

At 68, Oracle's flamboyant CEO still going strong

October 7 2012, by Steve Johnson

Rising from a college dropout who was derided as a failure by his adopted dad to the world's sixth richest man, Oracle CEO Larry Ellison has earned the right to retire after shepherding his company for 35 years into one of the biggest tech enterprises on Earth.

Ellison, who just turned 68 and is among the planet's most recognizable billionaires, has plenty besides work to keep himself busy, including his fast cars, jets, yacht racing and a newly purchased Hawaiian island. But given his [ambitious goals](#) for the corporation - and the tough competition it faces - industry observers say he's unlikely to call it quits.

"He's kind of like the last of the Mohicans," said Richard Davis, an analyst with investment bank Canaccord Genuity, noting that Ellison is one of the few original Silicon Valley entrepreneurs still running the firms they founded. "He relishes a challenge. I think he's the happiest when the sabers are crossing."

The Redwood City, Calif., [software giant](#) - which this week hosted its annual OpenWorld tech expo in San Francisco, an event that drew 45,000 participants last year - better hope its CEO doesn't leave, added Peter Goldmacher, a managing director at Cowen and Co., who once worked for Ellison.

"It's already going to be hard for [Oracle](#) to maneuver over the next five years" with others intruding on its businesses, Goldmacher said. Moreover, without Ellison, "I think you would see a lot of infighting" at

the firm. "If two of his guys didn't like each other, he had the ability to say 'behave.' In the absence of him, the structure of the company would change."

The flamboyant Ellison - who won the 2010 America's Cup and made a cameo appearance in the movie "Iron Man 2" - is a global corporate celebrity. But his life began inauspiciously. Nine months after his birth in New York City, he developed pneumonia and his mother couldn't care for him. So he was raised by an aunt, whose husband often told the child he'd never amount to anything, according to "Softwar," a 2004 book about him by Matthew Symonds, who extensively interviewed Ellison.

Only learning he'd been adopted when he was 12, Ellison has said he rebelled against authority figures - including teachers - and quit college without a degree. But he excelled in software programming. After moving to California, he and two associates formed Software Development Laboratories, later rechristened Oracle, a name borrowed from a database program they built for the CIA.

In those days, the company had fewer than a dozen employees and piddling sales. But its growth exploded under Ellison. Processing everything from credit card and ATM transactions to hotel and airline ticket reservations, its software now is used by more than 70,000 government and commercial customers worldwide.

Employing 115,000 people, Oracle earned \$10 billion on sales of just over \$37 billion in its most recent fiscal year, and its stock price has quadrupled in the past decade. That has made a wealthy man of Ellison, who owns nearly a quarter of Oracle's common stock and is its biggest shareholder. Forbes Magazine estimates his net worth at \$41 billion, an amount exceeded in the U.S. only by Bill Gates' \$66 billion and Warren Buffett's \$46 billion.

Ellison's fortune - bolstered by his compensation from Oracle, which last fiscal year totaled \$96.2 million - has enabled him to acquire an assortment of expensive toys. These include a McLaren F1 car with a reputed top speed of more than 240 mph, several yachts - one a 450-footer - and aircraft ranging from Gulfstream and Cessna business jets to Italian- and Russian-made military fighters.

Even more impressive are the properties he has amassed. The 88,000 acres he bought during the summer on Lanai, constituting about 98 percent of the Hawaiian island, has been assessed at \$325 million. He reportedly has purchased pricey homes in Lake Tahoe; Malibu, Calif.; Rancho Mirage, Calif.; Rhode Island and San Francisco.

But his primary residence is a massive compound in Woodside, Calif., whose value has been estimated at upward of \$100 million. Designed to resemble a Japanese palace, it sports ornamental bridges, a waterfall with rocks chiseled by Japanese stonemasons and a Japanese-styled boat that transports guests across a lake to his main house.

Ellison can be combative, particularly with corporate rivals. Over the years he has battled Microsoft, IBM, SAP, Hewlett-Packard and Google, running some competitors out of business.

"We pick our enemies very carefully. It helps us focus," he noted in "Softwar." "I just can't accept defeat until I've been carried dead from the field."

Variouly described as arrogant, narcissistic and given to overpromising, Ellison has faulted himself in the past for berating employees and not following up on his own ideas. Some analysts also have seriously questioned his \$7.4 billion purchase of Sun Microsystems in 2010. But others praise him as a brilliant tech visionary with a yen for hiring talented people who hasn't lost a step at 68.

There is nothing wrong with someone his age remaining in charge "as long as they love what they are doing and are effective," said Paul Witkay of the Alliance of Chief Executives. But he added that it's rare for CEOs to stay on past 70. Just recently, Cisco Systems' 63-year-old CEO John Chambers said he'll call it quits within four years.

Tech industry analyst Jean Bozman of the IDC research firm doesn't believe Ellison is irreplaceable.

"We overpersonalize businesses," she said, adding that at Oracle, "there are substantial cadres of executives who could step in if they ever needed to."

Often mentioned as successors are Oracle co-presidents Safra Catz, who Ellison in 2005 said would be his replacement "if I dropped dead tomorrow," and Mark Hurd, who joined Oracle in 2010 after resigning as Hewlett-Packard's CEO amid unproven claims that he harassed a female contractor.

But Ellison once said his successor should be a software engineer, which would seem to exclude Catz and Hurd, and he has outlasted others hailed as his heir apparent. They include former president Charles Phillips and executive vice president Gary Bloom, both no longer with the firm.

No matter who might be picked to replace Ellison, Oracle would be in for a bumpy ride, according to Trip Chowdhry, an analyst with Global Equities Research.

"We have seen so many [Silicon Valley](#) companies disappear when the founder leaves," he said. "You can put Safra Catz there, you can put Mark Hurd there, you can put any Tom, Dick and Harry there, and it won't be the same."

Ellison, who declined to be interviewed by this newspaper, said a few years ago that he'd like to spend more time with his medical foundation, which largely focuses on aging issues. But those who have followed his career don't expect him to leave Oracle any time soon. They say he wants it to become the world's most influential corporation.

Involved in all major decisions at Oracle as well as many smaller ones - including personally writing its advertising copy and some news releases - Ellison commented at a tech conference during the summer that he's so driven to compete "I don't know what I'd do if I retired."

Neither does Creative Strategies tech analyst Tim Bjarin.

"What would he do," he asked, "go sailing? Oh, he does that now. Would he buy an island? He already has one. He's an incredibly high-energy guy. He stays in great shape, and he's extremely mentally sharp. He's not the kind who can just fold up shop and go fishing."

LARRY ELLISON

-Position: CEO at Oracle since co-founding the company in 1977

-Age: 68

-Education: Attended University of Chicago and University of Illinois, but he didn't graduate

-Primary residence: Woodside, Calif.

-Personal: Divorced four times, with two grown children

-Annual compensation: \$96.2 million last fiscal year, most of it in stock options

-Estimated net worth: \$41 billion, making him world's sixth richest person

-Hobbies: Collecting Japanese antiquities, yacht racing, flying, hiking, rock climbing, kayaking, bodysurfing, bicycling, tournament chess, tennis and classical guitar

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