# How customer support is being neglected in the enterprise software market.

Part 1: Oracle's 'cloudy' revenue reporting.

Part 2: Oracle knows its support isn't good enough.

Part 3: The mega vendors: not such a safe bet anymore.

Part 4: A support quality comparison.

# Part 1:
# Oracle's 'cloudy' revenue reporting.

Over the last 5 years Oracle's revenue reporting has undergone an interesting restructure that could be hiding telling truths about their support numbers.

**O**racle has been losing ground in the on-premise database market. Since 2019, it has fallen from 1st to 3rd for overall database revenue.

They're now lagging behind both Microsoft and Amazon respectively.

Being a publicly traded organisation, and therefore beholden to shareholders, it must make this ground up from somewhere.

And with over 70% of their revenue coming from Cloud services and license support (Statista), there's big incentives and motivation to push restrictive and costly licensing support contracts into their customer base.

Looking at Oracle's revenue by business segment (*graph to the right*), we can see an interesting diversion in how they report on licensing support revenue.

In 2017 they reported over 50% of their revenue coming from 'Software license updates and product support'.

In 2018 this category disappeared and was replaced by 'Cloud services and license support'. No longer are customers able to determine how much Oracle are making just from the on-premise support they're paying for.

*Apologies for the typo in the key.
Our eagle-eyed team have made Statista aware.



Fiscal years
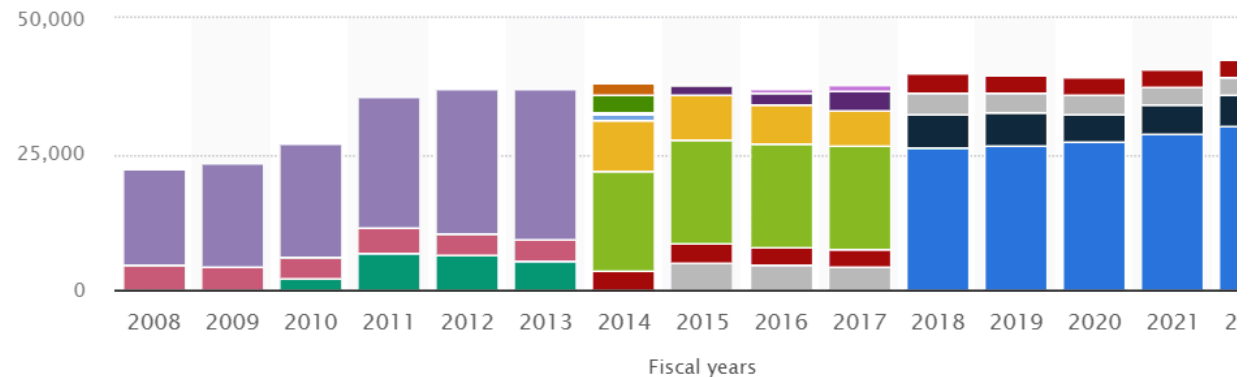
- ● Cloud services and license support
- ● Hardware
- ● Software license updates and product support
- ● Cloud SaaS
- ● Cloud SaaS and PaaS
- ● Cloud IaaS
- ● Hardware products
- ● Cloud and on-premise software
- ● Cloud license and on-promise*license
- ● Services revenues
- ● New software licenses
- ● Cloud PaaS and IaaS
- ● Hardware Systems
- ● Services
- ● Hardware support

The number of revenue categories was also reduced from 6 to 4, renaming 2 of these around their Cloud offerings.

**The 4 categories include**:

• Cloud services and license support
• Cloud license and on-premise license
• Hardware
• Services revenues

Is this just semantics? *Maybe*. But they aren't going to be making these big changes just for the sake of it; after all they have shareholders to appease.

It's also a significant restructuring as the organisation transitions to being more Cloud focused. But with many analysts believing Oracle are a little late to the party, there could be more than meets the eye with these changes.

With its Cloud revenue falling behind the likes of Microsoft and Amazon, this restructure could provide a way of making its Cloud numbers look a little healthier in the face of such growing competition.

On the flip side, this could also be a method of hiding how much they're making from support costs.

Support is the lifeblood of their business but has come under fire with contentious sales and renewal tactics to keep customers further rooted in the Oracle eco-system.

If customers were to determine how much of Oracle's revenue was made up of this income stream, they may start raising questions about why they're paying so much for a support service that often fails to deliver and forces them into upgrades they don't necessarily want or need.

Hiding the support numbers behind 'Cloud' – the industry's new darling – could help strengthen the mirage.

# Part 2:
# Oracle knows its support isn't good enough.

Oracle support customers have long been unhappy about the cost and quality of its support, and the vendor is trying to plug the gaps with equally sub-par and costly solutions.
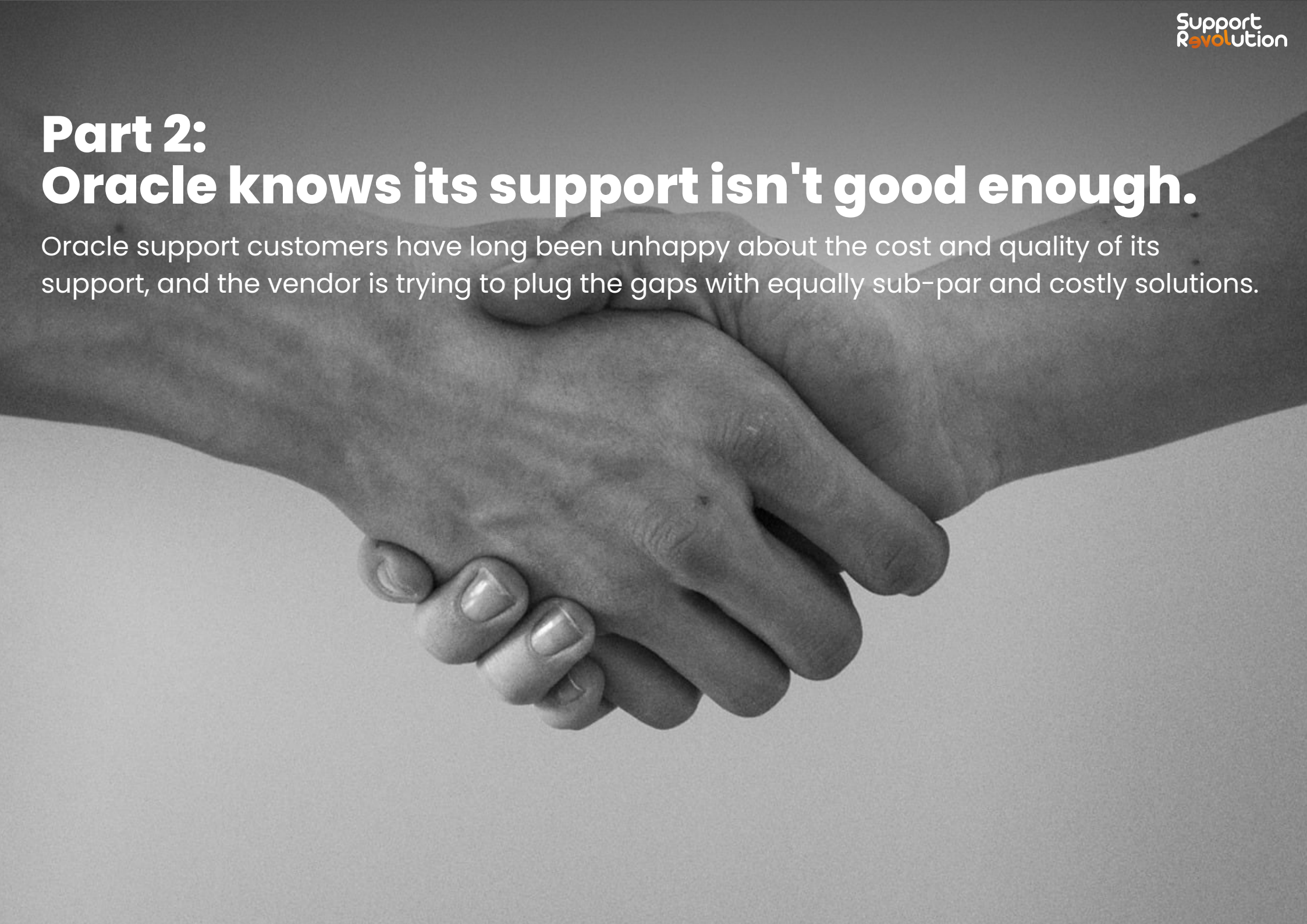
**O**rganisations are nothing without their customers. No matter how much weight the name carries, if the service isn't up to scratch, the customer won't stick around.

But what if that organisation holds such an industry monopoly that they can afford to focus less on the customer and more on the margin?

Oracle's support does just that. Making a 90%+ profit margin from a service that often fails to deliver for the customer.

Not only that, but the customer is charged more and more each year for the privilege while losing support altogether if the software license version is deemed 'too old'.

Many organisations just don't have the money for upgrading to maintain support.

At the very least the ROI on their support costs leaves little to be desired.

For a service designed to 'support' the customer, it can often feel like organisations are receiving anything but support from their vendor.

Hiding license support revenues behind Cloud numbers - 'Cloud services and license support' - is a prime example.

This revenue category made up over 70% of its overall revenue in 2022! This means they make most of their revenue just from the support and services they provide around the product.

When revenue generation is so heavily focused on the support and not the product, it makes you wonder how much of their focus is on creating a better product for the customer.

Take their recent expensive sponsorships with the **Premier League** and **Red Bull F1** as an example. Much of that 90%+ profit margin they're making from organisations on support isn't going back on improving the service, it's going on flashy marketing like this to promote its Cloud business.

**Other sponsorships your support fees are paying for:**

- Larry Ellison's sailing team 'Oracle Team USA'.
- San Francisco Giants' stadium 'Oracle Park' (Baseball).
- The Golden State Warriors performance centre (Basketball).
- Seattle Sounder F.C partnership (Football).

If customers are paying as much as 22% (+4% standard annual increase) of the license cost, they can be forgiven for expecting substantial reinvestment back into their support that improves the service (SLA times *cough cough*).

That would be a true customer-centric approach. But that isn't what's happening in many instances.

Customer frustrations with Oracle support have long been documented.

A survey in 2021 found that 83% of Oracle Database license holders found their prices to be 'excessive' or 'too much', while 41% are actively trying to reduce their Oracle footprint over time as a result of this.

When asked to elaborate, participants also cited a lack of ROI with required upgrades that were needed just to maintain support.

- Source: *Business Wire*

Interactive poll not supported

View online version

## Oracle knows its support services aren't up-to-scratch...

Oracle realise their support is so below-par that they need to offer additional support services (at extra cost to the customer!) to plug the holes in their existing support offering.

Two examples of this are their Market Driven Support (MDS) and Advanced Customer Services (ACS) products.

Organisations are already paying through the nose for support, but many are essentially being locked behind a support 'paywall'.

If they don't subscribe to these additional services, they're left to the whim of Oracle's lackluster Premier support or may fall into Extended Support.

ACS is a prime example... what customers are paying a hefty amount for (account management, regular reporting, monitoring and diagnostics etc.) comes already included with third-party support like Support Revolution.

Not only that, but even if customers do pay the additional for ACS, they're still not guaranteed the service they require.

With MDS, Oracle will provide support for priority one fixes and updates, but only if they're 'commercially viable' and 'appropriate'.

**Who decides what is a commercially viable or an appropriate issue for YOUR organisation? Oracle.**

So, while customers have been paying 22% (plus a 4% yearly increase) compounded for Premier Support, they're now required to pay an additional 15 – 20%+ of that 22% to receive a service for issues that Oracle may not even deem 'appropriate' to fix.

## The meaning of 'support' is disappearing

Oracle hold such a monopoly on the ERP market that finding new customers can be a challenge.

It's much easier to find alternative ways to squeeze yet more money out of existing customers and package it under the mirage of support.

If Oracle truly took a customer-centric approach, they wouldn't need to offer additional support services in the first place; it would be included as standard.

The meaning of a support service seems to have been lost amongst the ERP mega vendors.

And no issue should go unresolved just because an organisation hasn't subscribed to this 'trojan horse' service.

**Support should be guided *by* the customer, *for* the customer.**

**O**racle come offering gifts in the form of support outside of Premier Support, but the customer has unknowingly handed control of their IT roadmap back to the vendor; they're now locked into an upgrade cycle of MDS support until they join the Cloud which they may not want or need.

MDS promises Premier Support level support quality but falls at the first hurdle.

In short, there are no guarantees of support, no SLAs, no commitments to fix issues or provide updates, and is not a long-term solution.

Oracle are papering over the cracks in one room when the real issue is in the other. All this so that it can preserve its massive profit generator.

Oracle support (including MDS and ACS) aren't providing what they promise and are charging the earth for it .

So are these mega vendors still such a safe bet for an organisation's IT support... ?

**"**
**Support shouldn't be locked behind a paywall.**



Let's find out >>

# Part 3:
# The mega vendors: not such a safe bet.

The saying "Nobody ever got fired for buying..." is out of date. So why do we still cling to the delusion of mega-vendor safety?
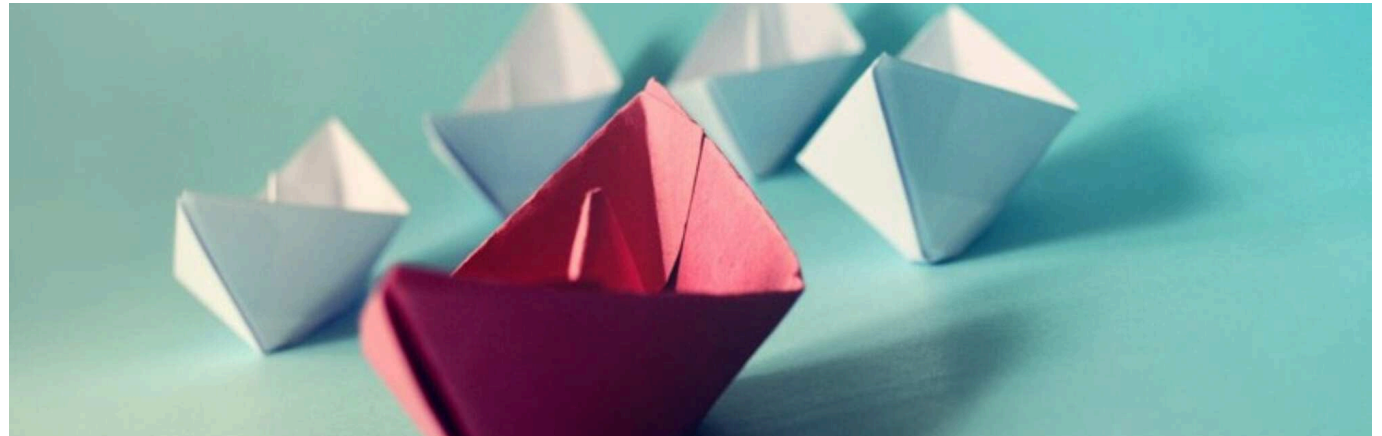
# "Nobody ever got fired for buying IBM"...

**... at least that was the old (and obsolete) saying.**

Despite this phrase never having been used by IBM, it signified a time in which it was the go-to solution for large IT projects due to its quality, scale and recognition, and was the safe and logical choice for IT leaders, guaranteeing a successful project.

Now this was largely due to the technology still finding its footing. With large IT projects coming with a considerable degree of risk, it made sense to 'play it safe' with a big name.

It could be argued this is much the case with Oracle support.

It has been ahead in the database game for so long, organisations have just become accustomed to the concept of, 'what's good for one is good for all'.

After all, what could possibly go wrong with such a big name behind your IT infrastructure support... ?



## The fallacy of composition

The fallacy of composition is a falsehood that assumes something is true of the whole from the fact that it is true of a part of the whole.

Oracle's fallacy is that customers will be happy to upgrade to the latest two versions to remain supported.

No two organisations are the same, so this requirement is restrictive and frustrating for many that are happy with their current database version.

They just want reassurance that support will be there when they need it and at the level required.

**I**f you're reading this and find yourself in such a position, ask yourself the question "is Oracle really the safest bet for my IT support if these are the requirements?"

If you don't upgrade and your support level falls below Premier, is it really the safest bet when SLA resolution times aren't guaranteed?

No. Because if you have an urgent fix or bug that needs attending to, it's much riskier to be relying on an SLA service that may not have the answer you're desperately looking for.

You're completely at the whim of the ticket support email.

This is not good support service and is not the safe option when you have business-critical IT infrastructure hinging on a ticket resolution that may never come.

But is it any wonder why Oracle's service quality has dropped over its lifetime? With its size and number of acquisitions over the last 55 years, there's a sense of bloating that comes with attempting to look after so many organisations' IT infrastructure.

The old saying "too big to fail" might need to be reimagined in this instance to "too big to support efficiently".

"
**It's much less risky to go with a reliable big name vendor support alternative than to be at the bidding of their inconsistent ticket support system.**

# Part 4:
# A support quality comparison.

Compare the support quality of Oracle to what Support Revolution can offer.

## Oracle

### What's not included with Oracle support... ?

- Support for customisations.
- Personalised account management.
- Guaranteed SLAs.
- Supporting legacy Oracle versions.

### How it tries to plug some of these 'gaps'...

- Market Driven Support (MDS).
- Advanced Customer Service (ACS).

### Where these 'fixes' still fail to deliver...

- Priority one fixes only supported if Oracle deem it 'appropriate'.
- Additional costs on top of standard support (Premier etc.).
- MDS offering not properly defined so no guarantees or commitment.

## Support Revolution

### We won't...

- Force you into unnecessary upgrades.
- Make you wait ages for ticket resolutions.
- Refuse to support legacy or custom systems.

### We will...

- Abolish de-support dates! We support all versions.
- Be on-hand 24/7 by phone, email and portal.
- Offer dedicated account management.

### Gartner on third-party...

*"Third-party software support providers give organisations a lower-cost alternative to the rising maintenance and support service fees of Oracle and SAP."*

**Read the guide>>**

## Support quality matters...

... Organisations shouldn't put up with sub-par support that only covers what the vendor feels like covering.

**Support should be guided *by* the customer, *for* the customer**.

| Service | SAP | Oracle | Support Revolution |
|---|---|---|---|
| **Service requests** | Yes | Yes | Yes |
| **24/7 support via phone, email anS portal** | No - support portal only | No - support portal only | Yes |
| **Cloud services** | Yes | Yes | Yes |
| **Functionality patches** | Recent products only | Recent products only | All products |
| **Legal & regulatory patches** | Recent products only | Recent products only | All products |
| **Security patches** | Monthly | Quarterly | Within 48-hours |
| **SLAs: Response** | Limited | Limited | Yes |
| **SLAs: Resolution** | Limited | No | Yes |

| Service | SAP | Oracle | Support Revolution |
|---------|-----|--------|--------------------|
| **Support for customisations** | No | No | Yes |
| **Support for performance issues** | No | No | Yes |
| **Interface support** | No | No | Yes |
| **Real-time management reporting** | No | No | Yes |
| **Account management meetings** | No | No | Yes |
| **Assigned primary contact** | No | No | Yes |

**Still unsure about third-party?**

# Read the Gartner market guide...

... and take a look at what Gartner has to say on how third-party support can offer competitive cost-saving opportunities for Oracle support.