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Oracle's "de-support" deadline draws ire

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As thousands gather this week for the OracleWorld annual confab in San Francisco, an impending ultimatum over a key software upgrade has some information technology managers fuming.

This summer, Oracle plans to discontinue support for version 10.7 of its business applications, giving customers the choice of paying for a costly upgrade to version 11i--or losing technical support for the older software.

After the "de-support" date of June 30, 2003, clients using version 10.7 will not be able to call Oracle for help when they encounter problems with their systems. Nor will they have access to electronic documentation and software patches.

"We're doing the upgrade, but we're not happy about it," said Don Tarkenton, chief information officer at Graebel Companies, a moving and storage company in the Denver area. Graebel expects to spend one year as well as \$2 million on upgrading from Oracle 10.7 Business Applications to Oracle 11i E-Business Applications by April. "It's expensive, and we expect very little return on investment."

Oracle's suite of business applications helps companies with critical processes such as bookkeeping, human resources and inventory tracking.

Although Oracle [released 11i](#) over two years ago and notified customers of the date when technical support would be discontinued a year ago, a major number of Oracle business applications customers--as many as 8,000 of 13,000, according to Oracle's own figures--are still running 10.7.

Software companies routinely discontinue support for old products, requiring clients to upgrade or go without support. Oracle defends its decision by noting it has supported 10.7 for seven years, far longer than most other companies support their software.

Nevertheless, Oracle's deadline has drawn criticism because of a confluence of three rare circumstances: initial problems with the new software, a weakened economy and the complexity of upgrading.

Many companies initially [shunned](#) version 11i because of [reports of bugs](#) and other implementation problems. Oracle didn't offer a reasonably stable version until late last year, say customers and others familiar with the product.

"We got pinched by Oracle not having a good product to migrate to earlier," said Steve Kirby, an Oracle database administrator at Portland, Ore.-based Oregon Steel Mills, a steel products manufacturer with more than 500 Oracle 10.7 users. Kirby doesn't expect the company to upgrade to 11i until 2004.

Furthermore, the depressing economic impact of the Sept. 11, 2001, terrorist attacks brought many IT projects to a halt, and companies have continued to [apply the brakes](#) to IT spending this year over economic concerns. That didn't bode well for 11i upgrade projects, which have cost many customers millions of dollars in new hardware and consulting fees to complete.

In addition, customers and consultants say making the 11i upgrade is a major undertaking, "a challenge akin to a re-implementation" of the entire software package, according to a report from AMR Research released in May.

"It is the hardest, most complex upgrade Oracle has ever done," said John Stouffer, an applications database administrator at IT services company Solution Beacon in Langley, Wash. Stouffer is a member of the Oracle Applications User Group (OAUG)--an independent support group with 2,000 member companies--and is leader of an upgrade support group run by OAUG.

To be sure, many companies using 10.7 are in the process of installing the new version and expect to finish the upgrade by June. But many others, such as Oregon Steel Mills, say they won't upgrade before the deadline because of budget constraints or a lack of interest in the 11i version, or both.

Mutual help

A number of Oracle customers banded together recently at the annual OAUG conference, where they formed a 10.7 "de-support" support group. Their plan: Provide technical support for each other until they move to 11i on their own timeframe, not the one mandated by Oracle.

Since forming last month, nearly 160 companies have joined the 10.7 de-support group--the first such group ever created in the 12-year history of OAUG, according to its board members.

Despite having the support network to lean on, members of the group aren't exactly looking forward to June 30.

"Being in de-support status is not a comfortable feeling," Kirby said.

The de-support group has submitted a list of recommendations to Oracle, including a request for the company to keep online documentation and patches for 10.7 available on its customer

support Web site after June 30, 2003, according to Pat Dues, chair of the OAUG customer support council and an IT project officer for the city of Las Vegas.

The group has also requested that Oracle extend online technical assistance to 10.7 customers with routine problems past June 30, 2003.

Oracle has yet to respond to the recommendations and maintains it has been more than fair to customers on the upgrade issue. The company has provided support for the 10.7 version for seven years and has extended the discontinue date for the product twice already, Oracle executives point out.

"There's no question the economy is a factor, and that is difficult for some customers, but we've pushed the de-support date out twice already," said Jeff Henley, Oracle chief financial officer, during a media and analyst briefing Monday at OracleWorld. "We're not trying to alienate customers, but life moves on."

Still, by urging companies to undertake an expensive upgrade during a sour economy, Oracle may be sowing seeds of resentment among its customers. Even companies planning to upgrade by June say they are not happy about the ultimatum Oracle has given them.

"The June 30 date was seen as a saber-rattling tactic from Oracle and we did resent that," said Graebel's Tarkenton.

Oracle is finding it increasingly difficult to provide support for release 10.7 because it is hard to find people skilled in the client/server technology on which 10.7 is built, said Cliff Godwin, senior vice president of 11i application development at Oracle.

But angry customers say it would cost Oracle far less to keep trained people on staff and to continue supporting 10.7 than it costs thousands of customers to rush an upgrade.

"What Oracle is doing is looking out more for their own benefit than for the benefit of their customers," said Mike Oleson, an IT director at an aerospace manufacturing company who requested that the name of his company not be published. The company, he said, is the midst of planning its upgrade to 11i, but doesn't plan to switch on the new version until July of next year, meaning it will use the software for a brief period without technical support.

Artificial Y2K?

Some see the upgrade push as a ploy on Oracle's part to boost its own consulting revenue as it battles [declining sales](#) this year. Much of the expense associated with upgrading to 11i goes toward consulting fees, and 18 percent of 115 companies surveyed by AMR Research earlier this year had chosen Oracle Consulting, the company's IT services arm, for the job.

"Oracle has introduced a sort of artificial Y2K," said Stouffer, referring to the billions of dollars companies spent on consulting and new software in anticipation of computer bugs predicted to wreak havoc on the eve of 2000.

On the other hand, Oracle doesn't want to give up lucrative maintenance contracts with 10.7 customers either. One company, General Cigar Company in New York, just renewed a yearlong maintenance contract with Oracle this month, even though the company has no plans to migrate to 11i by June.

"They weren't going to leave that money on the table," said Bob Russo, chief information officer of General Cigar.

Russo said the value of the maintenance contract is a "significant sum" but declined to give an exact amount for how much General Cigar is spending on it.

"I think this is a big game," Russo added. "They're being very ambiguous and not telling people the real deal, because they want to see how many people will come over to 11i."

Complaints over 11i upgrades follow a bout of [negative attention](#) on Oracle. The company found itself in hot water earlier this year when the State of California [cancelled](#) a multimillion-dollar contract after a [high-profile investigation](#) by the state's audit committee.

Faced with the bad publicity over that deal as well as over pricing changes that [irked](#) some customers, Oracle promised to [turn over a new leaf](#). The company assigned a high-ranking executive to oversee [an initiative](#) to increase customer satisfaction. Larry Ellison, Oracle's chief executive, [vowed](#) to end the company's practice of last-minute discounting and to stick to standard pricing as a fairer way to deal with customers.

To some customers, the company's stance on the 11i upgrade seems to run counter to recent moves to foster good will.

Laura McDonald, business systems manager at Nikon Precision, a 10.7 customer and a subsidiary of the Japanese electronics maker in Belmont, Calif., said: "If they want to keep customers happy, this isn't the way."

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