Support Revolution

HOW TO ESCAPE THE ORACLE ULA PRISON
And why escaping can lead to big savings

You were scaling faster than you could've planned for, and unlimited Oracle usage seemed like a great deal. But three years on (or longer) and that deal doesn't look so good...

Contents

A ULA IS LIKE ORACLE'S PRISON, WITH VERY LITTLE FREEDOM AND NO EASY WAY OUT

What is an Oracle ULA and why do you have one?

An Oracle ULA is an 'Unlimited Licence Agreement.'

It's a contractual agreement between an organisation and Oracle, where the organisation pays a single up-front fee. It pays for the licences it wants on an unlimited basis, for a selected set of Oracle products over a fixed period. Typically, a ULA term lasts three years.

Organisations typically take out a ULA as they are growing rapidly, and know that they have a lot of projects to deliver over the next three years or so. Buying what is effectively a basket of licences means that they believe they have all of the Oracle licences they need for the impending work. Great so far.

However, the problem occurs when no one within these organisations have had a chance to think about how the ULA might pan out in the future. Then all of a sudden, these organisations find themselves trapped in a long-term contractual agreement, massively overpaying for software that they are not using. And there is no easy way out.

Why do you need this guide?

While ULAs may seem like a good idea at the outset, the truth is that they can be limiting and restrictive for organisations, and very difficult to leave. A ULA is like Oracle's prison, with little freedom and no immediate way out.

In time, a ULA can leave an organisation with too many licences, or in some cases, not enough of the right types of licences. Organisations are still investing vast sums of money in support fees in both circumstances. It can also lead to incredibly high support costs as the costs ratchet up over time, and layer upon layer of support gets added together.

In this guide, we'll analyse why organisations agree to ULAs, and the significant downfalls which should be their main reasons to get out as soon as possible Whether your organisation is considering an Oracle ULA, or is already in a ULA, this guide is a must-read.

SOME ORGANISATIONS CHOOSE TO RENEW BECAUSE THEY'RE SCARED OF WHAT ORACLE MIGHT DO

How did you get locked up in the first place?

We're not dismissing ULAs entirely; there are positive aspects, and some organisations may benefit from agreeing to a ULA contract with Oracle, especially in the first term of the agreement.

At the very start of a ULA, before the problems can begin, there are many understandable reasons why an organisation might set one up. But we strongly recommend that organisations familiarise themselves with all the relevant information - the good and the bad - in order to make their decision.

That's because Oracle has cleverly built its ULA prison to make sure you can't see the bars on the window until it's already too late.

So how did you get locked up in the first place and why are you still stuck in a ULA? We see five common reasons:

Reason 1: Purchased in preparation for a range of projects

By premise alone, a ULA sounds ideal for organisations about to undergo a significant business change in staff or growth that will lead to an unpredictable demand for licences.

Your IT roadmap may have been constructed with an idea of the potential growth, and the number of systems required to support additional staff or business needs. But you're unsure what software and applications you'll need, and how many licences it'll take to get there.

Oracle's ULAs are for a predefined set of software programs at an unlimited volume to cover what organisations will need. You can then build systems knowing that the matter of Oracle licences is sorted while the ULA is in place.

Reason 2: The cost guarantee

Alternatively, your ULA may have been agreed as part of your budget planning.

The ULA allows your organisation to plan, make technical selections, and pay once upfront.

For the next three years (or more depending on your agreed term), you now know that this particular cost has already been taken care of, and that amount has been factored into your overall budget.

The problems start when it comes to renewal and the overall cost increases, which we'll come onto in the next section.

Reason 3: Simplified billing

Oracle ULAs can also enable organisations to purchase a variety of Oracle products bundled together under one agreement and one bill.

It can help to simplify your Oracle contracts and support renewals by moving everything onto one contract – rather than assortments of complex licensing agreements for each system.

Simplifying everything down like this can also be beneficial for budget planning.

But as we shall demonstrate, it may have significant downsides for your future IT roadmap and particularly, around the inherent inflexibility within it.

Reason 4: Minor risk of an audit/self-declaration check

While it's unlikely to be any organisation's first reason to take out an Oracle ULA, it is possible (though not guaranteed) that being in a ULA can reduce your chance of an Oracle audit.

The key reason for this is that the terms of the ULA mean Oracle is aware you have an unlimited grant, and that you're using its products until the end of your ULA term. In essence, you drop off the sales radar and out of the audit firing line, at least for a while.

Some organisations have even used this to their advantage and consider their ULAs as a kind of 'insurance policy.' They have ideas and plans on how to develop, like deploying virtualisation or Cloud software.

Having a ULA means organisations can deploy applications as they want, with a lowered risk that the Oracle audit teams will come knocking.

Reason 5: Easier to renew than leave

The ULA may have been suitable for your organisation initially, but when it came to renewal, it was easier to simply accept a renewal rather than go through the certification process.

We've all done it with a contract at some point in our lives. When renewing car insurance, we know that we can go to comparison websites, fill in our details and find more affordable quotes. But sometimes we're just too busy, and renew at a higher price with our current insurer because it's easier.

Some organisations choose to renew because they're scared of what Oracle might do. Trying to negotiate out of a ULA is as an unwanted challenge compared to a simple renewal.

Unfortunately, this particular renewal has the capacity to drain your budget and damage your IT strategy. That's why you need to get out of your ULA.

LACK OF FLEXIBILITY, AN UNWILLINGNESS TO NEGOTIATE AND FREQUENT PRICE RISES ARE, UNFORTUNATELY, NOT THE FULL EXTENT OF ORACLE'S TACTICS

Why you should be trying to escape your ULA

Whatever your reasoning for entering into a ULA, you did so with the best of intentions, in a bid to reap the benefits for your organisation. In this section we explore what to watch out for, and the reasons why you need to plan your escape.

Reason 1: Locked into your contract

Say, for example, you take out a ULA for three years to complete a development project. At the end of the agreement you need more time, so you renew for another term. But halfway through the second term, your requirements change dramatically.

Suddenly you're left paying for the wrong software or licences that you're not using. So, naturally, you want to renegotiate your contract with Oracle to alter your usage and hopefully the cost before your next renewal.

But Oracle (your prison warden) isn't going to make that simple for you. You can ask to decrease the number of licences and/or licensed products in the agreement, but the Oracle rep you speak to will likely say that they gave you a great deal on the initial licences, and if you are reducing that commitment, then they will have to re-price your support.

And guess what? Your overall ULA support costs will not change. So, you're trapped in your now inappropriate contract, paying for software that you are not using and likely will never use.

This is where a ULA can truly feel like a prison. You need to escape the ULA, to save costs and/or alter your software to meet your needs, but Oracle won't just let you get out.

The additional insult here, is that your ULA holds the risk of holding back your IT strategy, even if you got into the ULA to help your strategy in the first place!

Reason 2: ULA support costs stack up

You read that correctly. ULA support costs stack up at each renewal point. Consider these three scenarios:

Scenario 1

You take out a ULA for three years covering all of the Oracle products that you need to complete a number of projects. Oracle's rules state that at the end of the ULA term, you need to certify how many licences of each product in the ULA you have used, and those licences then become your licence grant.

In this scenario, let's say you took out a ULA for a set of Oracle products believing that you would deploy them across 100 processors, then Oracle charged you a fee to "purchase" these at the outset. You're charged maintenance every year based on a percentage of this, which is typically 22% of the purchase price.

If you finished the projects within the three years but managed to do so using only 50 processors (perhaps as new processors became available that were more powerful or a project scope changed from on-premise to SaaS), Oracle will not allow

you to reduce your fees, so your software maintenance fees are now twice what they should be.

Scenario 2

What happens if you did not complete your projects within the three-year term? Say that you had nearly finished a major project, but you did not get the system live. According to Oracle's rules, at the end of the ULA, you certify what you are using and the ULA ends.

However, any products that you want to certify must be "installed and running" (although Oracle does not define exactly what this means). Since your system is not "live," you have little or no products to certify. Yes, that's right. Your "purchase" turns out to have been a rental and the rental period has now expired.

So what can you do? Oracle will offer you a second ULA which effectively extends the agreement by another three years. But guess what? Oracle is going to charge you the initial purchase price again to go into this term.

Yes, really. Oracle's view on this is that you have paid for an 'all you can eat' software buffet, and it is not Oracle's fault if you just ate

a starter. If you want to turn up to the buffet again, you need to pay again.

In this scenario, let's say you paid 10 million at the start, and then 2.2 million a year for three years for support. You then have to pay 10 million again.

Worse still, Oracle will insist you continue to pay the initial 2.2 million a year for support from the first purchase, and then pay another 2.2 million a year for the second ULA.

You have now paid twice for the same thing and are paying double the amount you should be paying for support and maintenance. And if you do not make sure that your system is live before the end of the next term, you might end up paying all over again for nothing in return.

Scenario 3

Let's say you deployed your ULA and have no future projects planned. You decide late in the ULA lifecycle (the last couple of months) that you want to certify out.

You didn't start your internal process early on or get independent advice so have concerns you will not be able to provide an accurate certification in time. Oracle will not give you an extension to the certification date and you would be forced to take

out another ULA without any known demand or value associated to it. You're then paying the initial fee and stacking support costs for another three years.

This is a very expensive waste of money and can easily be avoided.

Reason 3: Huge costs in no time at all with no added value

As your "legacy" support bill follows you into your ULA, it's only going to take one or more renewals before you're handing over extortionate amounts of money to Oracle, while still receiving the same, minimalist level of support and maintenance.

Oracle stacking up its support costs doesn't unlock some higher tier of support. It's purely Oracle taking advantage of organisations that can't or don't leave their ULA. This is how Oracle ends up making up to 92% profit on its support fees.

With support fees continuously stacking, you can eventually reach a point where your support and maintenance costs are the same as the price you paid to purchase the licences themselves.

And again, for that sort of money, you're not receiving a superior level of service. It is simply Oracle taking advantage.

Reason 4: **Vendor pressure**

Lack of flexibility, an unwillingness to negotiate and frequent price rises are, unfortunately, not the full extent of Oracle's tactics.

It is possible that Oracle will try to force you towards buying into its Cloud products as part of a ULA renewal, regardless of whether you wanted the Cloud offering, or whether it's right for your organisation.

If you try to negotiate on price, Oracle may also add line items to your contract, in a bid to "sweeten the deal," as it were. This will most likely be additional functions, such as security or database options.

Ultimately, you're still going to end up paying for software you're not using, regardless of whether you got it at a good price!

Reason 5: **Time is a factor**

And finally, it's best to get out of ULA prison sooner rather than later, not just from a cost and flexibility perspective. Oracle contracts can be deliberately confusing and hard to understand at the best of times.

As time goes on, Oracle will only enhance and develop its contracts. The mega-vendor seems to be in the habit of adding in clauses and terms, specifically designed to lock its customers in and make it harder to certify out.

Oracle stacking up its support costs doesn't unlock some higher tier of support. It's purely Oracle taking advantage of organisations that can't or don't leave their ULAs.

ORACLE DEPENDS ON ITS CUSTOMERS BEING UNPREPARED OR EVEN SCARED OF GOING AGAINST ITS AUDIT AND LEGAL TEAMS
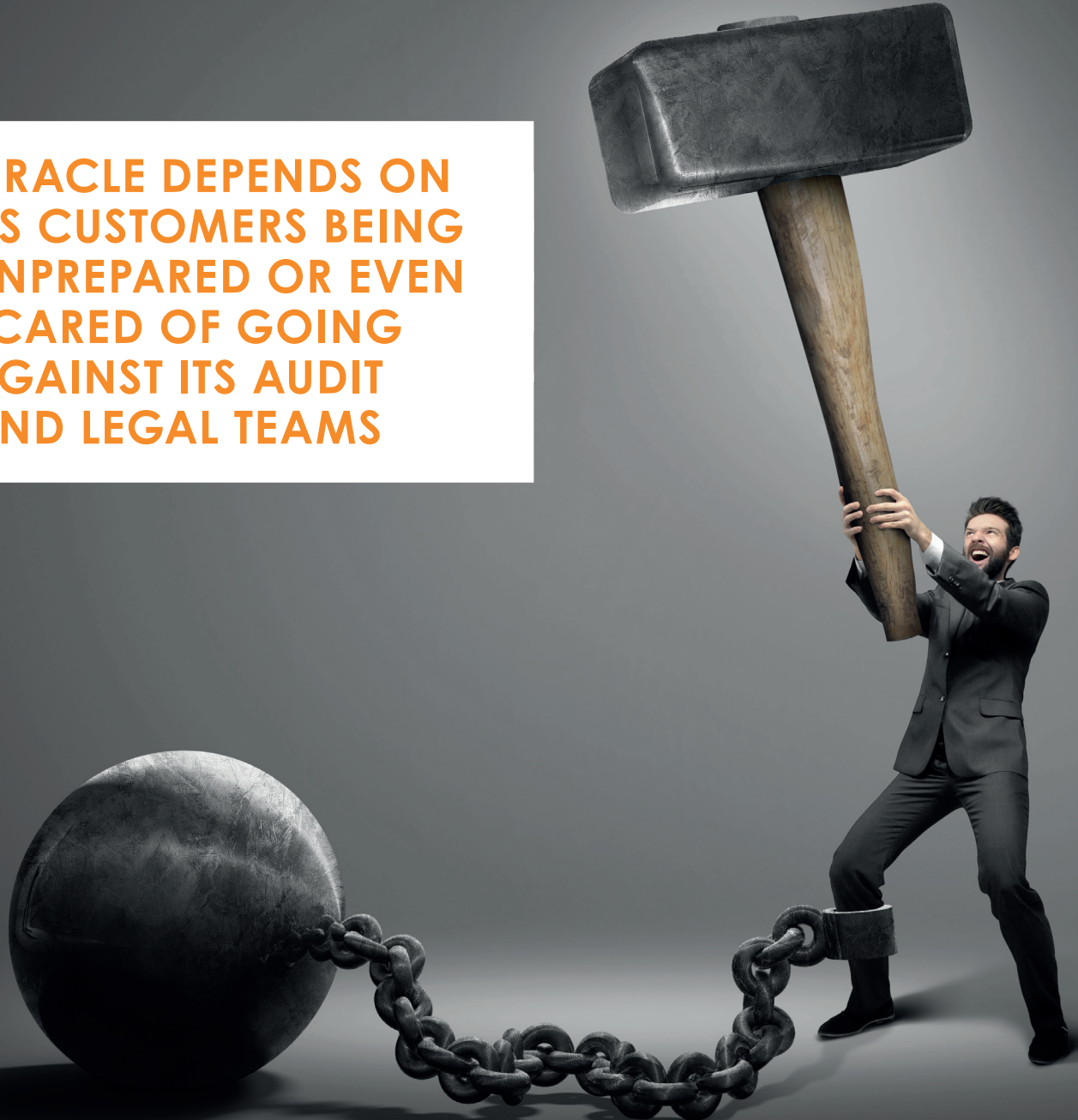
Getting out of a ULA

ULAs may seem a good idea for development and simplicity's sake, but in the long run, they have the potential to cause large-scale expensive problems.

That's life in Oracle's ULA prison; bad food and very little room to move around. It's time to grab a spade and make your own way out.

Certifying out

The process of ending a ULA is called 'certification' or 'certifying out,' which involves declaring to Oracle the amount of software you're using. You'll need to count the units of software, write a letter signed by a C-level executive, and send these items to Oracle.

Most Oracle contracts say that you need to do this within 30 days of the ULA's expiration.

Self-audit

Before you certify out, you must ensure that you are compliant and the information you are declaring is accurate. Your certification number shouldn't be based on an estimate, as it runs the very high risk of noncompliance, and therefore the risk of Oracle imposing a fine.

Oracle may even use your noncompliance as its way of having you renew your ULA in lieu of a fine. In which circumstance, you're effectively digging your way out of your cell, only to loop the tunnel back round into prison again.

Plan ahead

With the importance of compliance in mind, if your ULA is due to renew/end, we recommend that you start your preparations as soon as you possibly can.

For example, let's say your ULA is set to renew in May. We'd suggest starting your certification process in or around November/December. Start very early. Begin planning your asset management, your patch archive, and your licence count to ensure all of your information is correct and ready.

Don't fall into the trap of doing the certification after the ULA has ended. There is nothing in the contract to stop you providing your certification before the expiration date.

In fact, we recommend you provide your certification at least 30 days before the end date and ideally, much sooner.

The sooner you get your details to Oracle, the sooner you can be sure you're compliant.

Getting your figures into Oracle early helps to ensure that you're not caught short at the last minute and led towards another renewal, or

forced to pay support at exorbitant rates for another 12 months.

Remember - you do not need Oracle to agree to your certification. You send this information to them and you have told them the date of your escape. That's it.

Use resources at your disposal

Where you need to, seek guidance. External companies can be a huge help to manoeuvre your way out of ULA contracts.

Gartner provides a number of reports on the subject and helpful insights. Our experts at Support Revolution can also help guide you through the whole certification process.

Oracle depends on its customers being unprepared or even scared of going against its audit and legal teams.

That's why it's vital that you build your own knowledge base. Make sure you have people on your side.

And finally, engage with these third parties sooner rather than later, to begin due diligence and be as prepared as you can be.

Give notice to Oracle

If you are planning on leaving Oracle, and have officially certified out of your ULA, then great!

You need to remember, however, that what you have done here is only the first step. You've drawn a line under the ULA, but you have not given Oracle notice that you are leaving its support and maintenance service.

Not only this, but you're likely going to still be on an auto renewal if left unchecked; your support and maintenance agreement will extend at the next renewal point. This is not what you want if you are planning on leaving Oracle entirely.

To make sure that you can leave and you've definitely stopped your support from automatically renewing, you need to log in to My Oracle Support and make sure that you have cancelled the renewal option.

See our handy guide here to help you make sure you are on track:
www.supportrevolution.com/how-to-give-notice-to-oracle/

SUPPORT REVOLUTION CAN HELP YOU CLAW BACK SOME OF THE FUNDS ORACLE ARE TAKING FROM YOU

Life on the outside

Once you're out of the ULA prison and have your freedom back, you'd like to think your problems are over. Once the certification process is complete, you'll be moved from unlimited licences to a set number of perpetual licences – that's fair enough.

But you'll still be paying the same support fees you were paying under the ULA. It's very likely your single combined support bill will have a whole host of products you are paying support for but not using at this point.

Even if your ULA was just one term, these support and maintenance fees are bad enough. But if you saw two, three or more terms with the support fees stacking each time, you'll be left paying out millions in support fees. This is a maintenance price meant for a ULA, which you don't even have anymore!

Start saving straight away

What's to be done? You've escaped your ULA prison cell, but you're still paying extortionate amounts to your old Oracle wardens. You've made the right decision in re-planning your IT roadmap, and yet you're losing budget to your vendor.

Remember the third-party firms that helped you out of the ULA? Even before you're fully out, there are third-party support providers – like Support Revolution – that can help you claw back some of the funds Oracle is taking from you.

You've got friends on the outside

When customers switch to us as their Oracle support providers, we guarantee to cut their previous support bill by at least 50%.

Even if you've only just stepped free of Oracle's ULA prison, coming to us means you can start saving and kickstart reinvestment in your IT budget straight away.

Even at the point you've decided to exit your ULA, you can absolutely come to us for help during the certification process. We'll be on hand to migrate you across to our support the moment your ULA is over.

We'll help you at whatever stage you're in - if you're planning to leave a ULA, just left one, or escaped a while back but still paying the same support bill. We can help you make massive savings and help recover some of the damage caused by being in the ULA.

Escape your ULA prison and we'll be on the other side to assist you the minute you're out.

Download our guide to writing a business case for third-party support. Calculate your savings and why the switch is a no-brainer: www.supportrevolution.com/ building-a-business-case/

" *What really stuck out for us was just how simple Support Revolution made everything. Their team took the time to understand us, our systems, and our goals, outlined what they were going to do, and then just did it. It was simple, smooth, and professional.* **"**

Phillip Palmer,
Senior Category Manager Procurement, Xoserve

BE IN CONTROL OF YOUR OWN IT STRATEGY AND ROADMAP

We understand that you may have many more questions than this guide has answered that are specific to your business and situation.

Our advisors are available to talk on **+44 (0) 1635 86 86 87** or use the link below to use our free calculator - see how much you could save by moving to third-party support.

Use the link below to use our free savings calculator:
https://www2.supportrevolution.com/savings