July 16, 2010

Mr. Gary N. Miller, Sr. Vice President Business Operations
Oracle
500 Oracle Parkway
Redwood Shores, CA 94065

Dear Mr. Gary Miller,

Thank you for your response of 29 June, 2010. The SIA appreciates your response and believes frank and honest communications will help foster a strong relationship between SIA and Oracle.

Your comments are generally consistent with SIA's understanding of Oracle's new policies but do little to allay SIA's concerns that Oracle has indeed created new support policies with the intent of unfairly monopolizing support for Sun products. As you twice mention in your 29 June letter, the new Oracle policies are in response to competition in the Sun support market. While SIA welcomes competition on a level playing field, we feel Oracle's actions are anything but.

Oracle appears to have implemented an "all or nothing" stance regarding support of Sun products. In other words, a customer must commit all its Sun assets to Oracle support or Oracle will accept none of the customers' Sun assets under support. This deprives customers of choice and flexibility in the marketplace and sends a chilling message to customers: **if you want a relationship with Oracle you must abandon your relationships with ISOs**. Customers without an Oracle relationship will even be deprived of time and material support.

Furthermore, customers are further intimidated from using ISOs because of the potential of punitive costs in order to return to Oracle support. The 150% pro-rated (and back-dated) costs associated with returning to Oracle support is onerous. Customers may choose an ISO today but returning to Oracle support in the future may be cost prohibitive and thus a detriment in selecting ISOs in the first place.

Taken together, SIA cannot help but conclude Oracle is responding to the competitive marketplace by intimidating customers and punishing them for using ISOs. Whether intentional or not, these policies appear to be restraint of fair trade that will unfairly reduce competition.

In your response you mention that Oracle provides "open solutions that provide flexibility and choice across the IT infrastructure" however it appears Oracle is reducing flexibility and choice as a deliberate competitive tactic against ISOs. For example, customers can no longer

1. Use ISOs to support contemporary Sun hardware
2. Perform self maintenance on contemporary Sun hardware

3. Match service levels to support requirements (not all systems require costly 7x24 support)
4. Obtain Time and material support from Oracle for systems not previously contracted to Oracle
5. Obtain security patches for Solaris for systems not under Oracle support
6. Obtain Solaris error corrections and updates (patches) for systems not under Oracle support.

In the new "all or nothing" Oracle environment, Oracle appears to not want to cooperate with ISOs but instead is abusing its power to intimidate customers from using ISOs in the first place. The SIA is unaware of any cooperation between Oracle and ISOs supporting Sun hardware, as you suggest actually exists. These policies are created to monopolize the Sun hardware support market.

However, we are heartened by your inquiry as to what ideas ISOs have to become empowered to support Sun hardware. We very much accept your offer for ideas and suggest the following:

a. Allow ISOs and Oracle to co-exist within a customer account while supporting contemporary equipment.
b. Allow customers to place Time and Materials calls into Oracle
c. Eliminate the punitive "return to Oracle Service" fees
d. Allow customers access to firmware upgrades
e. Allow customer access to Solaris security patches
f. Allow customers access to the Solaris Recommended and Security Clusters

We believe if Oracle implements these ideas they will level the playing field and allow Oracle and ISOs to co-exist within common customers, as was once the case before Oracle implemented its Change in Control policies earlier this year. ISOs want only to compete fairly with a purpose of providing value, choice and flexibility to customers.

Sincerely,

Claudia J. Betzner, Executive Director