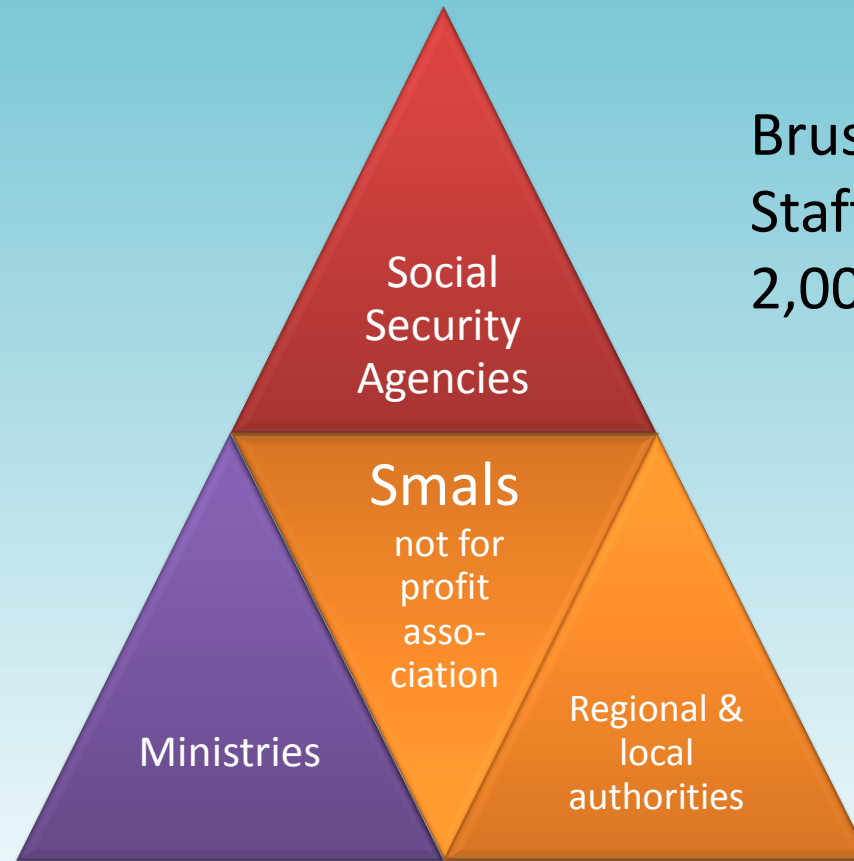# A QUEST FOR LOWER SUPPORT COSTS AND THIRD PARTY MAINTENANCE

DG Connect Workshop "Open ICT Standards for Public Procurement: Fostering Interoperability" (13 November 2015 - Brussels) – Johan Vercruysse

Smals
ICT for society

Smals ICT provider owned by the Belgian (federal) government

Brussels
Staff: 1,800
2,000 m² Datacenter(s)

Social Security Agencies

Smals
not for profit asso-ciation

Ministries

Regional & local authorities

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SERVICE PUBLIC FÉDÉRAL

CHANCELLERIE DU PREMIER MINISTRE

CONSEIL DES MINISTRES

CONSEIL DES MINISTRES
28/03/2014
NOTIFICATION POINT 20

OBJET: **MINISTRE CHARGÉ DE LA FONCTION PUBLIQUE**
SECRÉTAIRE D'ETAT À LA MODERNISATION DES SERVICES PUBLICS

FEDICT - Activités TIC et crédits TIC pour la réalisation d'économies structurelles à court et à long terme.
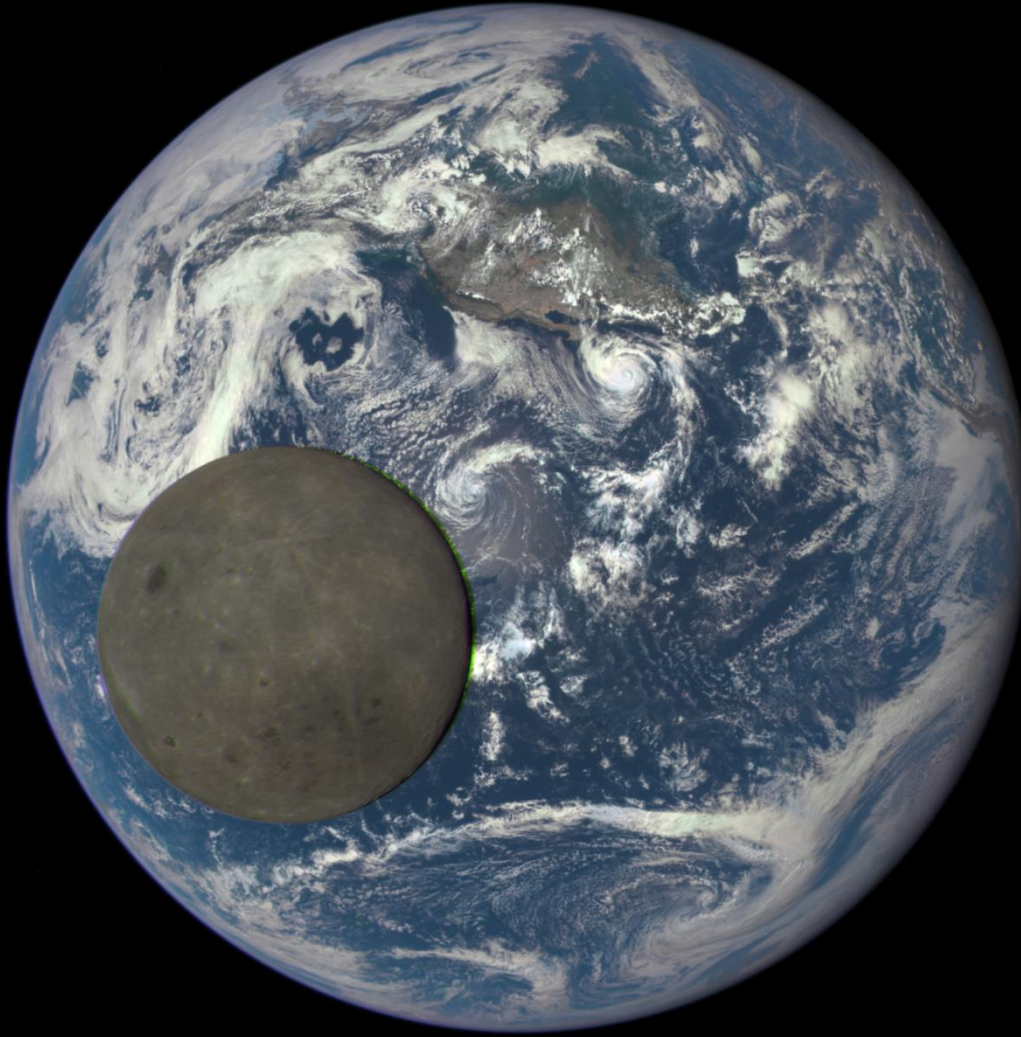
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Negotiations

- Focus on money;
- Reducing maintenance and support costs;
- Without purchases;
- Mixed success;
- But …

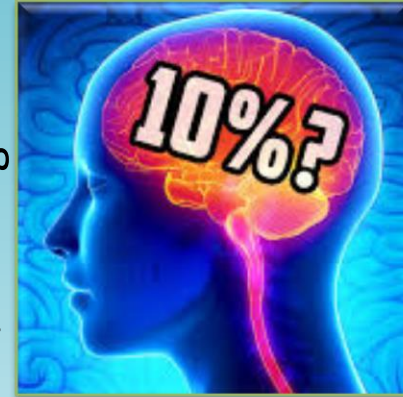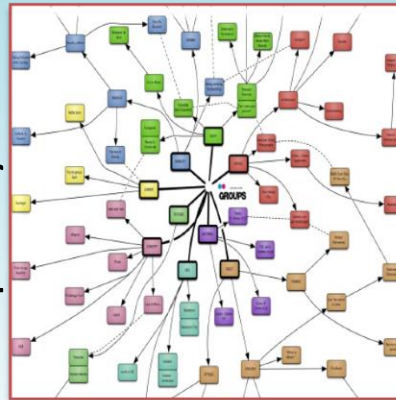# AUDITS

Dark side of vendor lock-in

CIO's stories

- Nick, just appointed…

- Kurt, what the heck…

- Anonymous, 3,000,000 euro … strictly forbidden to speak anybody about this…

- Agency: but we asked them…

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Modus Operandi

10% arrangement

Complexity

Huge Fines

SUBJECT:	ORACLE LICENSE COMPLIANCE AUDIT
MEETING:	CABINET
DATE:	7th January 2015
DIVISION/WARDS AFFECTED:	NONE

Immediately after the audit, SRS technicians made changes to the server environment and the Authority **is now in compliance**.

However in accordance to Oracle compliance policies the Authority is now liable to pay backdated technical support charges and compensation of **£2.13m** for the period of unlicensed usage of Oracle programs. Officers have taken legal and external advice and guidance, all of which confirms that a liability exists.

2. RECOMMENDATIONS:

2.1 That Cabinet agree to use the ICT reserve to cover compensation of **£202,420** for non-compliance with Oracle licensing terms and conditions.

Long tradition in shedding off existing vendor lock-in

- Main frame portfolio
  - Iso functional migration => 2 million euros
  - Re-engineering => cost X 10 to cost X 30
  - Strategy: long term and progressive phasing out of applications with changing business needs
- Application server: migration to open source (e.g. JBOSS) feasible;
- OS servers => Unix servers feasible;
- Databases => no good strategy yet for existing applications.
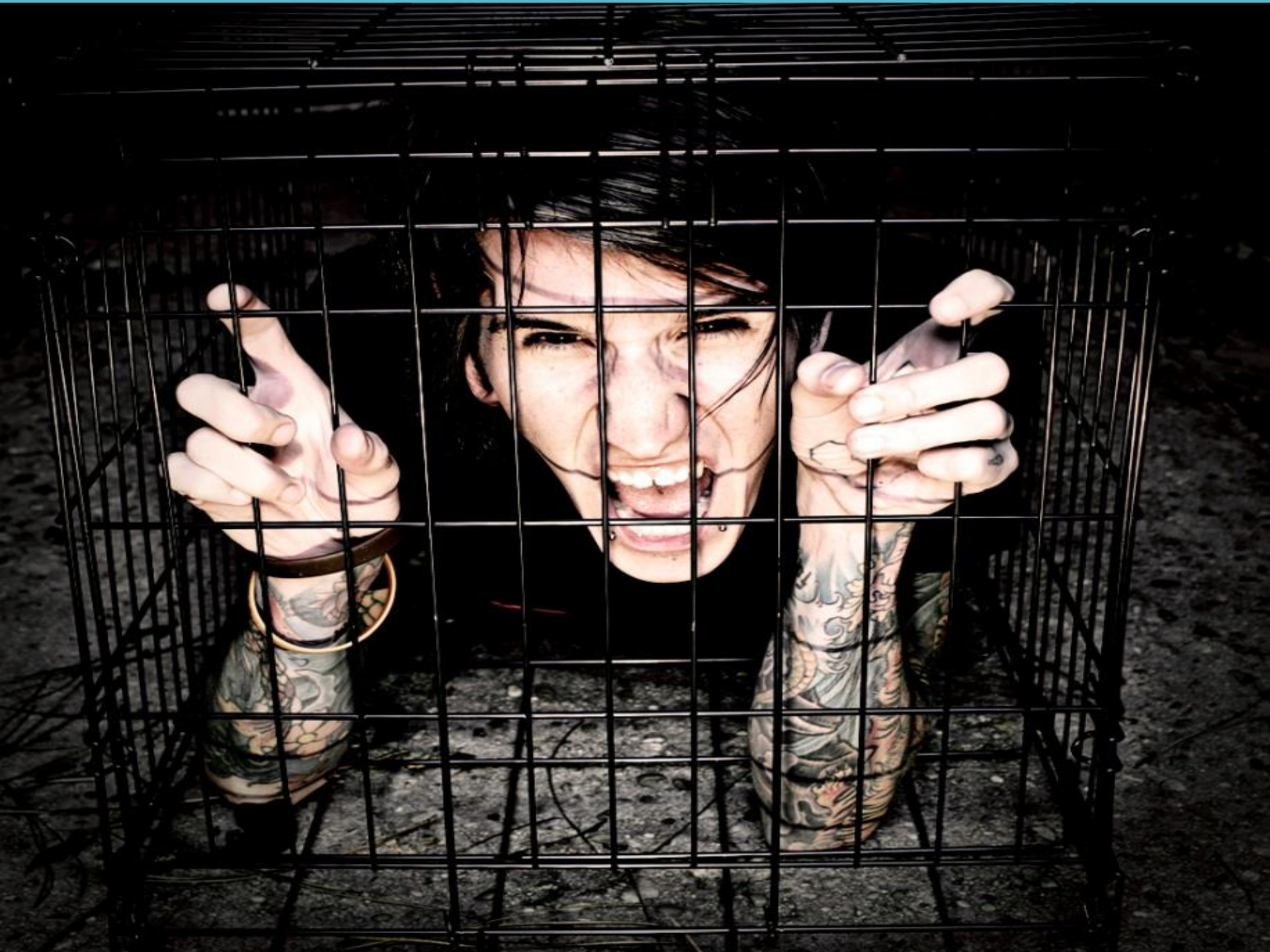
Sierra-Cedar

TomorrowNow

SAP for Peoplesoft

SPINNAKER SUPPORT

Oracle Services   SAP Services

Rimini Street

Rimini Street is the leading independent provider of **enterprise software support**
Siebel, PeopleSoft, JD Edwards, Oracle® E-Business Suite, Oracle Database, Hype
Oracle Fusion Middleware, SAP® and BusinessObjects licensees. We offer a highe

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Affaire TomorrowNow : SAP versera 306 millions de dollars à Oracle

Rimini Street ordered to pay US$50 million to Oracle in copyright case

23 October 2015 | By **Peter Dinham** | Published in Strategy | 0 Comments

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...and the jury decided that Rimini Street CEO Seth Ravin must pay...

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No access to software updates & evolution

My car is my Castle

In order to increase competition in the aftermarket, the Commission … adopted four commitment decisions binding Daimler, Toyota, General Motors and Fiat to provide technical information about car repairs to all independent garages in the EU. … an obligation upon vehicle manufacturers to provide independent repairers with standard-ised access to all technical repair information

Regulation 1400/2002 aims at ensuring competition in the spare part market. …does not allow …to restrict the right of … to obtain original spare parts and spare parts of matching quality ... Nor may vehicle manufacturers restrict the … to sell original spare parts or spare parts of matching quality … does not allow suppliers to restrict the right … to sell spare parts to independent repairers … for the repair and maintenance of motor vehicles.

What is possible for a 30,000 € car should also be possible for a 3,000,000 € software …

Governments and companies in EEA pay way too much…

- P. 37 Oracle FORM 10-K for the Period Ending 31 may 2014: "Our software support margins during fiscal 2014 were 89%";

- Belgian Competition Authorities;

- With regard to aftermarket of software;

- Facts, how it works.

Competition authorities CAN provide relief through remediation

- Supply of patches, new versions to be **<u>separated</u>** from help and support;
- Allow add-ons;
- Access at Fair, **Reasonable** and **Non**-**Discriminatory** conditions;
- => lower prices than today
- New service providers, lead to new skills, lead to adjacent innovations.

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What's ahead of us

- Competition authorities to carry out their task;
- Dark side of the cloud?

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