

## Oracle in lime light in the volatile Economy

Contributed by RD  
Thursday, 18 September 2008  
Last Updated Saturday, 04 October 2008

You might have been following the stock market last one week even if you are not one of those investors who checks the stock value first thing in the morning one gets up and last thing in the night before going to sleep.

The past week was very hectic with the larger corporation bankruptcy, merger and government take over etc. The latest news is that the market is recovering, even though TCW strategist predicts that the worst is yet to come.

With all these actions, this morning Oracle reported that they have exceeded the Wall Street estimates in the first quarter of this fiscal year. According to their report their net has increased to \$1 billion from \$840 million.

The key points that one should note are the new licenses sale increased by 14%. Even though there is an increase in overall revenue, there is a marginal fall in the sale of Applications from \$376 million to \$331 million which includes Oracle Apps, PeopleSoft and other acquired applications.

But the sale of database and middleware sale increased from \$711 million to \$906 million during the previous quarter.

The Oracle.com has a page for acquisition and if you refer the last two years the number of acquisitions compared to this year's acquisitions, they have already acquired 7 companies in 6 months where they acquired 11 companies in 2007 with the biggest of them this year being BEA. According to Oracle's President, Safra Catz, BEA contributed \$84 million for this quarter, which is the major chunk in the increase that quarter.

The performance of the previous quarter with the weakening of Dollar value is very encouraging one as it would have lost quite a bit from the foreign sales.

The discouraging thing is that the decline in Apps sales as a PeopleSoft user we should be worried. Oracle's main competitor is SAP where they are in Apps market and the decline in the Apps is losing the market share to other competitors like SAP, LAWSON and other Open Source ERPs. Of course the ERP market increases every year from \$29 billion in 2006 to \$36 billion in 2008. It is expected to rise to \$48 billion in 2011.

Even though SAP has the largest market share compared to any other ERP vendors, the growth rate of Oracle is higher at 17% compared to SAP's 11% in the application revenue sector.

But there is one thing one should worry about is that there are other less known companies like INFOR which are growing very high rate and LAWSON amongst the healthcare industry capturing the rest of the market and also the number of ERP vendors in the market are also increasing.

As a PeopleSoft consultant or Employee or vendor one can feel comfortable that the percentage of share in the ERP market, 20% is the maintenance and implementation revenue.

Another surprising statistics is that the growth rate in the Latin America is higher than North America and Europe in terms of ERP Application revenue growth, which is something useful for the global Consulting Companies to target and explore their marketing dollars in Latin America.