

Is Oracle Turning PeopleSoft?

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[Excerpts only]

The vast majority of PeopleSoft's customers have stayed on with the merged company, at least so far. More than 95 percent have renewed annual maintenance contracts on their PeopleSoft applications, more than analysts or the company itself expected.

Oracle followed the PeopleSoft acquisition with 13 others in 2005, spending close to \$20 billion on takeovers.

Moreover, Oracle has signaled it will raise maintenance contract prices once current license agreements are up. Licenses are generally signed for five years, after which Oracle or a software vendor hopes to move a customer to an upgrade. A one-year software maintenance contract costs 20 percent of the original license cost of the software applications. But Oracle has indicated it is raising it to 22 percent in the new license cycles.

Of Oracle's 300,000 customer companies, many are in user groups to gain clout with Oracle when it develops new releases and upgrades.

Joseph Moreau, dean of academic information system at Mira Costa College in Southern California, is the president of the largest of Oracle's user groups, the higher education user group (HEUG).

"It certainly was no mystery to anyone that during the acquisition negotiations, HEUG was vehemently and publicly opposed to the merger," Moreau said in a year later recap of the merger. But things have worked out all right, he said. "I would say we are cautiously optimistic."

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