



Oracle ULA BLC Success Story

Background/Introduction

The client is a large health care technology services company. Oracle is one of their largest recurring expenses. Many mission critical applications depend on Oracle Enterprise 11g databases. In addition, Oracle E-Business Suite and Siebel CRM are essential to operations. Oracle sales representatives have proposed the purchase of an Unlimited License Agreement (ULA).

The Challenge

Over the years, the client accumulated a large portfolio of Oracle products spread over numerous contracts resulting in confusing and escalating cost. Substantial company growth, both organically and through acquisitions, made apparent the need to understand the cost effectiveness of their Oracle deployment strategy.

Changing business needs reduced the dependency on some Oracle products while usage of other software and Oracle products increased. As the product usage mix changed it was imperative to reevaluate the current licensing and maintenance. To complicate the evaluation, Oracle changed licensing models and support offerings for current and newly acquired products.

One example is a JCAPS subscription from Sun, now owned by Oracle. The client was informed by Oracle about a six-fold increase in the support fee for JCAPS. The only alternative offered by Oracle was to adopt the SOA Suite, which required a significant capital investment and complex application re-engineering.

The client approached Oracle Sales and Support organizations about reconfiguring product mix to match changing business needs. Oracle's policy is to 're-price' as products are dropped from a CSI, typically resulting in no change to the total cost.

An external vendor specializing in Oracle licensing was hired. Unfortunately, they were unable to assist beyond basic footprint reporting, so the client's challenges remained unresolved.

The client was committed to Oracle solutions and had the renewal notice in hand.



BLC Oracle Engagement

BLC was asked to assist with:

- Reduction of ongoing maintenance and support costs
- Negotiation of a cost-effective Oracle agreement
- Evaluate the viability of a ULA purchase

BLC Actions

- Key executive stakeholders and knowledge leaders were engaged to learn about the usage and footprint of each Oracle product
- Active and historical Oracle agreements and related purchasing documentation were collected and analyzed
- Detailed product usage, server footprints, and virtualization strategy were documented
- Reporting was run to understand database sizes and growth projections
- SOA adoption was reviewed along with forecasted usage from approved future projects
- Environment changes including the relocation of the data center were evaluated
- Competing and Open Source software options were examined

Because Oracle licensing terms are complex, extra care was given to collecting server details such as processor type, number of cores, core factors, Named User vs. Processor licenses, etc. Our team researched all available licensing options and provided usage analysis to support our findings.

BLC research was combined with benchmark data and industry knowledge to determine opportunities. The options were financially modeled and presented to the client for consideration.



BLC Observations and Recommendations

JCAPS:

Several applications are currently using JCAPS commercial integration software solution and would require a significant investment of capital and operating spend to migrate to an alternative product. The JCAPS product was originally created by SeeBeyond and then was later purchased by Sun. The client signed the software license agreement with Sun. Oracle terminated this license soon after they acquired Sun.

Oracle suggested there was historical non-compliance of Sun's JCAPS legacy license terms because usage continued without a valid Oracle license agreement. Oracle proposed the following options:

- 3-year ULA for a number of Oracle products including JCAPS for \$6.7M
- New term or perpetual license at 6 times the Sun pricing

BLC determined the following:

- Oracle invoiced and accepted payment for JCAPS software maintenance, which should establish license compliance up to the current term
- The SOA suite was promoted as the migration path for JCAPS, Oracle did not want to lose the JCAPS business to another technology vendor or an open source option
- As the client adopted many Oracle products, Oracle would not jeopardize their footprint over the JCAPS product

As a result, BLC advised the client to evaluate and select a replacement technology for JCAPS while working to minimize the footprint. Options included:

- Decommission non-essential applications
- Migrate to open source options
- Leverage existing investment in IBM solutions

Because the migration from JCAPS was expected to take 2 years BLC recommended negotiating a 2-year extension of JCAPS's maintenance, while piloting the Oracle SOA suite – showing good faith and allowing time to negotiate a more advantageous agreement.



Maintenance Renewal:

The client paid for active maintenance that covered many Oracle products, including their flagship database. BLC researched purchase history and renewal documentation from multiple sources and discovered over 50 separate CSIs accumulated over the years due to mergers and acquisitions.

BLC analyzed usage and growth patterns for Oracle Database, EBS, and Siebel in order to develop a strategy for reducing maintenance cost. The recommendation included decommissioning shelf ware and underutilized products so the renewal could be renegotiated without these products.

ULA:

BLC completed a detailed analysis of database usage and growth forecasts to explore the value of a ULA. A cost-benefit analysis along with pros and cons for a “pay-as-you-go plan” vs. a ULA were presented to management. The ULA proposal, already provided by Oracle, was critically evaluated to determine the strongest negotiating position and strategy.

Results

- **Sun JCAPS Renewal:** A 2-year extension for the Sun ESB product was negotiated at current rates. This eliminated a multi-million-dollar annual increase. The extension also created a timeline to mature the SOA strategy and determine the best path forward – with or without the Oracle products.
- **Maintenance Renewal:** Armed with a full understanding of the client’s situation and after an extensive negotiation process, Oracle agreed to reduce maintenance spend by more than 15% on a multi-million-dollar recurring purchase, resulting in an annualized savings of over \$365K.
- **ULA Purchase:** The ULA agreement was negotiated to allow the client to lock-in their software license spend and maintenance dollars at a pre-determined level. This enabled database server growth without limits and resulted in a significant reduction in CapEx investment for planned projects.