

Is oracle dying



Oracle Corporation was founded in Jun 1977 by Larry Ellison, Bob Miner, Ed Oates. Over the years, it has risen to become almost indisputable leader of the Relational Database Management System (RDBMS) market with 44% (Source: IDC 2009) – at least, for now, though, no one is sure how long that numero uno position will last. There were heady days of 1996-2008 or so when Oracle ruled the world of RDBMS. It was unchallenged crown king that could do no wrong. Hundreds of thousands of Database engineers, architects, administrators spoke of Oracle as if it was actually the famed “Oracle of Delphi”.

Conference passes to Oracle Open World were so coveted that it was distributed to star employees in any company using Oracle Products. However, after 2008, the downward spiral has been very perceptible to the database communities. The hush-hush talks could now be heard very loud and clear. Only that Oracle was perhaps hearing but valiantly choosing not to listen. It continued to maintain the arrogance of a star past its prime - denying that it was aging, claiming that the talent would always trump the age.

I think the Oracle Goliath had forgotten that for every arrogant Goliath, there is a David that is bound to introduce it to its nemesis. But my guess this downward spiral perhaps set into motion long before 2008 or so when world started noticing it. Time machine Let us trace Oracle Journey through its very meager beginnings and how it lost its course along the way. The chronological sequence of this journey could be roughly as I have shown below:- 1977 SDL (Oracle's predecessor) founded 1978 Oracle Version 1 developed 1979 First commercial SQL RDBMS 983 Oracle Version 3, first

RDBMS developed to run on mainframes, PC, minicomputers, VMS 1984 first RDBMS to offer read-consistency 1985 Released of Oracle Version 5, first RDBMS in client/server environments 1986 Oracle IPO (NASDAQ) 1987 Rises to number one in the world for RDBMS, Oracle gets into building enterprise applications 1988 Oracle Version 6 with several new features: PL/SQL, Row-level locking 1989 Oracle provides DB support for OLTP and moves its HQ to Redwood Shores, California 1990 Launches Oracle Applications Release 8 992 Launched Oracle 7, offers full applications implementation methodology 1993 Client/server environments enhancements 1994 Oracle receives the industry's first security clearance 1995 Debuts first 64-bit RDBMS 1996 Releases feature rich 7.3, with different types of data types - text, maps, audio, video, or images, develops an open standards-based, web-enabled architecture 1998 Oracle8 Database ; Oracle Applications 10.7 - first enterprise computing company to use Java 1999 Offers its first DBMS with XML support 2000 Oracle E-Business Suite Release 11i 001 Oracle9i Database with Oracle RAC, first RDBMS to complete 3 terabyte TPC-H record 2002 Oracle RDBMS passes 15 industry standard security evaluations - first RDBMS to achieve this 2003 Oracle debuts Oracle Database 10g, more robust clustering software 2004 Declares Oracle " the Information Company" and spreads into many other areas 2005 Acquires rival PeopleSoft, releases first free database, Oracle 10g XE 2006 Declares a 30-year commitment for open standards computing, giving customers " Unbreakable Linux" 2008 HP Oracle Database Machine/Exadata storage 009 Gets into too many things - including BEA products, launch of Oracle Fusion Middleware, 11g advance Oracle 2010 Oracle acquires Sun Microsystems, announces Sun based <https://assignbuster.com/is-oracle-dying/>

Exadata/Exalogic machines 2011 Keeps adding bells and whistles to same
Exadata/Exalogic machines 2012 Announces initiative focused on Cloud
Rise of Oracle Most of the engineers in software industry were not even born
when in late seventies, it struck young Larry Ellison, after reading paper
written by Dr Edgar F.

Codd (1970) on relational database management systems titled " A
Relational Model of Data for Large Shared Data Banks", that a software could
be designed that could follow the principles of relational databases. His belief
was reinforced when he read another article, published in the IBM Research
Journal, and authored by Ed Oates (IBM) about the IBM System R database.
System R itself was based on Codd's theories. In 1977, Ellison co-founded
Oracle Corporation with Bob Miner and Ed Oates under the name Software
Development Laboratories (SDL) and in 1979, SDL was rechristened as
Relational Software, Inc. nly to change its name again in 1982 to Oracle
Systems Corporation. In 1995, Oracle Systems Corporation changed its name
to Oracle Corporation. From 1979 through 1992, Oracle primarily focused its
attention on making its flagship product, Oracle RDBMS, strong. Oracle was
getting complacent after version 5 and then it came out with version 6 - this
was huge fiasco product and it was nightmare for customer support and
Oracle support. Corporate customers were threatening to pull off Oracle.

Version 6 was quickly followed up by version 7 which saved the day for
Oracle. 7. 34 turned out to be very stable product. Version 8i, 9i and 10g
added to Oracle RDBMS core competence. These versions by themselves
attracted customers to Oracle. If everything was so good, continues to be
good then why do I particularly feel that Oracle could be dying as a

company? Lack of Level 5 leadership Oracle has been led by Larry Ellison all these years. Larry is a level 4 leader – wish he was level 5.

Under his leadership, Oracle has always focused on “ what” should be done and “ how” will it be done. Level 5 CEOs first focus on “ who” and then on “ what” and “ how”. People part of the equation remains very flaky, to say the least, with Oracle. It has been notoriously uncaring about exodus of top talent. Many ex-Oracle top performers have gone on to form companies, rise to be C staff, unleash innovations but Oracle didn’t really do anything specific to stop the fleeing top talent.

Also, like many other celebrity CEOs, Ellison is getting too distracted by things that his company should not be focusing on – example, Oracle’s American Cup sponsorship, Ellison’s many prime properties, Ellison’s unflinching support for former ousted HP CEO and great friend Mark Hurd, Ellison’s purchasing Lanai Island. All these have direct impact on Oracle’s future – why? Because all these are issues that distract the CEO. Same thing happened with Lee Iacocca – once he turned around Chrysler, he focused more on politics, image building, helping White House with many initiatives which distracted him from his duties as CEO. And Chrysler slid back into the mess that it had recovered from. Mark’s hiring into Oracle forced Ellison to send Charles Phillips off. Charles was a great executive and leader recognized for his talent in and outside Oracle. Letting a great leader go in favor of a friend whose moral ethics are somewhat doubtful never went well with the employees. Also, Oracle doesn’t have conversations like “ what can we do to stop you from leaving” with most of their top talent attritions. 5 Phases of a perilous corporation

Any company going through the general growth, if not managed in a disciplined manner, can hurtle itself into peril. Jim Collins brings this out very succinctly in his book “ How the Mighty Fall – any why some companies never give in”. The 5 stages of this journey from greatness to perish are very perceptible when they happen. The Path to Destruction I suspect Oracle’s downward spiral started after 2001-2002 (or at least sometime during that period). It could not come to terms with the ever high stock price of more than \$45 and started becoming greedy.

Perhaps under some implicit or explicit mandate from Uncle Larry, the sales people were sent marching to see how much more they could milk out of their unsuspecting and totally Oracle dependent customers. And perhaps the sales people came back with the message that customers would not mind paying more for the crown jewel product – core RDBMS as well as Oracle ERP Suite – 11i. Oracle (read, Larry Ellison) could not stand competition – especially those then started looking at how to kill rivals – hostile and non-hostile acquisitions of rival JD Edwards, PeopleSoft and Siebel.

Every growing company reaches a point where growth starts flattening – happened with Apple, happened with Google and will happen with next big shinning company as well – Oracle was not particularly immune to it so in an attempt to resuscitate its flattening growth, largely due to its flagship core RDBMS product, Oracle started developing another front that it could open – this was business of application servers – an exploding market back in the day.

An application server is packaged software that developers use to write and deploy web specific applications. The market had exploded past decade or

so since many application server vendors were trying to build dynamic applications for the web and mobile devices. For Oracle the lure was that the market had the potential to perhaps become as lucrative as their core database market.

Oracle was very late entrant into this market but it quickly acquired BEA Software (leader in the space at that point) and started competing neck to neck with IBM WebSphere. Within Oracle, Application Server business is viewed as “ third business” besides core RDBMS and ERP. Oracle built its business around data bases and from the very beginning it has dominated the database market, providing the data stores and central repositories to store critical business information that businesses must maintain, use and safeguard to complete transactions.

This has given it almost a monopoly and a very superior position when negotiating with customers. Oracle’s sales team that is always scavenging to find new sources of revenues, capitalizes on such an edge and leverages it to squeeze every dollar out of the customers – rightfully earning a fearsome reputation of being “ hard-line negotiators” – and they are squeezing where it hurts the customers most – at their licensing and support costs.

However, like it had opened a third front by getting into Application Servers market, it has since then opened many more such fronts via its acquisition spree - Oracle has expanded well beyond just the databases and application servers and entered the business software domain as well, acquiring leader companies in domains related to technology infrastructure, sales, employees, inventory and customers. People typically use products from these acquired companies to track information related to these important entities.

Undisciplined growth In their pursuit to keep up with their YoY growth, Oracle has descended into a very undisciplined growth.

There was also very unreasonable desire to grow into every domain. While growing via acquisitions, Oracle Executive Management has forgotten that it is not simply enough to acquire good companies, it takes good and dedicated diligence to grow them into great companies. Some of the companies Oracle acquired are as under (source – <http://www.oracle.com>):-

2013 Feb-13 Acme Packet Networking hardware for telecommunications service providers
2012 Dec-12 Eloqua Marketing Automation platform for managing sales and marketing leads across an enterprise.

Dec-12 DataRaker Cloud based Analytic platform to transform meter, customer, network and asset Big Data into actionable business intelligence.

Nov-12 Instantis Cloud and premises-based PPM - Project Portfolio Management applications.
Sep-12 SelectMinds Cloud-based social talent sourcing and corporate alumni management application
Jul-12 Xsigo Systems Provider of network virtualization technology that simplifies cloud infrastructure and operations
Jul-12 Skire Solutions provider for managing capital projects, facilities and real estate
Jul-12 Involver Social media development platform

Jun-12 Collective Intellect Cloud-based social intelligence solutions
May-12 Vitruve Social Marketing Platform provider
Mar-12 ClearTrial Cloud-based Clinical Trial Operations and Analytics products
Feb-12 Taleo Talent Management Software
2011 Oct-11 RightNow Technologies Cloud-based CRM
Oct-11 Endeca E-commerce & Business Intelligence
Sep-11 GoAhead Service Availability and Management Software
Jul-11 InQuira Service Knowledge

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Management Software Jul-11KspliceRebootless Linux kernel updates Jun-11
FatWire Software Web Content and Web Experience Management (WCM and
WEM) Software Jun-11Pillar Data Systems Storage systems

Apr-11Datanomic Data Quality Software Feb-11Ndevr - Select IP only
Environmental Reporting and Business Intelligence 2010 Nov-10 Art
Technology GroupEcommerce software vendor May-10 Pre-Paid Software
Payment Solutions May-10 Market2LeadApplications May-10 Secerno Data
protection hardware and software Apr-10Phase Forward Applications for life
sciences companies and healthcare providers Feb-10AmberPoint Service-
Oriented Architecture (SOA) management Feb-10Convergin Telecom Service
Broker

Jan-10Sun Microsystems Computer servers, storage, networks, Java, MySQL,
software, and services Jan-10Silver Creek SystemsProduct Data Quality
Solutions for connecting Enterprise Systems, Customers, Suppliers and
Partners. 2009 Oct-09SOPHOI Intellectual property management for Media &
Entertainment Industry Sep-09HyperRoll Financials, software and IT services
Jun-09Conformia Product Lifecycle Management May-09Virtual Iron Software
Server Virtualization Management Software Mar-09Relsys International Drug
Safety and Risk Management 2008

Oct-08Haley (RuleBurst Holdings) Natural Language Business Rules / Policy
Automation Oct-08Advanced Visual Technology Retail Space Planning Oct-
08Primavera Project Portfolio Management Jun-08Skywire Software
Document Management May-08AdminServer Insurance Policy Administration
Jan-08BEA Systems Enterprise Software 2007 Dec-07MoniforceReal User
Experience Monitoring Sep-07BridgestreamEnterprise Role Management

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software Jul-07Bharosa, IncOnline Identity Theft and Fraud Detection May-07Agile Software CorporationProduct Lifecycle Management Apr-07Lodestar CorporationUtilities Application Software

Mar-07Hyperion CorporationEnterprise Performance Management Mar-07Tangosol IncDatagrid Software 2006 Nov-06Stellent Inc. Universal Content Management, Digital Rights Management Nov-06SPL WorldGroupUtility Billing and Customer Service Systems Oct-06SunopsisETL, Data Integration Oct-06MetaSolvOSS service activation Jun-06DemantraDemand-Driven Planning Solution[(#)]IP-based Contact Center Solution Apr-06Portal Software Billing and Revenue Management solutions for communications and media industry Feb-06HotSipCommunications infrastructure solutions

Feb-06Sleepycat Software Open-source database software for embedded applications Jan-06360CommerceRetail Industry Solutions Jan-06Siebel SystemsCustomer relationship management 2005 Dec-05Temposoft Workforce Management Applications sam organization Nov-05OctetString Virtual Directory Solutions Nov-05Thor Technologies Enterprise-wide User Provisioning Solutions. Oct-05Innobase Discrete Transactional Open Source Database Technology Sep-05G-LogTransportation Management Solutions Aug-05i-flexBanking Industry Solutions Jul-05Context MediaEnterprise Content Integration

Jul-05ProfitLogicRetail Industry Solutions Jun-05TimesTenReal-time Enterprise Solutions Jun-05TripleHopContext-sensitive Enterprise Search Apr-05RetekRetail Industry Solutions Mar-05OblixIdentity Management Solutions Jan-05PeopleSoftEnterprise Software 2004 Jun-04CollaxaBusiness process

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management May-04 PhaosIdentity management Jan-04SiteWorks Solutions
Clinical trials management 2003 Jun-03ReliatyEnterprise data protection Jun-
03FileFishEnterprise content management 2002 Jun-02SteltorEnterprise
calendar system Jan-02NetForce Adverse event reporting system

Jan-02Indicast Voice portals Jan-02TopLink Object-relation mapping
technology 1999 Jun-99Thinking Machines Corporation datamining
technology 1995 Aug-95IRI Software OLAP products 1994 Oct-94Rdb (A
division of DEC) Relational database The early acquisitions show Oracle focus
on growing its databases market but acquisitions of past few years including
very surprising \$5 Billion acquisition of Sun Microsystems do not give us
good sense of where Oracle's focus is. The strategic theme in Oracle's
acquisition spree is missing and seems more like reactions of leadership
focusing only on " growth".

Take a look at spread of Oracle into sectors and even a layman would agree
that it is stretching itself far too thin. If people outside of Oracle can't
understand why Oracle acquired Sun Microsystems, the confusion is equally
evident inside Oracle as well. No one can put a figure on if Oracle acquired
Sun for hardware market entry point or MySQL or Sun Solaris OS or was it a
combination of all these and then some. Oracle has come out with an
integrated ERP product suite – Fusion. The sales teams do not fully
comprehend how to package Fusion compared to Oracle 12 version.

As such Fusion itself is at least four years too late. In its attempt to create a
unified platform for ERP software, it has managed to successfully scare
customer who want just a small focused set of modules – like AR and GL or
Manufacturing. There was Steve Jobs who made the famous statement that

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“...we tell customers what they want...”. Larry Ellison can make the same claim – but to be successful at doing that, you have to be a visionary and not be distracted so hopelessly as Ellison currently is. And, customers seem to be last thing that Oracle considers while deciding these moves.

For example, many of Sun’s largest former customers were large Wall Street financial institutions, and they were really miffed last year when Oracle wanted to restrict their server and operating system choices to only Sun technologies. They relentlessly pushed back and Oracle had to ultimately give in to their defiance, reaffirming deals that would let companies like HP and Dell offer Sun software on their respective hardware. “ Customers will always gripe about giving too much control to any one company,” said Israel Hernandez, director of software research at Barclays Capital.

Larry Ellison runs Oracle likes his personal fiefdom. The Oracle Board of Directors is merely a formality that is maintained to satisfy the Wall Street and SEC. Most decisions are taken unilaterally by Ellison and his leadership team. For example the 2010 hiring of ex-HP CEO, Mark Hurd, as a co-president after Hurd was fired by HP board due to sexual harassment allegations. Analysts viewed the hiring as a positive outcome for Oracle as it looked to expand. However, Mr. Hurd’s arrival was quickly followed by departure of one of

Oracle long-timer, Charles Phillips. At one time, Charles was touted as Ellison’s protege and likely successor. Oracle customers are worried about putting all their eggs in one basket. Almost every company that they tend to do business is being bought by Oracle – much to customers’ dislike. And for hosts of Oracle’s Annual Open World program, San Francisco city officials are

running into dilemma of saying “ No” to Oracle at some point for hosting the event, simply because it is unlikely that city could survive the demands of an Oracle four times its current size.

A look at its portfolio will tell you more about scary reach and disappointing and unfocused spread that Oracle has now – 110 product lines spread across 14 different domains. (source – <http://www.oracle.com>):- DATABASE DataScaler (October 2010) e-Test (acquired from Empirix) (March 2008) Innobase (October 2005) Moniforce (December 2007) mValent (February 2009) Secerno (May 2010) Sleepycat (February 2006) TimesTen (June 2005) TripleHop (June 2005) MIDDLEWARE AmberPoint (February 2010) BEA (January 2008) Bharosa (July 2007) Bridgestream (September 2007) Captovation (January 2008)

ClearApp (September 2008) Context Media (July 2005) Datanomic (April 2011) FatWire (June 2011) HyperRoll (September 2009) GoldenGate (July 2009) Java (April 2009) Oblix (March 2005) OctetString (November 2005) Passlogix (October 2010) Sigma Dynamics (August 2006) Silver Creek Systems (January 2010) Stellent (November 2006) Sunopsis (October 2006) Tacit Software (November 2008) Tangosol (March 2007) Thor Technologies (November 2005) APPLICATIONS AppForge (April 2007) Collective Intellect (June 2012) Eloqua (December 2012) Haley (October 2008) InQuira (July 2011) Interlace Systems (October 2007)

Involver (July 2012) LogicalApps (October 2007) Market2Lead (May 2010) Ndevr (February 2011) RightNow (October 2011) SelectMinds (September 2012) Taleo (February 2012) TempoSoft (December 2005) Vitruve (May 2012) PRODUCT LINES Agile (May 2007) ATG (November 2010) Endeca (October

2011) Hyperion (March 2007) PeopleSoft (January 2005) Primavera (October 2008) Siebel (January 2006)(June 2006) IMPLEMENTATION AND INTEGRATION TOOLS Global Knowledge Software (GKS) (July 2008) SERVERS, STORAGE, AND NETWORKING Ksplice (July 2011) Pillar Data Systems (June 2011

Sun (April 2009) Xsigo Systems (July 2012) Virtual Iron (May 2009) INDUSTRY SOLUTIONS COMMUNICATIONS AND MEDIA Acme Packet (February 2013) (pending) Convergin (February 2010) eServGlobal's Universal Service Platform (USP) (May 2010) GoAhead (September 2011) HotSip (February 2006) MetaSolv Software (October 2006) Net4Call (April 2006) Netsure Telecom Limited (September 2007) Portal Software (April 2006) Sophoi (October 2009) ENGINEERING AND CONSTRUCTION Instantis (November 2012) Primavera (October 2008) Skire (July 2012) FINANCIAL SERVICES i-flex (August 2005)

HEALTHSCIENCES ClearTrial (March 2012) Phase Forward (April 2010) Relsys (March 2009) INDUSTRIAL MANUFACTURING Agile (May 2007) Conformia Software (June 2009) Demantra (June 2006) G-Log (September 2005) INSURANCE AdminServer (May 2008) Skywire Software (June 2008) RETAIL 360Commerce (January 2006) Advanced Visual Technology (AVT) (October 2008) ProfitLogic (July 2005) Retek (April 2005) UTILITIES DataRaker (December 2012) SPL WorldGroup (November 2006) LODESTAR (April 2007)Failureto Admit Reality It is also felt that Oracle executive management is out of touch with reality.

The typical strategy is to first make fun of competitors, then ridicule them and finally scare the wits out of the customers who were even thinking of

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adopting competitors' products. If the competition still survives all this and continues to grow then Oracle does one of the two things – either it buys the competition or simply buys the number two in that space. They did this for Sun, HP, NetApp, EMC, VMWare, Siebel, PeopleSoft, Salesforce, Microsoft (for MS SQL Server). Most of the times, customers can see through this and continue their adaptation of new products from customers.

Most recent examples are Oracle's taking potshots for two consecutive years in Oracle Open World 2010 and 2011 at Salesforce. com and then when it couldn't wean away customers from Salesforce. com or slow down the ramp up, it launched its own versions of cloud offerings in 2012 Open World. Sun Microsystems " Millstone" Around the Neck Whatever be the underlying rationale for purchase of Sun Microsystems, Oracle is now challenged to make the whole acquisition viable. It now finds itself in the territory of hardware market that its sales team is so ill-equipped to sell.

The only option it had was to turn the Sun hardware into Exadata, Exalogic and Exalytic Servers and try to hoodwink the customers into buying this " supreme" computing machines. Much to its chagrin, not many customers are biting this new set of baits. Dark " Cloud" Space For a long time – almost three years – Oracle made fun of Salesforce. com, Amazon and Microsoft – specifically for their cloud services. It positioned the Exadata and Exalogic servers as new cloud servers that could provide as much computing power as tens of commodity hosts from these vendors cloud offerings.

However, around late 2011-2012, it became very clear to Oracle that Cloud hosting and cloud based multi-tenancy software are the future and it scrambled to buy as many Cloud services based companies as it could –

examples are RightNow, Taleo, Virtue – all acquired within months of each other in 2011-12. Oracle needs to realize that just acquisition of a company by and in itself doesn't position Oracle as a leader in that space – acquisition is just the start – Oracle thereafter needs to retain the talent in that company, invest and grow the company, integrate it seamlessly within Oracle's other relevant product lines.

Unfortunately for Oracle, these are also the areas where it has failed most of the times in the past. Grasping for straws Good news first, Oracle has not yet reached this stage yet – in this stage, very perceptible symptoms are – changing CEOs and executive staff in quick rotation and changing the product directions every so often. However, there is bound to be a moment, not in very distant future, when we will find that eople will become so weary of Oracle products that Ellison will be either dislodged by a hostile board or will leave on his own. He has essentially no succession plan in place except bunch of execs like Thomas Kurian or Mark Hurd who can stake their claim to the crown. Thomas is well respected within the company but lacks charisma and chutzpah of Ellison. Mark may not be as respected but has good experience of cutting costs – like he did at HP. Death Knell

In this stage, a company either slowly vanishes into irrelevance or is acquired or merged into another competitor or goes belly up. For the sake of hundreds of thousands of professionals using, preaching and earning their bread from Oracle Technologies, I just hope Oracle never reaches that stage. Out of hundreds of companies that passed through this stage and vanished into oblivion, only two companies have thus far ever recovered from this

stage – Xerox and Apple. Once again, I am sincerely hoping that Oracle never reaches this stage.

Will it be able to recover from this downward spiral? Oracle can arrest this dance towards its vanishing into oblivion – question that really begs for an answer is – will it have the honesty to first admit and then stop this march? First of all, Oracle should focus and determine its core strength and then focus on building up on those. There is no prudence demonstrated in draining money on acquisitions and then selling those companies at markdown, or worst, writing off the charge as a loss.

It is about time Oracle give up its greed on squeezing more money out of its customer and first create products and value that customers will willingly play obscene amount of money for. References: <http://finance.yahoo.com>
<http://www.oracle.com> http://www.nytimes.com/2010/09/22/technology/22oracle.html?_r=0 <http://www.forbes.com/2001/10/29/1029orcl.html> <http://www.zdnet.com/oracles-customers-a-bit-baffled-by-fusion-strategy-says-report-7000011143/> <http://www.networkworld.com/news/2013/011713-oracle-cloud-265922.html> How the Mighty Fall: And why some companies never give in – by Jim Collins,