ORACLE® Strategy

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Business Description

- Oracle Principal Activities
  - Develop
  - Manufacture
  - Market and
  - Distribute Computer Software

Background and History

- Founded in 1977 as System Development Laboratories by Larry Ellison, Bob Miner and Ed Oates
- Worked on C.I.A. Project “Oracle” for a relational database system.
- Moved to Menlo Park and changed name to “Relational Software Inc.”
- 1982 name change went to Oracle (Source of Wisdom)
- 1986 IPO and the year’s revenue was $35 million

Discussion Topics

- Larry Ellison, the Leader
- Innovation Through Vision and R&D
- Customers
- Oracle Revenues
- Marketing
- Competition
- Conclusion

Chief Dis-organizer

“Be a dis-organizer. Wage war on smugness and arrogance. Never stop doubting and challenging. Challenge habits and conventional wisdom. Always look for a better way to develop alternative and better paths. Be the organization’s primary agent for change.”

The Leader

The True Measure of Leadership is Influence, Nothing More, Nothing Less.

- Natural Leader Approach
  - Personal Magnetism
  - Enthusiasm
  - Ability to Inspire
  - Forcefulness

- Context Leader Approach
  - Vision
  - Consistency
  - Enthusiasm

Oracle Vision

- Simplify
- Standardize
- Automate
- Innovate

Success

- How has Oracle become successful?
  - Oracle became the world’s second largest software company by listening to its customers, making smart decisions, building great products, and staying ahead of the technological and marketing curve. Clearly, these guys are innovators.

Innovation and R&D

- At the heart of Oracle is a single focus: finding better ways to manage information.

- “We are innovative because Oracle encourages its employees to continuously defy conventional wisdom in our drive to give customers ever-better ways to use, share, protect, and manage the information that is the lifeblood of their organizations.” - Oracle.com

R&D Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Revenue</th>
</tr>
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<tbody>
<tr>
<td>2002</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
<td>11%</td>
</tr>
<tr>
<td>2004</td>
<td>12%</td>
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Customers and Markets

- Customers
  - Companies of many different sizes
  - Government agencies
  - Educational Institutions

- Primary Markets
  - Defense and Government
  - Education
  - Financial Services
  - Technology
  - Transportation
Business Strategy

- Oracle found in the offices of 98 of the Fortunes top 100 companies
- Potential for growth in large enterprises is shrinking.
- Developed a strategy to move into the middle market companies.
- PeopleSoft

Revenues

- "In 1985, with sales running at $24 million, Ellison had declared that from that point on, Oracle would double its revenues each year. Amazingly, for the next five years, Oracle did precisely that, hitting $916 million in 1990."

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Revenues by Business

Database Revenue by Company
fiscal year 2003

Marketing

- Marketing Strategies
  - Conventni distribution channels
  - Product differentiation
  - Advertising
  - Online Market Place
  - Target market

ORACLE Education

- Oracle Education Foundation
- Think.com and ThinkQuest
- Oracle Academy
- Oracle Academic Initiative
- Workforce Development Program