

EU regulators softening stance on Oracle-Sun

December 15 2009, By JORDAN ROBERTSON , AP Technology Writer

(AP) -- European Union regulators appear to be softening their opposition to Oracle Corp.'s proposed \$7.4 billion takeover of Sun Microsystems Inc., a shift that has resurrected some investors' hopes that one of the year's biggest technology deals will go ahead as planned.

Oracle and the European Commission both said Monday that they have had "constructive discussions" about the fate of the deal. Its approval has been uncertain since the commission launched a formal [antitrust investigation](#) in September over concerns the combination could harm the database [software market](#).

Sun's shares jumped 92 cents, or 11 percent, to close at \$9.28. That is roughly where the stock was trading after the deal was announced in April, but is still short of Oracle's offer of \$9.50 per share, suggesting there is still uncertainty about whether Oracle will get the go-ahead.

Oracle shares rose 53 cents, or 2.3 percent, to finish at \$23.31.

The commission is worried that Oracle, the world's No. 1 maker of proprietary database software, won't fully support Sun's MySQL division, which makes a competing database product, and that customers would have fewer choices and see higher prices as a result of the deal. Sun paid \$1 billion for MySQL last year.

The MySQL database is widely used by Web sites, including Google and

Wikipedia, and is the top "open-source" database, which means its [programming code](#) is given away for free. Companies make money off open-source software by selling technical support services connected to it.

Oracle, which previously said the commission's objections reflect a "profound misunderstanding" of the database market, has moved to soothe regulators' fears by promising it would invest heavily in MySQL and keep sharing information with developers so they can make products compatible with MySQL.

Oracle said it planned to outspend Sun on MySQL research and development over the next three years. Sun spent \$24 billion on that in its last fiscal year. It promised to make sure MySQL will continue to work with third-party "storage engines," which are pieces of software used for handling data storage, and that MySQL customers wouldn't be required to buy support services from Oracle as a condition of obtaining a commercial MySQL license.

Oracle also moved to calm users angered by the purchase, saying it would set up advisory boards to seek opinions from MySQL customers and storage engine vendors on major issues.

The commission said Oracle's formal pledges to MySQL's customers, developers and users in 10 key areas are an "important new element" that will be considered in its review. EU Competition Commissioner Neelie Kroes repeated that she is "optimistic" that the case could have a satisfactory outcome and would not harm competition in Europe.

European regulators have a Jan. 27 deadline to decide whether to approve the takeover or block it. The U.S. Department of Justice has already approved the transaction.

Sun badly needs the deal to go through. It lost \$677 million over the last four quarters and is rapidly shedding market share to rivals like IBM Corp. and Hewlett-Packard Co.

Sun also said in October that it would be cutting up to 3,000 jobs, or 10 percent of its worldwide work force, as it awaits a decision on the fate of the deal.

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