

Oracle profit slips, but software revenue rises

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In this June 26, 2007 file photo, the exterior of Oracle Corp. headquarters in Redwood City, Calif. is seen. Oracle Corp. will release quarterly earnings after the market close Thursday, March 25, 2010. (AP Photo/Paul Sakuma, file)

(AP) -- Oracle Corp.'s profit fell 10.5 percent in the latest quarter as the business software maker absorbed Sun Microsystems and its expenses for building and supporting computer servers.

Still, Oracle's profit edged past Wall Street's estimates and its revenue from new software licenses ratcheted higher for the second quarter in a row. That is an encouraging sign that big companies are steadily increasing their spending on new technology projects.

New licenses are key for Oracle, the world's No. 1 maker of [database software](#), because customers often lock into technical-support contracts that fuel Oracle's growth for years down the road. Oracle gets more than

half its total revenue from those contracts.

Oracle said after the market closed Thursday that its net income was \$1.2 billion, or 23 cents per share, in the three months ended Feb. 28. That compares with \$1.3 billion, or 26 cents per share, in the year-ago period.

Revenue jumped 17 percent to \$6.4 billion.

Excluding one-time items, the company earned 38 cents per share. On that basis, analysts polled by Thomson Reuters had expected Oracle to earn 37 cents per share, on \$6.3 billion in revenue.

The latest numbers include about a month of contributions from [Sun Microsystems](#), the struggling server and [software maker](#) that Oracle bought for \$7.4 billion as part of Oracle CEO Larry Ellison's push to more deeply challenge rival IBM Corp. The deal was completed in January after months of wrangling in Europe over whether the deal would violate antitrust laws.

Oracle said that without Sun its revenue would have risen 7 percent. Oracle also said it expects Sun to make a "significant contribution" to its profit in the current quarter.

Oracle's revenue from new software licenses rose 10 percent, excluding Sun. The company had predicted it would rise as much as 9 percent. The September-November quarter, which Oracle reported in December, marked the first time in a year that figure had risen.

For the current quarter, the company predicts:

- Revenue from new software licenses will be up 3 percent to 13 percent over last year.

- It will post profit of 52 cents per share to 56 cents per share, excluding items, in line with analysts' estimates for 53 cents per share
- Revenue will be up 35 percent to 40 percent over last year, including contributions from Sun, which translates to \$9.3 billion to \$9.6 billion and is in line with analysts' forecasts for \$9.6 billion

Before the earnings report, Oracle shares rose 28 cents, 1.1 percent, to close the regular trading session at \$26.04. The stock was down 34 cents, or 1.3 percent, to \$25.70 in after-hours trading.

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