Oracle To Sell Hardware Business ?

Description

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This post is triggered by a some news items that have appeared over the past few weeks. A couple of these articles are appended at the end of this post.

Personally I do not believe that Oracle will exit the hardware business. The reasons are not necessarily colored by my personal fondness for Oracle â?? though this is always there in the subconscious. Let me clarify here â?? my fondness for Oracle is for the technology that has been developed by them in the form of the Oracle database. The fondness has also a lot to do with Larry Ellison (see the post A Salute to Ellison). Apart from my fondness, I I have a lot of concerns with Oracle, but that is a post for another day.

Let us now look at why I donâ??t believe Oracle will sell the hardware business

It is all about Larry Ellison

- Larry has always loved to be in Hardware. A fact that is not well known today : Larry came up with a hardware product â?? the **Network Computer (NC)** way back in 1996. This was an inexpensive personal terminal that could be connected to the network. Larry believed in hardware and network computing. This was much before Sun coined the term â??Network is the Computerâ??.
- Another well kept secret â?? because Larry keeps personal stuff private.Larry and Steve Jobs were the greatest of friends. Larry had a lot of respect for Steve Jobs and his idea of bringing hardware and software together, maximising the power of hardware to get the best out of well written code and vice versa. In fact there was a time when Larry said â??Oracle will be the Apple of the Enterpriseâ?•. **Exadata** was born out this â?? it has then continued to Exalogic and the **Supercluster** (maybe the best product in the Engineered Systems stable). In theory Exadata is a great ideaâ?¦.and this has been brought to good quality in manufacture and deployment in the Supercluster.

It is about **margins and contribution to bottom line**. Oracle spends a lot on R&D. But it gets its money back â?¦..and more. Oracle is an extremely well managed company in most parts of the world. This ensures high margins. Secondly, Oracle consciously moves out of low margin business. They have thus moved out of Sunâ??s x86 business. They are not interested in departmental or small servers at all. The money is in BIG hardware. The margins that Oracle makes on their Engineered Systems and on their large Sun servers is higher than any other player in the market. Oracle loves being in this situation.

The future is the Cloud. The public cloud may be built on commodity servers. But large corporations will continue to have huge internal private clouds for the foreseeable future. Oracle wants to rule this with their database â?¦..and what is better than this to make customers more sticky ? Run their database on their own BIG hardware. Oracle wants to own the private datacenter of their large

customers.

Given all these â?¦.and many other reasons that I will soon write aboutâ?¦..I am convinced Oracle will not get out of the hardware business. In fact they will consolidate this business. They might get out of the smaller machines but will continue to be in the larger machines.

Is this good for customers ? Well, that is another story â?? and depends on how you look at it. I will soon write my views on this too.

Look out for my future posts on Oracle â?? I will be putting out information so that buyers and users can make better decisions while procuring and implementing Oracle products.

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You might want to read more about our CEO Sheshagiri Anegondi (Sheshu). He is amongst the foremost Oracle License Experts globally.[/vc_column_text][/vc_column][/vc_row]

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