An Intimate

Portrait of

Larry Ellison

and Oracle

SOFTWAR

MATTHEW SYMONDS

with Commentary

by Larry Ellison

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ENEMIES

A subject that's close to Ellison's heart is Oracle's enemies. He strongly believes that Oracle is always at its best when it has an identifiable enemy to go after: "We pick our enemies very carefully. It helps us focus. We can't explain what we do unless we compare it to someone else who does it differently. We don't know if we're gaining or losing unless we constantly compare ourselves to the competition." When Oracle was fighting its relational database rivals for market supremacy in the late 1980s and early 1990s, it was famous for the in-your-face aggression of its "attack" advertising.

The aggression hasn't altered, but the size and power of the firms with which Ellison wants Oracle to be compared have. These days, none other than IBM finds itself the regular target of Oracle's ads and Ellison's combative speeches, while not a little of Ellison's own fame has come directly from his highly public assaults on Microsoft and his obsession with one day overtaking the colossus of Redmond to make Oracle the number one software company in the world. When people think of Ellison, it's all too often as a kind of alter ego to Bill Gates, software's other billionaire.*

An odd effect of this was to diminish Oracle's own extraordinary suc-

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**LE writes: If you're a fighter, the only way up is through the top fighters in your division. So we picked fights with IBM and Microsoft because they're the ones we had to beat to reach the top. By constantly measuring ourselves against the two top heavyweights, we constantly improve the competitiveness of our products and services.*

cess. Surely it was better to be known as the world's biggest enterp[illegible] software firm than to be seen as Microsoft's perennial challenger. As [illegible] Ellison's attacks on Gates, they could make him seem "chippy" and [illegible] sentful, both of which were far from the truth. What made it ev[illegible] stranger was the fact that Microsoft and Oracle compete only at the mar[illegible] gins. To be sure, Microsoft has a database product, originally licensed from Oracle's old rival, Sybase, more than a decade ago. But despite at[illegible] tempts by Microsoft to present the latest versions of its SQL Server as being sufficiently capable for data center duty, its deployment is still mostly departmental. Although Microsoft would like nothing better than to destroy Oracle's profitability by commoditizing the database business, the demands of Internet computing have so far thwarted that ambition. SQL Server remains essentially a "good enough" database that's bundled into Microsoft's BackOffice server suite to put some price pressure on Oracle at the low end of the market. As for applications, Microsoft has remained content to dominate the desktop with Office, preferring to partner with Oracle's competitors, such as SAP, than to compete with Oracle head-on.

However, from Ellison's perspective, the assault on Microsoft and all its works, which he initiated in September 1995 when deriding the PC as "a ridiculous device," had not only evolved into the much broader war on complexity, but created an awareness both of Oracle and of its vision of computing that nothing else could have achieved. Since then, although Microsoft's wealth had grown almost exponentially thanks to its near-monopoly profits from Windows and Office, it no longer had quite the aura of invincibility it had previously enjoyed. Thanks to the Internet, computing had moved decisively toward a model that played much more to Oracle's strengths than to Microsoft's. As for the antitrust case against Microsoft that had arisen from its brutal suppression of Netscape, it had not only hugely distracted its senior management but done great damage to the company's reputation. A few days after, I discussed these issues with Ellison. The Washington, D.C., Court of Appeals found Microsoft guilty of serially abusing its monopoly power while rejecting the controversial remedy of District Court Judge Thomas Penfield Jackson that it should be broken into two companies.

Ellison's antipathy toward Microsoft seemed to go much further than simply seeing it as a dangerous business adversary. He once said to me that what he really didn't like about Microsoft was that it didn't have any taste. What did he mean? "Well, actually I was quoting Steve Jobs. He said that the thing that really bothers him most about Microsoft is not

how successful they are or how much money they have; it's the tasteless mediocrity of their software.*

"I totally agree with Steve, Microsoft's software is rarely first rate. They never, ever innovate, but they're pretty good copiers. All those bright people up in Redmond remind me of the guys you see sitting in museums making beautiful copies of great art. Their pictures are beautiful, but they're copies—forgeries. Ever since the guilty verdict in the antitrust case, Bill began chanting Microsoft's new mantra: 'Please, please don't take away our right to innovate.' Microsoft innovate! Give me a fucking break. The innovation for the Internet came from Netscape. All Microsoft did was copy Netscape's browser and bundle a 'free' copy of the browser with Windows. But it wasn't really 'free' at all. Microsoft got paid for its 'free' browser by raising the price of Windows. But Netscape couldn't charge for its browser because Microsoft included a 'free' browser as a part of Windows. It was a brilliant business strategy. It killed Netscape. But it's illegal. Now Microsoft is trying to do the exact same thing to RealNetworks [the innovators of Internet streamed video and audio] by bundling a 'free' media player with Windows. They'll just keep doing it over and over again until somebody penalizes them for doing it. You're got to give them credit for balls, but not for innovation. Even Bill's business strategy is just a copy of Standard Oil's strategy back in the 1870s. But when Rockefeller used his monopoly to crush his competitors, it wasn't illegal. There were no antitrust laws back then.

"So what's Microsoft's single greatest innovation? Take your time. It's a trick question. There aren't any. All that money Microsoft spends on research; what have they got to show for it? Nothing! Compare that to IBM's research results. IBM invented the disk drive, they invented core memory, they invented the scanning tunneling microscope, they invented fractal geometry. The list of IBM inventions goes on and on. IBM researchers have won Nobel Prizes. IBM, at the height of their greatness, was a national treasure, an institution that anyone would be proud to be a part of. They don't do software very well anymore, but their old mainframe stuff was great. I make fun of a lot of other databases—all other

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**LE writes: What bothers me most about Microsoft is the fact that they've been found guilty of repeatedly violating our antitrust laws but they've escaped all punishment—so far, anyway. Those guys are* lucky *as well as smart. I hate that.*

databases, in fact, except the mainframe version of DB2. It's a first-rate piece of technology. Microsoft may have more money than IBM ever did, but they don't have more ideas. It's the difference between a great fashion designer in Paris and someone who just does knockoffs in Brooklyn. Except that Microsoft would bundle the dresses with Windows and give them away for 'free.' "*

There are few things that Ellison loathes more than hypocrisy. It's one of the reasons that people often find him objectionable—he almost never says the politically correct thing, whether the subject is dating Oracle employees or how he spends his money. If he thinks he's in danger of sounding sanctimonious, he'll suddenly shut up in the middle of a conversation. More than anything, it was Gates's hypocrisy about the "right to innovate" that infuriated Ellison: "I didn't despise Bill for destroying Netscape, which wasn't very nice—or legal, for that matter. Bill just calculated he could smash his competitors by breaking the law and get away it. Who knows? Maybe he can. But when Bill defended Microsoft's murderous behavior by saying, 'All I ask is the right to innovate,' that kind of pushed me over the edge. *Netscape* did the innovation, Bill—that's why you killed them! All you did was copy the innovation and destroy the innovator. To kill the innovator in the name of innovation was such an incredible lie, such a cynical piece of deception, such hyperhypocrisy, I just couldn't stand it. If Bill had said, 'We killed Netscape because they were in our way; they weren't tough enough to survive, so fuck 'em. Hey, Andreessen [Marc Andreessen founded Netscape when he was twenty-one], welcome to the software industry, punk. I've got a little present for you; it's a pine box and a bullet with your name on it. That'll teach little kids

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**LE writes: Recently, in a* Wall Street Journal *article, I predicted "the end of Silicon Valley as we know it." I believe that a thousand Silicon Valley companies are in the process of going out of business and that the computer industry will consolidate around a few giant technology survivors. These large companies will dominate the industry and be the source of innovation in the years to come. Marc Andreessen, Netscape's founder, responded in both horror and disbelief. He said that large companies are incapable of innovation; that innovation is done in small companies by nineteen-year-olds. Of course that's what Marc believes. Marc is in his thirties. All he's seen is the complete absence of innovation at Microsoft. He never witnessed the cornucopia of inventions that poured forth from IBM in the 1960s and '70s.*

to stay the fuck out of my neighborhood. Mess with Microsoft, you die.' Okay, cool. That's still not very nice, but at least it's honest."*

For a couple of years—between 1990, when Microsoft did its deal with Sybase, and 1992, when Oracle 7 arrived to save his bacon—Ellison regarded Gates as a direct competitor. But for most of the time, at least until Ellison launched his attack on the PC in the wake of the release of Windows 95, these were profound differences between Oracle and Microsoft—one was a desktop company, the other was server-based; one was Windows, the other largely UNIX; one believed in the proprietary software route, the other was committed to standards—actually made it easier for the two men to get along. Ellison says, "Bill and I used to be friends, insofar as Bill has friends. Back in the eighties and early nineties, all the people in the PC software industry hated Bill because they feared Bill.† But Oracle didn't compete with Microsoft very much back then, so we got on pretty well. As I got to know Bill, I developed a great respect for the thoroughness of his thinking and his relentless, remorseless pursuit of industry domination. I found spending time with Bill intellectually interesting but emotionally exhausting; he has absolutely no sense of humor. I think he finds humor an utter waste of time—an unnecessary distraction from the business at hand. Scary stuff. I don't have anything like that kind of focus or single-mindedness."

One telephone conversation with Gates in 1993 sticks in Ellison's mind. "It was the most interesting conversation I've ever had with Bill, and the most revealing. It was around eleven o'clock in the morning, and we were on the phone discussing some technical issue, I don't remember what it was. Anyway, I didn't agree with him on some point, and I explained my reasoning. Bill says, 'I'll have to think about that, I'll call you back.' Then I get this call at four in the afternoon and it's Bill continuing

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**LE writes: During Netscape's heyday, John Doerr, Silicon Valley's top venture capitalist and a big investor in Netscape, told me that Marc Andreessen liked to say, "Microsoft just didn't get it." That's a saying in Silicon Valley. It means you're technically behind the times, you can't feel the change of seasons, you're a dinosaur just waiting to die. But in Microsoft's case, they were a dinosaur waiting to eat. Netscape was just getting fat before they were served up for lunch.*

†LE writes: They had reason to be afraid. They're all dead now. There is no PC software industry anymore. There's just Microsoft.

the conversation with 'Yeah, I think you're right about that, but what about A and B and C?' I said, 'Bill, have you been thinking about this for the last five hours?' He said, yes, he had, it was an important issue and he wanted to get it right. Now Bill wanted to continue the discussion and analyze the implications of it all. I was just stunned. He had taken the time and effort to think it all through and had decided I was right and he was wrong. Now, most people hate to admit they're wrong, but it didn't bother Bill one bit. All he cared about was *what* was right, not *who* was right. That's what makes Bill very, very dangerous.

"Most people are so in love with their own ideas that it confines their thinking—creates boundaries and limits their ability to solve problems. Bill, however, has this Asian-like ability to manage his intellectual vanity and take ideas, regardless of where they come from, and put them to work for Microsoft.* The terrifying thing about Bill is that he's smart enough to understand what ideas are good—what's worth replicating—and he has the discipline and resources to get on with it and make it just a little bit better. That's very Japanese. That's very scary. Add that to Bill's ruthless perseverance and the fact that Microsoft has more money than God, and you get a most formidable foe—the ultimate foe, the perfect enemy. We pick our enemies very carefully. We decided to pick a fight with the biggest, most dangerous bully in the schoolyard. There's no way to avoid this fight, so let's start it."

Ellison's decision to start attacking Microsoft in 1995 was based on the same reasoning as today's attacks by Oracle on IBM: "If I want to make a point, I have to compare it to a counterpoint. I can't explain hot without comparing it to cold. In fact, there's no such thing as hot without

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**LE writes: Bill Gates, like most of the other very smart programmers I know, loves to prove his brilliance during arguments with other smart programmers. But if Bill has to choose, he'd rather win the war than win the argument. He doesn't really care where the ideas come from as long as he's the one who gets paid for them. The very last time I ever spoke with Bill was in 1999, when he called and invited me to visit Microsoft and debate the future directions of technology with their top technical people. When I declined, he asked me to reconsider, arguing that I would find it interesting "because there are a lot of very smart people at Microsoft." I told him that was exactly why I didn't want to go. He had expected me to show up and show off by explaining how clever Oracle's ideas and plans were. Many of Microsoft's competitors fell into that intellectual vanity trap. Not us. We want to get paid for our ideas.*