From: "Jacqueline Woods" <Jacqueline.Woods@oracle.com>
Date: 2/20/2003 8:16:00 PM
To: "Joel Summers" <joel.summers@oracle.com>
CC: "Catz,Safra" <SAFRA.CATZ@oracle.com>, "GIACOLETTO,SERGIO" <SERGIO.GIACOLETTO@oracle.com>, "Wohl,Ronald" <RON.WOHL@oracle.com>, "Jarvis,Mark" <MARK.JARVIS@oracle.com>, "Block,Keith" <KEITH.BLOCK@oracle.com>, "Swanson,Scott" <SCOTT.SWANSON@oracle.com>
BCC:
Subject: Re: [Fwd: PeopleSoft]

Joel,

100% agreed. In general, Larry has not wanted to have tiered pricing, due to the complexity that it introduces into the sales process. Before we 'fix' it, we should understand what we're fixing and I'm not entirely sure it's clear. Fundamentally, PeopleSoft and Siebel have a different pricing strategy, which is to price the features incrementally to the core product. This works well, once you have the customer because the expenses associated with buying another vendors product are prohibitive. Starting low, with a base product, or a set of core features and then charging for the 'super' features is a strategy that tends to be successful n the low and mid markets where the monetary constraints are higher and capital is at a premium. Forcing them to buy a Brontasaurus Burger when they only need a Happy Meal has stiffled our entry into these markets.

We are looking at offering a base edition of the suite, this is something that would be a skinnied down version of our current suite and may help Sergio in the cases he's running into across EMEA.

The discussion is planned for the Wednesday Apps meeting.

Thanks.
Jacqueline

Joel Summers wrote: Jacqueline,

Years ago we proposed tiered pricing for HRMS that relied on a stepped structure based on person counts. This was consistent with the pricing model that we used in my prior company (which was consistent with HRMS specialist vendor pricing). The proposal did not move forward due to the complexity it introduced into the price book. Thus, at the time I set prices to be equivalent to PS prices for a 2500 person organization - our average customer size at the time, which of course meant we were overpriced above that point. We have since lowered HRMS prices, as you know, but retain the linear model which still demands major discounts for customers with high person counts. I have polled the field on adjustments and possible tiers - and got mixed responses from different regions - as you might expect. Happy to work with you on a tiered pricing model.

Regards,

Joel Summers

Jacqueline Woods wrote:

FYI, further analysis with regard to Sergio's comments regarding PeopleSoft. This is consistent with the content Scott provided in November on PeopleSoft. Please note Scott's final comments regarding

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size of transactions -- e.g. Oracle less expensive on low volume and more expensive relative to higher volumes. Translation: PeopleSoft price decrease are at an increasing rate, where Oracle is more linear. We still need to bear in mind that Oracle discounts aggressively exceed the eBusiness discount.

Overall, my observation and feedback from the field, customers and analysts is that our HR pricing is still a bit high comparatively.

Scott is presently working on an analysis of SAP. What they do on "the street" in addition to their standard pricing offerings.

Per Meta analyst call today, we are expecting a favorable rating regarding applications pricing the first week in March (the Meta target commitment). This is great news and a long time in coming. I will send out the report as soon as it's available. This will help diffuse 'price to price' comparisons, since this document will discuss transparency of vendor pricing, upgrade policies and flexibility, all of which Oracle is receiving high marks, specifically in comparison to SAP and PeopleSoft.

Thanks.
Jacqueline

Subject: Re: PeopleSoft
Date: Tue, 18 Feb 2003 13:55:27 -0600
From: Scott Swanson <Scott.Swanson@oracle.com>
Organization: Oracle Corporation
To: Jacqueline Woods <Jacqueline.Woods@oracle.com>
References: <3E5270AC.D2316CB4@oracle.com>

I validate all, they match the PeopleSoft Overview I provided in 2002 on eSource. I have attached the PeopleSoft retail pricing which is in the GSA on page 39-64, also now on eSource.

Overall
Comments were pretty much true to what we have confirmed.

Licensing
Correct
PeopleSoft software licenses are based on the whole enterprise. Depending on the software licensed, 1.) a base metric is used to measure the size of the licensee and 2.) limitations are defined.

Market Segmentation (Products, Services, Federal Government, Financial Services, Higher Education, Manufacturing, Public Sector, Retail, and Service Industry) input is required for the Customerâ€s Size Metrics. Appropriate metrics are dependent upon the specific PeopleSoft Product Line, then based on any one of the following: number of Employees, number of Students (Student Administration Solutions), Funds Raised (Contributor Relations Solutions), and either Annual Revenue, Budgets, or Assets. If Assets are selected, an appropriate Industry Category must be determined from Financial Services: Brokerage & Banks, Diversified Financials, Life & Health, and Property & Casualty. These selections will provide the tool with specific formulas and ratios.

Expansion (built in head room)
Correct
Limitations are listed in the purchase agreement based on growth for relicensing. Approximately 45 days before the anniversary date of purchase, information will be requested to calculate license expansion.

Each PeopleSoft contract has an Expansion of Rights Clause, which guarantees future license pricing should the customer expand past per-agreed upon size thresholds. With size/revenue based price and expansion variables, PeopleSoft gives customers the right to deploy as many servers, users, and workstations as needed within their licensed enterprise size.

But, I have not heard much on the license reductions unless it is a large/exceptional client. PeopleSoft sales execs actually use a formatted rebuttal against this happening.

Price vs. Price
Correct
PeopleSoft has been successful in areas such as government and education where their model didnâ€t have the client define or count heads.

Typically, prices per product are fairly comparable. But it does not surprise me to see PeopleSoft at $740K and us at $1600K. For example, for a company with 20,000 employees and a HRMS product would be retail ~$730,000 PeopleSoft and ~$1,100,000 Oracle. Similarly, for the same product with 3,632 employees the cost would be ~$264,300 PeopleSoft and ~$217,000 Oracle.

Our discounting abilities are about the same.

Scott

Jacqueline Woods wrote: Can you validate and analyze these comments ASAP based on your other PeopleSoft competitive analyses.

Jacqueline

Subject: [Fwd: your question on Peoplesoft licensing]
Date: Tue, 18 Feb 2003 08:58:30 -0800
From: Safra Catz <Safra.Catz@oracle.com>
Organization: Oracle Corporation
To: "Woods,Jacqueline" <JACQUELINE.WOODS@oracle.com>

Subject: Re: your question on Peoplesoft licensing
Date: Tue, 18 Feb 2003 13:43:13 i
From: Sergio Giacoletto <Sergio.Giacoletto@oracle.com>
Organization: Oracle Corporation
To: Larry Ellison <larry.ellison@oracle.com>
CC: "'SUMMERS,JOEL'" <JOEL.SUMMERS@oracle.com>,"'Mark Jarvis'" <mark.jarvis@oracle.com>,"'Safra A. Catz'" <Safra.Catz@oracle.com>,"'Ronald Wohl'" <RON.WOHL@oracle.com>,"'Keith Block'"

<Keith.Block@oracle.com>
References: <000901c2d513$d1f7ad40$0346b98b@D53KK711>

Peoplesoft offers two licencing models, one based on the number of employees and the other based on the annual turnover
of the company. Both have built in head room e.g a 9000 employee company may only pay $800 k for a system, they can grow
to 9200 without having to pay any addtional licence, on reaching 9201, they would then have to purchase 201 addtional licences.
It is the same for the revenue model.

For the same type of solution Peoplesoft were in the region of $740k we were $1600k.
The customer preferred the Peoplesoft model because in this case the customer had difficulty in defining how many users they would have in each country, and some of them would
only access the system once or twice a month. Peoplesoft took that pain away. Our E- business suite licence model covers
this, but in this case we were uncompetitive on price. In the end we designed a similar
pricing and licencing model and discussed with the customer what was a fair price to pay
over and above the Peoplesoft price because the Oracle system was functionally richer.

The internal Peoplesoft competitive site has been updated, with how their pricing works.

Regards

Larry Ellison wrote:

> The attachment says the customer liked Peoplesoft's licensing model.
> What was the licensing model Peoplesoft bid in this deal? Larry
>
> PS - If they are using phony demos we should be able to turn that to our
> advantage.
>
> -----Original Message-----
> From: Sergio Giacoletto [mailto:Sergio.Giacoletto@oracle.com]
> Sent: Saturday, February 15, 2003 6:12 AM
> To: SUMMERS,JOEL; Mark Jarvis; Lawrence J. Ellison; Safra A. Catz;
> Ronald Wohl
> Subject: I: full story on Peoplesoft win back and demo tactics
>
> Here is the writeup on the Peoplesoft winback based on the fact they
> could not prove in the CRP what
> the demo did show...and we also did mistakes ourselves in the first
> round and learned.
> Regards

>
> http://globalxchange.oraclecorp.com/pls/gxchange/docs/FOLDER/ROOTCORNER/
> PRACTICESORGANIZATIONS/BUEMEA/DIEMEASL1/DIEMEASCS/DIEMEAESCCSR/DIEMEASLS
> CF/DIEMASLSUCCESS/DIEMEASLSLPROGREFWOW/WINTNS.HTM

Sergio Giacoletto <Sergio.Giacoletto@oracle.com>

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Version 2.1