

## Oracle Moves for Market Control With PeopleSoft Bid

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Oracle announced a tender offer to buy PeopleSoft for \$5.1 billion in cash. Gartner believes the move represents an effort by Oracle to gain more control over the market.

## ANALYST COMMENTS

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Gartner believes that Oracle's offer to buy PeopleSoft goes well beyond application markets and is a broad market control move, including applications and infrastructure. It follows PeopleSoft's plan to acquire J.D. Edwards ("PeopleSoft and J.D. Edwards Fit, but Merger Will Be Complex"). If the deal goes through, Gartner believes it will disrupt Oracle and its customers in the short term. In the long term, Oracle will benefit by removing an enterprise application competitor; Oracle customers will feel little long-term impact. This announcement will raise market concerns about PeopleSoft's long-term independence. In Gartner's view, the deal's completion would pose significant long-term disruption for PeopleSoft's customers because they will feel pressure either to migrate to Oracle applications and infrastructure or to find alternatives. If you're making imminent purchases from Oracle or PeopleSoft, watch developments closely or contact Gartner analysts for specific advice.

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