

Executive Changes Will Not Alter Oracle's Strategy

Jeff Comport

Larry Ellison will give up his role as chairman of Oracle, but he will remain as CEO and a board member while continuing to set the company's vision. By giving more visibility to operational managers, Oracle can better execute its strategies.

NEWS ANALYSIS

Event

On 12 January 2004 Oracle announced changes to the board of directors and executive ranks. Effective immediately:

- Larry Ellison steps down as chairman but remains CEO and a board member.
- Board member and CFO Jeff Henley becomes chairman; he remains CFO until a successor is found.
- Safra Catz is promoted to president with responsibility for global operations and will report to CEO Ellison. Catz remains a board member.
- Charles Phillips is also promoted to president with responsibility for field operations, including sales, marketing and consulting, and will also report to CEO Ellison. Phillips becomes a member of the board.

Analysis

These moves do not amount to a palace coup but deliberately rebalance power among Oracle's board and management team. They create less concentration of power around Ellison, gives the board better balance and makes the executives overseeing Oracle's operations more visible to customers. Although the board does not become more independent, the financial perspective that CFO Henley will bring as chairman and Phillips' expertise in market and business development make Oracle less synonymous with Ellison than before. In addition, the arrangement creates greater flexibility for long-term executive succession. For example, Henley can remain prominently involved in Oracle even as a new CFO is introduced.

Oracle's market and product strategy will not shift with this reorganization. As CEO, Ellison will continue to provide vision and to sustain the 10g product direction. Catz and Phillips, architects of the continuing bid for PeopleSoft, show no signs of wavering, and their promotions to president constitute a reaffirmation of the strategy (for the latest on the Oracle bid for PeopleSoft, see "Oracle's Bid for PeopleSoft: Update 13 January 2004"). Oracle's two-president model splits internally focused and externally focused operations, with the CEO as the ultimate arbiter. Though power may be rebalanced, Ellison remains very much at the helm.

Bottom Line

Oracle's challenge remains sustaining revenue growth, particularly in its crown-jewel database products, while continuing to grow its middleware and business application products (www.gartner.com/1_researchanalysis/vendor_rating/vr_oracle.jsp). Expect no product or service disruption from this executive reorganization.

Analytical Source: Jeff Comport, Gartner Research

Recommended Reading and Related Research

- "Oracle Tools for Enabling Process Fusion Are Emerging" — Oracle products have many of the basic components for business process fusion. Customers implementing projects that pursue process fusion should use them. **By Jeff Comport**

- "Oracle Builds Many New Features Into Application Server 10g" — With these new capabilities, Oracle is at last positioned with an application platform suite that could compete with BEA Systems, IBM, Microsoft and SAP. **By Massimo Pezzini**

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