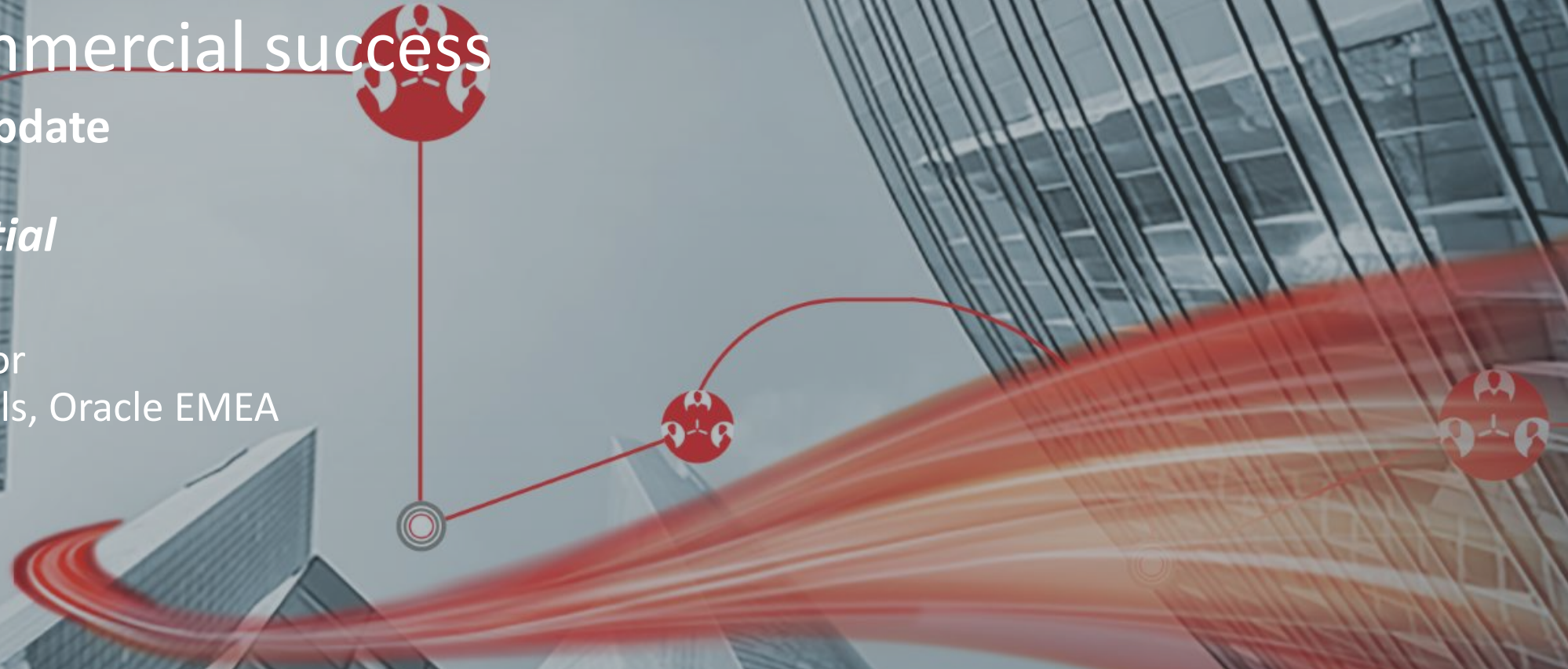# Driving commercial success

A Commercial Update

Oracle Confidential

Paul Thompson
Commercial Director
Alliances & Channels, Oracle EMEA

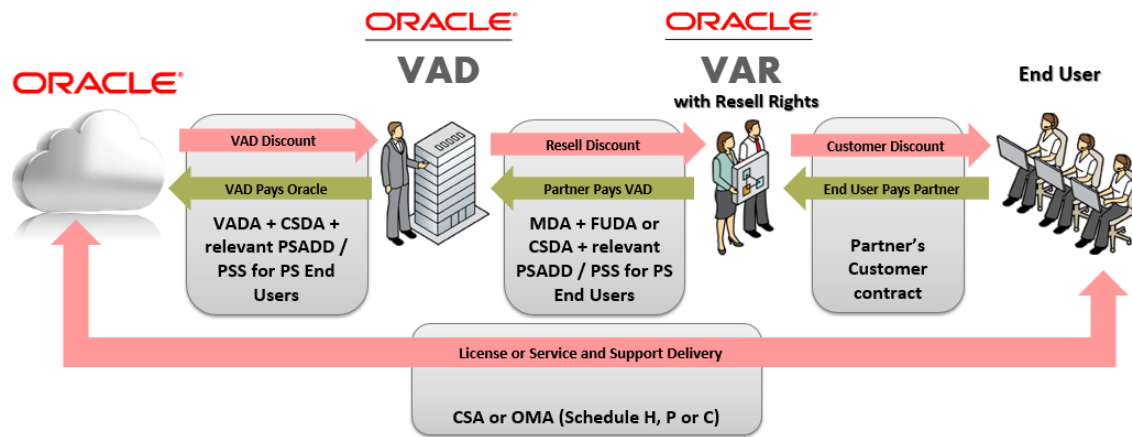June 2018

Program Agenda

1 Refresher: transaction types, POEU, terms flow down

2 Cloud update

3 OMM and OPN IP Rebates

4 UCM: commercials, innovation, tools

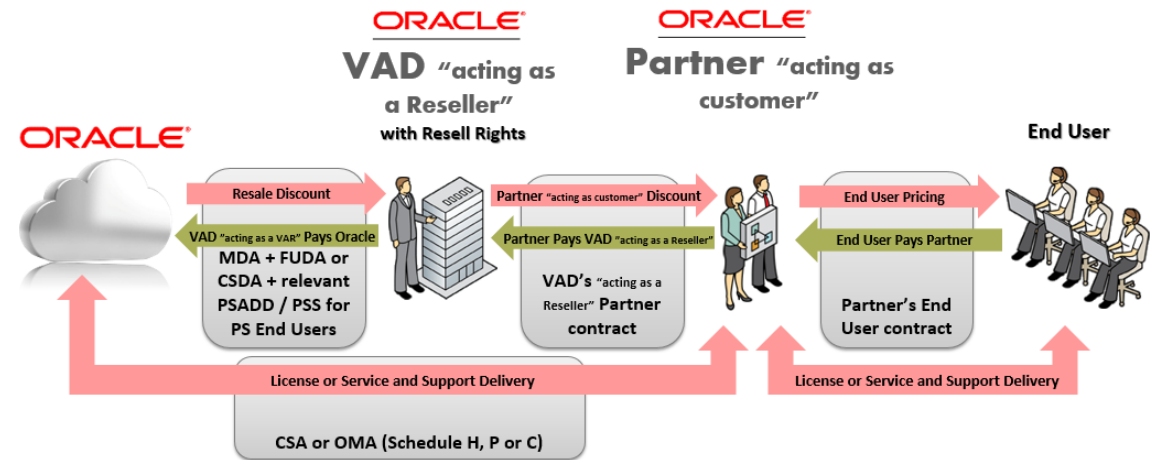**5** Call to Action

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5 ▶ Call to Action
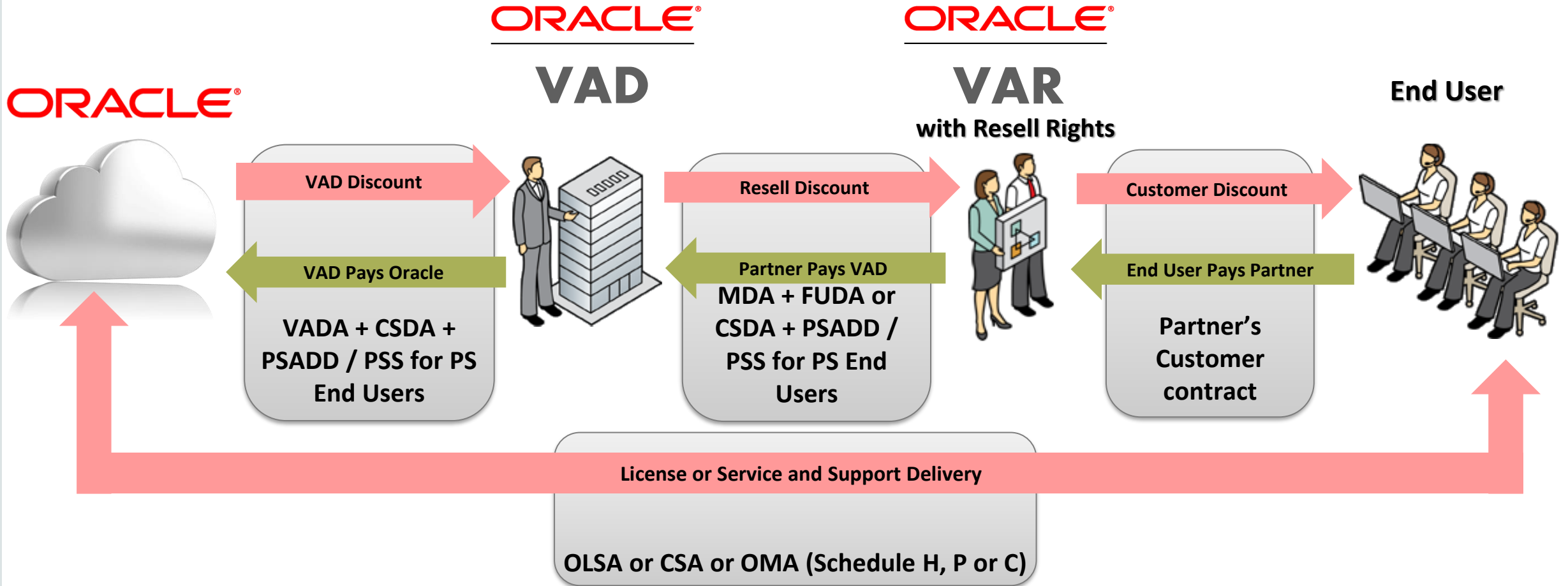
Partner Transaction types

- **Sell « through » – VADA + CSDA$_{VADA}$**

- **Sell « to » – FUDA$_{MDA}$ / CSDA$_{MDA}$**

Sell « through » – Typical VAD (2 tier) Resale Model

ORACLE
VAD

ORACLE
VAR
with Resell Rights

ORACLE

End User

VAD Discount

Resell Discount

Customer Discount

VAD Pays Oracle

Partner Pays VAD

End User Pays Partner

VADA + CSDA + PSADD / PSS for PS End Users

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

Partner's Customer contract

License or Service and Support Delivery

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

Sell « to » – VAD's Partner is doing dedicated hosting or application hosting

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VAD "acting as a Reseller"
with Resell Rights

ORACLE®
Partner "acting as customer"

End User

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Resale Discount →

← VAD "acting as a VAR" Pays Oracle

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

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

License or Service and Support Delivery

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

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Resell models

- **Standard resell**
  - VAD Order Document

- **Pass through**
  - Direct OD with 4-way signature block
  - Supplemental contracts and payments flow:
    - Amendment to VADA
    - VAD-Partner contract
    - Partner-End customer contract

Partner as 'customer' versus Resell

The competitive advantage of focusing on value

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VAR

Size the resources and the itemized budget commitment

$ Budget

End User

Keep the component pricing advantages

ORACLE®
Partner as customer

Pass on the pricing advantages to the customer

Resources

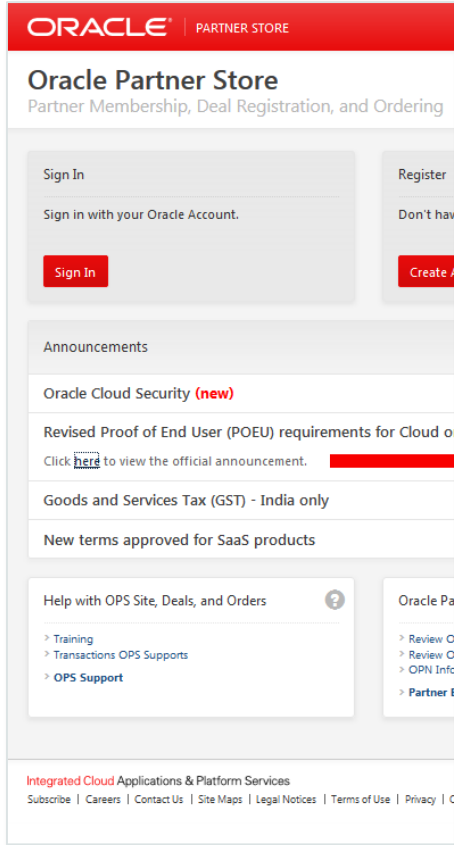**Size the resouces and solution budget envelope**

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Proof of End User

Asia Pacific	Europe, Middle East, Africa	Latin America	North America
China: All Orders India, Korea, Japan, Hong Kong, Taiwan: $50,000 All other countries: $100,000	United Kingdom, Poland, Turkey, Russia/Commonwealth of Independent States (CIS), United Arab Emirates, Nigeria, South Africa, Kenya: $50,000 All other countries: $100,000	Chile, Peru, Puerto Rico: $50,000 All other countries: $100,000	All countries: $200,000

Acceptable forms of POEU are one of the following:

1. End user's agreement with the partner, with pricing and other confidential terms redacted
2. Purchase order from the end user to the partner, with pricing and other confidential terms redacted
3. POEU Certificate with all required information completed (if end user does not issue purchase orders)

If submitting a POEU Certificate, it must be printed on the end user's letterhead or, where not available, the certificate must include a company stamp with the signature.

ORACLE | PARTNER STORE

Oracle Partner Store
Partner Membership, Deal Registration, and Ordering

Sign In

Sign in with your Oracle Account.

Sign In

Register

Don't hav

Create A

Announcements

Oracle Cloud Security (new)

Revised Proof of End User (POEU) requirements for Cloud o
Click here to view the official announcement.

Goods and Services Tax (GST) - India only

New terms approved for SaaS products

Help with OPS Site, Deals, and Orders

> Training
> Transactions OPS Supports
> OPS Support

Oracle Pa

> Review O
> Review O
> OPN Info

> Partner E

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'Flow down' of non-standard terms – order document level

Example for non-standard End User Terms in Oracle's VAD Order Document

Additional Order Terms

In addition to any terms the agreement requires you to include in your order with the Oracle reseller for distribution to the end user, you shall ensure that the order between you and the Oracle reseller for distribution to the end user and the order between the Oracle reseller and the end user shall expressly state that the order is subject to and incorporates the terms and conditions contained in this Additional Order Terms Section in the form set forth below (**"End User Terms"**). You acknowledge and will obtain the Oracle reseller's agreement that the Oracle reseller will obtain the end user's agreement that Oracle will have no liability to the end user arising out of or relating to the end user's non-compliance with the End User Terms:

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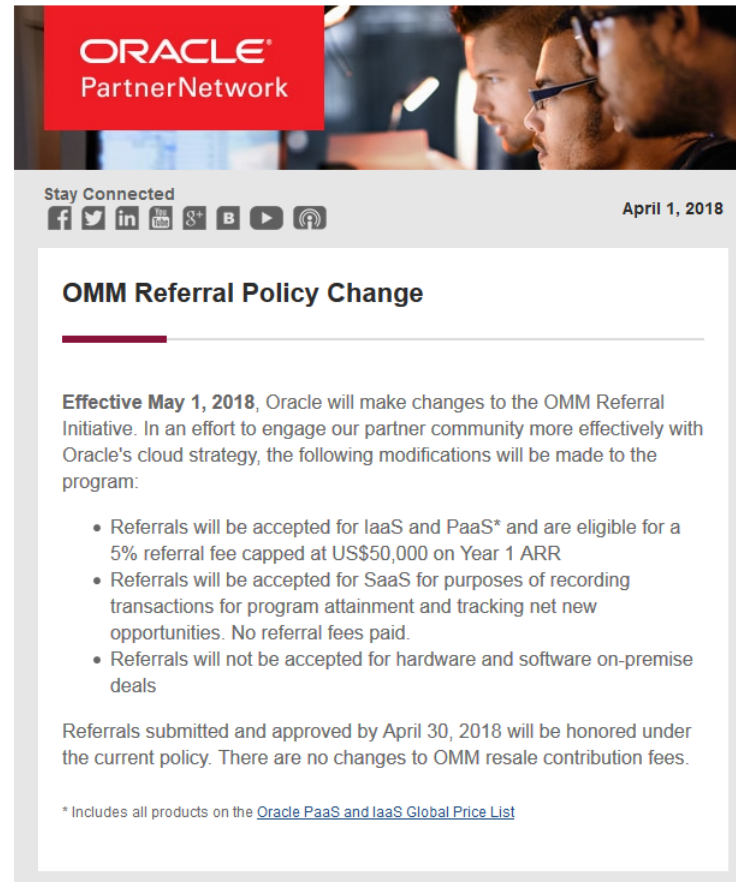**4** UCM: commercials, innovation, tools

5 Call to Action

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A closer look at Cloud and the evolving Oracle portfolio

- **SaaS**

- **PaaS and IaaS**
  - New Universal Credits Model
  - Cloud@Customer
  - Non-Metered
    - Public Sector
    - Renewals / expansions

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OMM and OPN IP Rebates

OMM

- Resell (eg for compensation) – No changes

- Referral – 1 May 2018 update

OPN IP Rebates

- OPN Incentive Program – 1 January 2018 update

ORACLE PartnerNetwork

Stay Connected

April 1, 2018

OMM Referral Policy Change

Effective May 1, 2018, Oracle will make changes to the OMM Referral Initiative. In an effort to engage our partner community more effectively with Oracle's cloud strategy, the following modifications will be made to the program:

- Referrals will be accepted for IaaS and PaaS* and are eligible for a 5% referral fee capped at US$50,000 on Year 1 ARR
- Referrals will be accepted for SaaS for purposes of recording transactions for program attainment and tracking net new opportunities. No referral fees paid.
- Referrals will not be accepted for hardware and software on-premise deals

Referrals submitted and approved by April 30, 2018 will be honored under the current policy. There are no changes to OMM resale contribution fees.

* Includes all products on the Oracle PaaS and IaaS Global Price List

OPN Incentive Program VAR Rebates starting January 1, 2018

Product Group	Registration Rebate
SERVERS	
SPARC	4%
X86	3%
SERVERS OTHER*	0%
ENGINEERED SYSTEMS	
EXA & OTHER ENG SYS	3%
ODA	5%
SUPERCLUSTER	3%
STORAGE	
BACKUP / RECOVERY	3%
PRIMARY STORAGE	3%
TAPE	0%
SW	
DATABASE	2%
MIDDLEWARE	2%
APPLICATIONS	0%
CLOUD	
UCM IaaS / PaaS	NA
non-UCM IaaS / PaaS	10%

NOTE: Per the Partner Pricing and Business Practices Update - December 1, 2017, many IaaS / PaaS services will be retired Dec 31, 2017. Rebates will be honored on replenishments and expansions of existing customer contracts. Additionally, rebates will be paid on the price list categories that are not being retired and, for which, quotes are extended to the end of FYQ3, including Oracle Cloud Machines.

SAAS	0%

*Acme Packet, Netra and miscellaneous components

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Universal Credits - Flexible Consumption Choices

Consumption Choices

Pay As You Go (PAYG)	Universal Credits Monthly Flex
• Only available for resell via CMP pilot • No upfront commitment • Pay in arrears based on usage	• 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 1.5x the Net burn rate or PAYG rate, whichever is lower, invoiced directly to customer per CSA

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Resell discounting on Monthly Flex

Burn rate discount

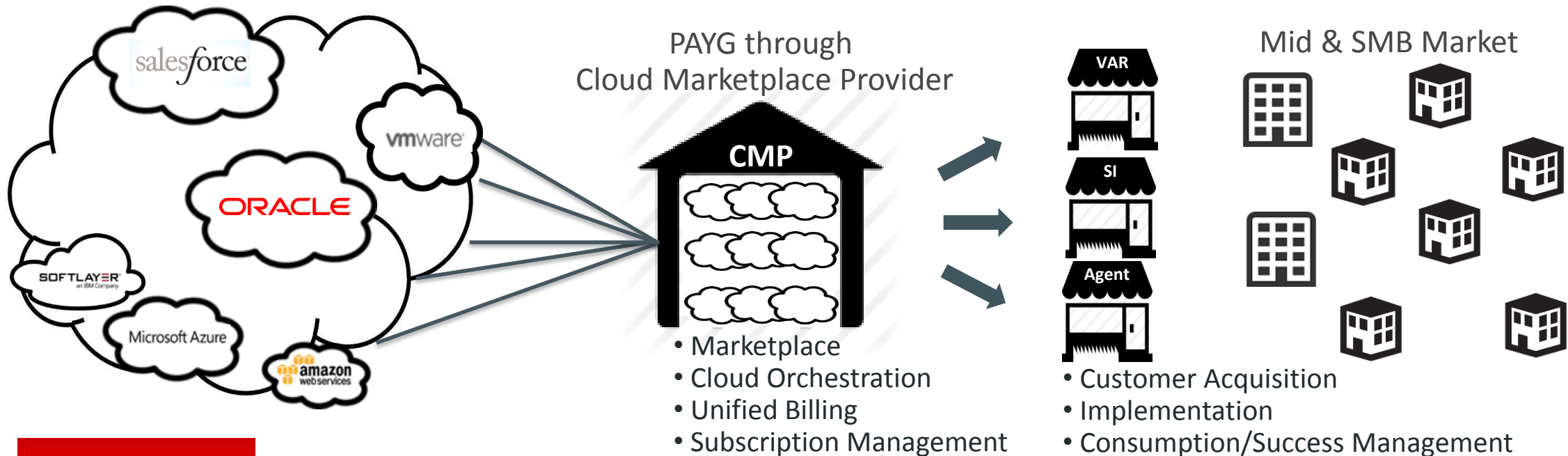| Discount Schedule for PaaS and IaaS - Indirect Universal Credit Model				
	Standard Indirect Discount on End User Rate Card			
Universal Credit Monthly Flex Spend	**1 Year Term**	**2 Year Term**	**3 Year Term**	**4 Year Term**
$1,000 - $4,999	0%			
$5,000 - $9,999	5%	10%	15%	20%
$10,000 - $24,999	10%	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 Resell - Universal Credit Model * Note: End User Credit Value equals the total amount prior to VAD discount. For example: if End User Universal Credits are $100K Monthly, VAD fee payable to Oracle is $85K (15% discount).		
	Term Length	**VAD Total Discount from End User Credit Value ***
Oracle PaaS / BYOL and IaaS	1 - 4 Year Term	15%

Presented to the end user
Means each dollar of consumption buys more cloud services

Provides channel margin opportunity
Unique to resell model -> Not available in Direct transactions

Partner Cloud Marketplace Provider pilot

- New Partner Type - the Cloud Marketplace Provider
  - Typically a VAD supporting resellers with an eCommerce storefront and Cloud orchestration capabilities
  - May also be a Direct Market Reseller selling direct to end customer

- New Subscription model for channel - PAYG
  - Competes with current offerings from AWS and Microsoft
  - Dominant subscription model in Mid and SMB markets for PaaS and IaaS

PAYG through
Cloud Marketplace Provider

Mid & SMB Market

VAR

SI

Agent

CMP

- Marketplace
- Cloud Orchestration
- Unified Billing
- Subscription Management

- Customer Acquisition
- Implementation
- Consumption/Success Management

Moving the Oracle installed base to the Cloud

| **License**	**Cloud**
Technology	Non-Metered
• BYOL to PaaS within the Universal Credits Model *(Universal Credits Model – PaaS and IaaS)*	• Mid-term conversion replace & terminate *(Universal Credits Model – PaaS and IaaS)*
• ULA to Cloud *(Universal Credits Model – PaaS and IaaS)*	Universal Credits Model
Applications	• PAYG conversion to Monthly Flex *(Universal Credits Model – PaaS and IaaS)*
• Customer to Cloud *(SaaS)*	

Cloud Services function & feature fit

- ## MAA architectural guidance

  – http://www.oracle.com/technetwork/database/features/availability/oracle-cloud-maa-3046100.html

- ## Continuously growing PaaS and IaaS portfolio

  – New services and data centers automatically grandfathered into existing contracts

  – Universal Credits Model is **future proof** and **derisks** the channel

- ## Oracle PaaS and IaaS Universal Credits Service Descriptions – part of CSA

  – http://www.oracle.com/us/corporate/contracts/paas-iaas-universal-credits-3940775.pdf

- ## PaaS and IaaS Hosting and Delivery Policies Pillar Document - part of CSA

  – http://www.oracle.com/us/corporate/contracts/paas-iaas-pub-cld-srvs-pillar-1117-4021422.pdf and https://cloud.oracle.com/iaas/sla

  – e.g. for Compute Performance:

Monthly Performance Rate	Service Credit Percentage
Monthly Performance Rate greater than 99.0% but less than 99.9%	10%
Monthly Performance Rate rate less than 99.0%	25%

Cloud Services workload and TCO guidance

- Universal Credits Model Cost Estimator
  - https://cloud.oracle.com/en_US/cost-estimator

- On premise infrastructure to IaaS ROI tool
  - https://oracle.valuestoryapp.com/iaas/

- TCO competitive
  - AWS calculator here
  - AWS and Azure Cloud licensing when hyper-threading is not enabled here

22
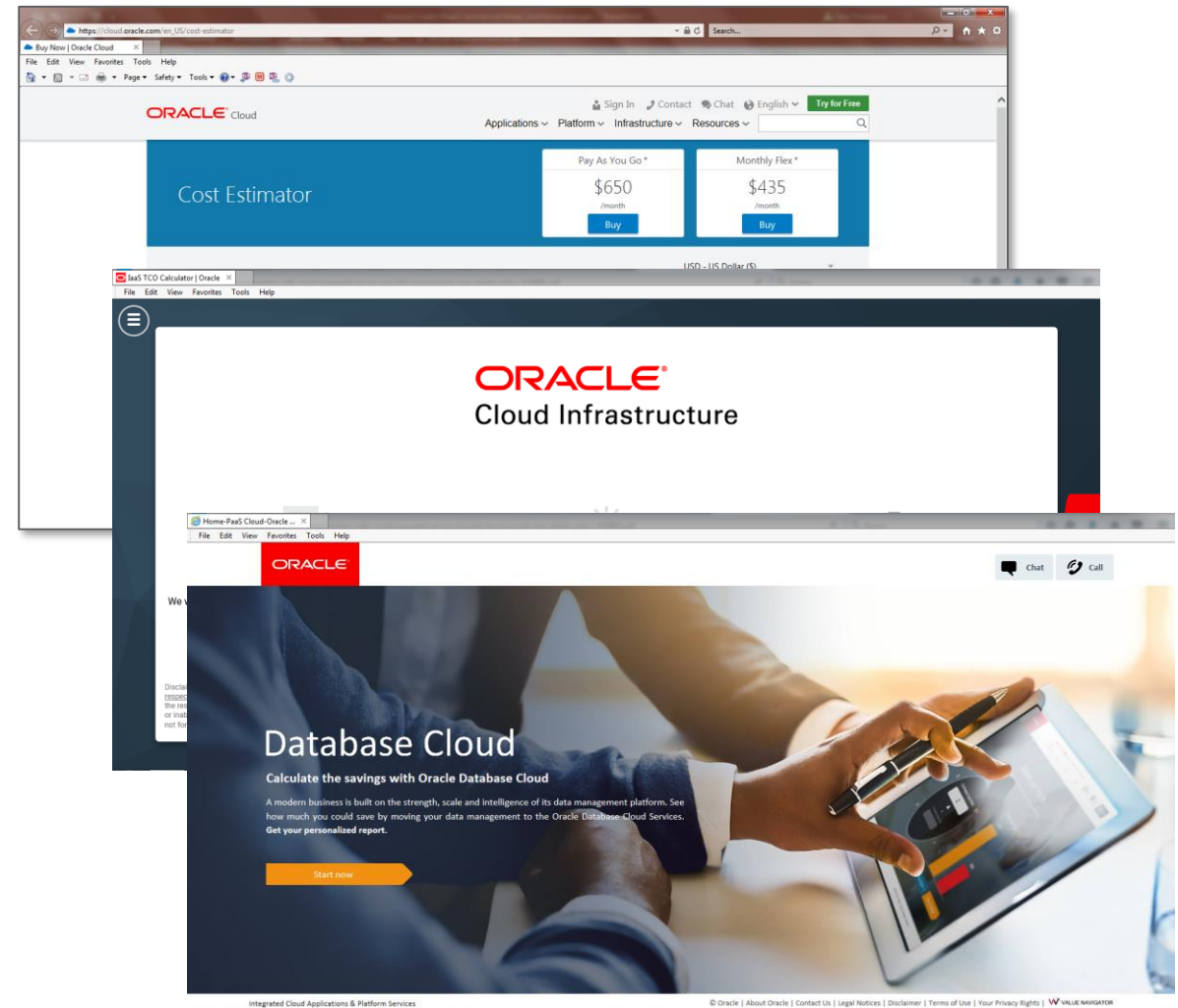
Transaction support

«OPS First» Mandate

- Oracle DM redirecting Sales for all OPS eligible transactions

- Your opportunity:
  - Be at ease with «Online» versus «Off line»
  - Make good use of the NSR template
  - Q4 enhancements - you can now (subject to approval):
    - Order less than the minimum quantity
    - Change the quantity and duration of the subscription during renewal
    - Select the 'Monthly in Advance' invoicing frequency when the total deal value is less than $200,000
    - Renew subscriptions at any time before the expiration date (final 120 days would not require an approval)

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Call to Action

✓ Master the Oracle contractual frameworks
  ➤ Sell « through » *and* Sell « to »
  ➤ Understand Oracle's order document clauses and their flow down
  ➤ Drive distribution agreement compliance

✓ Understand the unique advantages of the Universal Credits Model
  ➤ Front end margin
  ➤ BYOL to PaaS
  ➤ Land with PAYG and expand with Monthly Flex
  ➤ Future proofed single SKU – new services, new data centers

✓ Make «OPS First» a 2 tier reality

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Integrated Cloud

Applications & Platform Services

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