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and Channels

Welcome to the 2019 **Oracle VADs Global Community Forum**

Dubrovnik
12th to 13th June

Oracle VADs Global
Community Forum

#OraVADForum

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Driving Commercial Success

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Commercial Senior Director, Alliances & Channels, Oracle EMEA

@PaulTho30121957

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Safe Harbor Statement

The following is intended to outline our general product direction. It is intended for information purposes only, and may not be incorporated into any contract. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, timing, and pricing of any features or functionality described for Oracle's products may change and remains at the sole discretion of Oracle Corporation.

Program Agenda

1. Product update
2. Commercials update
3. Growing into the Oracle Cloud
4. The value of VADs
5. Call to Action

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Program Agenda

1. **Product update**
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Product update

- Universal Credits
- Government SKUs
- Cloud @ Customer

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Universal Credits - Flexible Consumption Choices

Consumption Choices

Pay As You Go (PAYG)	Universal Credits Monthly Flex
• No upfront commitment • Pay in arrears based on usage • Transacted directly with Oracle *(except for CMP pilot)*	• 1 year minimum term • Agreed to monthly spend • $1k / month min commitment
• List Price • Built for land and expand • Best when usage is uncertain • Elastic payments based on usage	• PaaS savings vs PAYG start at 33% • Additional discounts based on size of deal >$5k / month and term of deal • Overage at the same Net burn rate as the Monthly Flex, invoiced directly to customer per CSA

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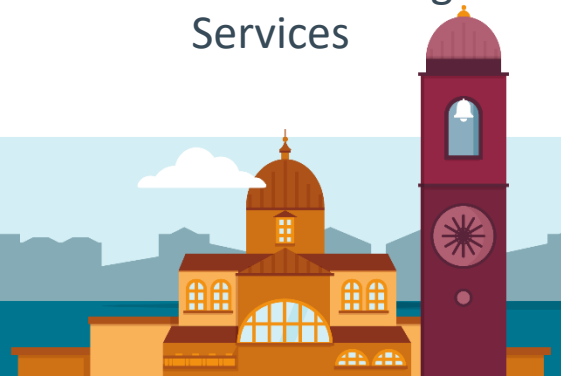
Universal Credits are ‘future proof’

New Cloud Services since last year

- Network Cloud Services
  - Notifications
  - Monitoring
  - Health Checks
  - DNS Traffic Management
  - Web Application Firewall
- Data Management
  - Restructuring of certain Database Cloud Services
- Security and Identity Management
  - Restructured Indentity Cloud Service and addition of BYOL version
  - Key Management
- Storage
  - Streaming Storage
- Compute
  - High Performance Computing – X7



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Product update

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Public Sector Challenges with Universal Credits

The introduction of Universal Credits Model in late 2017 created a number of challenges for some Public Sector customers:

- **Non-Defined Bill of Materials:**
  - If a product is named in a tender response, then that must be the product contracted for, e.g. Database Cloud Service, difficulty if the purchased product becomes a 'Universal Credits' and customer has access to a much broader set of services.
- **Overage**:
  - Some entities only permitted to pay the exact amount contracted for, with great difficulty in paying additional fees in the case of over consumption.
  - Invoiced directly to the signer of the CSA and not via the Channel.
- **Use-or-Lose**:
  - In purchasing a "credit", forfeiture of unused funds was problematic.

These are not insurmountable issues for some Public Sector entities, so the Universal Credit model should always be presented as our primary commercial option.

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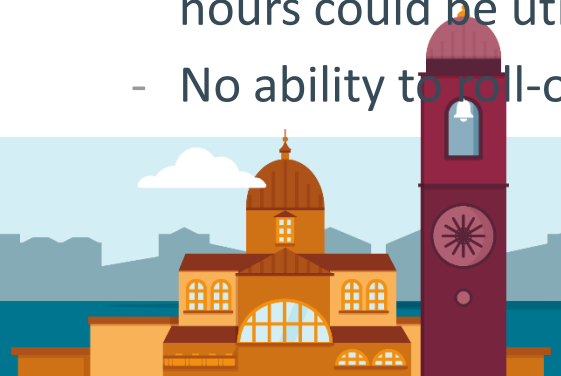
Introducing Government Tech Cloud Services

Government services are a hybrid between non-metered services and Universal Credits:

- Customers can now order a specific set of services to create a defined bill of materials
- Services are purchased on the basis of a “fixed quantity” e.g. OCPU Hours/Month or GB’s/Month
- Service usage across each month is monitored to asses customer consumption against the fixed quantity purchased.
- Customers have the flexibility to exceed their purchased quantity should they have bursting, peak, or seasonal requirements (i.e. there is still the possibility to incur overage fees).
- As a default “hard limits” will be automatically activated on the customers tenancy to limit the possibility of overage. (Hard limits prevent the creation of any new instances but will not prevent operation of any instances already running).
- Customers can create instances and consume services in any shape/pattern required e.g. all OCPU hours could be utilised in the first two week of the month and nothing for the rest of the month.
- No ability to roll-over purchased hours/GB’s from month to month



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What Government SKUs are available?

- Government SKU's are not "new" services, rather a commercial construct so almost every PaaS & IaaS service has an equivalent Government SKU

Some exceptions:

- Database & Java Cloud Services Standard Edition (can sell Enterprise Edition and discount to SE price – approval required).

- Government SKU's can be provisioned in any of our commercial data centers or in the UK Gov specific cages for UK Public Sector customers.

- Paas & IaaS Datacenter Availability (external)

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Product update

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- Government SKUs
- Cloud @ Customer

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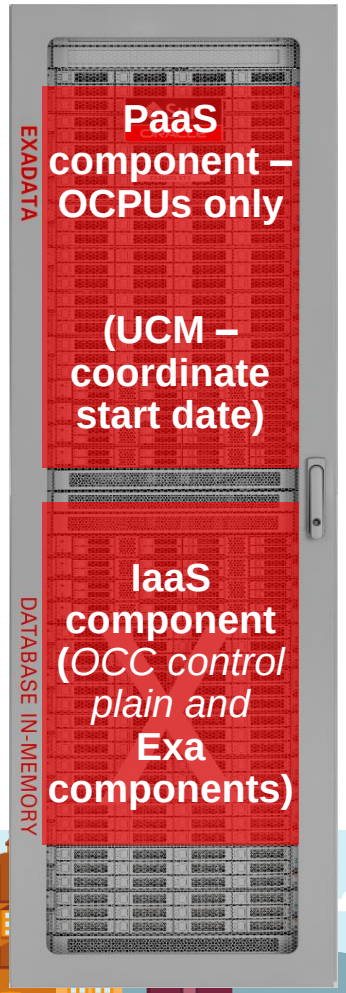
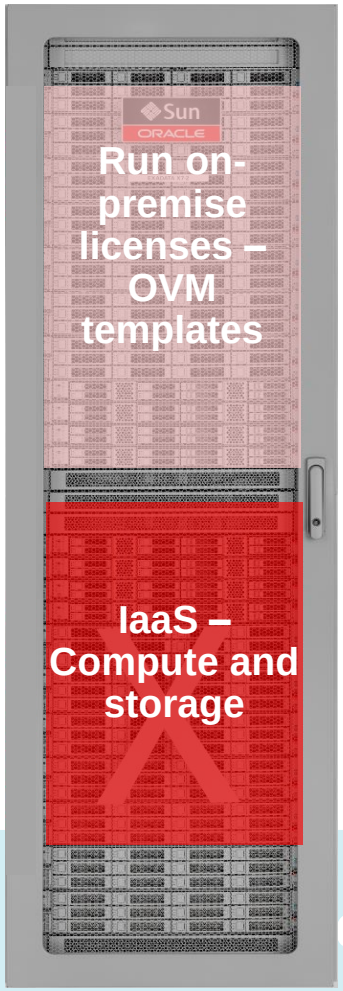
IaaS and PaaS Cloud @ Customer

ExaCC yesterday and today



OCC yesterday and existing installed base

PCC = PCA @ C



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Commercial update

- Transaction models
- Pricing

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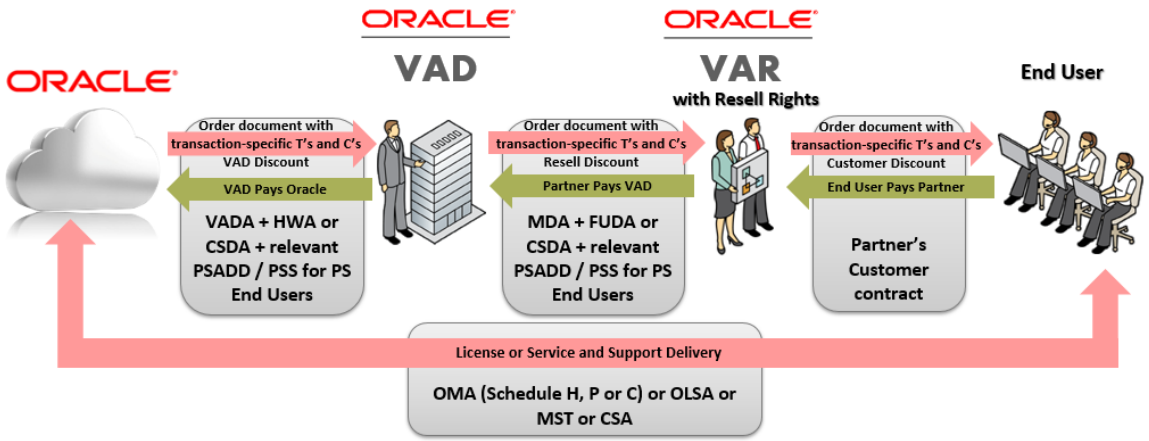
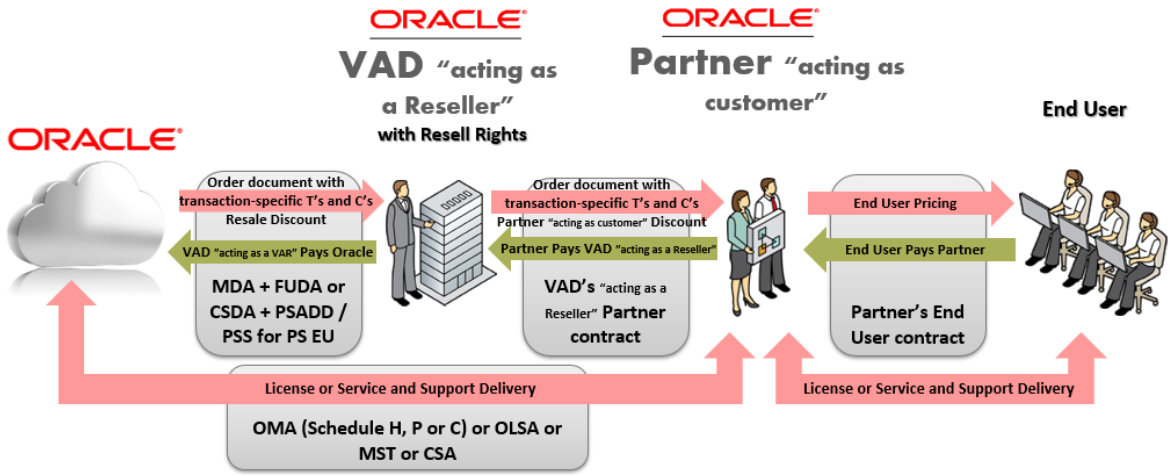
Recap: Partner Transaction types

« Resell »



« Sell to »



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« Resell » – Typical VAD (2 tier)

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ORACLE VAD

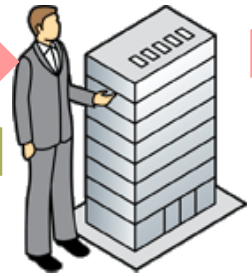
ORACLE VAR with Resell Rights

End User

Order document with transaction-specific T's and C's
VAD Discount

VAD Pays Oracle

VADA + HWA or CSDA + relevant PSADD / PSS for PS End Users



Order document with transaction-specific T's and C's
Resell Discount

Partner Pays VAD

MDA + FUDA or CSDA + relevant PSADD / PSS for PS End Users

Order document with transaction-specific T's and C's
Customer Discount

End User Pays Partner

Partner's Customer contract

License or Service and Support Delivery

OMA (Schedule H, P or C) or OLSA or MST or CSA

Overage

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« Resell » – Public Sector Addendum

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ORACLE VAD

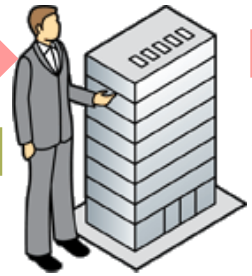
ORACLE VAR with Resell Rights

Public Sector End User

Order document with transaction-specific T's and C's
VAD Discount

VAD Pays Oracle

VADA + HWA or CSDA + relevant PSADD / PSS for PS End Users



Order document with transaction-specific T's and C's
Resell Discount

Partner Pays VAD

MDA + FUDA or CSDA + relevant PSADD / PSS for PS End Users

Order document with transaction-specific T's and C's
Customer Discount

End User Pays Partner

Partner's Customer contract

License or Service and Support Delivery

OMA (Schedule H, P or C) or OLSA or MST or CSA

CSA or OMA T's and C's put on the Partner's letterhead w/Oracle as 3rd party beneficiary

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« Sell to » – Typical Hosting model where the VAD is supplying the Partner

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VAD "acting as a Reseller" with Resell Rights

ORACLE

Partner "acting as customer"

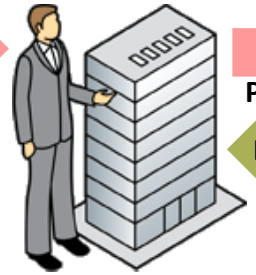
End User

ORACLE

Order document with transaction-specific T's and C's
Resale Discount

VAD "acting as a VAR" Pays Oracle

MDA + FUDA or CSDA + PSADD / PSS for PS EU



Order document with transaction-specific T's and C's
Partner "acting as customer" Discount

Partner Pays VAD "acting as a Reseller"

VAD's "acting as a Reseller" Partner contract

End User Pricing

End User Pays Partner

Partner's End User contract

License or Service and Support Delivery

OMA (Schedule H, P or C) or OLSA or MST or CSA

License or Service and Support Delivery

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« Resell » or « Sell to » ?

- It depends on what services the Partner is offering and how easily they can be isolated from the Oracle Cloud Services
  - Partner embeds the Oracle Cloud in its own broader service portfolio
  - Partner builds offerings upon the Oracle Cloud
- It depends on what experience the End User is looking for and willing to contract
  - Separate Cloud Service procurement from Implementation & Operational services procurement
  - Looking for a prime contractor

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Commercial update

- Transaction models
- Pricing

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Resell discounting on Monthly Flex

Burn rate discount

Discount Schedule for PaaS and IaaS - Indirect Universal Credit Model				
	Standard Indirect Discount on End User Rate Card			
Universal Credit Monthly Flex Spend	**1 Year Term**	**2 Year Term**	**3 Year Term**	**4 Year Term**
$1,000 - $4,999	0%			
$5,000 - $9,999	5%	10%	15%	20%
$10,000 - $24,999	10%	15%	20%	25%
$25,000 - $49,999	15%	20%	25%	30%
$50,000 - $100,000	20%	25%	30%	35%
> $100,000	30%	35%	40%	45%

Payment discount

VAD / DVAR Resell - Universal Credit Model

* Note: End User Credit Value equals the total amount prior to VAD / DVAR discount. For example: if End User Universal Credits are $100K Monthly, VAD fee payable to Oracle is $85K (15% discount) or the DVAR fee to Oracle is $90k (10% discount).

	Term Length	**VAD / DVAR Total Discount from End User Credit Value ***
Oracle PaaS / BYOL and IaaS	1 - 4 Year Term	15% / 10%

Presented to the end user

Means each dollar of consumption buys more cloud services

(These discounts are the direct « Sell to » standard discounts)

Provides channel margin opportunity

Unique to resell model -> Not available in Direct transactions

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Government SKUs

Partner discounts

Discount Schedule for PaaS and IaaS - Indirect Government SKUs				
	Standard Indirect Discount Non-Metered Subscription Model			
Annual Order Value List	**1 Year Term**	**2 Year Term**	**3 Year Term**	**4 Year Term**
$0 - $59,999	0%			
$60,000 - $119,999	5%	10%	15%	20%
$120,000 - $299,999	10%	15%	20%	25%
$300,000 - $599,999	15%	20%	25%	30%
$600,000 - $1,200,000	20%	25%	30%	35%
> $1,200,000	30%	35%	40%	45%

These discounts are independent of the channel.

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C@C Non-Metered infrastructure

Partner Discount Schedule for Oracle Public Cloud At Customer* – Non-Metered Services Oracle Platform as a Service (PaaS) & Infrastructure as a Service (IaaS) – Tech Cloud – Non-metered Services (excluding Oracle Business Intelligence – Non-Metered): Oracle Database Cloud Service – Multitenant Edition, Oracle Database Backup Service – Non-metered Usage, Oracle Java Cloud Service - SaaS Extension, Oracle Compute Cloud Services, Oracle Storage Cloud Service – Non-metered Usage, Oracle Documents Cloud Service (Non-metered)	
	VAD Total Discount
Oracle PaaS and IaaS	30%

Cf « Sell to » standard resell discounts:

	Partner Total Discount
Oracle PaaS and IaaS	25%

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The primarly route for Partner transactions is the Oracle Partner Store. What is the most commun 2nd route you follow ?

A/ Off-line quoting by the Oracle Prime Sales Rep

B/ A mix of Off-line quoting by the Oracle Prime Rep and the Partner Transaction Center Cisco

C/ Off-line quoting by the Partner Transaction Center

D/ We only transact via the Oracle Partner Store on-line

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Growing into the Oracle Cloud

- Phasing
- Expansions
- Non-Metered Mid-Term Conversion to Universal Credits
- POC to PAYG to Monthly Flex
- Moving on-premise to Cloud

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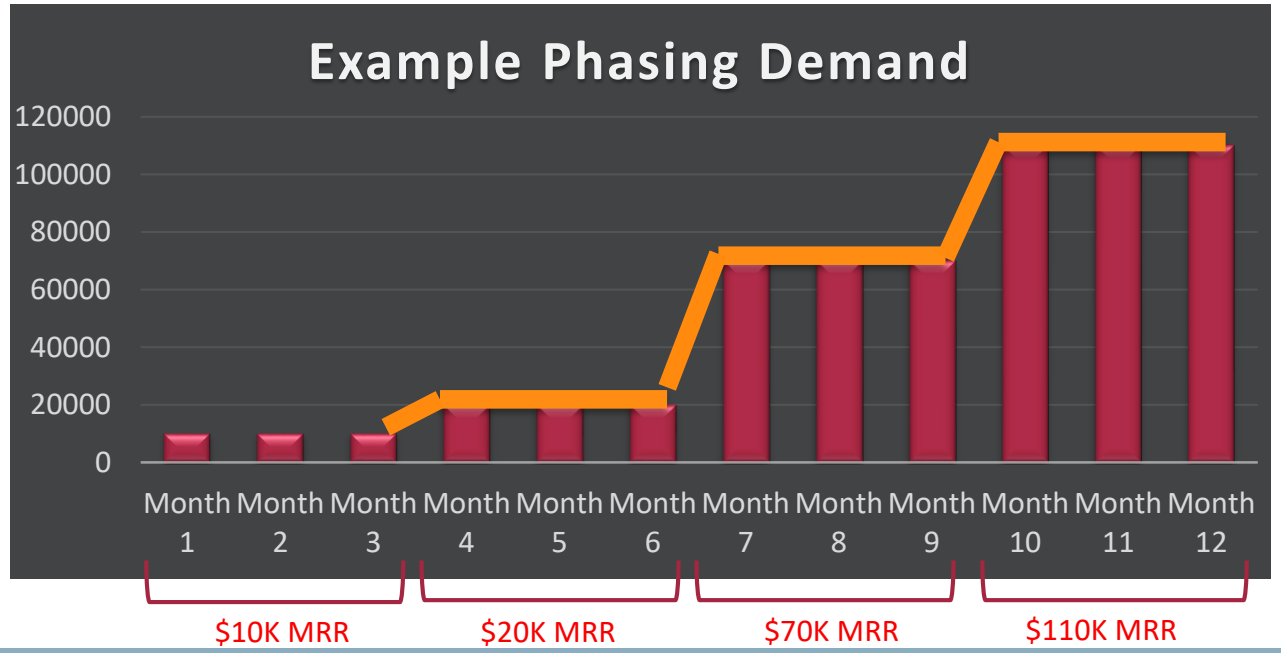
UCM Phasing | Example

- Some customers require more flexibility to shape the profile of their monthly commitment
- New projects may need to start small e.g. Development phase and grow along the contract period
- Customers define in advance the phased amounts and timing



ARR $630K

Average MRR over entire year =$52.5K
Standard Discount provided over contract = **20%**

1 Year Term	$1,000 - $4,999	0%
	$5,000 - $9,999	5%
	$10,000 - $24,999	10%
	$25,000 - $49,000	15%
	$50,000 - $99,999	20%
	$100,000+	30%

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Expansion | Example

1 Year Term	$1,000 - $4,999	0%
	$5,000 - $9,999	5%
	$10,000 - $24,999	10%
	$25,000 - $49,000	15%
	$50,000 - $99,999	20%
	$100,000+	30%
2 Year Term	$1,000 - $4,999	0%
	$5,000 - $9,999	10%
	$10,000 - $24,999	15%
	$25,000 - $49,000	20%
	$50,000 - $99,999	25%
	$100,000+	35%

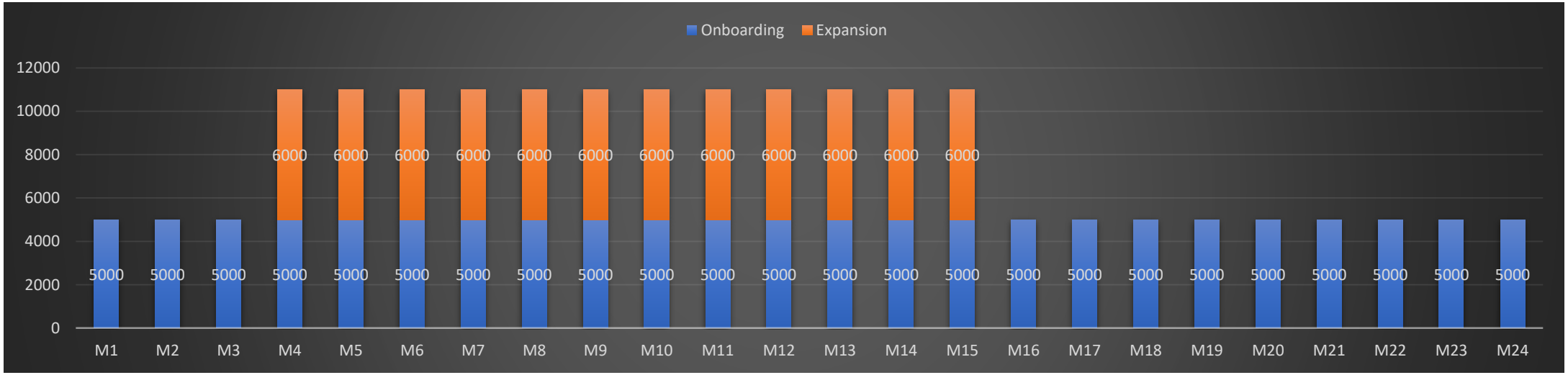
Expansion Term < Original Term:

Initial transaction for 2 years with monthly credit = $5000, TCV = $120000

In month 3, expansion for 1 year to increase monthly commit to $11000

Expansion discount is calculated based on the total credit value and the longer term (2 year contract)

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24	TCV
Onboarding	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	**115000**
Expansion				6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000										**72000**
Total Credit	5000	5000	5000	11000	11000	11000	11000	11000	11000	11000	11000	11000	11000	11000	11000	5000	5000	5000	5000	5000	5000	5000	5000	5000	**192000**
Discount	**10%**			**15%**												10%									



10%
$5K MRR

15%
$11K MRR

10%
$5K MRR

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Mid-Term Conversion (MTC) | Example

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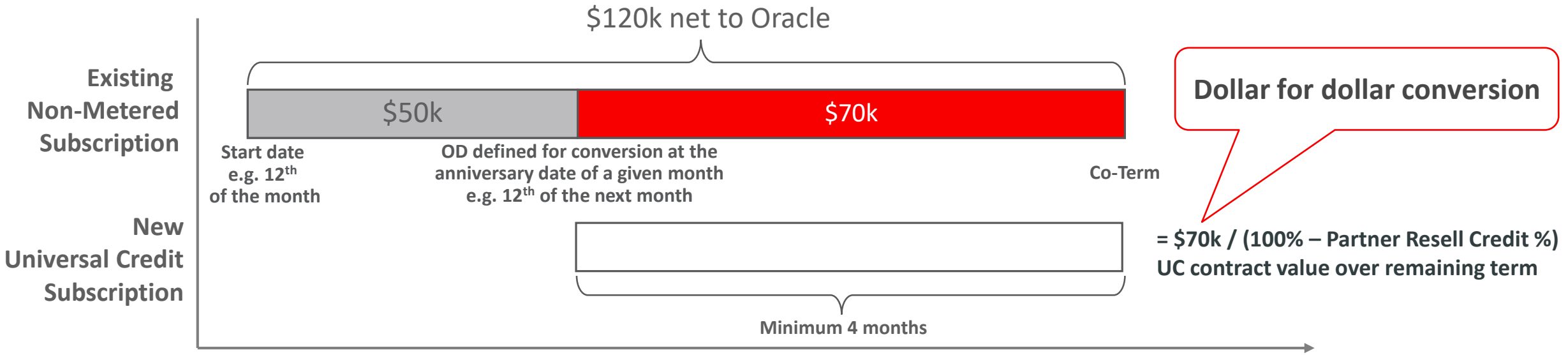

MTC associated to legacy indirect contracts (through VAD + Partner) critical elements:

1. Respect Still-to-be-paid OMM Rebates on the Non-metered contract when converting to Universal Credits
2. MTC contract impacts legacy contracts that VAD established with VAR, and VAR established with Customer -> Requires management of the flow down of the conversion contract T's and C's
3. Collaborative efforts of Oracle Sales, VAD and Partner to collate, prepare, articulate and negotiate and effectively "sell" the upgrade and complete MTC in order to assure end customer advocacy

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Pilot to Production

- Organize the pilot directly with Oracle, either
  a. to the end user, or
  b. to the Partner on behalf of the specified end user
- When it is time to move to Production…
  - Establish what the 'go forward' transaction model will be: Resell or Dedicated hosting
  - If necessary rectify who's CSA is being referenced…
    - Dedicated hosting, and if the pilot option was «a», then first assign the pilot environment to the Partner on behalf of the specified end user
    - Resell, and if the pilot option was «b», then first assign the pilot environment to the end user
  - Next, quote and transact the Production environment (assuring the correct choice of channel in Oracle's systems), and before initiating any provisioning have Cloud Operations / Product Management move the Pilot environment under the transaction
  - Please reach out to the Partner Transaction Center (PTC-EMEA_ww@oracle.com), this cannot be transacted simply via Oracle Partner Store
- *Attention not to incorrectly transact and create a new Environment*

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PAYG to Monthly Flex conversions

Customer wants to start as PAYG and at future date switch to Monthly Flex:

- Customer's first commercial transaction is PAYG
- Request the offline creation of an update operation type to a Monthly Flex:
  - Reach out to the Partner Transaction Center (PTC-EMEA_ww@oracle.com), this cannot be transacted via Oracle Partner Store and Quoting must be done offline
  - Oracle quoting:
    - Create an Expansion opportunity and create the Monthly Flex quote
    - If there is a change in channel at the same time, use the workaround "PAYG UCM Conversion to Monthly Flex UCM - Sales Channel Change", which requires a New Subscription opportunity
  - Oracle Cloud Deal Management: Requires a small manual workaround on the OD
  - Issue: The OD will co-term the end date of the 1 year PAYG subscription
    - To workaround this the Cloud Deal Management team manually adjusts the Monthly Flex end date based on the MSP commitment period
- *Attention not to incorrectly transact and create a new Environment*

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Moving on-premise to Cloud

Technology Licenses:

- BYOL to PaaS within the Universal Credits Model *(Universal Credits Model – PaaS and IaaS)*
- ULA to Cloud *(Universal Credits Model – PaaS and IaaS)* – double advantage:
  - Re-purpose Support payment
  - Use ULA to meet BYOL license requirements

… and for Applications Licenses: Customer to Cloud *(SaaS)*

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New Go To Market Framework

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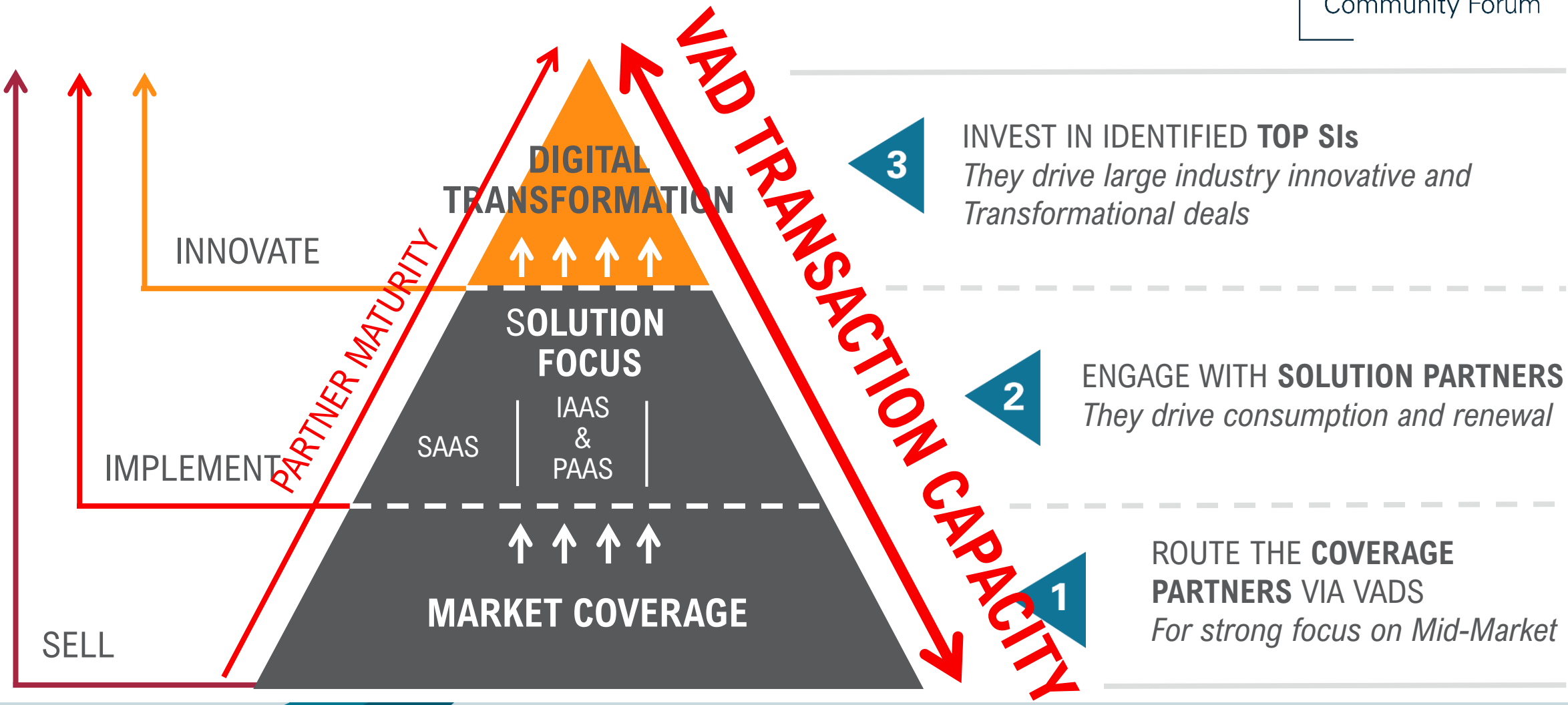

3 INVEST IN IDENTIFIED **TOP SIs**
They drive large industry innovative and Transformational deals

2 ENGAGE WITH **SOLUTION PARTNERS**
They drive consumption and renewal

1 ROUTE THE **COVERAGE PARTNERS** VIA VADS
For strong focus on Mid-Market

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Value of Working with Oracle EMEA VADs

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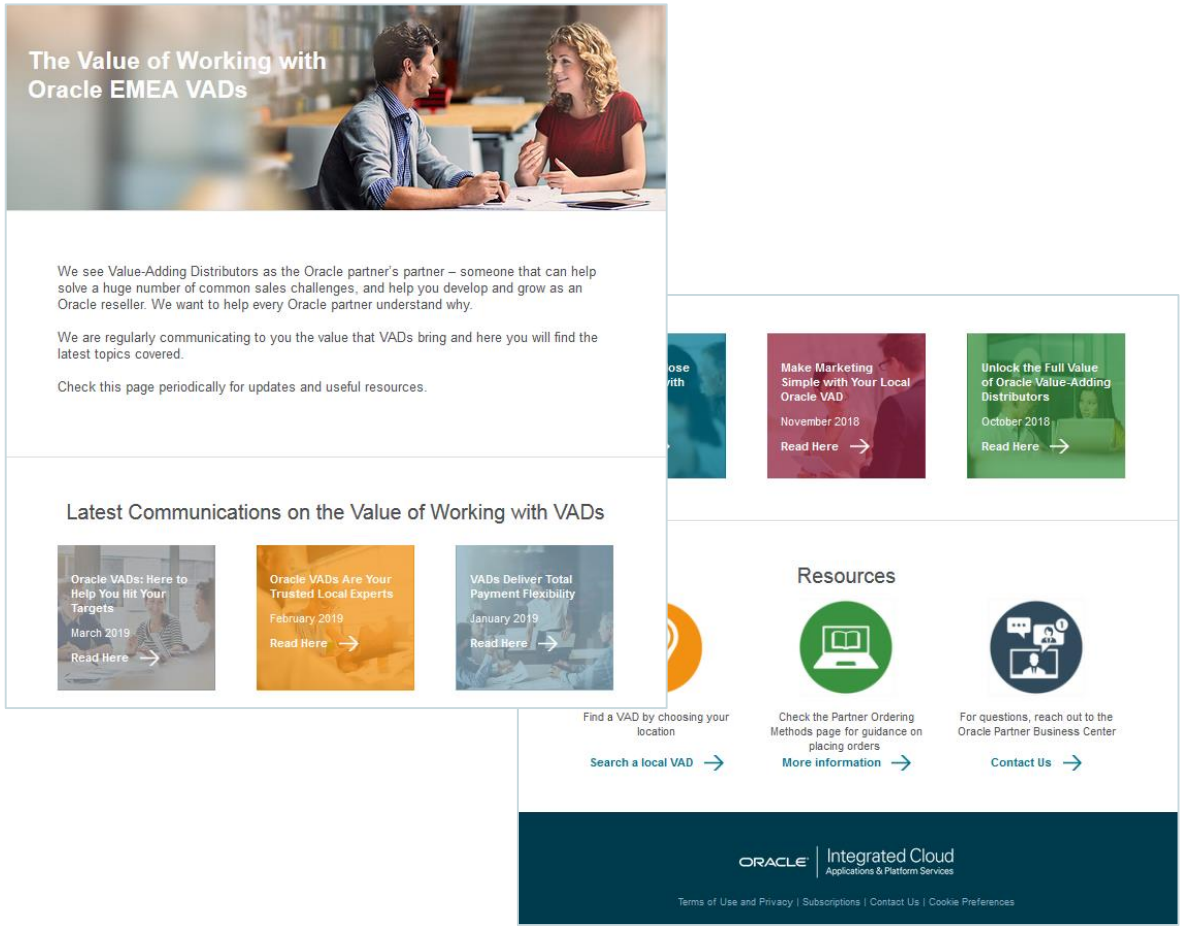
EMEA Partner communications

Job title department: Administration / Finance / Management / Marketing / Operations / Sales – 20k contacts in EMEA

E-blast	Message	Date
#1	Overview of value of the VAD	16 October 2018
#2	Marketing support from VADs	13 November 2018
#3	Transaction booking excellence	11 December 2018
#4	Financing flexibility and credit	15 January 2019
#5	VADs understand local requirements	13 February 2019
#6	Wrap-up communication	13 March 2019



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Call to Action

- Master Universal Credits commercial model
  - Unique SKU that gives access to the breadth and depth of Oracle IaaS and PaaS
  - PAYG and Monthly Flex contractual models
  - Land and Expand
- Help your Partners Choose the appropriate transaction model
  - « Resell » or « Sell to » depending on their offering and the desired customer experience
- Promote your VAD business development and transactional support to the local Oracle Partners

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Thank you

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