

Oracle's grid goals farther afield

By [Reuters](#)

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Oracle's new grid software, which allows companies to stitch together separate computers, is designed to win customers for the long term, not to provide a quick sales boost, a senior executive said Thursday.

The new 10g grid software due later this year will be given away to existing Oracle customers. It lets them use their computers more efficiently, so they can delay buying new ones, Executive Vice President Charles Phillips said in an interview.

"It allows companies to save money. The money they save, they can put in other information technology projects. Or they can stick it in the bank. But if I've learned anything, it is that if you save people money, they will come back to you," said Phillips, who was a software analyst at Morgan Stanley before he moved to Oracle earlier this year.

In its latest quarterly results, published two weeks ago, the world's second-largest software maker posted a seven percent drop in revenues from new software licenses, an indication that demand for big software projects is not yet recovering, despite strengthening U.S., Chinese and Japanese economies.

Phillips played down the decline, saying the quarter was depressed, because the company was [training staff to sell the new grid products](#). He also said in an economic recovery, large software projects usually lag behind hardware sales--global computer sales have already started to pick up in recent months.

Long term

Oracle, which is awaiting [approval from U.S. and European antitrust regulators for a \\$7.3 billion hostile takeover bid](#) for U.S. rival PeopleSoft to close the gap with its German rival SAP, has also stepped up other activities to serve long-term goals, such as improving customer service.

"It doesn't buy us business in the short term, but over the longer term, it will allow us to become a strategic partner," Phillips said. As an analyst and an outsider before he joined Oracle, he believed the firm needed closer customer ties.

Having assumed responsibility for a customer care organization soon after his start, Phillips was put in charge of global marketing in July, which is now pushing the grid product.

Grid software knits together separate server computers that run business planning applications and databases and look for computing power anywhere on the grid network. Some 40 percent to 60 percent of computing capacity remains unused, according to market researchers.

"Such a percentage would be unacceptable in any other industry. Imagine airlines working with 50 percent capacity," Phillips said.

The grid software is designed to work on cheap servers that run on standard Intel processors and the Linux operating system, making it easy for a company to first share computers and then add cheap servers if they need them, rather than buying big new systems.

The software will compete with that of IBM, Hewlett-Packard and Sun Microsystems but will work on computers sold by those companies. All three promote grids.

"Grid computing is a major component to make computing a utility or a service," Phillips said.

Oracle claims that its software is better than rivals' products, because it is easy to use, quicker to install and automatically shares applications over different kinds of computers. Phillips is bullish on Oracle's chances to generate additional sales from PeopleSoft customers, [should the hostile bid succeed](#).

Though he has been pointed out as one of the architects of the move, Phillips had little to do with the takeover battle, which started only a few weeks after his arrival, he said.

"It was not a new idea. The catalyst was when PeopleSoft made a bid for J.D. Edwards. The board said, 'We've talked about it for a year, now we have to take decision: Yes or no.' Obviously, it wasn't no."

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