

Oracle to pay \$1.9B for Taleo, extends SAP rivalry

9 February 2012, By ANICK JESDANUN , AP Technology Writer

(AP) -- Oracle Corp. is escalating its rivalry with German business-software maker SAP AG and plans to pay \$1.9 billion for Taleo Corp., a company that helps businesses hire and manage their employees.

The planned purchase extends Oracle's offerings in the growing arena of cloud-based computing. With such an approach, businesses don't run software and services in-house, but rather send those tasks over the Internet to remote locations operated by companies such as Oracle, SAP and IBM Corp.

Taleo makes human-resources software that runs on the cloud. Taleo, which has about 1,400 employees, said it has more than 5,000 customers, including nearly half of the Fortune 100. Through its software, people can apply for jobs and companies can manage the careers of their hires.

Oracle is paying \$46 a share for Taleo stock, 18 percent above Wednesday's closing price of \$38.94. Taleo's stock rose \$6.65, or 17.1 percent, to \$45.51 in morning trading Thursday after the announcement came out. Oracle's gained 4 cents to \$28.77.

The board of Taleo, which is based in Dublin, Calif., has approved the deal. It is expected to close in mid-2012 subject to Taleo shareholder and regulatory approvals.

In December, SAP announced plans to buy another human-resources software company, SuccessFactors, for \$3.4 billion. The rivalry between SAP and Oracle has been escalating, and the latest deal underscores the growing importance technology companies see in delivering software over the Internet.

SAP's specialty is business applications, such as those used for payroll and managing relationships with customers and suppliers. In recent years,

Oracle has spent billions of dollars pushing into that field, though it remains behind SAP.

Oracle said Taleo's portfolio of products would complement Oracle's existing offerings.

"Human capital management has become a strategic initiative for organizations," said Thomas Kurian, an executive vice president at Oracle.

Taleo CEO Michael Gregoire said the company's products give customers "the intelligence needed to capitalize on their most critical asset - their people."

The feud between Oracle and SAP has gotten personal. Oracle won a \$1.3 billion jury verdict against SAP in 2010 over the widespread theft by a now-shuttered SAP subsidiary of documents from password-protected Oracle customer websites. Oracle alleged the information was used to steal business.

A judge later threw out the award, calling it "grossly excessive." This week, Oracle turned down a smaller award of \$272 million, paving the way for a retrial with a different jury.

Oracle, which is based in Redwood Shores, Calif., landed a publicity jackpot from the trial. Oracle's outspoken CEO, Larry Ellison, used it to repeatedly shame SAP publicly. SAP admitted the theft and agreed to pay \$20 million to settle criminal charges filed by the Department of Justice over the practices at the former subsidiary, TomorrowNow.

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