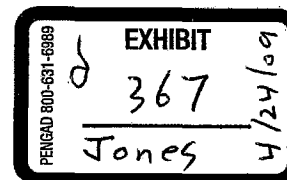


From: Juan C. Jones [juan.jones@oracle.com]
Sent: Tuesday, August 29, 2006 12:11 PM
To: Chris Madsen Approvals; Rick Cummins
Cc: Yamilet Torres; OSSINFO - Kevin
Subject: Fw: FW: Home Depot Executive Summary]
Attachments: Executive Summary - Home Depot - 8-22-06.doc



i>¿

It is clear that Home Depot is committed to SAP. While we considered them a loss last year, we were able to renew them on a technicality. However, they have communicated to us their intent to have TomorrowNow support them in the interim as they migrate HCM to SAP. So, it is clear that we do not have a shot at retaining this customer in the future. And if they ever want to come back, they should do so under standard Back Support and negotiated Reinstatement Fees.

Therefore, I am not supportive of the proposal to halve our Support to Home Depot (and approve Support-only proposals) for the following reasons:

1. They've gone to SAP hook, line, and sinker so there is no turnaround opportunity here to even try to salvage.
2. I believe a pricing strategy to match TomorrowNow only erodes our profits, and value prop, while costing SAP next to nothing.
3. A Support-only option carries significant financial risk to the rest of our Renewals portfolio when word gets out: and it always does. On the 'possibility' of this option alone, I am already getting a number of Support-only requests to compete with TomorrowNow. Customers might go to this option en masse.
4. A Support-only option commoditizes our service (makes it break/fix maintenance only) and eliminates the core value proposition of our Support agreement: Update/Upgrade rights.
5. If TomorrowNow (SAP) is going to win a bunch of maintenance-only customers with no plans to upgrade for 5 years, such as Abitibi, then I don't think TomorrowNow will be too long for this world as SAP won't make profitable money on these customers if they can't get them to implement SAP. (LJE took note of this long ago and someone at SAP is finally starting to look at the profit picture which is why SAP Americas CEO Bill McDermott challenged every sales rep to get his approval if they are not positioning the SAP Premium (22%) maintenance option as the standard to all customers.) To be clear: we want EVERY renewal, but if TomorrowNow fills up with unprofitable laggards, then I'm not sure that's actually a bad thing in the medium/long run.

That said, as a result of your exposing this to Juergen in the N. America Review and subsequent PeopleSoft/JDE deep dive, and out of respect for your experience and professional opinion, I believe a 'second opinion' so to speak, is in order for your position and concerns to be heard.

And given Juergen's knowledge and higher level view of the business and Oracle's strategies, he may have some insight that warrants overriding my call: always his prerogative. Therefore, I have copied OSSINFO so that Home Depot*, Olympus**, and Abitibi*** can be briefly reviewed with him.

Highly Confidential Information - Attorneys' Eyes Only

ORCL00173509

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA Case No. <u>4:07-cv-01658 PJH/EDL</u> DEFENDANT Exhibit No. <u>A-0367</u> Date Admitted: _____ By: _____ Nicole Heuerman, Deputy Clerk
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We can follow-up on any questions or concerns after such review. Thanks.

Regards,
Juan

* Home Depot - Paying \$1.3m, want \$600k and no upgrade rights.

** Olympus - Paying \$686k/24% net, proposed with standard drop L & re-price \$499k/17%, want \$300k/10% net and no usage calls.

*** Abitibi - Paying \$1.7m/19% net, want 50% reduction to \$843k/10% net and no upgrade rights.

----- Original Message -----

From: chris.madsen_appr

To: Jones.Juan ; Torres.Yamilet

Cc: RICK.CUMMINS

Sent: Friday, August 25, 2006 7:27 PM

Subject: [Fwd: FW: Home Depot Executive Summary]

Approved, to reduce support to 600k to keep TN out of the account.

----- Original Message -----

Subject:FW: Home Depot Executive Summary

Date:Tue, 22 Aug 2006 17:05:25 -0600

From:Rick Cummins <rick.cummins@oracle.com>

To:chris.madsen_appr@oracle.com <chris.madsen_appr@oracle.com>

CC:LACHS ROBERT M <robert.lachs@oracle.com>

Approved.

Chris,

Home Depot told us last year that they would not be renewing with us this year. We are being aggressive and trying to get this back from Tomorrow Now.

Regards,
Rick

Rick Cummins

ORACLE | Support Services

Senior Director, North America Support Services

One Technology Way

Denver, CO 80237

Phone: 303-334-4795

Fax: 303-334-1288

-----Original Message-----

From: Robert Lachs [<mailto:robert.lachs@oracle.com>]

Sent: Tuesday, August 22, 2006 12:27 PM

To: rick.cummins@oracle.com

Subject: Home Depot Executive Summary

Rick -

This executive summary represents a last resort attempt to salvage this year's support revenue with Home Depot. They have otherwise, already communicated to me today, their intent to have TomorrowNow support them in the interim as they migrate HRMS to SAP. The request represents an end-of-life approach.

Approver: HQApps

Request:

1. Offer End of Life Term to Home Depot whereby, to match offer from TomorrowNow, support fees are reduced from \$1,307,084 (paid last year â€“ September renewal), to \$600,000. They would provide cancellation notice that at the end of the renewed annual period, they would expire support.
2. This support option would not entitle them to new releases/major upgrades. However, within the annual support period, allow Home Depot the option, if their SAP implementation goes south, to reinstate the upgrade option to support, by paying the delta of what would have been paid had they renewed initially at full price, and to pay that delta based on the point at which they are reinstating, and not retro to the beginning of the support year. We would also waive any additive 50% penalty fee.

Justification:

As is public Knowledge, aside from being a SEBL customer, Home Depot has made a very large enterprise investment with SAP and is now migrating their lone PeopleSoft Enterprise schedule of products (HRMS) to SAP.

In fact, last year they had provided cancellation notice, however we forced the renewal to occur, after months of negotiations, due to their accidental use of support after the previous support period had expired. Ensuring they do not make the same mistake this year they have come to us in advance of their September 27th renewal, to inform us of their intent to go to TomorrowNow, as part of this safe passge migration. They have left the door open, believing there is piece of mind to having Oracle support, if we can match Tomorrowâ€™s Now pricing and provide the above.

If we cannot at least offer the above, no more discussions with Home Depot are warranted, and we will process the cancellation. If we can garner approval for the above request, we will at least get an audience and a reasonable chance to retain them as a customer for one more year.