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From: Brian Mitchell [Brian.Mitchell@oracle.com]
Sent: Tuesday, February 20, 2007 3:09 AM
To: charles.phillips@oracle.com
Subject: Starhub decision point

Charles,

We have now had a number of discussions with Starhub, and the messages continue to be a little mixed. It would appear that they have quite a strong desire to go to SAP but a financially compelling offer may win the day.

We are back to Peoplesoft Financials as the solution, but there are four gaps in our solution that SAP does not have. The delta in price needs to reflect the value that Starhub see in this additional functionality.

I have copied below some further background from the account team. Clearly more engagement than the senior management may have known about. I will fix the last of the points on account management.

Under "Proposed response" is the decision point for us. To go to a ULA discussion is too premature and it would be two months before we could get there. It also is a License discussion, not a Services one, when the majority of the cost issue now is services. So point One below is what we think this will take. Probable case \$750K, worst case \$1m. If we gave the License for zero, then it would be a cost to the License P&L of between \$550k and \$800k.

If we want to do this, and keep SAP out we should assume the worst case outcome and work for a better result.

Whilst this is a big hit on License expense I think we should take it if it stops SAP. Given they have Peoplesoft HR, Oracle DB, and about to place a big order for Siebel CRM, making this an all Oracle shop is important. We can then move to a ULA.

Appreciate your thoughts.

Regards brian

Brian

Following receipt of Charles email to Starhub, Natasak, Frank, Andrew and myself reviewed learnings from the past engagement with Starhub and the proposed response to Starhub based on Charles' email. We propose a con call to walk through this. Suggested time 10:00 am SG time Tuesday 20 February. Please advice if this time suits or an alternative.

Proposed Response

The Starhub CFO has stated he is open to continuing with Peoplesoft financials if it is commercially attractive. The current Peoplesoft proposal to Starhub is for:

- USD\$0.2M license
- USD\$1.3M OCS

Our intelligence late 2006 told us the SAP proposal was \$0.5M higher than Oracle's but they subsequently went back to their implementation partners to reduce their bid further. We do not know the value of SAP's current proposal.

We see two options for our response to Starhub:

1. Reduce the current USD\$1.5M license and OCS bid. We believe a total cost of USD\$0.5M for license and OCS would be very attractive to Starhub, whilst USD\$1M would not be enough of a difference to move away from what they see as a functionally superior SAP solution. Therefore we need to go back to them with a figure between \$0.5

Confidential Information

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and \$1.0M.

2. Change the game on SAP by proposing an ELA/ULA, incorporating ERP, CRM and Technology. The difficulty here is that for both the CRM and Technology portions, Starhub has not as yet finalised their future architecture and therefore configuration and sizing for CRM and Technology has not been determined at this stage. If we wanted to propose a ULA we could still go ahead based on an employee or revenue metric but we stand the risk of not fully monetising the value of the ULA grant to Starhub.

Past Engagement

Five key issues regarding the past engagement with Starhub have emerged:

1. Starhub had a negative opinion of Peoplesoft when Oracle took over Peoplesoft. This was primarily around the level of product support available in the region and the cost of maintenance. A secondary issue was related to the lifespan of their Vantive CRM solution. **Action taken:** CVC visit organised March 2005 to meet John Wookey to discuss Fusion strategy and CRM strategy. Also an Oracle cross-LOB (Sales, Apps pre-sales, Tech pre-sales, Support) briefing was carried out with Starhub senior management in October 2005. Starhub subsequently placed an order for \$1M technology November 2005 and presented Oracle with an LOI stating their intent to proceed with Peoplesoft CRM.
2. Starhub announced in March 2006 their intention to consolidate their two financial systems (cable and mobile). Peoplesoft and SAP competing. After evaluation, Peoplesoft was seen to need extensive customisation vs. SAP off-the-shelf ability to meet Starhub's requirements. Starhub also raised concerns about limited upgrade path for Peoplesoft financials. **Action taken:** CVC visit organised September 2006 to discuss future roadmap of Peoplesoft financials and ability to meet Starhub's requirements. Starhub left that meeting satisfied Peoplesoft could meet their requirements. Oracle Singapore team found out on further analysis that Peoplesoft could not meet Starhub's requirements in 4 critical areas. The analysis by the Singapore team (license, pre-sales, OCS) and and feedback to Starhub took 6 weeks. During this time there was constant communication with the Starhub technical team but no communication with Starhub senior management on work being carried out.
3. Starhub's negative perception on the level of technical support for Peoplesoft in ASEAN was further reinforced as it became apparent to them Oracle did not have sufficient Peoplesoft Financials pre-sales and consulting resources in the region. **Action taken:** A cross LOB team consisting of OCS, Pre Sales, Sales lead by the ACE team (primarily Andy Loh) was formed. The team was formed to specifically address Starhub's technical questions in our proposal. On the issue of the lack of Peoplesoft Financials enabled consulting resources in the region, OCS has drawn in Hexaware. We have also discussed with Starhub the opportunity to use KE Systems in Malaysia, Sierra (a trans ASEAN partner) and TechMahendra.
4. Work done with Starhub across the account has been more extensive than senior management at Starhub understood and as communicated with Charles and Brian, especially in the last 12 months. **Action:** The need for direct and continuous engagement with Starhub senior management to be set up, not just communicating with the project team.
5. Oracle missed an opportunity to change the game on SAP for the Financials deal because each sales unit (ERP, CRM, Tech, OCS) focused on meeting their individual goals, and no one sales team looked at what is in the best interest of Oracle as a whole and more importantly has the authority to execute a decision that could mean disadvantaging one sales team in the short term to ensure Oracle as a whole remained strong in the account. A prime example is CRM and Tech sales teams want to pursue their current deals in Starhub separately, rather than structuring a ULA that included ERP, CRM & Technology. In reviewing the account history, sales teams objectives were coordinated until the organisational change beginning FY07.

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