

# Regression on Oracle's Incremental Percentage Discounts

- Effect on incremental discount
  - ebiz discount removed from base price
  - Effect of competitors
  - Customer annual revenues
  - eBusiness Suite
  - Oracle applications user
- Source of Data
  - Oracle discount approval forms and sales representative surveys

# Incremental Percentage Discount Regression

Oracle Price Discount Regressions

Dependent variable: (Total Discount minus eBiz Discount) / (1 - eBiz Discount)

	(1)	(2)
PeopleSoft	0.076 (0.042) [.071]	0.136 (0.059) [.026]
JD Edwards	0.011 (0.061) [.861]	0.055 (0.091) [.553]
SAP	0.106 (0.061) [.088]	0.164 (0.076) [.037]
Siebel	0.050 (0.060) [.406]	0.048 (0.084) [.568]
Niche	-0.011 (0.039) [.776]	0.022 (0.066) [.734]
Net License Revenue	6.47E-8 (2.04E-8) [.002]	4.79E-8 (2.30E-8) [.045]
Customer's Annual Revenue	3.01E-5 (1.40E-5) [.034]	2.49E-5 (2.02E-5) [.226]
EBS	0.012 (0.040) [.769]	0.073 (0.059) [.225]
Previous Apps Customer	0.025 (0.046) [.589]	0.040 (0.064) [.532]
Constant	0.268 (0.051) [<.001]	0.245 (0.090) [.010]
R <sup>2</sup>	0.234	0.344
N	122	47

PeopleSoft	0.076	0.136
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- The presence of PeopleSoft causes Oracle to offer additional discounts of approximately 8 to 14 percentage points
- Two regressions translate into 13% and 25% price decreases, respectively

TABLE ONE

Oracle Price Discount Regressions		
<i>Dependent variable: (Total Discount minus ebiz Discount) / (1 - ebiz Discount)</i>		
	(1)	(2)
PeopleSoft	0.076 (0.042) [.071]	0.136 (0.059) [.026]
JD Edwards	0.011 (0.061) [.861]	0.055 (0.091) [.553]
SAP	0.106 (0.061) [.088]	0.164 (0.076) [.037]
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Notes: Data are from Oracle discount approval forms and Oracle 2002 and 2003 Fiscal Year, North American Sales Representative Surveys. Standard errors are in parentheses; *p*-values are in brackets.

