Survey Report: European Licensees' Insights into the Future of Their Oracle EBS Roadmaps

Survey results reveal that current EBS releases meet business needs and licensees are implementing strategies to maximize value and extend their lifespan

Rimini Street®

Contents

Executive Summary

Overall, 91% of respondent Oracle EBS licensee IT organizations report that their current ERP release meets their business needs.

Does your current Oracle ERP implementation satisfy your business needs (all EBS users)?

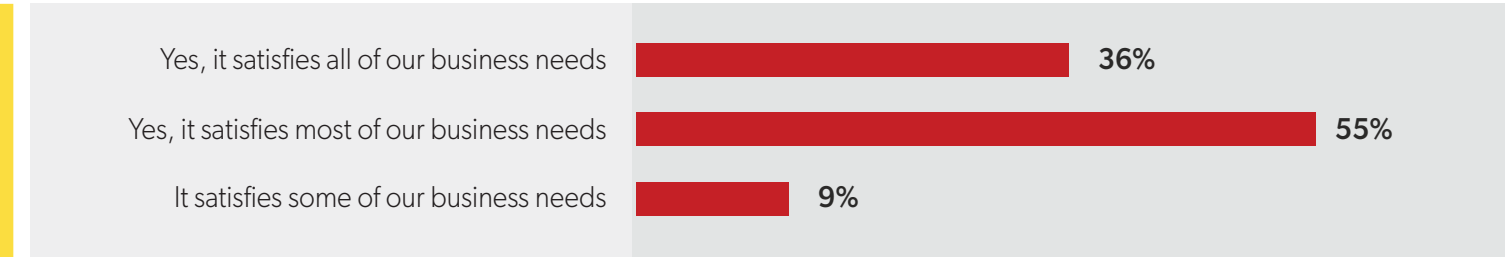|	
Yes, it satisfies all of our business needs	36%
Yes, it satisfies most of our business needs	55%
It satisfies some of our business needs	9%

Fig.1

Given the robustness of current Oracle EBS releases, licensees are taking steps to optimize these releases for years to come as a foundation for critical business processes. In fact, more than 75% of respondent Oracle EBS licensees run releases currently or soon to be no longer fully supported by Oracle. According to survey respondents, when asked which version of Oracle EBS applications they are running, 12 (40%) is the most commonly deployed release, followed by 12.1 (28%). Currently, all Oracle EBS releases 12.0 or earlier are no longer fully supported by Oracle and are receiving no new fixes; critical patch updates; security alerts; or tax, legal, and regulatory updates. In addition, EBS 12.1 will no longer be fully supported by December 2021.[2]

Which of the following Oracle E-Business Suite (Financials, Manufacturing, etc.) application versions is your organization running today?

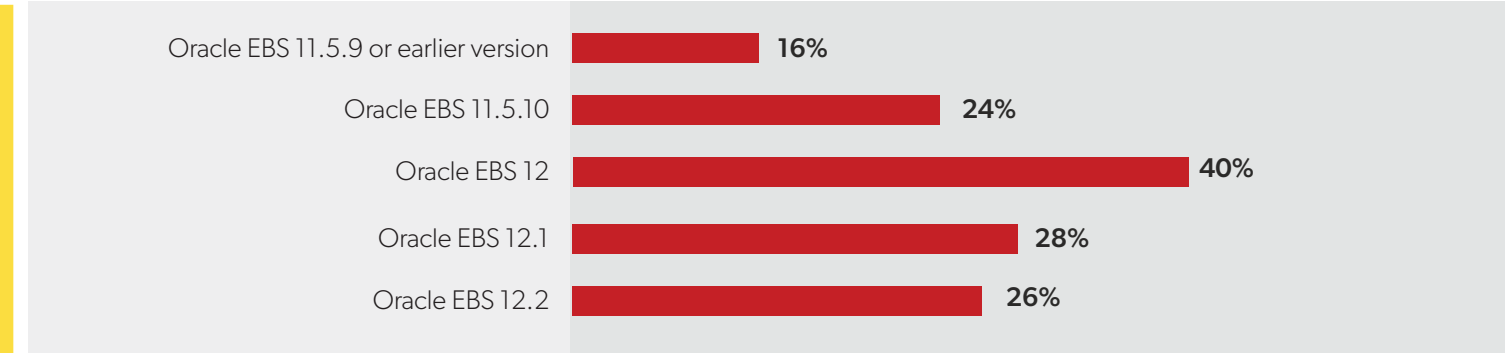|	
Oracle EBS 11.5.9 or earlier version	16%
Oracle EBS 11.5.10	24%
Oracle EBS 12	40%
Oracle EBS 12.1	28%
Oracle EBS 12.2	26%

Fig.2

Oracle EBS licensees are implementing strategies to maximize the value and extend the lifespan of current releases.

Instead of investing significant time, resources, and capital to perform potentially expensive, low-ROI release upgrades or full migrations to Oracle Cloud ERP, many Oracle EBS licensees are taking steps to maximize the value and extend the lifespan of their current robust and mature releases, including moving their EBS software to a cloud hosting platform, utilizing application management services (AMS), and switching their annual support to third-party support providers like Rimini Street.

EBS Licensees Not Seeing Enough New Value from Oracle's Roadmap

In addition, when asked about the amount of new value they are seeing delivered by Oracle's roadmap for EBS, only 49% stated they are seeing enough new innovation delivered. In addition, among those running the latest release (12.2), only 26% are applying Oracle updates to deploy new features, and those numbers were lowest in Germany (10%) and the U.K. (9%). These findings are interesting, given 60% of survey respondents are most directly responsible for managing the Oracle EBS Software on an ongoing basis.

A sentiment reinforced by a Gartner Predicts 2020 research report cites:

"Each year, support costs for legacy software increase, while the benefits gained from that support decrease, leading to more organizations seeking lower-cost third-party support options ... More buyers are aware of the value-added offerings from third-party support providers, such as custom-code support, interoperability support, and global tax, regulatory, and security services."[3]

Is Oracle delivering enough new value for your Oracle EBS applications?

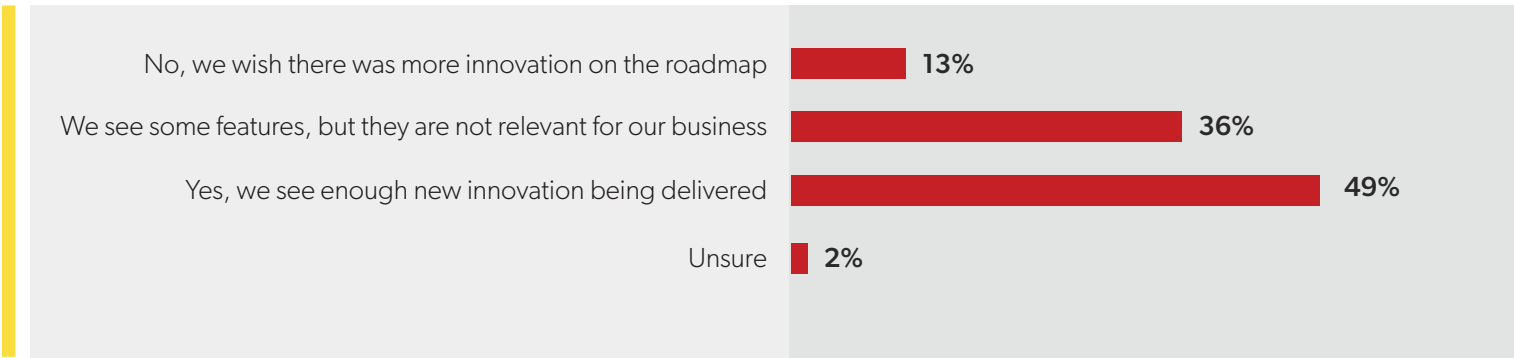| Response	Percentage
No, we wish there was more innovation on the roadmap	13%
We see some features, but they are not relevant for our business	36%
Yes, we see enough new innovation being delivered	49%
Unsure	2%

Fig.3

Background

Many organizations today are spending too much of their IT budgets on operating costs for Oracle EBS applications. Following the software vendor's dictated roadmap of continuous forced upgrades and software updates just to retain full support rarely enhances competitive advantage.

As a result, many EBS licensees are taking control and plotting a new course for their IT roadmaps, driven by business needs rather than vendor timelines. This includes leveraging proven and innovative approaches to optimize and enhance ERP support and daily operations, as well as choosing the cloud model that maximizes new value to the business.

Depending on their specific release, Oracle EBS licensees face slightly different challenges impacting their strategic direction.

- Oracle EBS licensees running releases 12.0 and earlier are no longer fully supported by Oracle, receiving no new fixes; critical patch updates; or tax, legal, and regulatory updates.[1] Similarly, all Oracle EBS licensees running release 12.1 will no longer by fully supported by December 2021.[1,2] This is forcing the decision on whether or not to upgrade, or to seek better alternatives to the software vendor's support and service model.

- Oracle E-Business Suite licensees running the 12.2 release see no new major release on the horizon of their Oracle roadmaps and are forced to apply continuous updates to maintain full support. The updates appear to be delivering less meaningful value, and take up time that might otherwise be spent on more strategic efforts. This is forcing a decision about how long they will continue on this roadmap, if they will weigh other options in the cloud, or if they will potentially consider other vendors.

In partnership with IDG, Rimini Street recently conducted a survey of Oracle EBS licensees based in Europe to gather data and insight on major challenges faced and strategies applied depending on which major release of EBS they are currently running and their future plans for their EBS platform.

Survey Objectives

The Rimini Street survey focused on the following issues, specifically with the objective of gathering data on:

- Current satisfaction with licensees' Oracle EBS software implementation, vendor support, and their future plans around the EBS platform

- For those licensees no longer fully supported by Oracle (those running versions earlier than 12.1): what approaches they use to get the support that their Oracle EBS applications demand and what their future plans and rationale are around potentially upgrading to 12.2 and/or leveraging AMS

- For those licensees soon to be no longer fully supported by Oracle in December 2021 (those running version 12.1): what approaches they use to get the support that their Oracle EBS applications demand, and what their future plans and rationale are around potentially upgrading to 12.2 and/or leveraging application management services (AMS)

- For those licensees running the latest release (12.2): what their levels of actual usage and value are from Oracle continuous updates and what resources and approaches they are taking to keep pace with Oracle's roadmap

- What the overall current and future plans of Oracle EBS licensees are around cloud computing, specifically infrastructure as a service (IaaS) and software as a service (SaaS)

Methodology

Survey respondents comprised 150 professionals from a population of Oracle EBS licensees across 18 different industries. Titles include CIO, VP, director, and manager of IT, as well as Oracle application leads, managers, and administrators.

Respondents were targeted across Europe, including 50 from the U.K. and 100 across Austria, France, Germany, Sweden, and the Netherlands.

Survey Respondents by Job Title

Oracle architect	6%
Oracle administrator	17%
Oracle application manager	25%
Oracle application lead	11%
Director/manager of IT	30%
VP of IT	4%
CIO	7%

Fig.4

Survey Respondents by Industry

Industry	Percentage
Business services, consulting	12%
Architecture, building, construction, engineering	9%
Retail	9%
Transportation/logistics	8%
Automotive, manufacturing, industrial	8%
Financial services (banking, accounting, tax, etc.)	7%
Telecommunications products and services	6%
Pharmaceutical/life sciences	6%
Healthcare/medical (excluding pharmaceutical)	5%
Government	4%
Advertising, marketing, PR	4%
Computer-related products or services	3%
Education	3%
Real estate	3%
Insurance	2%
Personal services	2%
Oil and gas	1%
Other	1%

Fig.5

Key Insights

Results from the Rimini Street survey reveal the following five major insights. These insights are covered in more detail in the survey analysis.

Insight 01

While the vast majority **(91%)** state their current Oracle EBS releases meet their business needs, respondent Oracle EBS licensee IT organizations are frustrated with ongoing vendor support costs **(41%)** and quality **(31%)**.

Insight 02

Only **40%** of respondents running releases no longer fully supported (<12.1) have definite plans to upgrade, and **76%** of those who are planning to upgrade are doing so for maintenance reasons. **65%** of respondents are currently using an AMS provider for some or all of their Oracle EBS applications.

Insight 03

Only **38%** of respondents running release 12.1 have definite plans to upgrade, with **91%** planning to upgrade for maintenance reasons. **64%** are using AMS for some or all of their EBS ERP applications.

Insight 04

The majority of respondents running the latest major release, 12.2, stay current with their updates and do so primarily for maintenance and security reasons, while only **29%** see strong innovation delivered consistently**.**

Insight 05

82% of respondent Oracle EBS licensees are running, moving to, or evaluating cloud hosting platforms (IaaS) for Oracle ERP software and of those choosing some SaaS, **76%** are including non-Oracle, best-of-breed solutions.

Insight 01

While the vast majority **(91%)** state their current Oracle EBS releases meet their business needs, respondent Oracle EBS licensee IT organizations are frustrated with ongoing vendor support costs **(41%)** and quality **(31%)**.

Many respondent Oracle EBS licensees are frustrated with Oracle support in several areas, including high annual fees, response and escalation challenges, and lack of customizations support. Many respondent EBS licensees are frustrated with the cost and quality of vendor support in several areas, regardless of the release they run. Top frustrations cited include high annual maintenance fees, the significant amount of time it takes the vendor to respond to issues, and having to escalate priority tickets to get the right expertise to address service requests.

In addition, lack of customization support from the vendor is also a challenge for many respondent EBS licensees.

What are the biggest challenges with Oracle maintenance and support?

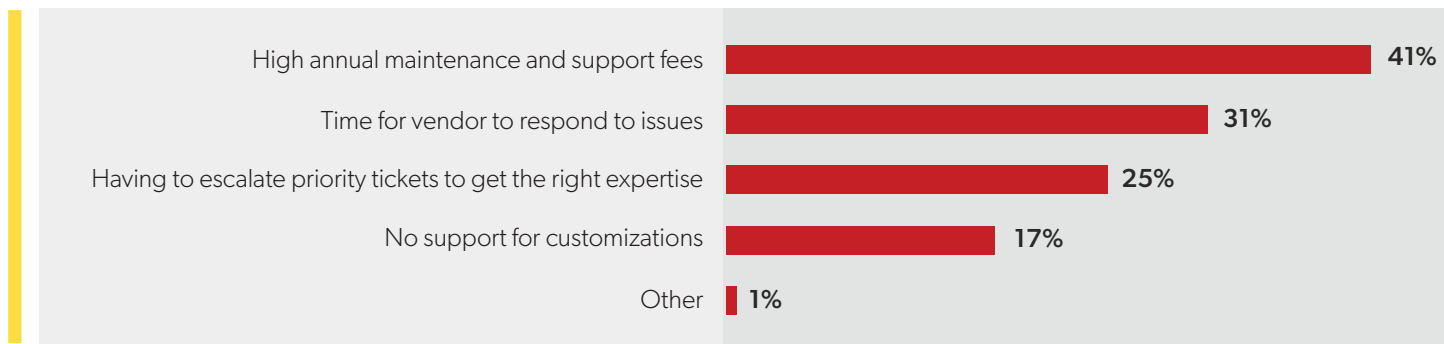Survey participants were able to select more than one option.

Challenge	%
High annual maintenance and support fees	41%
Time for vendor to respond to issues	31%
Having to escalate priority tickets to get the right expertise	25%
No support for customizations	17%
Other	1%

Fig.6

Only **40%** of respondents running releases no longer fully supported (<12.1) have definitive plans to upgrade and **76%** of those who are planning to upgrade are doing so for maintenance reasons. **65%** of respondents are currently using an AMS provider for some or all of their EBS applications.

Of those survey respondents who still run Oracle EBS releases 12.0 and earlier, less than half (40%) have definitive plans to upgrade to the latest release.

Is your organization planning to migrate to Oracle EBS 12.2?

No plans at this time
9%

Evaluating upgrading to 12.2
51%

Yes
40%
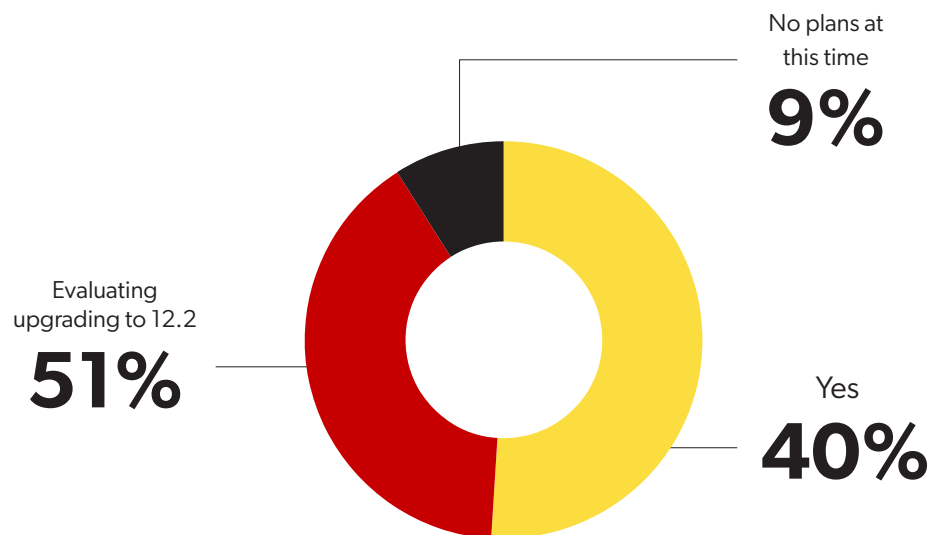
Fig 7

Of those same survey respondents, 76% listed the primary drivers to upgrade as maintenance and support-related, including accessing functional or security-related fixes or tax, legal, and regulatory updates. Only 24% listed access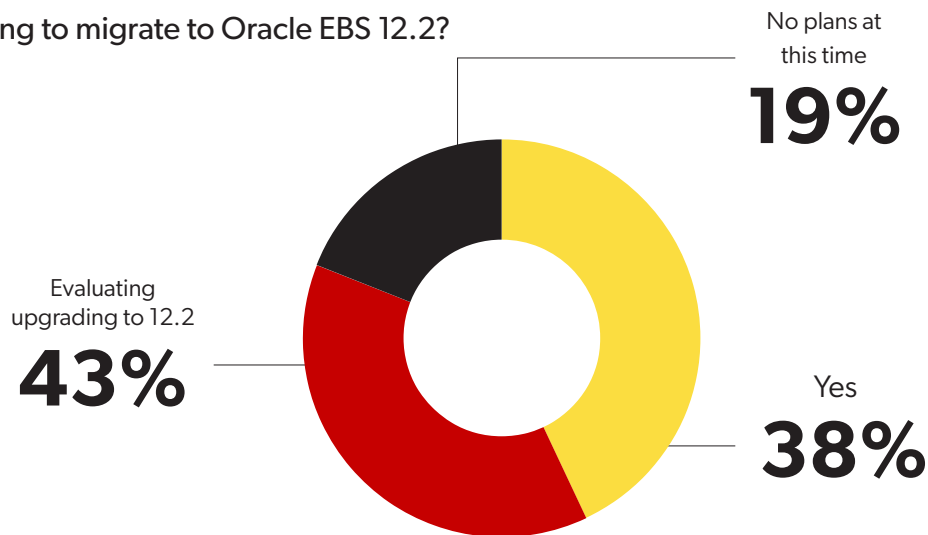 to new features or functional enhancements as the driver to upgrade to 12.2, despite the fact that this release has been out for several years.

What is the primary driver to upgrade to Oracle EBS 12.2?

Access the latest fixes for critical functional issues	38%
Access new critical security fixes	18%
To deploy new features or functional enhancements	24%
Access new tax, legal, and regulatory updates	20%

Fig 8

A high percentage (65%) of these Oracle EBS licensees are now currently outsourcing some or all of their Oracle EBS ERP to an AMS provider to handle ongoing daily operations.

AMS Vendor Customer Satisfaction is Declining

Gartner cites a 3.03/5.00 rating for "top" AMS companies and notes that there is a downward trend in AMS vendor customer satisfaction.[4] IT teams may begin to question the actual value being derived from their current AMS services.

Are you currently outsourcing any part of your EBS ERP environment to a Tier 2 application management services (AMS) provider?

Yes – all of our EBS ERP is outsourced to an AMS provider	9%
Yes – some of our EBS ERP is outsourced to an AMS provider	56%
No – we still manage all our EBS ERP in-house	25%
We outsource our databases to an AMS provider, but not our ERP	8%
Not currently, but considering AMS options	2%
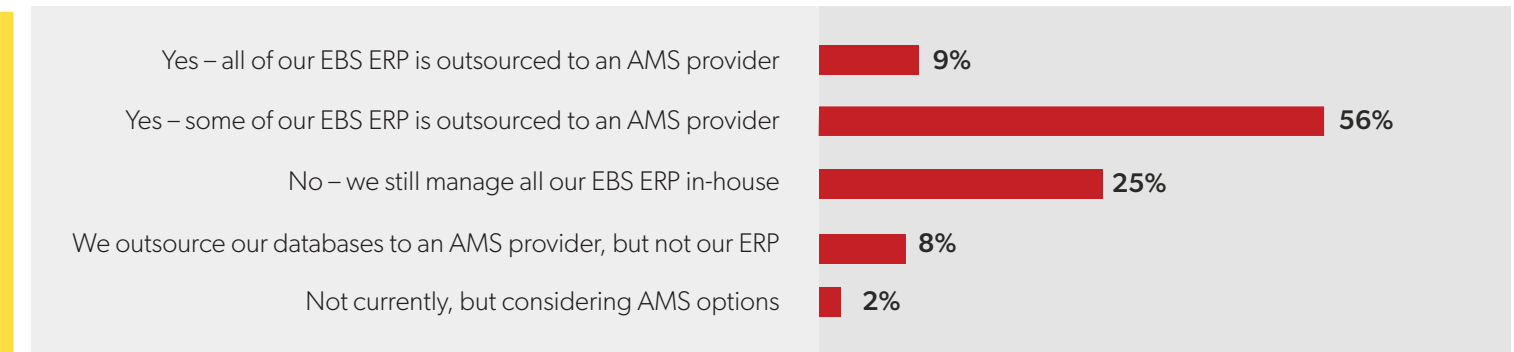
Fig.9

Oracle Investing Less in New EBS Enhancements

"It was obvious Oracle wasn't putting much real investment into its legacy products — Oracle clearly seems to be investing mostly in its cloud business models with little in the way of enhancements for our EBS system."[5]

**— Director of Corporate Systems,
    Atkins**

Only **38%** of respondents running release 12.1 have definite plans to upgrade, with **91%** planning to upgrade for maintenance reasons. **64%** are using AMS for some or all of their EBS ERP applications.

Oracle EBS release 12.1 will no longer be fully supported by December 2021 and will fall into sustaining support where licensees will likely no longer receive new fixes; critical patch updates; security alerts; or tax, legal, and regulatory updates from the vendor.

Of those survey respondents who still run Oracle EBS releases 12.1 and earlier, only 38% have definite plans to upgrade to the latest release.

Are you planning to migrate to Oracle EBS 12.2?

No plans at this time
19%

Evaluating upgrading to 12.2
43%

Yes
38%

Fig 10

Of those same survey respondents, 91% listed the primary drivers to upgrade as maintenance and support-related, including accessing functional or security-related fixes or tax, legal, and regulatory updates. 9% of respondents listed access to new features or functional enhancements as the driver to upgrade to 12.2, despite the fact that this release has been out for several years.

What is the primary driver to upgrade to 12.2?

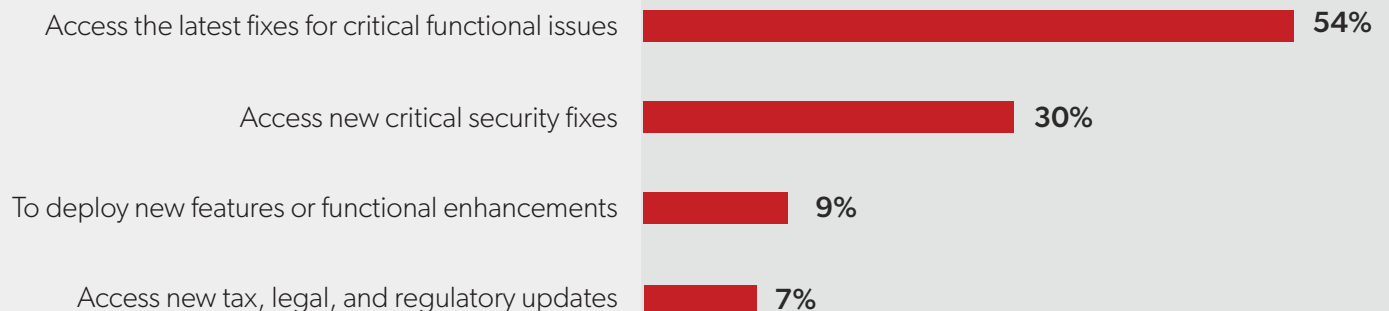|	
Access the latest fixes for critical functional issues	**54%**
Access new critical security fixes	**30%**
To deploy new features or functional enhancements	**9%**
Access new tax, legal, and regulatory updates	**7%**

Fig.11

Avoiding Forced Upgrades to EBS 12.2

"The upgrade to R12 came at significant cost, including the opportunity cost of allocating significant internal resources toward the upgrade. The decision to move EBS to third-party support allowed the possibility of avoiding the forced upgrade march in the future."[6]

— Financial Applications Manager
   Lifeway

A high percentage (64%) of Oracle EBS licensees running version 12.1 are now currently outsourcing some or all of their Oracle EBS ERP to an AMS provider to handle ongoing daily operations.

Are you currently outsourcing any part of your Oracle EBS ERP environment to a Tier 2 application management services (AMS) provider?

Yes – all of our EBS ERP is outsourced to an AMS provider	20%
Yes – some of our EBS ERP is outsourced to an AMS provider	44%
No – we still manage all our EBS ERP in-house	27%
We outsource our databases to an AMS provider, but not our ERP	3%
Not currently, but considering AMS options	6%
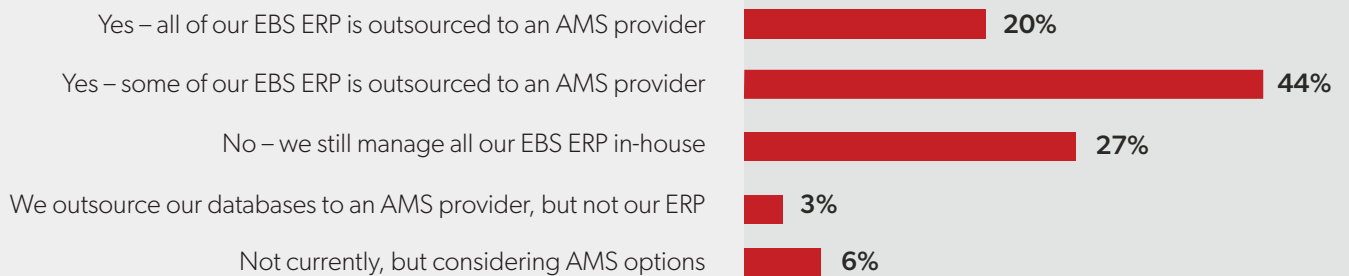
Fig.12

Insight 04

The majority of respondents running the latest major release, 12.2, stay current with their updates and do so primarily for maintenance and security reasons, while only **29%** see strong innovation delivered consistently.

Those Oracle EBS licensees running verion 12.2 are now receiving updates from the vendor each year in the form of Release Update Packs (RUPs), which are required to maintain access to full support. However, given the frequency of the updates and the associated regression testing and validation required, the survey aimed at better understanding how often and why licensees apply 12.2 update, and what level of resources are involved.

48% of respondents stated they stay current by applying every update, indicating a need for ongoing resources and processes to support the update cycle.

How often are you applying Release Update Packs?

We stay current (apply every RUP every year)	**48%**
Apply one RUP every other year	**40%**
Apply one RUP every 2 years	**2%**
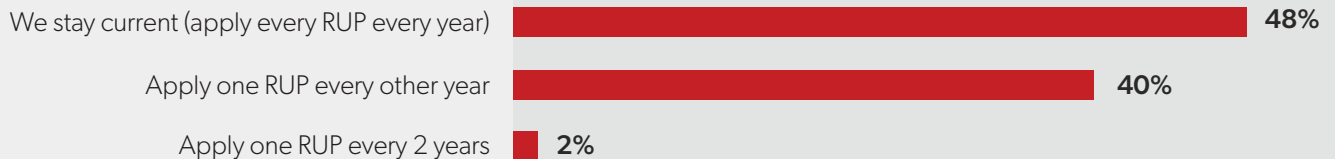
Fig.13

Applying security and functional fixes are among the top reasons listed for applying 12.2 updates, as well as minimizing the difficulty in applying a future fix. Only 26% of respondents indicated new features or functional enhancements as the reason why they apply RUPs. Similarly, only 29% of respondents surveyed stated they leverage strong innovation on a consistent basis.

Why are you applying Release Update Packs?

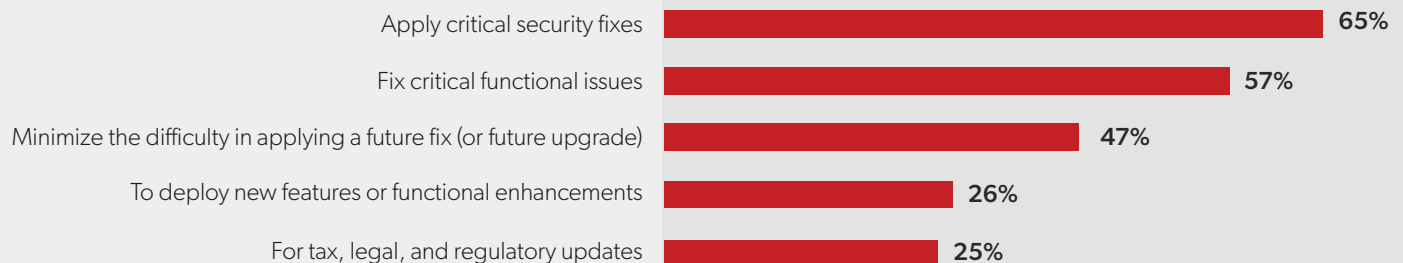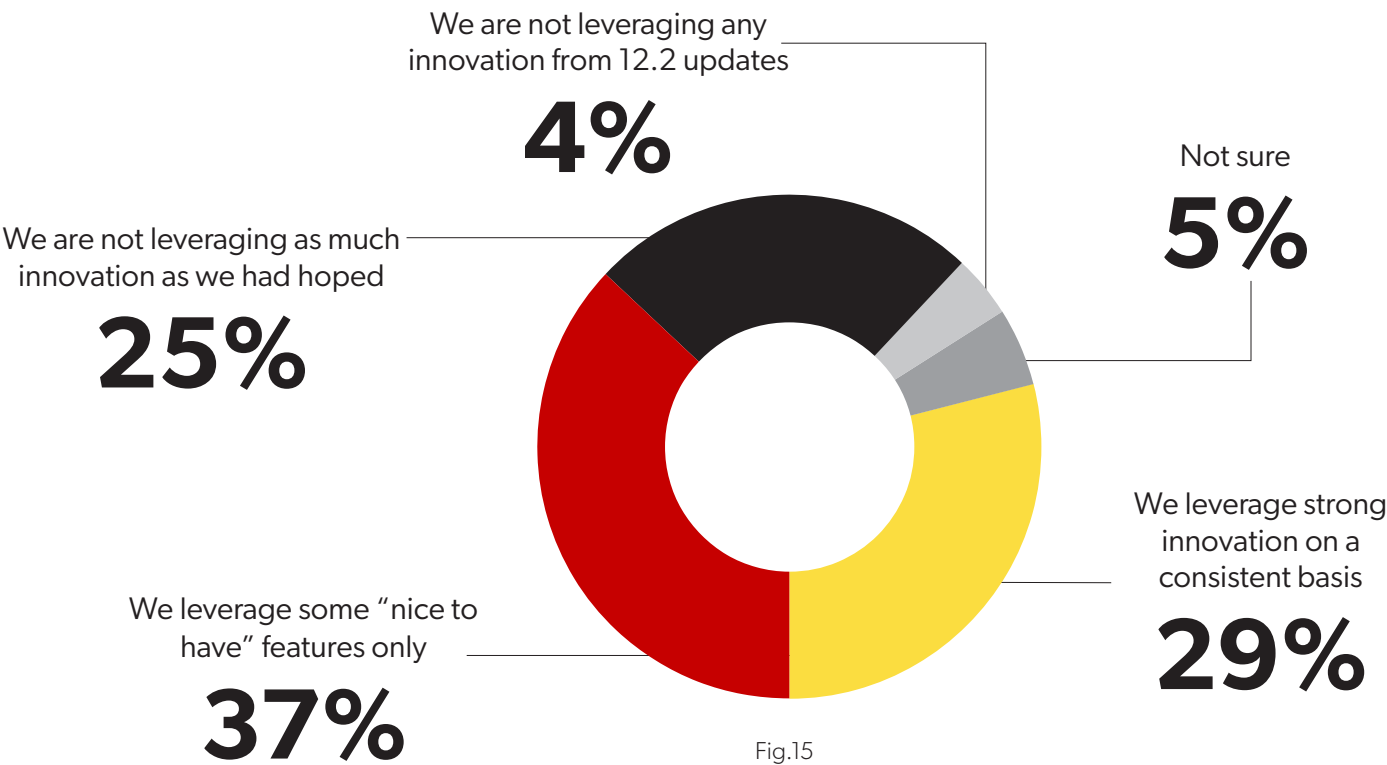|	
Apply critical security fixes	**65%**
Fix critical functional issues	**57%**
Minimize the difficulty in applying a future fix (or future upgrade)	**47%**
To deploy new features or functional enhancements	**26%**
For tax, legal, and regulatory updates	**25%**

Fig.14

While the majority of 12.2 licensees respondents state they apply updates consistently, less than half state they are leveraging strong innovation from those features.

How much meaningful innovation are you leveraging from Oracle EBS 12.2 updates?

We are not leveraging any
innovation from 12.2 updates

4%

Not sure

5%

We are not leveraging as much
innovation as we had hoped

25%

We leverage strong
innovation on a
consistent basis

29%

We leverage some "nice to
have" features only

37%

Fig.15

Insight 05

82% of respondent Oracle EBS licensees are running, moving to, or evaluating cloud hosting platforms (IaaS) for Oracle ERP software and of those choosing some SaaS, **76%** are including non-Oracle, best-of-breed solutions.

Cloud computing adoption for Oracle ERP is apparently gaining traction, with 82% of respondents surveyed already running, actively moving, or evaluating some or all of their Oracle ERP on cloud hosting platforms, also known as infrastructure as a service (IaaS).

Are you planning to migrate some or all of your Oracle ERP to cloud IaaS?

Currently evaluating IaaS	23%
Actively moving Oracle ERP to IaaS	35%
Already run some or all of our Oracle ERP on cloud IaaS	24%
No current plans to move Oracle ERP to cloud IaaS	11%
Unsure	7%
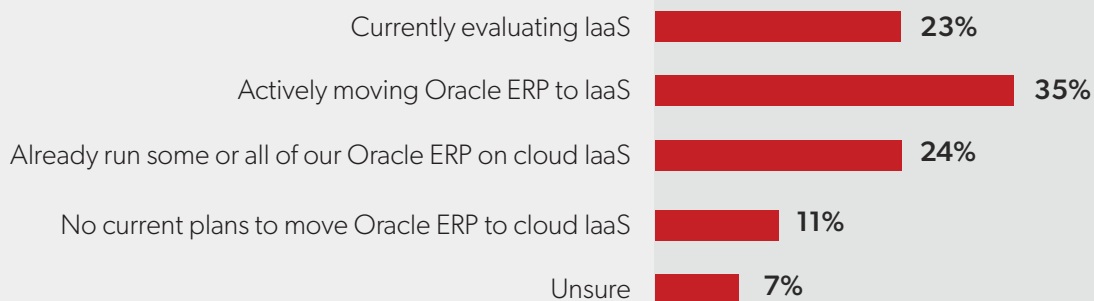
Fig.16

Licensees that have chosen to "lift and shift" to cloud IaaS are choosing best-of-breed cloud hosting options ahead of Oracle Cloud Infrastructure (OCI).

Which of the following cloud solutions are you evaluating, migrating to, or currently using to deploy cloud ERP?

Microsoft Azure	59%
Google Cloud Platform	36%
AWS Cloud Computing Services	32%
Oracle Cloud Infrastructure (OCI)	30%
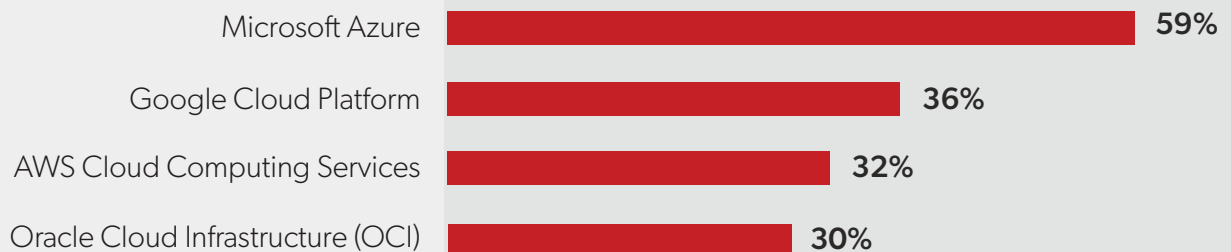
Fig.17

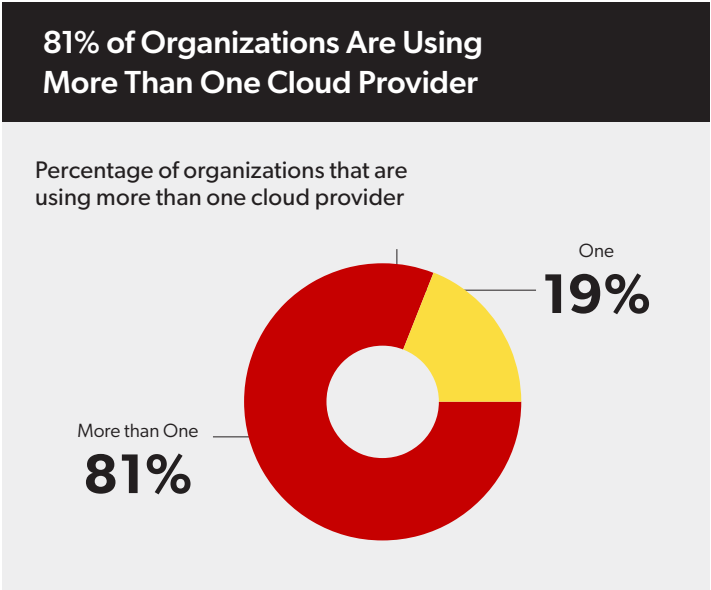## Are you planning to replace any or all of your current Oracle ERP with cloud SaaS applications?

Currently evaluating SaaS	29%
Actively moving some or all of our Oracle ERP to SaaS	33%
Already replaced some of our Oracle ERP with SaaS	17%
No current plans to replace Oracle ERP with SaaS	18%
Unsure	3%

Fig.18
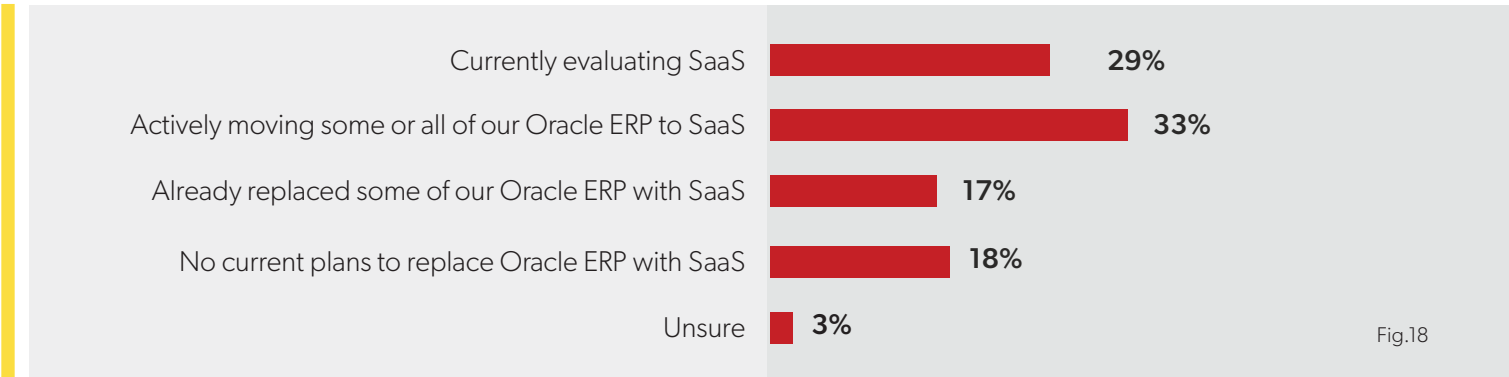
However, of those respondents evaluating, actively moving, or already having replaced some of their Oracle ERP with SaaS, nearly 76% are choosing non-Oracle SaaS as well as Oracle SaaS, indicating a preference for a best-of-breed approach rather than a single-vendor approach.

What are your organization's plans with respect to replacing Oracle ERP with SaaS?

Only Oracle Cloud ERP SaaS	24%
Some Oracle SaaS and other SaaS Solutions	72%
Non-Oracle SaaS solutions only	4%

Fig.19
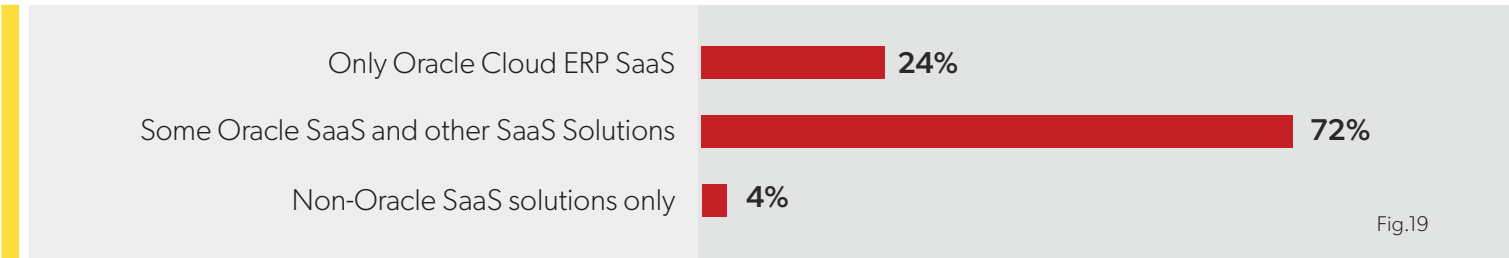
Overall, the trend for Oracle ERP and cloud computing shows more respondents have already opted to "lift and shift" some of their licensed Oracle ERP to IaaS (24%) as compared to "rip and replace' some of their Oracle ERP with SaaS (17%).

These findings around EBS and cloud suggest that Oracle EBS licensees continue to seek ways to extend the useful life of their existing implementation using IaaS cloud rather than replacing their ERP with SaaS, where multiple solutions from multiple vendors would likely be required to meet their business needs.

81% of Organizations Are Using More Than One Cloud Provider

Percentage of organizations that are using more than one cloud provider

One
19%

More than One
81%

According to a 2020 Gartner survey,[7] on average, respondents report working with 2-3 public cloud providers and 2 types of cloud.

Five Recommendations for the Future of Your Oracle EBS Roadmap

01 Know the value for your current annual maintenance spend

Assess the value of annual maintenance and support fees and related costs. You may find you're continuing to spend more while getting less ongoing support and value, with these costs better invested elsewhere for more business impact. And for those licensees running EBS 12.1 or earlier, when you're no longer fully supported, what new value are you getting?

02 Make sure your IT roadmap helps your business first, not the vendor's

Regardless of your Oracle EBS release, leveraging third-party support from Rimini Street can save up to 90% on maintenance and support spend — with no required upgrades or migrations — for a minimum of 15 years from the time you switch, while giving you control over when or whether you decide to upgrade, apply updates, or move to the cloud of your choice.

03 Use third-party support for financial strength and control

Regardless of your Oracle EBS release, leveraging third-party support can save up to 90% on maintenance and support costs while giving you control over when or whether you decide to upgrade, apply updates, or move to the cloud of your choice.

04 Leverage AMS to further streamline and focus IT

Application Management Services (AMS) for Oracle EBS, when combined with third-party support, can be a powerful change agent to free IT from ongoing day-to-day ERP operations. This allows IT to shift even more focus to pressing strategic priorities with the greatest business impact.

05 Start ERP in the cloud by hosting on IaaS for immediate value and lower risk

When considering moving Oracle EBS to the cloud, assess a "lift and shift" approach as a first choice for tangible and immediate cost savings and efficiency. Evaluate adding best-in-class SaaS applications when needed for strategic business impact.

References

[1] Gartner, "IT Key Metrics Data 2021: Executive Summary," 18 December 2020.

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http://www.oracle.com/us/support/library/057419.pdf

[3] Gartner Predicts 2020: Negotiate Software and Cloud Contracts to Manage Marketplace Growth and Reduce
Legacy Costs, published 18 December 2019 - ID G00463732

[4] Tech Mahindra "Critical Capabilities for Oracle Application Services, Worldwide." February 28, 2018.
https://www.gartner.com/en/documents/3863664/critical-capabilities-for-oracle-application-services-wo0

[5] https://www.riministreet.com/clients/atkins/

[6] https://www.riministreet.com/clients/lifeway-christian-resources/

[7] Gartner: "IT Leaders' Strategy Deck: Multicloud and Hybrid Cloud" January 15, 2020.

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