

**Rimini Street**<sup>®</sup>

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Engineered for Support<sup>™</sup>

# 10 TELLTALE SIGNS

That It's Time to Change  
Your Oracle Application Strategy

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# INTRODUCTION

The advent of enterprise application software in the 1990s represented a phenomenal breakthrough for business. Companies around the world capitalized on Oracle® and other enterprise software apps to run smarter, faster and more profitably.



Today, Oracle applications are at the heart of many Fortune 500 and Global 2000 companies, including yours.

1980

1990

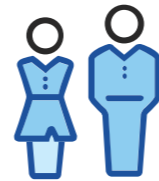
2000

2010

In the beginning, Oracle delivered great software and valuable support that help you troubleshoot issues and optimize your systems. But over time, that model changed. Software improvements have all but disappeared.



TIME



RESOURCES



MONEY

MANDATORY EVOLUTION

This is the era of business transformation. Your IT team is expected to deliver innovation that disrupts the status quo within your industry and build a competitive advantage for your business. Yet Oracle seems to be delivering less value to you than ever before.



89% of the average IT budget is dedicated to keeping the lights on, leaving only 11% for innovative projects\*

# one

Basic support fees are eating up your budget

“We were facing an extremely challenging fiscal period and we knew that our current support model was not sustainable.”

ROCHESTER CITY SCHOOL DISTRICT

When was the last time you conducted a cost-benefit analysis of your Oracle application support contract?

In the early days of Oracle enterprise applications, annual support was typically 15% of the original license cost. Today, support costs have risen to a standard 22% — a whopping 47% increase over the years. If your release is in Oracle Extended Support you may be paying even more!

And it’s not because Oracle has been investing in making support more responsive to customers’ needs. It’s because the company nets a 91% profit margin on support revenue\*, accounting for roughly half their revenue streams, making investors very happy.

Oracle achieves **91%** profit margins on support fees\*

**47%** increase in support costs over time\*

While support costs have continued to rise, the level of customer service you receive has likely steadily declined. When you contact Oracle support about a problem, a junior-level tech might advise you to upgrade or implement a service pack that combines hundreds of other fixes.

Before you know it, one small problem has morphed into a big project with regression testing and downtime that costs a lot of money, time and resources. When you get back in touch with support, you're unlikely to get access to experienced engineers unless you navigate a maze of escalations.

Think about it: How long did you spend on the phone and how quickly was your issue resolved (if at all) the last time you called Oracle's support line?

"If we weren't on the right vendor support pack and were running an unsupported browser, the vendor would push the issue back to us and tell us we needed to upgrade."

**DEAN FOODS**

# two

## You're stuck in an outdated support model



# three

New features and functionality are a thing of the past

Only **40%** of Oracle customers surveyed anticipated better functionality if they upgraded\*

Oracle applications have matured over several decades now and most of the obvious enhancements that customers have clamored for have already been made. You now see only incremental improvements in functionality. Though they do offer value, they hardly represent fair return on the high price of your support contract.

Most Oracle enterprise application implementations are robust and stable. Without compelling new functionality in the pipeline, many organizations prefer to continue running the current system.

“Oracle clearly seems to be investing mostly in its cloud business models with little in the way of enhancements for our EBS system.”

**ATKINS**

# four

You dread costly upgrades and feel forced into them

73% of Oracle licensees surveyed cite end of support as the most compelling reason to upgrade\*

Application upgrades used to represent valuable new functionality. Now, instead of looking forward to new features, you dread Oracle's expensive and disruptive upgrade treadmill. Your team is unnerved by being forced to upgrade or patch a system that has been performing very well — just to stay supported.

The cost of an upgrade can easily exceed \$1 million. And surveys show more than 56% of Oracle ERP upgrades take nine months or more.\* Upgrades also pose significant risks and disrupt your business. Licensees are concerned about testing, staff limitations, maintaining customizations and the possibility of downtime.

Your team is left to wonder: Does an upgrade really benefit our business and IT interests?

“The company didn't have the appetite, either financially or from a resource standpoint, to go through an unnecessary upgrade process.”

BIOTECHNOLOGY COMPANY



You've implemented vital customizations that streamline business processes, help achieve SLA targets and ensure compliance. The original vanilla code in your enterprise application platform might be unrecognizable.

But when a conflict arises between a customization and, say, an Oracle patch kit, your IT team is left to clean up the mess. Oracle won't support your custom code. "You broke it, you fix it," is effectively the response.

So, on top of your hefty support contract, you're also paying internal personnel or consultants to maintain those critical customizations, both with strategic initiatives to optimize custom code and tactical fire drills when something breaks.

"ERP vendors don't generally support any existing customizations. We have a lot of custom code and we needed to find a provider that could understand our legacy systems and support our customizations going forward."

**GLOBAL MANUFACTURER**

# five

You're footing the bill for customization support

Surveys show:

90% of ERP systems are customized\*

85% of Priority 1 issues are custom-code related\*

65% of all issues are custom-code related\*

# six

## You've accepted your time-consuming, self-support model

Are you spending time filling a support gap so that you can meet your SLAs? Consider the hours your team spends trying to troubleshoot or fix problems before they even contact Oracle support.

We call that call avoidance and it increases your costs and drains your resources. It is the natural reaction to a broken enterprise application support model that is no longer relevant.

In fact, the cost of these self-support activities is often equal to half the cost of your annual support fee. And don't forget the extra time spent sorting through tax, legal and regulatory updates to identify those that pertain to your system. Even worse, if your software version is no longer supported, you're paying more every year to get that tax bundle.

"Before, we would try to figure out issues on our own because it was just easier that way. If we couldn't solve them, we would then recreate and test the issue in a separate database to prove the problem wasn't related to custom code before taking it to our previous vendor."

GUEST SERVICES



# seven

There's not enough  
time or money to  
innovate quickly

82% of CIOs surveyed  
are taking a hybrid IT  
approach to transformation\*



Your IT team is eager to tackle innovative projects and transform into a digital-first business with the agility necessary to compete in today's fast-changing world. But innovation costs money. And chances are that most of your IT budget is spent keeping the lights on.

With limited resources, innovation can still happen, but it just doesn't happen as swiftly as the business wants it to. Meanwhile, more nimble competitors are taking advantage of cloud, mobile, social, big data and the Internet of Things. They're progressing toward hybrid IT environments that combine legacy systems of record with cloud solutions of engagement.

"Every CIO's challenge is doing more with less. During the move to a more centralized organization, our team was asked to deliver more services, more quickly, at a lower price point."

**PUBLIC HEALTH ORGANIZATION**

“Shadow IT is rampant. Only recently have CIOs begun to realize the full extent of the cloud sprawl across their organizations and the pitfalls for their business.”

CISCO SYSTEMS

If your IT department isn't keeping up with growing business demands, lines of business have likely been deploying solutions independently. The result is shadow IT, usually cloud-based services that proliferate without your IT team's involvement or oversight as business units seek greater flexibility and competitive differentiation.

Shadow IT introduces risks to data security, regulatory compliance, business continuity and SLA performance. It also represents an additional IT budget line item when a critical security fix or interoperability troubleshooting is needed.

# eight

Shadow IT has become a regular, unwelcome distraction

112% growth in shadow IT systems in 2015\*

1,220 shadow IT cloud apps running within the typical enterprise\*

# nine

Oracle's cloud roadmap is years from maturity

"We didn't see enough benefits in PeopleSoft 9.2 to justify taking the time and expense to upgrade. And Oracle's cloud timeline is so vague that we won't be looking at that seriously for at least a couple of years."

KYOCERA SGS PRECISION TOOLS

Oracle promises that their enterprise application software functionality will be available in the cloud someday. But when can you really plan for this scenario?

Based on expert analysis, it seems to be at least five to 10 years down the road — if it happens at all. This strategy has been surrounded by confusion and doubt for years. Gradual rollouts of cloud versions of Oracle Fusion have triggered lukewarm interest from customers. Acquisitions of cloud vendors, such as Oracle's buy of NetSuite, have introduced more questions about its roadmap.

So you haven't seen clear business value and you need full control over how innovation unfolds in your enterprise. Don't spend the next 5+ years waiting. It's time for change.

60% of Oracle licensees surveyed see no strong business case to migrate to Oracle cloud applications\*

90% of EBS survey respondents are not considering Oracle Cloud ERP as their primary business system\*

# ten **There is a better way.**

## Let's recap.

**1** Basic support fees are eating up your budget

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**2** You're stuck in an outdated support model

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**3** New features and functionality are a thing of the past

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**4** You dread costly upgrades and feel forced into them

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**5** You're footing the bill for customization support

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**6** You've accepted your time-consuming, self-support model

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**7** There's not enough time or money to innovate quickly

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**8** Shadow IT has become a regular, unwelcome distraction

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**9** Oracle's cloud roadmap is years from maturity

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# conclusion

## Adopt a strategy of innovation agility and create opportunities for your organization today.

Instead of continuing to make massive investments in an enterprise application system that already works, liberate your resources — your people, your money, your time — and invest in initiatives that drive business growth.

- Develop a hybrid IT environment
- Take advantage of big data capabilities
- Implement mobile or social solutions

Freeing your resources allows you to innovate throughout your organization by empowering your business units and better engaging with your employees, partners and customers. That's the power of innovation agility.

### You Could Be Achieving:

**75%**

Average client savings compared to total annual Oracle support costs\*

**<5 minutes**

Average response time from a senior engineer 24/7/365 anywhere in the world for critical issues

**4.8/5.0**

Average client satisfaction score\*

**100%**

support for customizations

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