



The Business Case for Migrating from Oracle to the SharePoint Platform: The Cost Advantages

PIQUE SOLUTIONS

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Contents

Executive Summary	1
Framework Approach and Research Methodology.....	2
Research Methodology	2
Business Case Summary	3
Strategic Benefits—Improving Collaboration	3
Economic Benefits—Tangible ROI by Reducing Cost of Ownership	4
Business Benefits—Improvements in Adoption and Delegation of Administration	7
Conclusion and Key Takeaways	8
Appendix—Framework and Cost/Value Drivers	9

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Executive Summary

A recent study by Pique Solutions in April 2011 highlighted a propensity among Oracle customers to migrate from Oracle collaboration tools to the Microsoft® SharePoint® 2010 platform. Among the many technical and business reasons cited in the research, and benefits realized by companies that have migrated collaboration workloads from Oracle to SharePoint, total cost of ownership (TCO) was a primary driver for migrations. According to the study, “a large majority of respondents recognized the [SharePoint] platform’s value and ability to drive lower total cost of ownership.”

This paper draws on primary research in a related study to examine in detail the cost of ownership and related business aspects of migrating collaboration workloads from Oracle to SharePoint, and it presents a business case for such migrations.

Key findings from the research include:

- ⊕ An impressive 176% average return on investment in the migration from Oracle to SharePoint, based on cost savings related to the acquisition, implementation, administration, and business usage of collaboration tools.
- ⊕ A significant portion of the savings was in the initial deployment by taking advantage of “out-of-the-box” SharePoint capabilities, which were considered broader than those of the Oracle products replaced.
- ⊕ Faster time-to-market/time-to-value for SharePoint, with an average improvement of 22% in the time required to deploy.
- ⊕ A 34% average increase in user adoption and active usage by business users.

This business case is based on a series of in-depth interviews and detailed cost, value, and business metric data collected in May 2011 from companies that had completed migrations of Oracle collaboration workloads to SharePoint. Specifically, content and records management represent the most common workloads initially migrated, in most cases as an initial phase of an ongoing, longer-term migration strategy. Companies interviewed were seeking to expand their collaboration capability and reduce the costs of their solution, both from a software-licensing and long-term manageability perspective. At the same time, companies were often standardizing the collaboration platform along with broader portions of the IT portfolio, including the database. In the words of one of the interviewees, a vice president of IT at a financial services organization, “Our migration initiative has been driven by cost reduction. Migrating to SharePoint allows us to reduce and consolidate vendors and leaves fewer platforms to maintain.”

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Vice President, IT
Financial Services

Key Study Takeaways

- ⊕ Though participating organizations ranged in size from 2,500 to 100,000 employees, there was commonality in migration benefits for licensing, implementation, administration, and business usage.
- ⊕ The major cost savings were in the areas of reduced costs of licensing/maintenance (including database), a reduced need for customization and greater ability to bring development in-house, and lower administration costs.
- ⊕ Key drivers for the migration included better and broader collaboration capabilities, IT standardization, and access to skilled/affordable resources.
- ⊕ Key business benefits included faster time-to-value, increased adoption, and the ability to delegate administrative functions to business units.

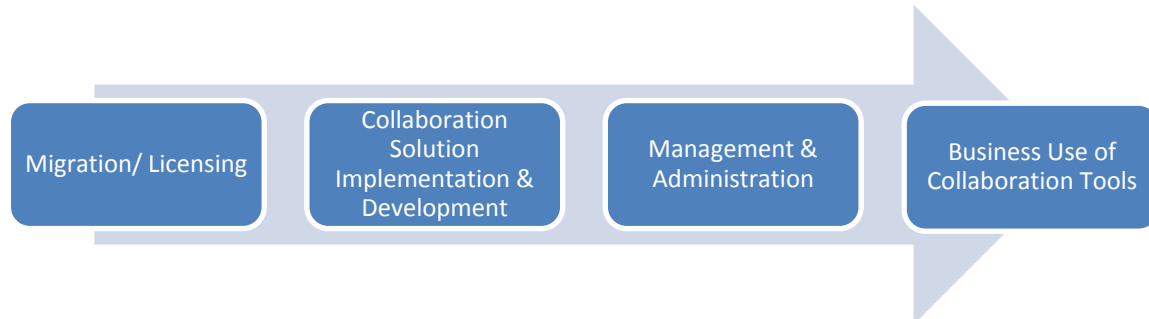
Framework Approach and Research Methodology

Pique Solutions research and analysis were designed to identify and quantify the costs and benefits associated with the migration of collaboration workloads from Oracle to SharePoint. In terms of the business case framework, the approach taken provides a way to structure and present the value of SharePoint in a manner that communicates the strategic, economic, and business benefits based on *actual usage* of the collaboration solutions:

- ⊕ **Strategic**—Highlights the strategic drivers of the collaboration solution and the overall benefits with respect to organizational business objectives.
- ⊕ **Economic**—Demonstrates the quantitative business case for migration from Oracle to SharePoint, using a three-year TCO/ROI model based on tangible cost savings and business value. Measuring the return helps companies determine which potential business investments can allow them to use “scarce” financial resources judiciously.
- ⊕ **Business**—Measures the tangible improvements in important metrics for the collaboration solution’s adoption, active usage, productivity, and time-to-value. These benefits may not explicitly map to tangible dollar savings or return on investment (ROI), but they are often important measures of the effectiveness of the collaboration solution.

This business case is organized along the adoption and usage life cycle of collaboration tools by customers, as illustrated in Figure 1. The cost and value drivers for the design and execution of the primary research phase of the project are explained in Appendix A.

Figure 1: Collaboration Deployment Life Cycle



Research Methodology

With the business case framework and drivers identified, Pique Solutions designed an in-depth, multi-phase data collection and interview process comprising nine complete customer data collections. The initial and follow-up interviews with participants used 70 unique, quantitative data elements, along with a provision for qualitative descriptions of the responses. The roles of the interviewees included CIOs, IT vice presidents and directors, IT analysts, and collaboration managers.

The data elements collected included the workloads migrated, the deployment scope in terms of numbers of users and servers, the costs involved in the migration, and the quantitative accounting of the post-migration benefits. On the basis of the quantitative data and relative savings figures, a three-year investment and savings model was created, in which the cost savings and value calculations of owning, implementing, and managing SharePoint were compared to those of owning, implementing, and managing Oracle. The migration investment and savings figures used in the calculations were pulled directly from the primary research and based on actual usage of both platforms.

Business Case Summary

The research conducted by Pique Solutions demonstrates a very strong case, from a cost and value perspective, for the migration from Oracle collaboration workloads to SharePoint. While legacy migrations can be fairly costly and in some cases risky initiatives, the demonstrated benefits of the migration to SharePoint make it compelling for companies of all sizes.

Strategic Benefits—Improving Collaboration

A macro-level element of the business case sought to understand the strategic benefits of migrating from Oracle to SharePoint and shed some light on the link of such a migration to broader IT and business strategies. In the data collection exercise, a list of 12 strategic benefits was presented to respondents, and they were asked to stack-rank the top three benefits.

The synthesized results for the top three strategic benefits are listed in Table 1. “Improved collaboration among employees and functional teams” was the leading strategic driver for the migration from Oracle to SharePoint. Companies interviewed mentioned that SharePoint both increased user adoption and made it easier to collaborate by using the familiar tools they use on a day-to-day basis. They also cited the benefits of easier collaboration with partners. According to a CIO of a defense contractor, “We are able to collaborate more with our vendors now, because more of them are on SharePoint. It’s cheaper for us to deploy SharePoint opportunities for them and include them in our programs.”

The second-ranked strategic benefit was the “standardization of the technology infrastructure.” Many of the companies with legacy Oracle deployments had several different products installed, including Oracle Beehive for collaboration, Stellent for document management, and Oracle Fusion for portal infrastructure. Moving to SharePoint enabled them to transition to a single platform that serves multiple workloads and in several cases involved the migration of the underlying Oracle database(s).

Rank	Strategic Driver
1	Improved Collaboration among Employees and Functional Teams
2	Standardization of the Technology Infrastructure
3	Better Integration with Internal or External Systems and Applications

Finally, the companies interviewed cited “better integration with internal or external systems and applications” as the third most important benefit. This included integration with communications services, databases, directory services, Web infrastructure, and configuration and management tools.

“All the Microsoft products are connected to SharePoint including Office, Communicator, and Live Meeting/Lync™. Everything is also AD [Active Directory®], so that anything we have in Active Directory is now searchable and accessible through SharePoint.”

IT Director
Health Care Organization

Economic Benefits—Tangible ROI by Reducing Cost of Ownership

An important aspect of the overall business case involved the quantification of the economic benefits of the migration to SharePoint as evidenced by customers and partners who had migrated from Oracle. The composite profile used for the analysis, based on all of the companies interviewed in the study, is provided in Table 2.

Table 2: Composite Profile for Business Case (Postmigration)	
Average Company Size (Users)	19,417
Average Size of Migrated Workloads (Users)	11,833
Average Size of Collaboration Administrative Staff	2.3 FTEs
Average Size of SharePoint Development Staff	8.3 FTEs
Average Number of Active Development Projects	6
Average Migration Time	4.5 months

It is important to note in the composite profile that the data collected represent completed migrations of an initial set of workloads as part of ongoing, longer-term migration strategies. Six of the nine companies interviewed had migrated workloads constituting their entire user population. The other companies, the larger ones in particular, are phasing the migrations over the course of several years, starting with those that yield the fastest and highest returns. The initial migrated workloads most often included content management, team collaboration, portal, and/or line-of-business applications.

The composite profile was used as the basis for an ROI analysis of the SharePoint migration, which calculated the net present value of the investments and tangible benefits achieved, on average, by the interview participants. Specifically, the investments in acquiring, deploying, and managing SharePoint were compared to the costs of going forward with the existing Oracle collaboration solution(s). Table 3 presents the summary ROI analysis: With the net present value of \$1.53 million, the investment is yielding a 176% three-year return.

Table 3: ROI Summary (U.S. Dollar/Exchange Rate = 1)		
SharePoint Migration from Oracle: ROI and Net Present Value (Three-Year Analysis)		
Total SharePoint Cost Savings/Value (PV)*	>>>>>>>>>>>>	\$2,395,030
Total Migration Investment (PV)*	>>>>>>>>>>>>	\$869,071
Total Net Present Value (NPV)*	>>>>>>>>>>>>	\$1,525,959
Return on Investment for SharePoint Migration	>>>>>>>>>>>>	176%

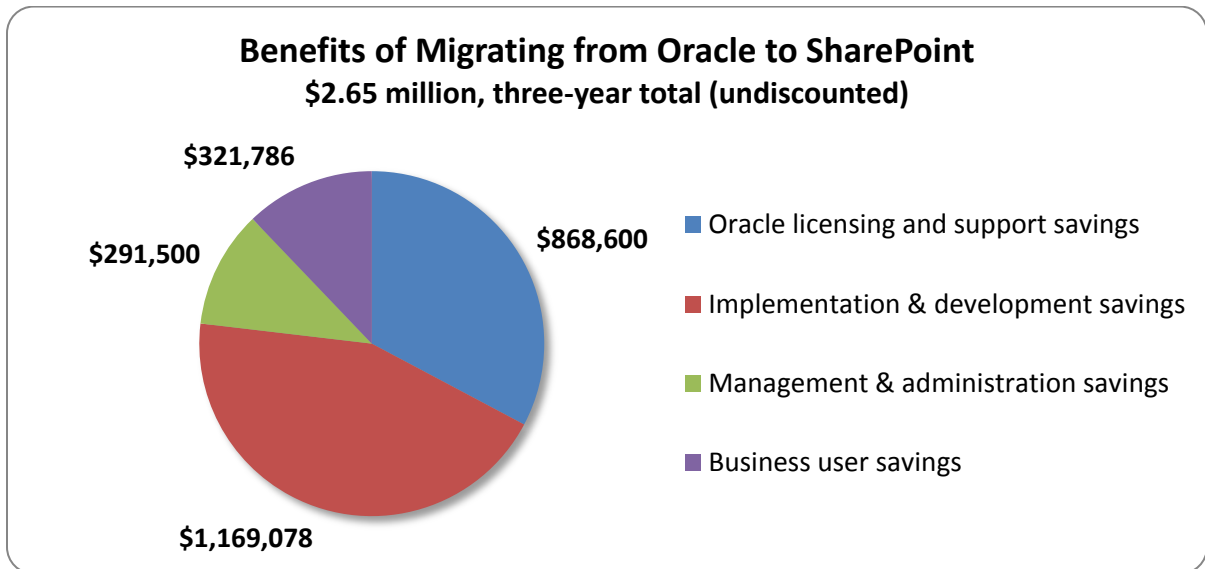
*Present value calculations are based on a discount rate of 6%.

“Our migration initiative has been driven by cost reduction.”

Vice President, IT
Financial Services

Figure 2 provides a breakdown by category of the undiscounted, three-year benefits of the migration from Oracle to SharePoint. While there were significant savings in each of the four categories, the majority of the savings (44%) stemmed from the implementation of collaboration solutions on top of SharePoint vis-à-vis the existing Oracle solution.

Figure 2: SharePoint Benefits and Savings by Category



A description of the savings in each category is as follows:

- ⊕ **Oracle licensing and support savings**—The \$868,600 three-year savings includes \$478,000 in average “one-time” savings related to eliminated or avoided costs for licensing Oracle collaboration software for the workloads migrated to SharePoint and an additional \$130,200 in annual savings associated with the nonrenewal of annual maintenance and support agreements. In several cases, a major upgrade or license renewal for the Oracle collaboration solution in place was the driver for the migration to SharePoint.
- ⊕ **Implementation and development savings**—The \$1.17 million in average three-year savings for implementation includes \$342,268 in initial deployment savings realized by taking advantage of “out-of-the-box” SharePoint capabilities and independent software vendor (ISV) applications, in addition to the savings in the integration effort and cost required to build the SharePoint solution rather than the existing Oracle collaboration solution. The bulk of the savings over the three-year period stems from the ability to bring significant portions of the collaboration development in-house versus using Oracle or Oracle partner resources for development. On average, companies were able to bring nearly a third (31%) of the development in-house, which, based on a postmigration staff of 8.3 full-time employees (FTEs), equates to a substantial savings of over \$826,811 over the course of three years. Simply put, organizations were cutting significant cost by having to do less custom development in SharePoint.

“One of the main reasons for migration was the cost of upgrading Oracle Content Management server. The cost involved was astronomical. That is why we made the conscious decision to move over to SharePoint.”

Vice President, IT
Financial Services

⊕ **Management and administration savings**—The \$291,500 in management and administration savings is based on interviewee data showing that, on average, there was a 30% cost reduction in administrative activities upon migration from Oracle to SharePoint. In part, this reduction was because SharePoint administration required less specialized resources and could utilize resources already performing administrative activities for related server applications, such as Microsoft Exchange and Microsoft SQL Server®. Based on an average of 2.3 FTEs dedicated to SharePoint administration after migration, this cost reduction equated to \$71,500 in savings in year one and \$110,000 in each of years two and three. Access to affordable resources was also noted as a benefit according to a CIO for a defense contractor, who said, “It’s easier to get more highly trained [SharePoint] people to come in at a decent rate.”

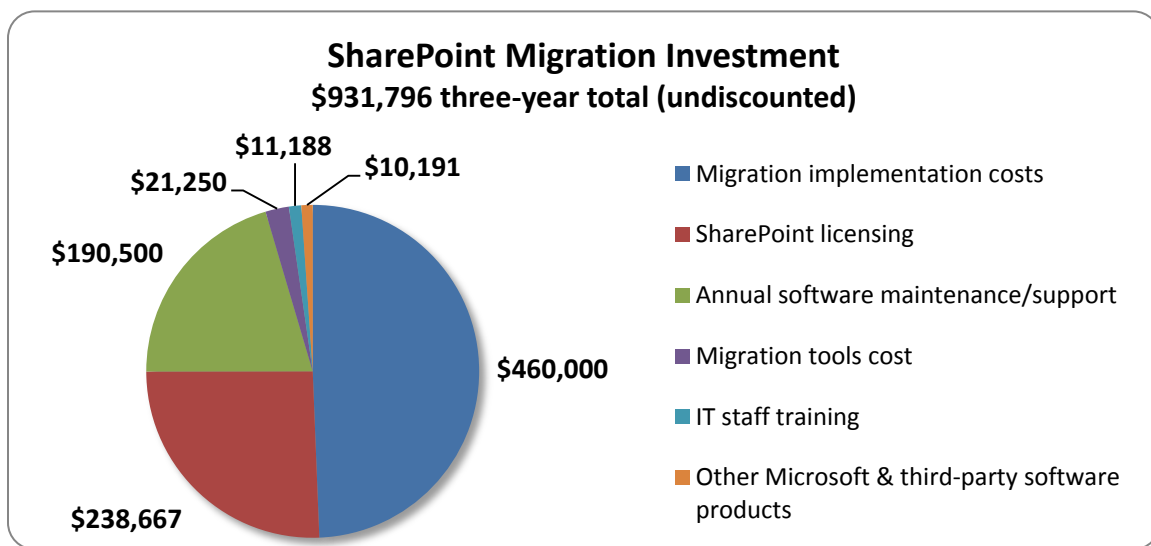
“It’s easier to get more highly trained [SharePoint] people to come in at a decent rate.”

CIO
Defense Contractor

⊕ **Business user savings**—Savings of \$321,786 were associated with the tangible cost savings and value created for business users as a result of the migration from Oracle to SharePoint and the ability to deliver the collaboration solutions more quickly with SharePoint than on Oracle. On average, companies cited an improvement of 22% in the time-to-value for SharePoint collaboration solutions.

The migration investment of \$931,796 in Table 3 includes the three-year licensing and support costs for workloads migrated to SharePoint, as well as the migration implementation and training costs based on the aggregate data provided from the research participants. As illustrated in Figure 3, migration implementation cost was the leading portion of the investment in migrating from Oracle to SharePoint. Migration costs included both internal and third-party investments in migration planning, installation, configuration, and integration of SharePoint for the Oracle workloads replaced. Following migration costs, SharePoint licensing and the annual software maintenance and support made up the bulk of the remaining investment. It should be noted that because several of the companies interviewed already had enterprise licensing agreements with Microsoft, the licensing costs to adopt SharePoint represented a modest, incremental investment.

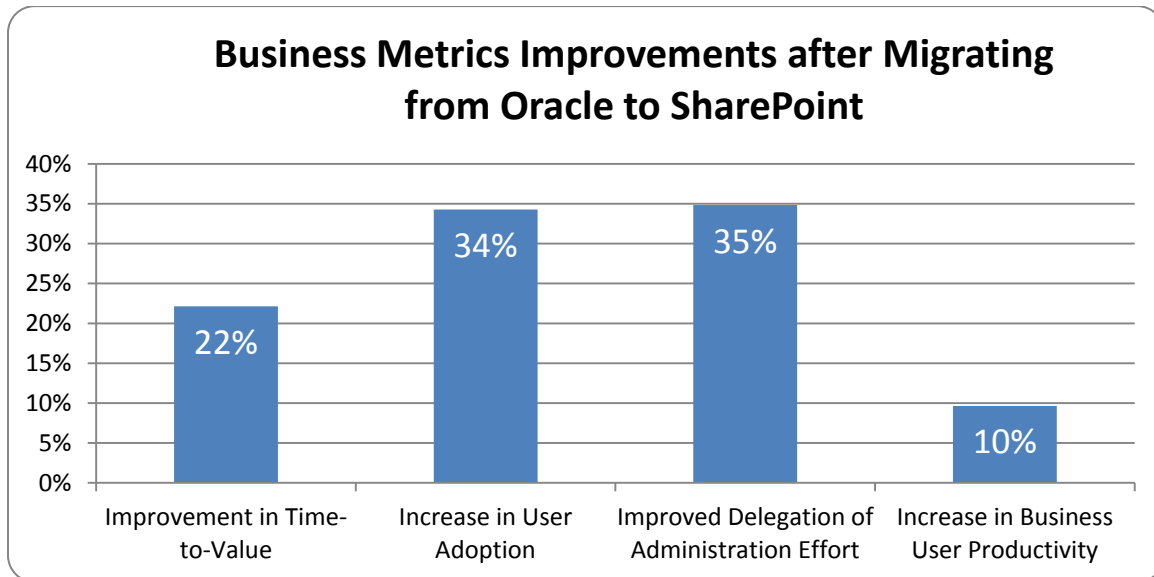
Figure 3: Oracle to SharePoint Migration Investment



Business Benefits—Improvements in Adoption and Delegation of Administration

In addition to the tangible cost savings, several key business metrics for collaboration solutions were also affected by the migration from Oracle to SharePoint. Based on the average responses from the companies interviewed, Figure 4 presents the impact on business metrics measured in the study.

Figure 4: Business Metrics Improvements after Migration



- ⊕ The time required to implement the collaboration solution (time-to-value) improved by an average of 22%, in part because of the easier and faster integration with other infrastructural components such as Active Directory and Exchange, in addition to better developer productivity (which also increased by 19%).
- ⊕ User adoption increased by an average of 34% after migrating from Oracle collaboration tools to SharePoint. This was based on the ease of use and familiarity with other Microsoft products in use on the desktop, including Microsoft Office.
- ⊕ Related to both improved implementation time and user adoption, companies were able to achieve a 35% gain in distributing administrative effort and activities to the business units themselves, enabling the business units to manage the day-to-day aspects of managing sites and subsites and providing local access controls. According to the companies interviewed, this was a newly gained capability for them; the Oracle collaboration tools did not easily allow the delegation of tasks to nontechnical administrators.
- ⊕ Finally, the companies interviewed achieved, on average, a 10% improvement in end-user business productivity because of the time saved by using SharePoint for collaboration and content management.

“We expanded the rollout and enabled a self-service capability which allows business unit administrators to create and customize their own sites.”

Vice President, IT
Financial Services

Financial Services Firm Migrates Its ECM from Oracle to SharePoint and Extends Its Collaboration Capability

Facing a major cost for an upgrade to an Oracle Content Management deployment, the decision was made to migrate to SharePoint to reduce costs, align with other infrastructure migration activities, and support an improved collaboration capability.

Industry: Financial Services

Company Size: 50,000 employees

Role of Participant: Vice President, IT

Workloads Migrated: Enterprise content management (ECM), collaboration (50,000 users for completed migrations)

IT Infrastructure: A heterogeneous server environment (60% UNIX/Linux; 40% Windows Server®)

Migration (SharePoint) Investment:

- ⊕ \$500,000 in SharePoint licensing (Enterprise License Agreement); \$1.25 million for migration implementation

Oracle to SharePoint Migration Benefits:

- ⊕ Strategic drivers are “improved collaboration,” “better integration,” and “remote/extended workforce enablement”
- ⊕ \$1.25 million in Oracle licensing savings (eliminated licenses)
- ⊕ \$1.8 million in “out-of-the-box” deployment and integration savings
- ⊕ 20% increase in the use of in-house resources for development
- ⊕ 30% cost reduction based on administrative efficiency of the collaboration system
- ⊕ 50% faster implementation (time-to-value)
- ⊕ 40% reduction in end-user training
- ⊕ 80% increase in user adoption

Conclusion and Key Takeaways

Pique Solutions’ detailed research with companies that have migrated collaboration workloads from Oracle to SharePoint demonstrates the important strategic, economic, and business advantages resulting from the migration. As identified in previous Pique Solutions survey research, total cost of ownership (TCO) is a major consideration for many organizations considering a migration of their collaboration platform.

The tangible cost savings and the lower cost-profile of SharePoint vis-à-vis Oracle indicate that an impressive 176% return on investment can be achieved, on average, in the migration from Oracle to SharePoint. This is based on cost savings related to the acquisition, implementation, administration, and business usage of collaboration tools. Significant portions of the savings arose from avoiding Oracle licensing and annual support costs and from bringing development activities in-house versus using Oracle or Oracle partner resources. Using the capabilities that come with SharePoint “out of the box,” companies also found they needed much less development.

Time-to-market (time-to-value) was another key benefit realized by the companies in the study. They were able to improve deployment and delivery time by 22% upon migrating from Oracle to SharePoint. SharePoint also enabled a 35% improvement in the delegation of administrative activities to the business units and business users, which also facilitated faster time-to-value.

Lastly, our study showed that companies were able to increase active user adoption by 34% due to the ease of deployment, ease of use, and integration with other Microsoft desktop productivity tools. While this finding was not explicitly calculated in the economic analysis, increased adoption further brings down the average cost per user when rolling out the collaboration solution to the enterprise.

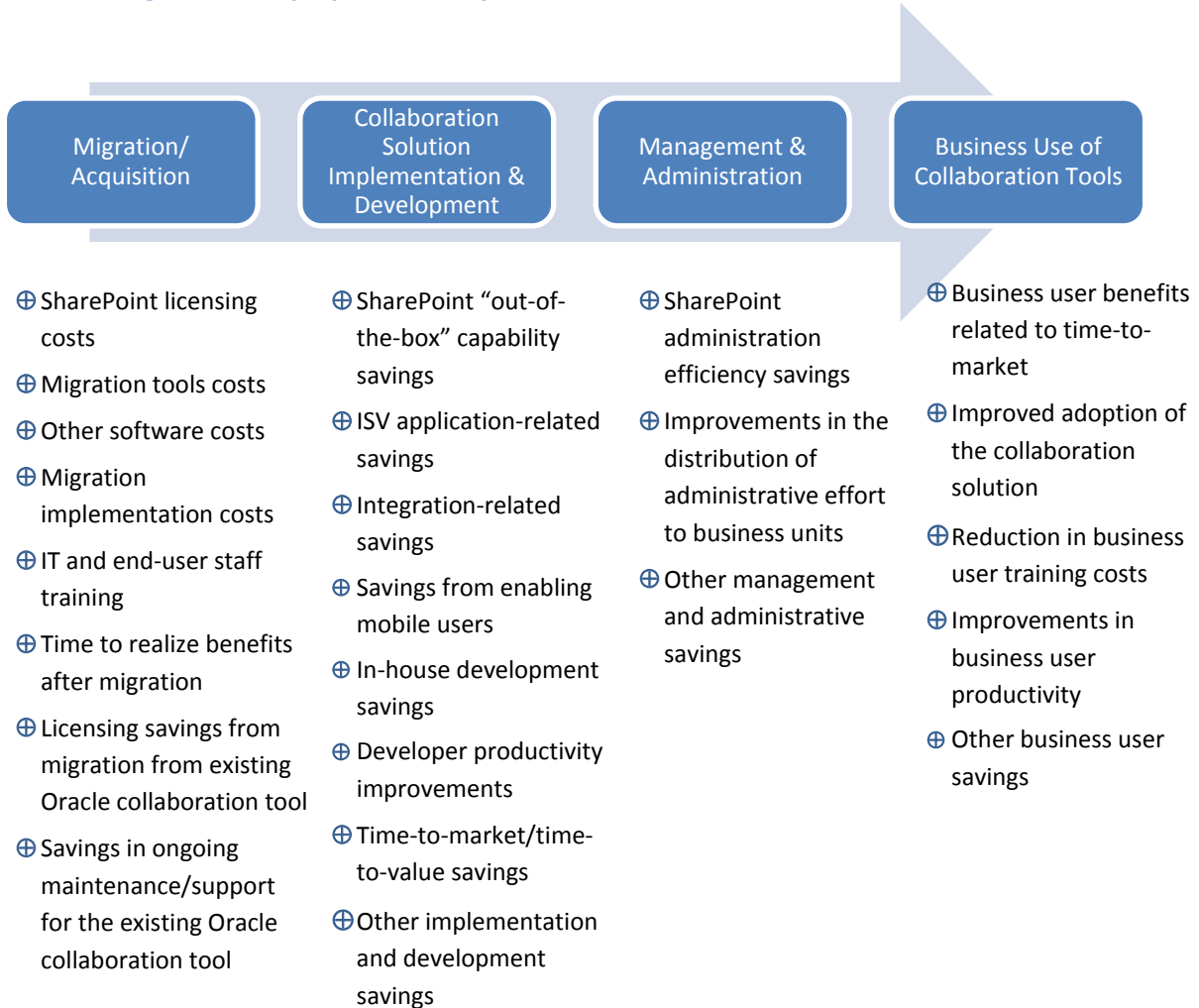
“At the end of the day, migrating to SharePoint was a strategic business decision for us. Moving from Oracle to SharePoint is part of our overall standardization initiative and has not just reduced our licensing and support costs but also resource costs for development and ongoing support of our collaboration solutions.”

CIO
Law Firm

For help with assessing the value of migration to SharePoint for your organization, and with developing a business case specific to your company, please send a request to: modernization@piquesolutions.com or call 415.685.3392.

Appendix—Framework and Cost/Value Drivers

Figure 5: A Deployment Life Cycle Framework/Drivers Used in the Business Case



Strategic Benefits

Also included in the business case framework were the strategic business value drivers realized because of the migration to and usage of SharePoint for collaboration workloads. The following list of strategic drivers was included in the framework and corresponding research:

- ⊕ Improved collaboration among employees and functional teams
- ⊕ Better informed decision making
- ⊕ Reduction in risk
- ⊕ Improved customer or partner relationships or satisfaction
- ⊕ Better overall business agility (time-to-market)
- ⊕ Standardization of technology infrastructure
- ⊕ Improved competitive positioning
- ⊕ Better predictability of costs
- ⊕ Access to skilled resources
- ⊕ Enablement of a remote/extended workforce
- ⊕ Better integration with internal or external systems and applications
- ⊕ Enablement of the adoption of cloud computing resources