

Larry Ellison releases helm of mighty Oracle ship (Update)

September 18 2014, by Glenn Chapman



Oracle CEO Larry Ellison delivers a keynote address during the 2013 Oracle Open World conference on September 22, 2013 in San Francisco, California

Tycoon yachtsman Larry Ellison on Thursday stepped down as Oracle's chief executive, trusting a pair of lieutenants to steer the titanic business software firm he helped launch decades ago.

Ellison, whose team made yachting history with a phenomenal come-

from-behind triumph in the America's Cup race in San Francisco last year, will remain a pivotal figure at Oracle as chief technology officer and executive chairman of the board.

Ellison, one of the world's wealthiest individuals thanks to the technology company he co-founded in 1977, last month turned 70.

He will be replaced as Oracle CEO by in-house executives Safra Catz and Mark Hurd, who had previously reported to Ellison. Now they will report directly to the board.

"The three of us have been working well together for the last several years and we plan to continue working together for the foreseeable future," Ellison said in a press release.

"Keeping this management team in place has always been a top priority of mine."

Ellison built California-based Oracle into a money-making colossus specializing in software, services and hardware to meet computing needs of business operations.

Forbes magazine estimates his net worth at \$51.3 billion, making him the fifth-richest person in the world.

"Larry has made it very clear that he wants to keep working full time and focus his energy on product engineering, technology development and strategy," Oracle board presiding director Michael Boskin said.

"Safra and Mark are exceptional executives who have repeatedly demonstrated their ability to lead, manage and grow the company."

Oracle hired Hurd about four years ago after he resigned as chief

executive at computer maker Hewlett-Packard over a scandal regarding his relationship with a former marketing contractor.

Ellison publicly skewered HP for losing Hurd and quickly signed him onto Oracle's executive crew.

"The directors are thrilled that the best senior executive team in the industry will continue to move the company forward into a bright future," Boskin said.

Invigorating Oracle

Forrester analyst Andrew Bartels saw the shift in roles as making official the management dynamics that had been in place for several years.

"It is like a formal recognition of the working relationship that has been going on for the past three years anyway," Bartels said.

"Since it came out on the same day Oracle reported what could be seen as pretty weak earnings, it could be intended to show a reinvigoration of the leadership team."

Oracle reported that profit was essentially flat in the recently ended quarter, with the company logging net income of \$2.19 billion on revenue that climbed three percent to \$8.6 billion.

The earnings fell shy of Wall Street expectations.

"Oracle is underperforming compared to SAP or IBM," Bartels said.

"Part of that is due to a very large portfolio of acquired companies that is undigested and they are paying for that."

A trend of businesses turning to software offered as services in the

Internet cloud is also working against Oracle, whose mainstays remain storage, services and licensed software for systems maintained by companies.

Revenue from Oracle cloud-related offerings jumped, while money brought in from selling hardware or licensing software dropped, according to earnings figures.

"There is clearly a transition in the tech industry away from servers and storage and licensed on-premise software, and into the cloud," Bartels said.

"It is hard for Oracle to quickly build up cloud revenues."

Oracle shares were down nearly two percent to \$40.80 in after-market trades that followed release of the earnings report.

Ellison, who dropped out of college to seek his fortune in California, has a colorful personal reputation that includes buying all but a sliver of the island of Lanai in Hawaii and sailing through a deadly hurricane to win the Sydney to Hobart Yacht Race in 1998.

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Citation: Larry Ellison releases helm of mighty Oracle ship (Update) (2014, September 18) retrieved 24 May 2024 from <https://phys.org/news/2014-09-larry-ellison-oracle-chief.html>

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