Survey Report: Licensees' Insights into the Future of Their Oracle EBS Roadmaps

Survey results reveal that current EBS releases meet business needs and licensees are implementing strategies to maximize value and extend their lifespan

Rimini Street®

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Executive Summary

Overall, 97% of respondent Oracle EBS licensee IT organizations report that their current ERP release meets their business needs.

Does your current Oracle ERP implementation satisfy your business needs (all EBS users)?

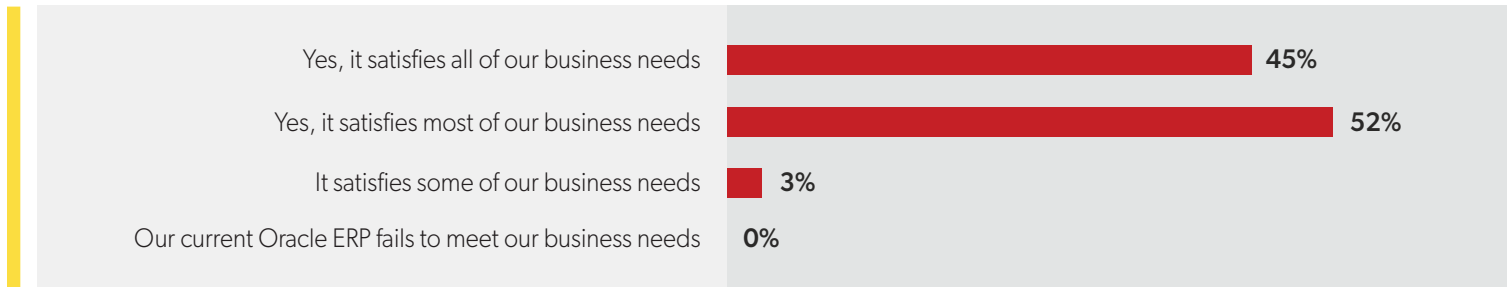| Category	Percentage
Yes, it satisfies all of our business needs	45%
Yes, it satisfies most of our business needs	52%
It satisfies some of our business needs	3%
Our current Oracle ERP fails to meet our business needs	0%

Fig.1

Given the robustness of current Oracle EBS releases, licensees are taking steps to optimize these releases for many years to come as a foundation for critical business processes. In fact, over 75% of respondent Oracle EBS customers run releases currently or soon to be no longer fully supported by Oracle. According to survey respondents, when asked which version of Oracle EBS applications they are running, 12.2 (35%) is the most commonly deployed release, followed by 12.1 (30%). Currently, all Oracle EBS releases 12.0 or earlier are no longer fully supported by Oracle and are receiving no new fixes; critical patch updates; security alerts; or tax, legal, and regulatory updates. In addition, EBS 12.1 will no longer be fully supported by December 2021.[2]

Which of the following Oracle E-Business Suite (Financials, Manufacturing, etc.) application versions is your organization running today?
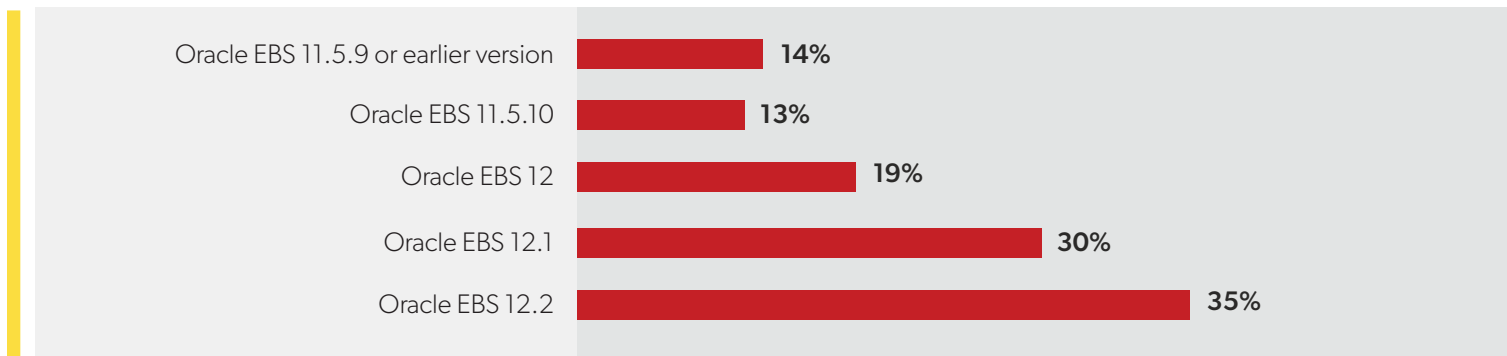
Version	Percentage
Oracle EBS 11.5.9 or earlier version	14%
Oracle EBS 11.5.10	13%
Oracle EBS 12	19%
Oracle EBS 12.1	30%
Oracle EBS 12.2	35%

Fig.2

Oracle EBS licensees are implementing strategies to maximize the value and extend the lifespan of current releases.

Instead of investing significant time, resources and capital to perform potentially expensive, low ROI release upgrades or full migrations to Oracle Cloud ERP, many Oracle EBS licensees are taking steps to maximize the value and extend the lifespan of their current, robust and mature releases, including moving their EBS software to a cloud hosting platform, utilizing application management services and switching their annual support to third-party support providers like Rimini Street.

A sentiment reinforced by a Gartner Predicts 2020 research report cites:

"Each year, support costs for legacy software increase, while the benefits gained from that support decrease, leading to more organizations seeking lower-cost third-party support options ... More buyers are aware of the value-added offerings from third-party support providers, such as custom-code support, interoperability support, and global tax, regulatory, and security services."[3]

Background

Many organizations today are spending too much of their IT budgets on daily operating costs for Oracle E-Business Suite (EBS) applications — as much as 90%.[1] Following the software vendor's dictated roadmap of continuous forced upgrades and software updates just to keep full support rarely enhances competitive advantage.

As a result, many Oracle E-Business Suite customers are taking control and plotting a new course for their IT roadmaps driven by business needs (versus vendor timelines). This includes leveraging proven and innovative approaches to optimize and enhance ERP support and daily operations, as well as choosing the cloud model that maximizes new value to the business.

Depending on their specific release, Oracle E-Business Suite customers face slightly different challenges impacting their strategic direction.

- Oracle E-Business Suite customers running releases 12.0 and earlier are no longer fully supported by Oracle, receiving no new: fixes; critical patch updates; or tax, legal, and regulatory updates.[1] Similarly, all Oracle E-Business Suite customers running release 12.1 will no longer by fully supported by December 2021.[1,2] This is forcing the decision on whether or not to upgrade, or to seek better alternatives to the software vendor's support and service model.

- Oracle E-Business Suite customers running the 12.2 release see no new major release on the horizon of their Oracle roadmaps and are forced to apply continuous updates to maintain full support. The updates appear to be delivering less meaningful value, and take up time that might otherwise be spent on more strategic efforts. This is forcing a decision around how long they will continue on this roadmap, if they will weigh other options in the cloud, or if they will potentially consider other vendors.

In partnership with IDG, Rimini Street recently conducted a survey of global Oracle E-Business Suite licensees to gather data and insight on the major challenges faced and strategies applied depending on which major release of EBS they are currently running and their future plans around their EBS platform.

Survey Objectives

The Rimini Street survey focused on the following issues, specifically with the objective of gathering data on:
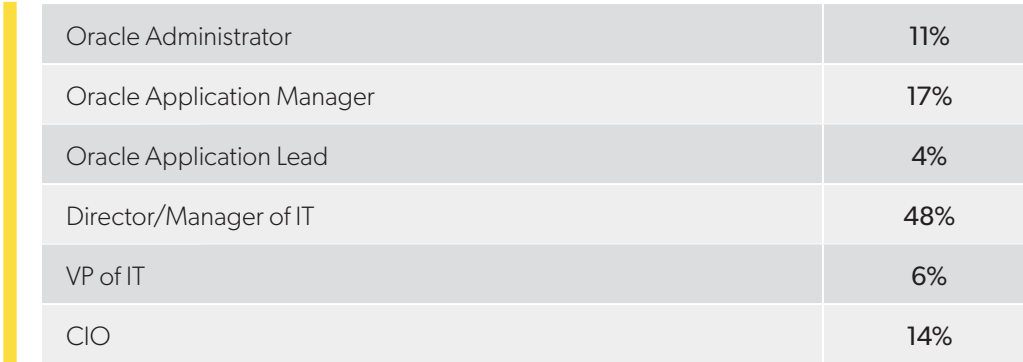
- Current satisfaction with customers' Oracle EBS software implementation, vendor support, and their future plans around the EBS platform

- For those customers no longer fully supported by Oracle (those running versions earlier than 12.1): what approaches do they use to get the support that their Oracle EBS applications demand, and what are their future plans and rationale around potentially upgrading to 12.2 and/or leveraging Application Management Services (AMS)

- For those customers soon to be no longer fully supported by Oracle in December 2021 (those running version 12.1): what approaches do they use to get the support that their Oracle EBS applications demand, and what are their future plans and rationale around potentially upgrading to 12.2 and/or leveraging Application Management Services (AMS)

- For those customers running the latest release (12.2): what are their levels of actual usage and value they are seeing from Oracle continuous updates, and what resources and approaches are they taking to keep pace with Oracle's roadmap

- What are the overall current and future plans of Oracle EBS customers around cloud computing, specifically including Infrastructure as a Service (IaaS) and Software as a Service (SaaS)

Methodology

Survey respondents comprised 200 professionals from a population of Oracle E-Business Suite customers across 18 different industries. Titles include CIO, VP, Director, and Manager of IT, as well as Oracle Application Leads, Managers, and Administrators.

Respondents were targeted globally including 100 from the United States, 50 from the United Kingdom, and 50 across Hong Kong, Singapore, Malaysia, and Australia. This survey was fielded in the U.S., UK, Hong Kong, Singapore, Malaysia, and Australia between March 17, 2020 and March 27, 2020.

Survey Respondents by Job Title

Oracle Administrator	11%
Oracle Application Manager	17%
Oracle Application Lead	4%
Director/Manager of IT	48%
VP of IT	6%
CIO	14%

Fig.3

Survey Respondents by Industry

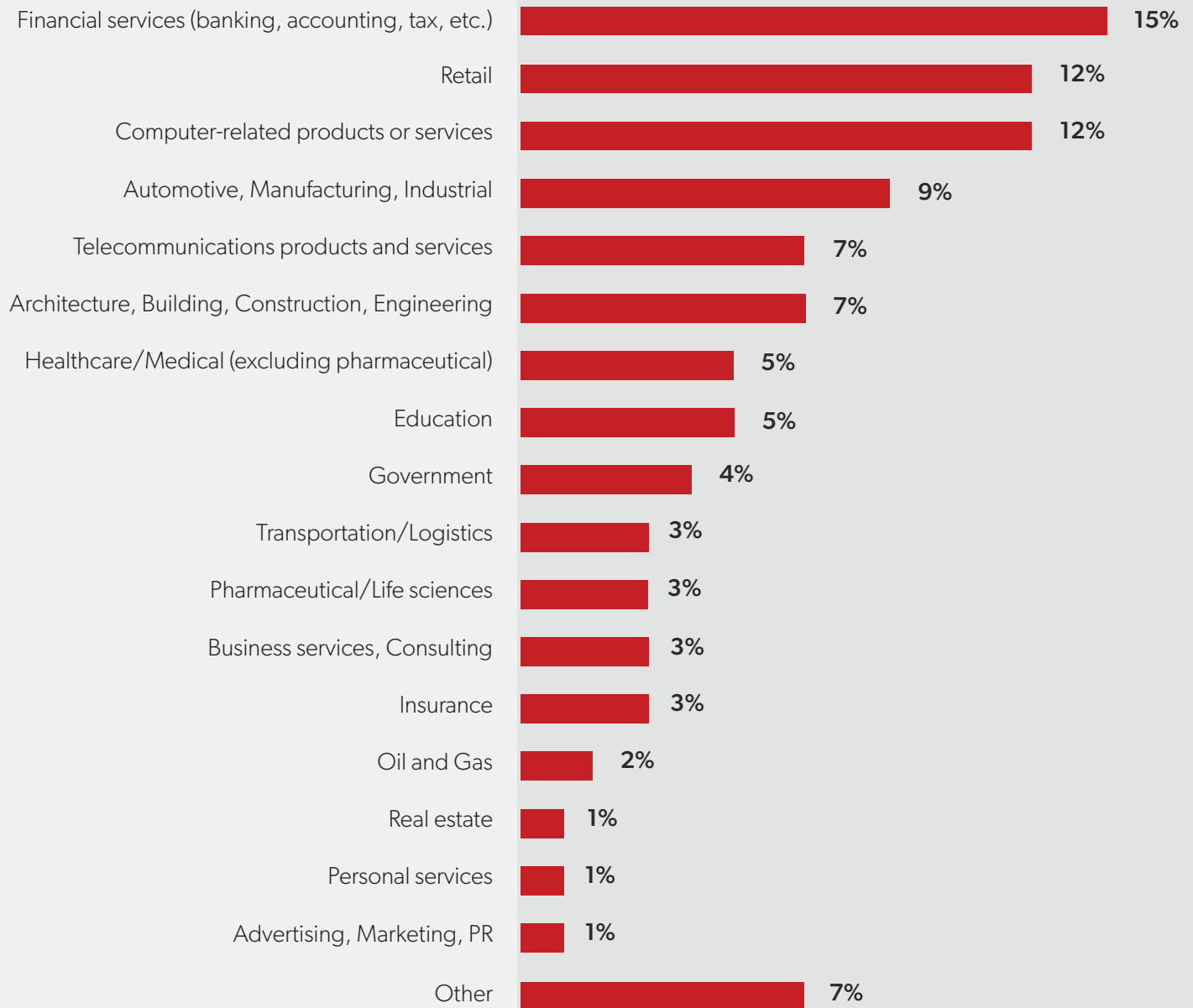| Industry	Percentage
Financial services (banking, accounting, tax, etc.)	15%
Retail	12%
Computer-related products or services	12%
Automotive, Manufacturing, Industrial	9%
Telecommunications products and services	7%
Architecture, Building, Construction, Engineering	7%
Healthcare/Medical (excluding pharmaceutical)	5%
Education	5%
Government	4%
Transportation/Logistics	3%
Pharmaceutical/Life sciences	3%
Business services, Consulting	3%
Insurance	3%
Oil and Gas	2%
Real estate	1%
Personal services	1%
Advertising, Marketing, PR	1%
Other	7%

Fig.4

Key Insights

Results from the Rimini Street survey reveal the following five major insights. These insights are covered in more detail in the survey analysis.

Insight 01 — While the vast majority **(97%)** state their current Oracle EBS releases meet their business needs, respondent Oracle EBS licensee IT organizations remain frustrated with ongoing vendor support costs **(55%)** and quality **(45%)**.

Insight 02 — Only **40%** of respondents running releases no longer fully supported (<12.1) have definitive plans to upgrade and **85%** of those who are planning to upgrade are doing so for maintenance reasons. **68%** are using AMS for some or all of their EBS ERP applications.

Insight 03 — Only **38%** of respondents running release 12.1 have definitive plans to upgrade, with **73%** planning to upgrade for maintenance reasons. Of those same respondents not planning to upgrade, **36%** are not sure how they will support their Oracle 12.1 EBS environments and **18%** plan to move to third-party support. **73%** are using AMS for some or all of their EBS ERP applications.

Insight 04 — The majority of respondents running the latest major release, 12.2, stay current with their updates and do so primarily for maintenance and security reasons, while fewer than half **(47%)** see strong new innovation delivered consistently.

Insight 05 — **87%** of respondent licensees are running, moving to, or evaluating cloud hosting platforms for Oracle EBS software and of those choosing some SaaS, **66%** are including non-Oracle, best-of-breed solutions.

Insight 01

While the vast majority **(97%)** state their current Oracle EBS releases meet their business needs, respondent Oracle EBS licensee IT organizations remain frustrated with ongoing vendor support costs **(55%)** and quality **(45%)**.

The majority of respondent Oracle EBS licensees are frustrated with Oracle support in several areas, including high annual fees, response and escalation challenges, and lack of customizations support. The majority of respondent EBS licensees are frustrated with the cost and quality of vendor support in several areas, regardless of what releases they run. Top frustrations cited include high annual maintenance fees, the significant amount of time it takes the vendor to respond to issues, and having to escalate priority tickets to get the right expertise to address service requests.

In addition, lack of customization support from the vendor also remains a challenge for respondent EBS licensees.

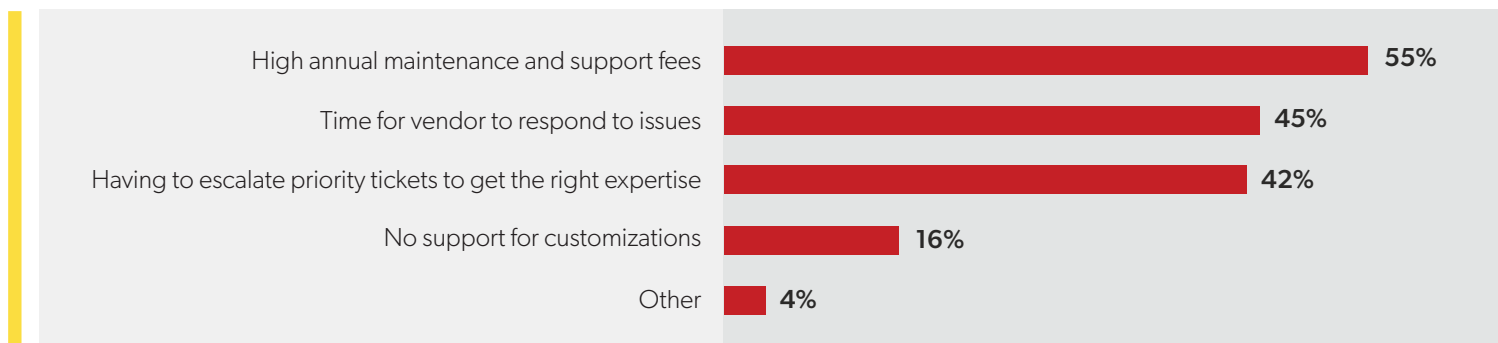### What are the biggest challenges with Oracle maintenance and support?

Challenge	Percentage
High annual maintenance and support fees	55%
Time for vendor to respond to issues	45%
Having to escalate priority tickets to get the right expertise	42%
No support for customizations	16%
Other	4%

Fig.5

Insight 02

Only **40%** of respondents running releases no longer fully supported (<12.1) have definitive plans to upgrade and **85%** of those who are planning to upgrade are doing so for maintenance reasons. **68%** are using AMS for some or all of their EBS ERP applications.

Of those survey respondents who still run Oracle EBS releases 12.0 and earlier, less than half (40%) have definitive plans to upgrade to the latest release.

Is your organization planning to migrate to Oracle EBS 12.2?

No plans at
this time
13%

Evaluating
upgarding to 12.2
47%

Yes
40%
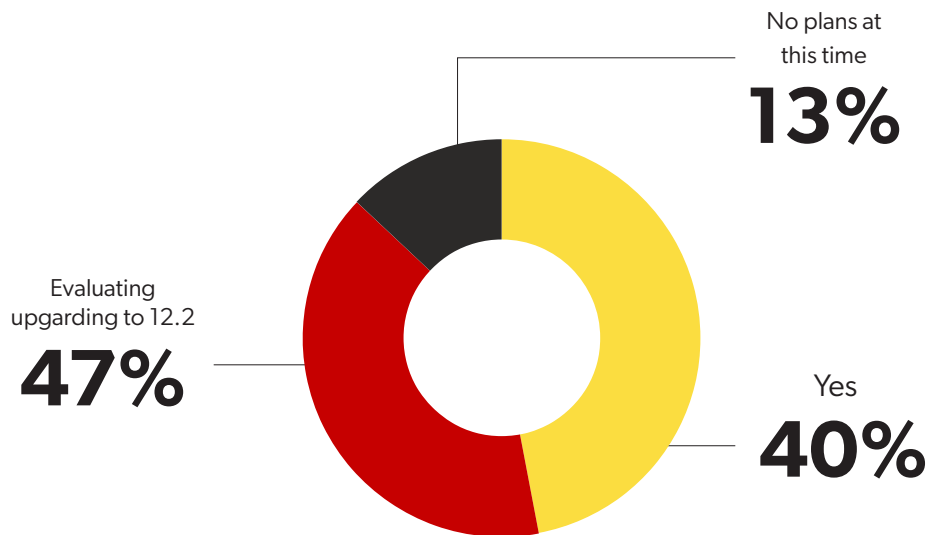
Fig 6

Of those same survey respondents, 85% listed the primary drivers to upgrade were maintenance and support related, including accessing functional or security-related fixes, or tax, legal, and regulatory updates. Only 15% listed access to new features or functional enhancements as the driver to upgrade to 12.2, despite the fact that this release has been out for several years.

What is the primary driver to upgrade to Oracle EBS 12.2?

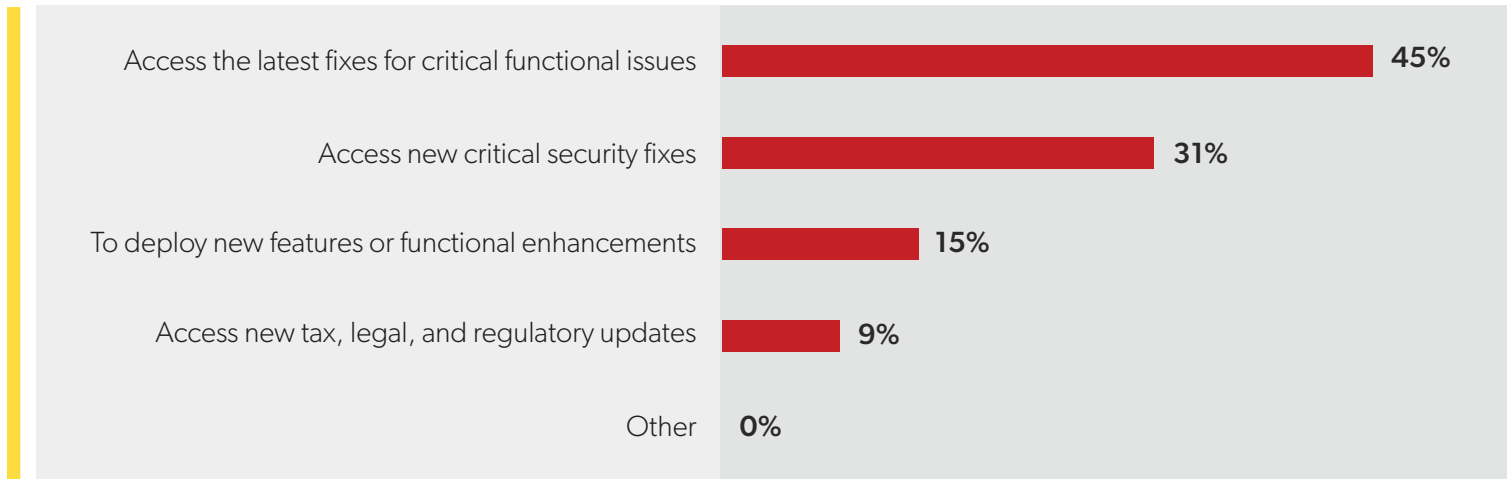|	
Access the latest fixes for critical functional issues	45%
Access new critical security fixes	31%
To deploy new features or functional enhancements	15%
Access new tax, legal, and regulatory updates	9%
Other	0%

Fig 7

A large amount (68%) of these Oracle EBS customers are now currently outsourcing all or some of their Oracle EBS ERP to an Application Management Services provider to handle ongoing daily operations.

AMS Vendor Customer Satisfaction is Declining

Gartner cites a 3.03/5.00 rating for "top" AMS companies, and notes that there is a downward trend of AMS vendor customer satisfaction.[4] IT teams may begin to question the actual value being derived from their current AMS services.

Are you currently outsourcing any part of your EBS ERP environment to a Tier 2 application management services (AMS) provider?
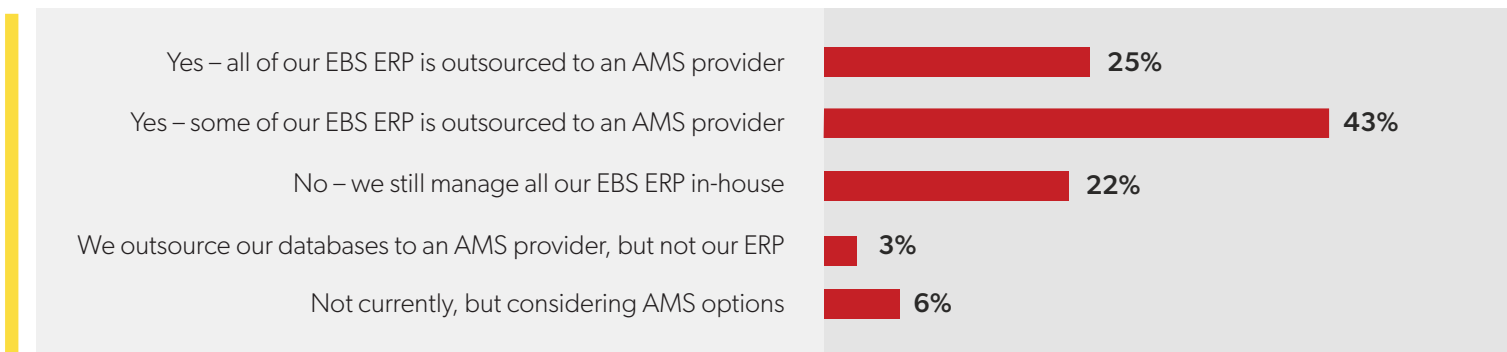
Yes – all of our EBS ERP is outsourced to an AMS provider	25%
Yes – some of our EBS ERP is outsourced to an AMS provider	43%
No – we still manage all our EBS ERP in-house	22%
We outsource our databases to an AMS provider, but not our ERP	3%
Not currently, but considering AMS options	6%

Fig.8

Oracle Investing Less in New EBS Enhancements

"It was obvious Oracle wasn't putting much real investment into its legacy products — Oracle clearly seems to be investing mostly in its cloud business models with little in the way of enhancements for our EBS system."[5]

*— Director of Corporate Systems,
   Atkins*

Insight 03

Only **38%** of respondents running release 12.1 have definitive plans to upgrade, with **73%** planning to upgrade for maintenance reasons. Of those same respondents not planning to upgrade, **36%** are not sure how they will support their Oracle 12.1 EBS environments and **18%** plan to move to third-party support. **73%** are using AMS for some or all of their EBS ERP applications.

Oracle E-Business Suite releases 12.1 will no longer be fully supported by December 2021 and will fall into sustaining support where customers will long longer receive new fixes; critical patch updates; security alerts; or tax, legal, and regulatory updates from the vendor.

Of those survey respondents who still run Oracle EBS releases 12.1 and earlier, only 38% have definite plans to upgrade to the latest release.

Are you planning to migrate to Oracle EBS 12.2?

No plans at
this time
18%

Evaluating
upgarding to 12.2
44%

Yes
38%
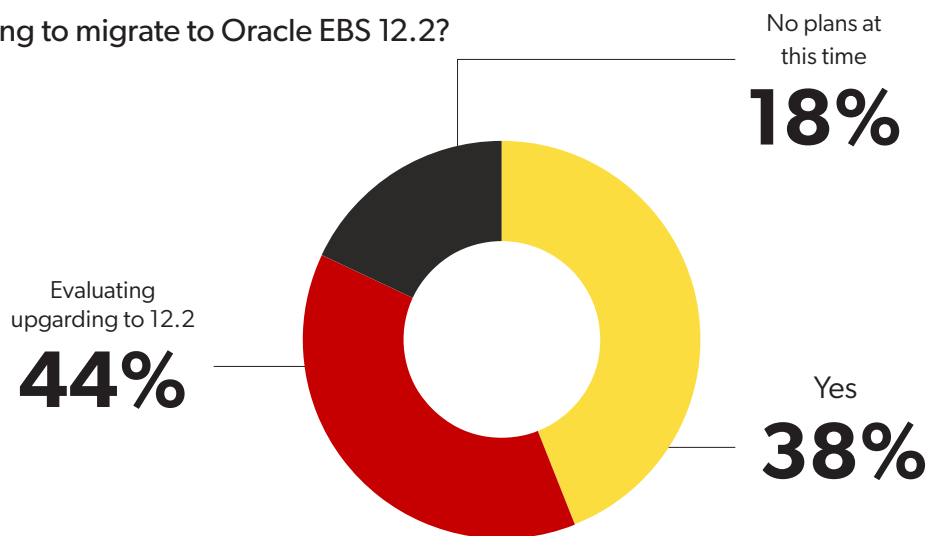
Fig 9

Of those same survey respondents, 73% listed the primary drivers to upgrade were maintenance and support related, including accessing functional or security-related fixes, or tax, legal, and regulatory updates. 27% of respondents listed access to new features or functional enhancements as the driver to upgrade to 12.2, despite the fact that this release has been out for several years.
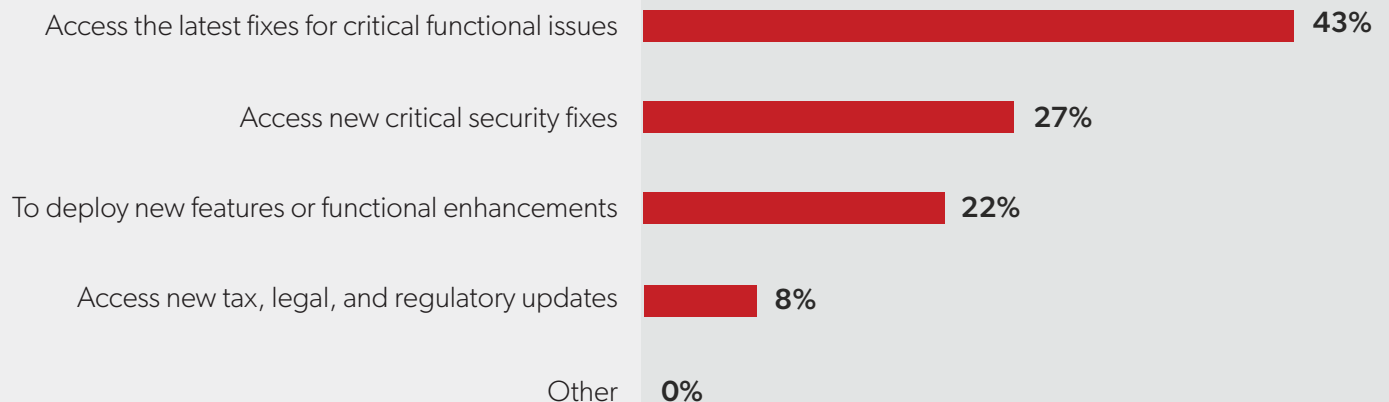
What is the primary driver to upgrade to 12.2?

Access the latest fixes for critical functional issues	**43%**
Access new critical security fixes	**27%**
To deploy new features or functional enhancements	**22%**
Access new tax, legal, and regulatory updates	**8%**
Other	**0%**

Fig.10

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For those survey respondents not planning to upgrade their EBS 12.1, 18% plan to move to third-party support. 46% of these respondents plan to self-support their EBS environments, consuming IT resources and costs, while 36% are not sure how they will handle support for their Oracle EBS 12.1 applications once this deadline occurs. "Self-support" can be often selected as a default choice until organizations begin to more closely assess the future plans of their Oracle EBS roadmap, but over time organizations may consider third-party support as well as AMS for Oracle EBS to shift budget and resources to new business priorities.

How do you plan to support EBS 12.1 when premier support ends in December 2021?

We plan to self-support our EBS environments	**46%**
We plan to move to third-party support	**18%**
We are not sure	**36%**

Fig.11

A large amount (73%) of Oracle EBS customers running version 12.1 are now currently outsourcing all or some of their Oracle EBS ERP to an Application Management Services provider to handle ongoing daily operations.

Are you currently outsourcing any part of your Oracle EBS ERP environment to a Tier 2 application management services (AMS) provider?

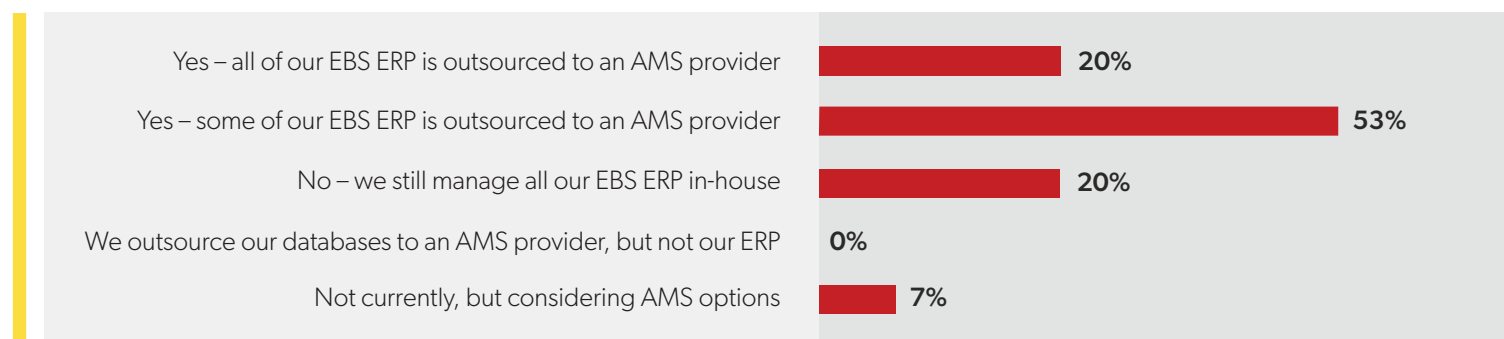|	
Yes – all of our EBS ERP is outsourced to an AMS provider	**20%**
Yes – some of our EBS ERP is outsourced to an AMS provider	**53%**
No – we still manage all our EBS ERP in-house	**20%**
We outsource our databases to an AMS provider, but not our ERP	**0%**
Not currently, but considering AMS options	**7%**

Fig.12

Insight 04

The majority of respondent Oracle E-Business Suite 12.2 customers stay current with their updates primarily for maintenance and security reasons, while fewer than half (**47%**) see strong new innovation delivered consistently.

For those Oracle E-Business Suite customers running version 12.2, they are now receiving updates from the vendor each year in the form of Release Update Packs, which are required to maintain access to full support. However, given the frequency of the updates and the associated regression testing and validation required, the survey aimed at better understanding how often and why customers apply 12.2 updates, and what level of resources are involved.

67% of respondents stated they stay current applying every update, indicating a need for ongoing resources and processes to support the update cycle.

How often are you applying Release Update Packs?

We stay current (apply every RUP every year)	67%
Apply one RUP every other year	22%
Apply one RUP every 2 years	10%
We don't apply any RUPs	1%
Other	0%
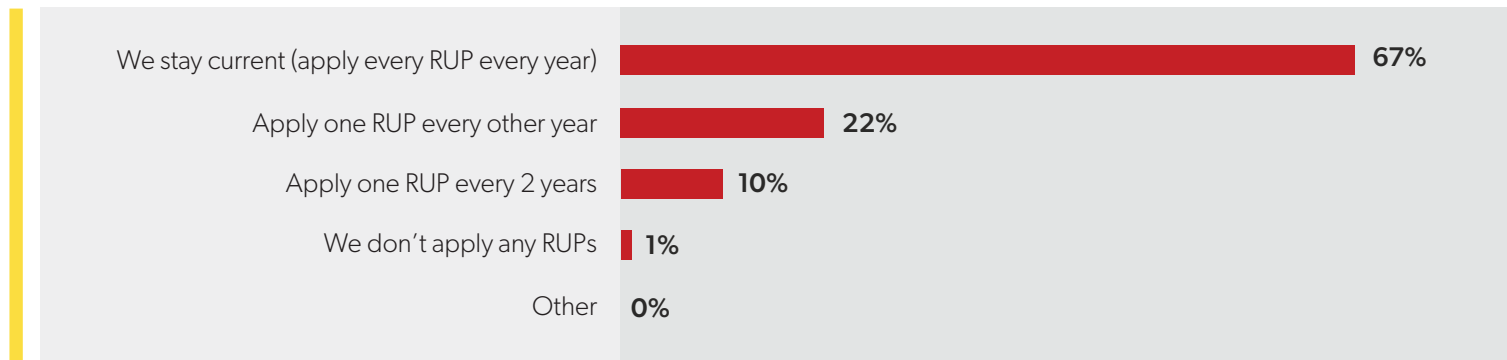
Fig.13

Applying security and functional fixes are among the top reasons listed for applying 12.2 updates, as well as minimizing the difficulty in applying a future fix. Less than 40% of respondents indicated new features or functional enhancements as the reason why they apply Release Update Packs. Similarly, 47% of respondents surveyed stated they leverage strong new innovation on a consistent basis.

Why are you applying Release Update Packs?

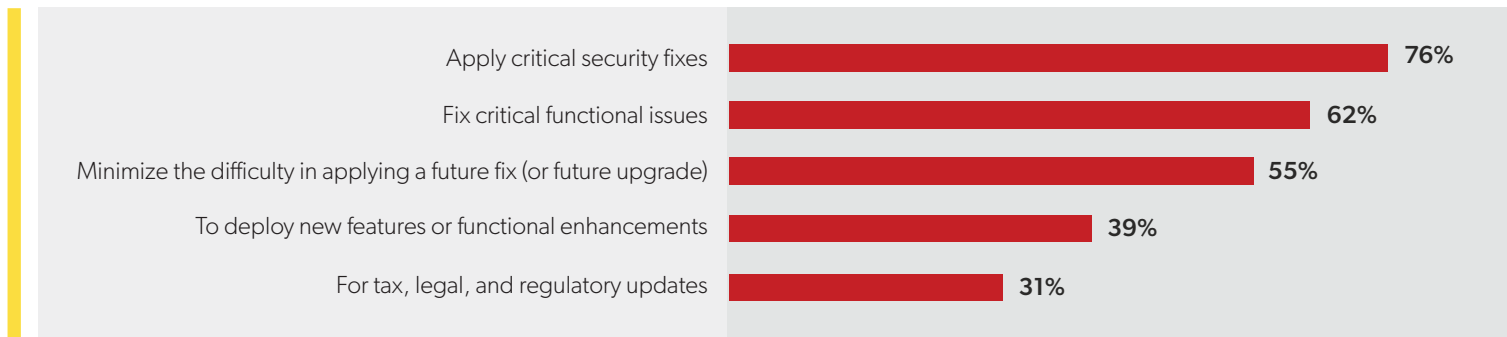|	
Apply critical security fixes	76%
Fix critical functional issues	62%
Minimize the difficulty in applying a future fix (or future upgrade)	55%
To deploy new features or functional enhancements	39%
For tax, legal, and regulatory updates	31%

Fig.14

While the majority of 12.2 customer respondents state they apply updates consistently, less than half state they are leveraging strong new innovation from those features.

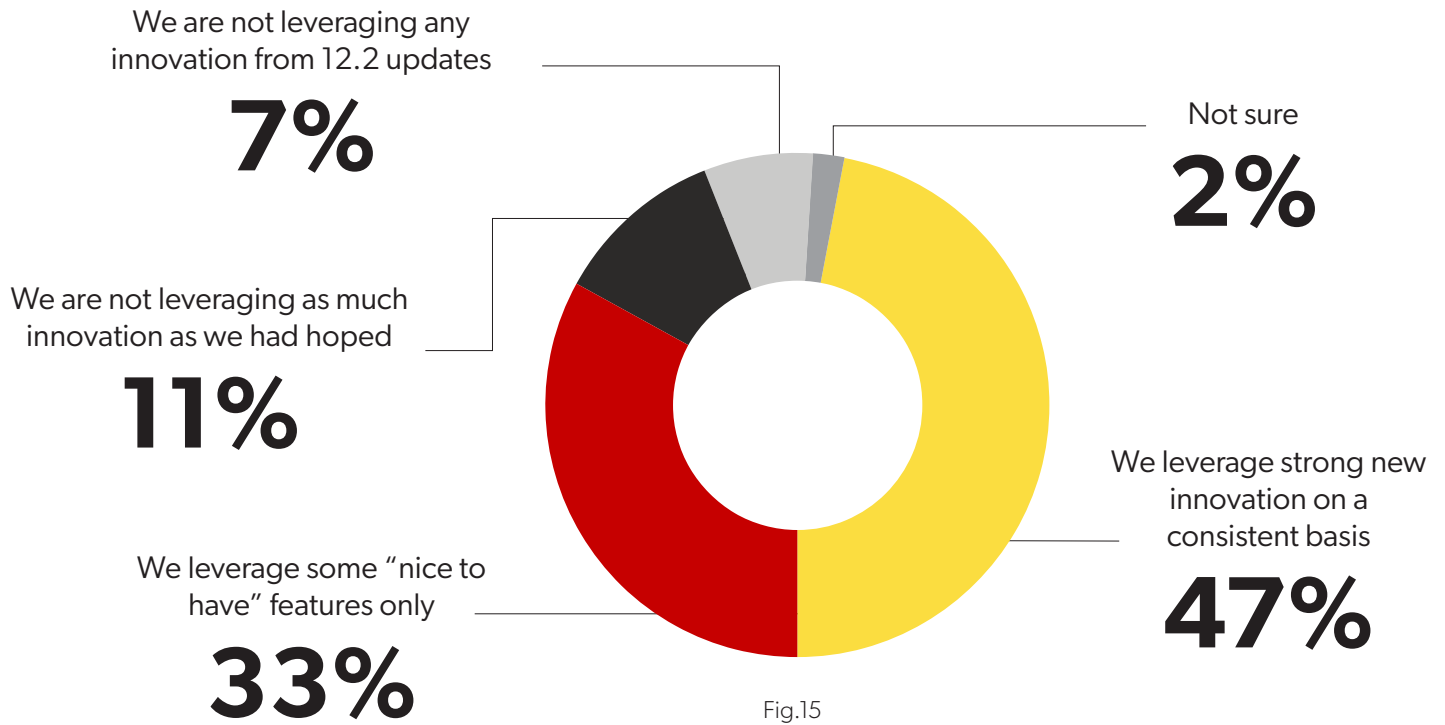How much meaningful innovation are you leveraging from Oracle EBS 12.2 updates?

We are not leveraging any
innovation from 12.2 updates

7%

Not sure

2%

We are not leveraging as much
innovation as we had hoped

11%

We leverage strong new
innovation on a
consistent basis

47%

We leverage some "nice to
have" features only

33%

Fig.15

Insight 05

87% of respondent licensees are running, moving to, or evaluating cloud hosting platforms for Oracle EBS software and of those choosing some SaaS, **66%** are including non-Oracle, best-of-breed solutions.

Cloud computing adoption for Oracle ERP continues to gain traction, with 87% of respondents surveyed already running, actively moving or evaluating some or all of their Oracle EBS ERP on Cloud hosting platforms, also known as Infrastructure as a Service (IaaS).

Are you planning to migrate some or all of your Oracle ERP to cloud IaaS?

Currently evaluating IaaS	30%
Actively moving Oracle ERP to IaaS	27%
Already run some or all of our Oracle ERP on cloud IaaS	30%
No current plans to move Oracle ERP to cloud IaaS	11%
Unsure	3%
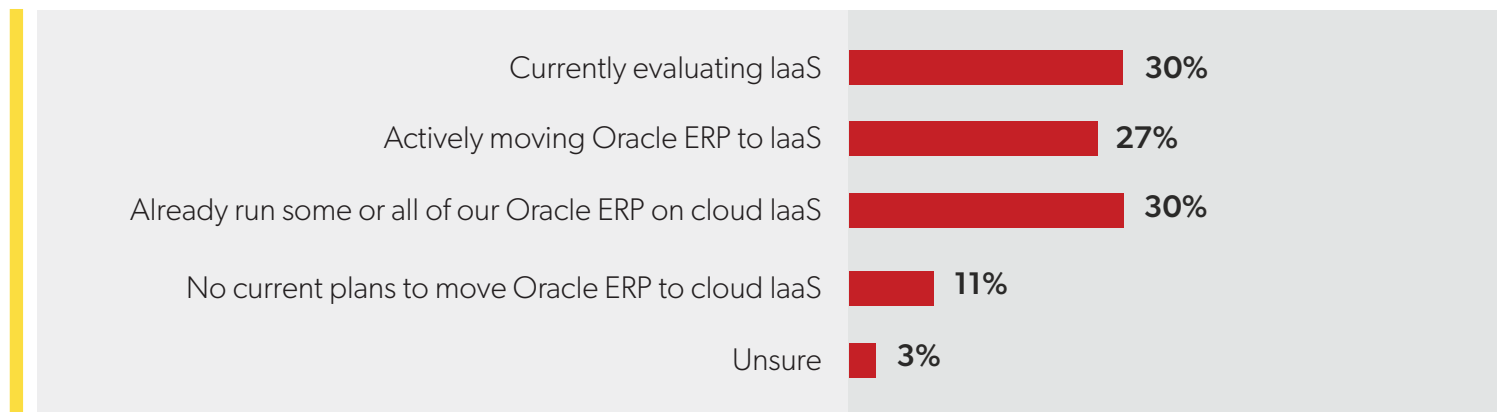
Fig.16

Migrating their EBS system to a cloud environment can eliminate the need for significant capital investments in data center server refreshes, reduce operating costs and provide better user performance. In fact, 30% of respondents indicate that they have already migrated their Oracle EBS system to a cloud hosting provider. Lifting and shifting existing EBS software to a cloud environment provides the cloud-related benefits noted above, while allowing the respondents to extend the lifespan of their proven, current software releases for many additional years without having to address aging hardware infrastructure challenges.

Are you planning to replace any or all of your current Oracle ERP with cloud SaaS applications?

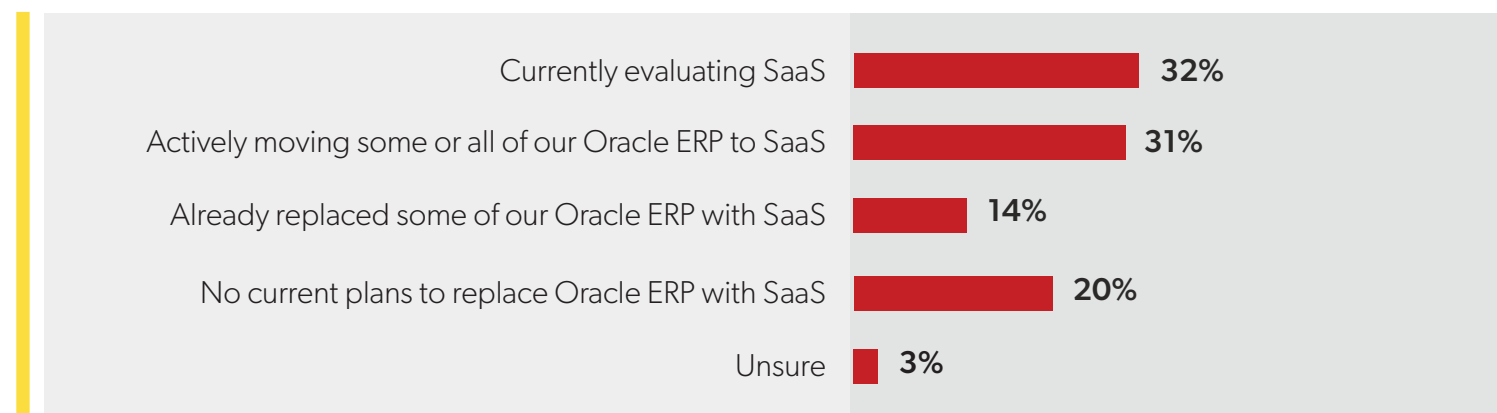|	
Currently evaluating SaaS	32%
Actively moving some or all of our Oracle ERP to SaaS	31%
Already replaced some of our Oracle ERP with SaaS	14%
No current plans to replace Oracle ERP with SaaS	20%
Unsure	3%

Fig.17

However, of those respondents evaluating, actively moving, or already having replaced some of their Oracle ERP with SaaS, nearly 70% are choosing non-Oracle SaaS as well as Oracle SaaS, indicating a preference for a best-of-breed approach rather than a single-vendor approach.

What are your organization's plans with respect to replacing Oracle ERP with SaaS?

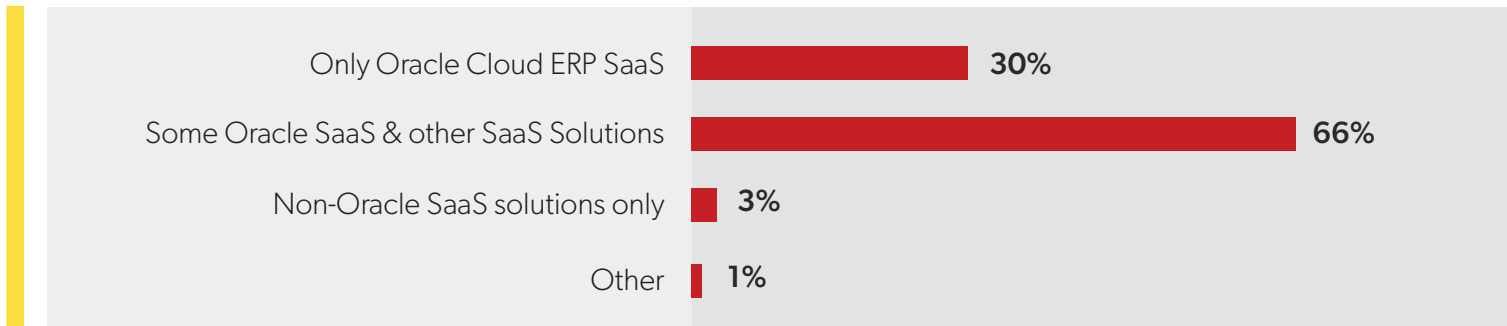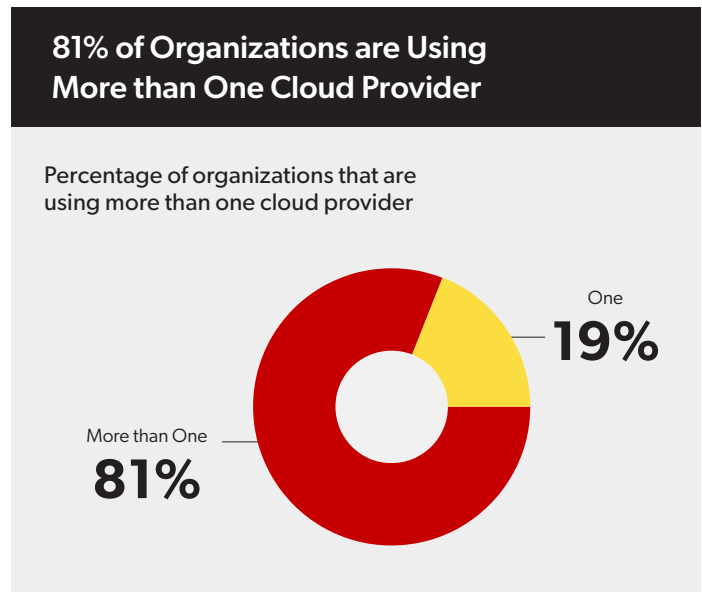|	
Only Oracle Cloud ERP SaaS	30%
Some Oracle SaaS & other SaaS Solutions	66%
Non-Oracle SaaS solutions only	3%
Other	1%

Fig.18

Overall, the trend for Oracle EBS ERP and cloud computing shows twice as many respondents have already opted to "lift and shift" their existing EBS applications to IaaS cloud (30%) as opposed to "rip and replace" their Oracle EBS ERP with SaaS (14%).

These findings around EBS and cloud suggest that Oracle E-Business Suite customers continue to seek ways to extend the useful life of their existing implementation using IaaS cloud versus replacing their ERP with SaaS, where multiple solutions from multiple vendors would likely be required to meet their business needs.

81% of Organizations are Using More than One Cloud Provider

Percentage of organizations that are using more than one cloud provider

One
19%

More than One
81%

According to a 2020 Gartner survey,[7] on average, respondents report working with 2-3 public cloud providers and 2 types of cloud.

Five Recommendations for the Future of Your Oracle EBS Roadmap

01

Know the value for your current annual maintenance spend

If your Oracle EBS release is currently or soon will be no longer fully supported by the software vendor, assess the value for your annual maintenance and support fees. You may find you're continuing to spend more while getting less ongoing support.

02

Use third-party support for financial strength and control

Regardless of your Oracle EBS release, leveraging third-party support can save up to 90% on maintenance and support costs while giving you control of when and if you decide to upgrade, apply updates or move to the cloud of your choice.

03

Make sure your IT roadmap helps your business first, not the vendor's

When evaluating what the software vendor plans to deliver next for your Oracle EBS roadmap, carefully assess if these updates will help reduce costs, or increase revenue and competitive advantage in any meaningful way — versus just keeping you nominally supported and paying maintenance fees.

04

Leverage AMS to further streamline and focus IT

Application Management Services (AMS) for Oracle EBS, when combined with third-party support, can be a powerful change agent to free IT from ongoing day-to-day ERP operations. This allows IT to shift even more focus to pressing strategic priorities with the greatest business impact.

05

Start ERP in the cloud by hosting on IaaS for the greatest immediate value and lowest risk

When considering moving Oracle EBS to the cloud, know that your ERP vendor does not have to be your cloud vendor. You have choices. Consider "lifting and shifting" Oracle EBS ERP to IaaS cloud for tangible and immediate cost savings and efficiency, while still preserving the ability to use SaaS in the future when there is meaningful business value.

References

[1] Gartner: "IT Key Metrics Data 2019: Executive Summary" 2018.

[2] https://www.oracle.com/us/assets/lifetime-support-applications-069216.pdf;
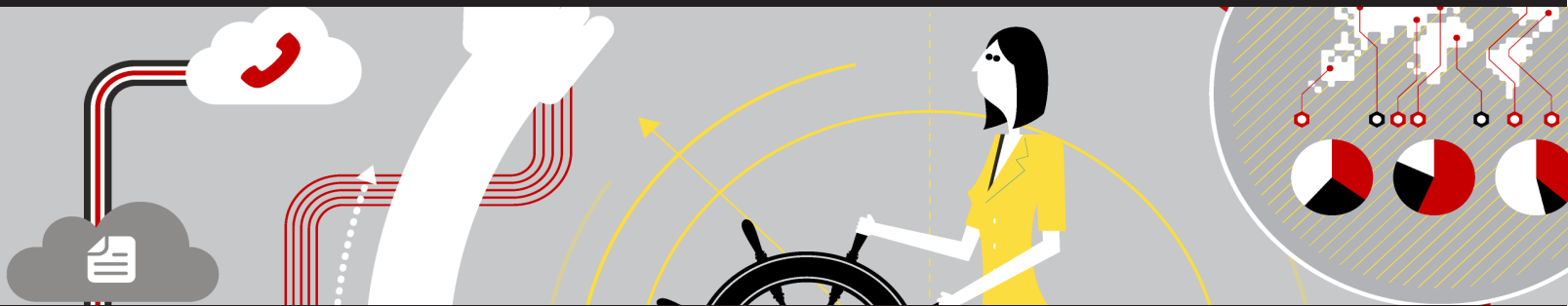http://www.oracle.com/us/support/library/057419.pdf

[3] Gartner Predicts 2020: Negotiate Software and Cloud Contracts to Manage Marketplace Growth and
Reduce Legacy Costs, published 18 December 2019 - ID G00463732

[4] Tech Mahindra "Critical Capabilities for Oracle Application Services, Worldwide." February 28, 2018.
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[5] https://www.riministreet.com/clients/atkins/

[6] https://www.riministreet.com/clients/lifeway-christian-resources/

[7] Gartner: "IT Leaders' Strategy Deck: Multicloud and Hybrid Cloud" January 15, 2020.

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