Oracle Using Legal Pressure to Increase Cloud Sales

Description

[vc_row][vc_column][vc_column_text]As a license management consultant, we are coming across Oracle aggressively pushing their cloud products in lieu of discounts on their traditional software. Interestingly this is not reducing overall cost for the customer â?? in fact in many cases it is increasing the risk and costs.
Sheshagiri Anegondi (Sheshu)

There is a very interesting article in Forbes magazine that gives details of Oracleâ??s tactics.

Is Oracle Using Legal Pressure To Increase Cloud Sales?

A close look at recent changes in Oracleâ??s license auditing practices and its sales staff commissions structure reveals that Oracle is indeed increasing the pressure on existing clients. How much impact these new practices have on boosting Oracleâ??s cloud earnings and possibly alienating its existing customer base is not easy to discern. But the shift in policy indicates that something has changed in Redwood Shores. To understand whatâ??s happening, we need to dig into the arcane world of Oracle licensing. Oracle declined to comment on this story.

Recent Changes to Oracleâ??s Unusual Licensing Model

While there is significant evidence that Oracleâ??s core business model is under increasing pressure (See â??Oracle Sales Erode as Startups Embrace Souped-Up Free Softwareâ?•), for most companies, at this point, running Oracle software is not so much a choice as a necessity. Given the scope and power of its product portfolio, Oracle offers businesses a solution for their every software need. Yet companies need to examine their relationship with Oracle with eyes wide open. Oracleâ??s business model is partially predicated on the lax and often seductive nature of its licensing. Oracle grows its business by removing all barriers to use of its software and then topping up license payments through a compliance process. Companies need to understand this licensing process and also know in advance what theyâ??ll be asked in an Oracle compliance audit in order to avoid an unexpectedly expensive bill later. Having this understanding enables companies to have greater confidence in their dealings with Oracle, lower their costs, and regain control over their entire Oracle environment.

The recent change in Oracleâ??s behavior is not that is has increased compliance audits. Oracle customers generally understand the inevitability of Oracle audits. For rest assured, just like a holiday visit from your in-laws, that Oracle audit is coming. Oracleâ??s internal name for what happens in the compliance process is summarized by the acronym ABC, which stands for Audit, Bargain, Close.

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Is this where Oracle want to close deals?

What has changed recently is the tenor of the ABC process. Oracle is bringing its legal department in much faster during audits and has accelerated the use of breach notices, the nuclear bomb of audit tactics. A breach notice declares that the client is out of compliance with Oracleâ??s license terms and must stop using the products in question within a short period, usually 30 days. For most customers using Oracle this is impossible and begins a round of negotiations that are testy to say the least and often bitter.

The article is a long oneâ?¦.please click on the link below to read the complete article.

Click Here to see original article The article is by Dan Woods in Forbes.

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You might want to read more about our CEO Sheshagiri Anegondi (Sheshu). He is amongst the foremost Oracle License Experts globally.[/vc_column_text][/vc_column][/vc_row]

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