this question extremely well in his article "Can Third-Party Support Really Hurt Oracle?" March 16, 2016.

"The third party support you will get will actually be better than what Oracle provides because you will get access to senior engineers, better SLA's with five minute response times [on critical issues], and access to a bunch of services at no additional fee — services not offered with Oracle's annual support services."

Q. "We will be frozen and unable to upgrade to the next version if we move to independent support."

A. You can upgrade under Rimini Street support. More than 150 clients have successfully upgraded. Rimini Street works with you to create an archive, allowing you to upgrade by archiving files, documentation, and patches that you may need during an upgrade. If and when you're ready, expert engineers guide you through the upgrade planning process and alert you to known issues. Licensees also benefit from not being forced to upgrade. Instead, they choose to move to Rimini Street, because these upgrades can cost millions and cause a huge disruption to the business — but they can still upgrade if it makes good business sense.

"Third-party support vendors such as Rimini Street … have clearly proved third party support is not only possible for Oracle customers, but that they are enabling organizations to reduce costs, obtain improved support and position themselves for new initiatives."

Dan Woods
"Why Third-Party Software Support Is Possible And A Good Idea," Forbes.com, April 18, 2016

"Customers on a less-than-current release have rights to the newer releases up to the point at which maintenance is canceled."

"Does Third-Party Support Have a Role in Your Postmodern ERP Strategy?" Gartner, Jan 29, 2016.

Q. "We can't add new licenses or products because then Oracle won't sell to us."

A. You are still their customer with a perpetual license agreement. Oracle does not turn away clients offering them money for new licenses or products. Many Rimini Street clients have added more users and bought new products from Oracle.

Q. "We will have interoperability issues with evolving technologies."

A. Rimini Street Interoperability Support Services provides practical solutions that help clients future-proof and extend the life of their current applications and related technology stacks for as long as it makes sense for each client's business. These support services help clients avoid costly reimplementations and unnecessary upgrades of hardware, operating systems, databases, middleware, and browsers. Future-proof and extend the lifespan of your enterprise software applications by at least 15 years, guaranteed.

Next Steps

Frequently, procurement professionals act as leading lights in a company's initiative to move to independent support. In what follows, we'll explain the concrete steps you can take to start the ball rolling in that direction. And if you're like most, you seldom have issues with your Oracle Database, so you're paying very expensive insurance.

Smart procurement managers are investigating all of their software and database support options. Rimini Street believes it's important for you to have all the facts to make the right decision for you and your organization.

If you are interested in bringing significant savings and enhanced support service levels to your company, Rimini Street recommends the following course of action:

– Step 1: Build the business case for independent support in your organization.

– Step 2: Calculate your savings from independent support.

– Step 3: Present the business case for independent support to your IT executive leadership.

Step 1: Build the Business Case for Independent Support in Your Organization

Is independent support right for your company? Evaluate your situation in five minutes. This exercise will help determine if your company and independent support are a good fit. Place a check mark in the right-hand column of the table below for each reason that moving to independent support makes sense for your organization.

Key Reasons For Choosing Independent Support	Explanatory Notes	Check If This Applies To You
Your organization needs to reduce costs or liberate funds, resources and time	– You want to cut operational costs and make more funds available to meet tighter IT budgets and/or retain current headcount. – You need to free up funds to invest in strategic IT projects.	
You want to better align cost with value	– If you're like recent survey respondents, 55% resolve the majority of Oracle Database cases on their own without Oracle, many simply to avoid the hassles of the support labyrinth. – You believe your database support fees are high for the level of support you are actually receiving from the vendor.	
Your organization has multiple database instances with a variety of releases	– According to a recent survey, 74% have instances that are no longer fully supported but are still paying full Oracle Database annual maintenance fees[6].	
Your organization runs "desupported" releases	– If you are running Oracle Database 11.1 and earlier, you are not receiving full support, but you are paying full maintenance fees. This means, according to the Oracle Lifetime Support Policy[7], you are no longer receiving new updates, fixes, security alerts, data fixes and critical patch updates; new upgrade scripts; certification with new third-party products/versions; certification with new Oracle products. – 11.2.0.3 and earlier patch sets are similar and do not receive fixes, patches, or CPUs/PSUs based on Oracle's "Error Correction Support" policy[7].	
You want more responsive, personalized service	– Your organization wants faster response defined in SLAs and direct access to senior engineers who already know your environment, and you want your specific issues addressed. – Your IT team spends too much support time with lower-level, unresponsive technicians, sometimes outside your working hours. – You would prefer a full-service, personalized support experience instead of a "self-service" model through a web support portal.	
You don't want to be forced to upgrade	– 55% of survey respondents resolve the majority of cases on their own without Oracle[8]. – You may want to upgrade to the current release available, but at your own pace, along a timeline of your own choosing. – You plan on staying on your current database release(s) for an extended period of time.	
You want to avoid Oracle-imposed penalty fees	– You are faced with an impending price increase for Oracle Extended Support — Releases 11.2: January 1, 2019 and 12.1: August 1, 2019[9].	

Interpreting Your Results

The more check marks, the more formidable business case you can build — and champion within your organization — for making the switch to independent support.

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[6] "2017 Survey Report: Hidden Truths about Oracle Database Support," Rimini Street, December 2016.
[7] Lifetime Support Policy, Coverage for Oracle Technology Products, March 2017.
[8] Oracle blog, "No patches anymore for Oracle Database 11.2.0.3," September 2015.
[9] Oracle Software Technical Support Policies, March 2017.

Step 2: Calculate Your Savings from Independent Support

If you identified with many of the statements in the above exercise, your company is a good qualitative fit for independent support. But what about quantitatively?

Step 2 is pretty simple. Review your Oracle Database Support renewal notice. Cut the cost in half, and that's the savings versus your annual maintenance fee! But remember maintenance fees are just the tip of the iceberg; there are hidden costs with vendor support — check out the Rimini Street Savings Calculator to understand how you can save up to 90 percent of your total maintenance costs.

At the same time, you should identify the Oracle maintenance renewal date(s) for your software, including what Oracle database releases you are running. This is when the next big check to Oracle is due, and you will need to make a decision typically at least 90 days prior to this date. Ninety days is required to accommodate the support onboarding process, which includes preserving your ability to upgrade.

Step 3: Prepare and Present Your Business Case for Independent Support to Your IT Leadership

Once you've determined that independent support is potentially a good fit for your company and calculated your projected savings, schedule a 30-minute call with Rimini Street. We'll complete the picture of what moving to independent support would involve for your specific organization and database landscape and answer any additional questions you may have.

During your call with Rimini Street, we'll provide you with additional ammunition you can take to your executives — informational content, slides, case studies, client savings profiles, and so on. We'll help you prepare as you get ready to lay out the business case for independent support to management, enabling you to give an eye-opening education about why hundreds of world-class companies have already made the switch to independent support — and how they are garnering impressive cost savings as well as enjoying the industry's most ultra-responsive support services.

When fully prepared, you can then confidently present a compelling business case for moving to independent support to the appropriate leadership in your organization. By calling attention to how you can drastically reduce spend for support services with zero quality loss — in fact, with a major quality gain — you will deliver a clear win to IT and your company.

And of course, independent support is not just for Oracle Database. In addition to support for Oracle Database, Rimini Street delivers support for the following products: Oracle E-Business Suite, PeopleSoft, JD Edwards, Siebel, Oracle Retail, Oracle ATG Web Commerce, Oracle Fusion Middleware, Agile PLM, Hyperion, SAP, SAP HANA Database and SAP Business Objects.

To speak with a Rimini Street sales engineer, request a quote, an RFP or simply more information, call 888-870-9692 toll free or 702-839-9671.

Additional Resources for Procurement

– Rimini Street: Maintenance Savings Calculator

– ProcureCon report: Benchmarking Procurement's Role in Driving Innovation
  and Technology

– Rimini Street: Save the Day! Slashing Maintenance Costs for Your Oracle Database

– Rimini Street survey report: The Hidden Truths About Oracle Database Support

– Gartner Research report: Does Third-Party Support Have a Role in Your Postmodern
  ERP Strategy? 29 January 2016

– Constellation Research: The Positive Pricing Impact of Third-Party Maintenance for
  Oracle and SAP Customers

About Rimini Street, Inc.

Rimini Street is the global leader in providing independent enterprise software support services. The company has redefined enterprise support services since 2005 with an innovative, award-winning program that enables Oracle and SAP licensees to save up to 90 percent on total support costs. Clients can remain on their current software release without any required upgrades for at least 15 years. Companies of all sizes worldwide including Fortune 500, Global 100, midmarket, public sector and other organizations from a broad range of industries have selected Rimini Street as their trusted, independent support provider.

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