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ORACLE REPLACES SUNSPECTRUM SUPPORT

WHAT ARE THE COST AND COMPLEXITY CHALLENGES?

With the acquisition of Sun Microsystems, Oracle has made significant changes to SunSpectrum support, changes that could significantly affect operating costs. SunSpectrum officially went End of Life (EOL) on March 16, 2010 and has been replaced with a new program. What do these new changes mean? In this whitepaper we will uncover the good, the bad and the expensive.

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THE GOOD

First and foremost, SunSpectrum has been simplified. Platinum, Gold, Silver and Bronze service levels have been reduced to a single level entitled "Premier Support for Systems."

Premier Support for Systems is bundled hardware & Solaris support with 2 hour onsite, 24x7 coverage. Caveat number one: 2 hour onsite support is for designated geographical areas otherwise the Service Level Agreement is best effort.

Support renewals for existing SunSpectrum contracts will be priced at a flat annual price based on SunSpectrum contract. The renewal price will be the same as the SunSpectrum contract currently in place. End users are essentially "grandfathered" in for one year. Thus, a cursory assessment reveals that many customers (those in major metropolitan areas) will receive an upgraded level of service (2 hour onsite) as they transition to Premier Support. One unanswered question is what will Oracle charge the client after this one year period? Under the new pricing structure a client will be charged based on the net purchase price. If that is the case, the cost of support from Oracle for

older systems will skyrocket.

THE BAD

Dig a little deeper and we find the devil in the details. Oracle has changed its hardware warranty. A one-year limited warranty is standard for all products with a 5x9, M-F phone coverage (web coverage 24x7). Call back response times vary from 4 hours to NBD based on issue severity. Most products are customer replaceable units (CRU) with a parts exchange warranty. Onsite coverage is only for designated products and on-site response time is within 2 business days.

Oracle is ostensibly forcing customers to acquire a support agreement above the standard warranty on all new hardware purchases. Certainly for data centers and enterprise environments additional coverage is necessary.

Customers will not receive credit for equipment under contract that is retired or disposed of.

THE EXPENSIVE

--ORACLE SUPPORT RULES

What are the rules when ordering a Premier Support for Systems contract?

First, support must be ordered for all chargeable line items (all x-options, cables, spare parts, etc.). This increases contract complexity and possibly cost.

All new orders receive their own contract number based on Point of Sale (shipping date). Contract start dates are the ship dates. Add-ons to existing contracts are prohibited. Clearly, the number of contracts under this

new model will increase dramatically. End users will be able to consolidate at time of renewal.

Contracts cannot be canceled. Customers will not receive credit for equipment under contract that is retired or disposed of. This will also drive support costs higher.

Oracle will bill a "reinstatement fee" for support purchased after Point of Sale (POS). In other words, Oracle will bill a fee for support for all products that have already shipped. The fee is 150% of the standard support for the lapsed time /reinstatement period. This fee is in addition to the annual support. End users have a strong financial incentive to purchase support along with the initial hardware or look for options outside of Oracle.

Finally, regardless of the support level Oracle will charge for installation of customer replaceable parts (CRU's). They state, "if you request that Oracle replace a self-service replacement part then you will be charged an additional fee for the installation." This customer replaceable model lacks a comprehensive support approach in addition to potentially increasing an end user's support expense.

Pricing for Premier Support for Systems is 12% of the net hardware and software transaction.

Pricing

Pricing for Premier Support for Systems is 12% of the net hardware and software transaction (purchase price including all discounts). For example, premier support for a \$100,000 transaction would be \$12,000.

THE REALLY INTERESTING

--OTHER SERVICE PROGRAMS

Interestingly, Oracle has two additional service programs: "Premier Support for Operating Systems" and "Software Update License & Support."

The service level for Premier Support for Operating Systems is 1 hour remote response, 24x7. The program covers Solaris, Oracle Enterprise, and Oracle VM on Sun hardware. Pricing for Premier Support for Operating Systems is 8% of the net transaction. This software-only option provides the flexibility an end user can leverage and can be neatly combined with third party hardware maintenance. Of course, certain third party maintenance providers can also provide Solaris OS support.

CONCLUSION

Despite the initial benefit of improved service level for transitional contracts, it is evident that the complexity and total cost of ownership (TCO) will increase under Oracle's new bundled hardware and support program. Third party hardware maintenance solutions present a serious and reasonable alternative since they can mitigate both issues. Software-only support options from Oracle as well third party Solaris support options provide additional flexibility for end users when crafting a comprehensive support structure that will cut operation expenses.

Oracle References:

<http://www.oracle.com/us/support/library/oracle-hardware-warranty-069192.pdf>

<http://www.oracle.com/us/support/library/hardware-systems-support-policies-069182.pdf>



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