



# ORACLE CONTRACT

Board Meeting Public Session  
September 16<sup>th</sup>, 2016

# How does this fit in with Connect for Health's strategic direction?

- Connect for Health CO must reduce operational cost
- This is a tactical deal
  - Any feasible strategic change that affects our Oracle platform will take 2 years or more
- We are currently negotiating an offer with Oracle along the following parameters, it will be beneficial for Connect for Health CO
  - Cost neutral over 2 years
  - Tie-in for 2 years is acceptable
  - Must be financially advantageous in years 3 and onwards
  - Risks for this deal must be low and mitigatable
    - We need to be certain this deal is audit-proof
    - Ability to scale to meet future enrollment requirements
    - Does not limit our functionality and ability to operate now or in future
    - Any software/hardware changes must be scoped/costed
  - Must not prevent us from taking a strategic direction with our Oracle footprint or enrollment platform as a whole
  - Must be better than other options on the table

# Mitigation against risks

## Audit-proof

- Huge attention to due diligence
- License Fortress offer from VLSS if we go for a VM-based architecture

## Ability to scale to meet demand in future

- “License the box” provides significant scaling opportunities on existing hardware/licensing
- Pre-negotiated discounts on additional licenses
- Acquisition of additional licenses in years 3 & 5 still show a positive financial return

## Functionality

- No extra licensing requirements

# Alternatives have been considered

3<sup>rd</sup> party support

- Considered too high risk in the short/medium term

Invest in Oracle replacement

- Does not meet cost-neutral parameters
- May conflict with strategic direction

Renegotiate support costs directly

- No traction with Oracle

Delay

- Opportunity cost
- Same deal after support payment made would conflict with 2-year window

# EXEC SESSION

Oracle contract

# Next steps

- Request permission from board to execute the deal
- Due diligence
  - Fine print
  - Security review
  - Financial analysis
  - Need for “insurance”
- Execute deal (target for Wednesday 21<sup>st</sup> September)
  - Some risk that due-diligence will find an obstacle
- Finalize and communicate platform strategy to board
  - Platform replacement?
  - One-for-one replacement of Oracle?
  - Something else?

# We are requesting approval to execute a new contract with Oracle based on this criteria

- Cost neutral over the next 2 fiscal years
  - Including additional cost for software/hardware changes if any
- Tie-in for a maximum of 2 years
- Must be financially advantageous in years 3 and onwards
- Risks for this deal must be low and mitigatable
  - We need to be certain this deal is audit-proof
  - Ability to scale to meet future enrollment requirements
  - Does not limit our functionality and ability to operate now or in future
  - Any software/hardware changes must be scoped/costed
- Must not prevent us from taking any likely strategic direction with our Oracle footprint or enrollment platform as a whole