

IBM and Oracle Trade Barbs over Databases

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IBM challenges Oracle's claims of dominance in the database market as it promotes the growth of DB2.

Officials at IBM are throwing verbal haymakers at Oracle as Big Blue touts its successes in the database market.

The two database heavyweights alternated between offensive and defensive postures recently after IBM questioned Oracle's claims of database dominance.

"The rapid adoption of DB2 9 would seem to call their claims into question and analysts are starting to question their numbers as well," said Bernie Spang, director of IBM data servers.

He cited commentary by Philip Howard of UK-based Bloor Research, who noted that when reporting Oracle's results for the third quarter of fiscal year 2007, CEO Larry Ellison said new license revenues for the database and middleware division grew 17 percent.

However, Ellison also noted the middleware portion had grown roughly 80 percent, which Howard argued indicates a slow down in the growth of Oracle's database portfolio.

In an interview with eWEEK, Howard said increased competition not just from IBM but from a number of vendors, has affected sales of 10g.

"11g may make a difference compared to DB2 but probably not versus

SQL Server, Netezza and EnterpriseDB - as these all compete as much on lower TCO and reduced administration as on features and performance," Howard said.

But for Oracle's part, company officials are not breaking much of a sweat, and are convinced the company's hold on the database market is not slipping.

"There's no doubt about that," said Willie Hardie, Oracle vice president of database product marketing.

Hardie pointed to a study by IDC that included estimated 2006 revenue totals from the five biggest relational database management system providers and had Oracle in the top spot with a 44.4 percent of the market. IBM was second with 21.2 percent.

According to IDC, those figures represent a growth of 14.7 and 11.9 percent between 2005 and 2006 for Oracle and IBM, respectively.

"There's always going to be competitors in the market," Hardie said. "An organization like Oracle continues to do business with its extensive install-base."

The IDC study did not include features sold by vendors as separation options and did not break out subscription and maintenance revenue, which can obscure the true growth rate of a vendor's database license sales.

IBM's Spang said the \$4.3 billion in revenue earned by the company's software segment in the first quarter of fiscal 2007 was driven largely by sales of the DB2 9 Viper data server.

"The volume of new DB2 customers since we launched DB2 9 last July

has exceeded all expectations," he said. "We have seen literally thousands of new customers in that timeframe - and a large percentage of those are migrations from Oracle."

However, Forrester Research analyst Noel Yuhanna disputed IBM's claims of how aggressively the market is adopting DB2.

"I think we have seen less aggressive movement with IBM DB2," he said, adding that he thinks IBM has not aggressively marketed DB2. "Oracle still rules the world."

Spang strongly disagreed.

"I would also say that the large numbers of new customers - backed up by our earnings - support the claims that our marketing strategy has been right on target," he said.

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