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

PeopleSoft	0.076	0.136

- 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

Dependent variable: (Total Discount minus ebiz Discount) / (1 – ebiz Discount)

	(1)	(2)
PeopleSoft	0.076	0.136
	(0.042)	(0.059)
	[.071]	[.026]
JD Edwards	0.011	0.055
	(0.061)	(0.091)
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	[<.001]	[.010]
R^2	0.234	0.344
N	122	47

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.

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