

Intra-challenges course work

[Business](#), [Company](#)



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Oracle and Microsoft are world leading enterprises that deal with the development, manufacture, market, supply software to consumers in different countries with an aim of enhancing their standard of living with ease of operation. Since they are international companies, they are facing similar challenges at the same time they are competing for the same market coverage. Based on this ideology, the two software companies have strengths and weaknesses that are affecting its way of operation and achievement of the organization mission and vision. These challenges are both intra-challenges and inter-challenges that are posing threat to the operation of the company and its existence. All these challenges translate to the financial performance of the organization in terms of liabilities and assets of the organization. Hence, in the comparative analysis of Oracle and Microsoft, the analysis of the inter-challenges and intra-challenges will be put into considerations.

The intra-challenges are majorly the internal factors that are affecting the normal way of operation of the organization. From the annual reports that have been shown, there are unresolved staff comments, this means that the management staff relationship is being infringed on. These factors may have resulted in the current performance status of the two enterprises i. e. the

current income revenue, cumulative assets and liabilities, stakeholders' investments e. t. c. which means that most of the intra-challenges facing the enterprises are likely be replicated in the financial status of the enterprise.

Inter-challenges

These are the external factors that are posing challenges to the organization. They are the major determinants of the financial status of the organization. Competition, market coverage, customer interests, standards of living, stakeholders' investments, assets and liabilities e. t. c are some of the inter-challenges, thus the financial analysis of the two companies will be based on the inter-challenges that are facing the enterprises.

i) Stakeholder

The amount of investors who have capital contribution in terms of stakeholders' shares shows the financial stability in the two enterprises, as at 2007 in both enterprises, Microsoft had a total of 148, 344 registered holders of record of their common stock while Oracle at the same fiscal year they had a total of 21, 443 stakeholders of their common stock. Based on these figures, it shows that the strength of Microsoft for existence in the market is much far as compared with its counterpart Oracle. This may foster some instability due to the subdivision of the income revenue among the stakeholders despite the income revenue of that fiscal year.

ii) Operation Expenditure

This is the total money that the enterprise uses while undertaking the activities that are geared towards attainment of revenue. Due to the increased expansion of both enterprises, there is gradual increase in the

amount spent in the operation of both enterprises. Microsoft had a 12% increase on its operation expenditure in the 2007 fiscal year from 2006. This amounted to \$ 18, 524 as compared to Oracle who had 12, 022 of expense. This means that the financial expenditure on Microsoft operation is vast than that of Oracle. This may be because of the many branches that Microsoft owns in almost all countries unlike Oracle which has a bit less of branches in other countries. Some of the operations that determine the financial expenditure on operations include; Sales and marketing, Software license update and product support, Cost of services, Research and development, General and administrative roles, Amortization of intangible assets, Acquisitions related and restructuring. Hence, due to the variation on the above activities, Microsoft and Oracle seem to differ in the amount of expenditure allocated or incurred for the operating expenses.

iii) Assets

LIABILITIES AND STOCKHOLDERS' EQUITY

The total assets that are at the two enterprises disposal both intangible and tangible vary. Microsoft at the end of 2007 fiscal year had total assets of \$ 63, 171. As compared to Oracle who had total \$ 34, 572. This posits Microsoft financially stable compared to Oracle. Total current assets as at the end of 2007 fiscal year, Microsoft almost doubled the total assets of Oracle. These figurative illustrations show that Microsoft is much vast than Oracle in terms of assets held for the company i. e. both current and noncurrent assets. An asset of a company always shows how stable and secure the existent of an enterprise in the market is, hence it means that based on this

assets owned by Microsoft and Oracle, Microsoft is still stable and secure in the market than Oracle which is its competitor in terms of production of similar consumer products.

iv) Liabilities and Stakeholders' equity

A liability always is a great threat to enterprise stability. Most enterprises always try the total liabilities to be equivalent to the total assets of the enterprise. Same to Microsoft and Oracle, the total liabilities are equivalent to the total assets of the company. Despite this balance in total assets and liabilities, that Microsoft is still ahead of Oracle, this shows that the financial capabilities of both enterprises based on their assets and liabilities are similar because they are at par, which means that both companies are secure in the market and are both stable with regards to equality in assets and liabilities.

v) Income revenue

All the activities that are carried out in Microsoft and Oracle are geared towards income revenue. Operational activities such as investment in activities, financing sales activities, e. t. c. accrue to net income. The net income for Microsoft at the end of this fiscal year was \$ 14, 065 comparatively Oracle had accrued its activities to gain a net income of \$ 4, 274. This shows that Microsoft is much ahead than Oracle, this may be based on market coverage, consumer satisfaction/interests. This means that despite the competition, Oracle still needs to upgrade its activities, in investments, finances and operations to be able to march Microsoft standards.

Conclusion

Financial comparative analysis major deals with the amount of money that is input in a business in terms of capital and stakeholder's contribution all geared towards accrual of income revenue. Hence, the assets and liabilities are just but transactions that are undertaken to be able to achieve this purpose. Thus Microsoft and Oracle are two enterprises that are trying to satisfy similar consumer needs. Reasonably, Microsoft is financially stable and has satisfied a larger percentage of consumers needs to be able to accrue such an amount of revenue which is not equivalent to its counterpart Oracle. Hence, financially in terms of assets held and income accrued Microsoft is still ahead but is facing stiff competition.