

# **Sourcing Strategy: Oracle ULA**

## Sourcing Strategy: Oracle ULA. Does it always helps ?

*Let start from the very beginning.....*

*It is known that an Unlimited License Agreement (ULA) with Oracle may provide both parties also not only You but as well Oracle a wide range of advantages, but not only. There are lot of disadvantages too, negatively affecting your invest. Since I may be right saying that Oracle will show You just the “sun site” of the deal, critical thinking and inspection is the key to success!*

*I want to address here your attention: Sourcing Management in collaboration with Global IT must work very closely in order tomorrow not to suffer any “contract defect”. There is a split of competencies which cannot be fulfilled by the same person...It may sounds like a stupid note however very often I’ve realized that Procurement and also Contract Management is not involved or even if definitely too late.*

**Don’t do that big mistake!** *This is the most favorable scenario for Oracle.*

The approach I describe you within the next slides is not only theory. It correspond to the Strategy I successfully trailed while the evaluation and finalization an Oracle ULA during a previous engagement.

**What are the reasons for signing an ULA:**

- *License compliance thus no risk of audit*
- *Price guarantee over a fix term including a pool of product portfolio (if been negotiated before signature)*
- *No additional payment at the end of term (capex)*
- *Unlimited deploy rights during the term*
- *IT Standardization*

**All the above sound good, is not? Obviously but ....wait:**

- *Oracle is quite expensive and their technology is anymore a “niche”*
- *You should exact know what do You need (mid/long term) thus an exactly planning is not only strong recommended but more than this, it is mandatory and, You should be in focus of future projects as well and put them into the analyze. Remember: an ULA make sense with a minimum of two years, best three years long. You should not be in the situation to address Oracle any bigger order more while the duration of the ULA*
- *If You sign the ULA and decide tomorrow not to prolong the contract keep attention at contract’s clauses. There are several sections where You may come to a “not desired scenario”*
- *You are not allowed to terminate the contract*
- *If You do not solve your “homework” prior to sing an ULA it is quite sure that you overpaid the product and license in use*

**Let goes into the tactic I recommend You.....**

*Determine and build and **a competent team** strong focused on this topic. Not only the evaluation as initial steps but to the contract closure, this require time. Don't make the mistake to do that under time pressure! If you do not have the internal capacity do not shy for the cost to engage an Interim professional. If they do a good job for You the invest is a clever decision.*

***Assess** the IT Strategy, investigate for any "hide" projects with the Countries, proof what by when may become really consolidated. **Interview** IT Manager, Stakeholders, Architects, IT Operation ect.....Set priorities also determine who just want to discuss about and who are the real decision maker however never send the "wrong" feeling. Be carefully here!*

*Determine your current and **mid to long term** business requirements. Review and determine your Virtualization Strategy as Oracle does not accept all of them. Set realistic time frames!*

*Start early negotiating.*

## Sourcing and decision approach:

1. *What do we have today ?*
2. *What is the expected growth?*
3. *What do we need more, where by when?*
4. *What is the budget?*
5. *What the alternative?*

- *Proof product(s) and cost in regard to:*

- *ULA in place. Contract before expiration.*

- What do we deployed yesterday? Proof also if your BC is “red” or not. What else do we need? Is than cheaper to extend the ULA and add/cancel products (You can do this exercise only once, by contract expiration) or purchase them under the price hold/singe PO? Relevant questions: **capex** available yes/no and **future forecast/deployment**. **Tip:** take care of high expensive products eg. DB Ent.Edt. (around 13k€/unit) where single purchasing tomorrow can explode your budget.*

- *ULA not in place.*

- Finally the same exercise. Proof for alternative and review what are the needs an products and licenses. Do we also expect such high deployment where an ULA will make sense? How long do we want to deploy? Relevant questions: **capex** available yes/no and **future forecast/deployment**. Involve all countries and runs deep investigations.*

**Procurement Tip:** don't lean You back on the first file you may receive from the IT instead push friendly for control reasons as I can guarantee You that short for the end the IT will find some more Server we need to license. It is also our responsibility to make sure the numbers received are correct !!

Avoid the following **Risks** as they happen the often the more self evident they may sound :

- *Do not buy more than You need as a reduction is impossible!*
- *Do not discuss usage rights only by verbal, do not trust email or verbal note. Insist and get all them in the contract.*
- *Do not forget to double check the final product document. Capped, Unlimited, CPU qtys. limitations.*
- *Do not limit the deployment area as You may be too restricted tomorrow.*
- *Do not forget to document the “Factor” used as this determine your case tomorrow.*
- *Do not forget to document license functionalities as Oracle likes –similar MS- to bundle and rename products.*
- *Do not forget to track for license compliance. Make sure everyone understood the license model (name, CPU, Cores..)*
- *Do not over read the ULA language. Oracle language and references are not always self evident*
- *Proof changes very carefully, the language used must be clear to everyone, not only the technical team.*
- *Proof Oracle quote very carefully as they like to build bundle or include products not requested*
- *Make sure You have understood those sections and agree to: “unlimited deployment right” and “unlimited deployment right” after the Term.*
- *Take care of the contract and your company needs not only limited to those areas: delivery, total support stream (the more if you prolong an existing ULA), technical support (oracle`s support costs increases yearly up to 3%. Bring them into the business cases), new entities acquired (inclusion during the ULA are not allowed), S&M by Divestitures.*

### **Some Tips at the end.....**

- *Do not under evaluate Oracle sales team. They are more prepared and in know of your environment as You may believe. Software discussion are often focused on pricing. Don't place contract clauses in a "gray area" .*
- *Remember, what is not in contract is also not part of the deal! Do not believe by word You can use eg. "Database Standard Edition" for free because You have licensed the highest Version. Expect and insist as Oracle will not do that and do not like as well to do that to include that into the Contract.*
- *Agree on a price hold, at least surveying a 3 month period following the expiration. This will give You the ability to review the Plan and decide which scenario is more convenient eg. prolong the ULA or purchase and also covers the additional license needs by using the price hold.*
- *Divestiture....this may be a hot topic, do not forget the S&M*

*There are further quite interesting tips which are relevant to your business cases thus, there is a "magic value" such as a minimum CPU per license where Oracle consider an ULA to be to them interesting and it is used against each Deal with customers to calculate the pricing..... This helps us from Sourcing Management to have more transparency in Oracle's "blind" calculation*

**About the author:**

*I am a procurement professional with more than thirteen years procurement and contract management experience over multiple projects in the IT area. My focus is clearly the Software part there is why I assist the different companies in the implementation, migration and negotiation of software deals. Here some project references:*

- *T-Systems International. Multi million Euros project, 7 months to contract conclusion. Vendors: EMC/FTS, NovaStor, Symantec. In Scope: Implement and new Strategy having in scope the reduction of active vendor in the backup area and migrate all data from to a different solutions.*
- *Deutsche Börse. Multi million Euros project, 3 months to contract conclusion. Vendor: Symantec. In scope: analyze the existing licensing contract for area of improvement. In addition to that change the license model from client to Gigabyte having a strong focus on service levels and extended usage rights.*
- *Adidas, Multi million Euros project, 9 months to contract conclusion. Vendors: Oracle ULA and Microsoft EA. In scope: analyze the existing contracts and align with the stakeholders, understand and also implement their real needs taking under consideration not only the IT Strategy.*

*.....of course this is a very compressed view. I could list you the SAP Migration in Berlin, Backup Solution as well in Berlin, SaaS contract negotiations as part of a IDM Solution , EAR and the Identity Management project and and and. I am happy to discuss with You, if desired.*



## Strategy Oracle ULA. Does it always helps ? No it doesn't

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