

- Home
- News
- Technology
- Markets
- Personal Journal
- Opinion
- Leisure
- TODAY'S NEWSPAPER
- MY ONLINE JOURNAL
- MULTIMEDIA & EXTRAS
- MARKETS DATA & TOOLS
- FIND A CAR
- FIND A JOB
- FIND A HOME

Oracle Upgrade Is Giving Pause

Some Possible Users See No Need to Jump From Old Database

By VAUHINI VARA
July 10, 2007; Page B3

Oracle Corp. plans to unveil a new version of its core software tomorrow for the first time in four years. But customers such as Mark Showers have already decided to sit out the event.

Oracle is launching a version of its "database management system" software, dubbed version 11g, that lets companies retrieve and make sense of their digital data. But Mr. Showers, chief information officer at agricultural giant [Monsanto Co.](#), says his company is likely to take at least two or three years to start moving from the previous version, 10g -- double the time Monsanto once took.

That is because it typically takes at least several months for a company to fully shift to a new version of Oracle's database software -- the larger the company, the longer it takes -- and lately Oracle has made several small, incremental changes in new releases rather than a few large, important ones that would compel a company to switch quickly, customers say.

Lion's Share

Share of world-wide relational-database market in 2006

Monsanto, based in St. Louis, employs 17,500 people and has annual revenue of \$7.3 billion. "For a company like Monsanto, these new releases are a bit like

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turning the battleship," Mr. Showers says. Without many must-have additions, he sees little need to move quickly.

Mr. Showers's view is echoed by others, highlighting maturation in the database industry. The Independent Oracle Users Group, an independent organization for Oracle users, says 35% of users it recently surveyed said they plan to upgrade to 11g within a year of release, while 53% said they plan to wait "a few years" before upgrading. The lukewarm reception echoes a phenomenon taking place elsewhere in software: [Microsoft Corp.](#)'s latest Windows operating system, called Vista, received far less fanfare when it was released for consumers this year than, say, Windows 95 did.

Still, expected changes in 11g illustrate an evolution in how corporate tech buyers use software, says Bhavish Sood, an analyst at Gartner Inc. In the 1980s, database software boomed as companies scrambled to replace outdated file-management systems. In the 1990s, they invested in more database software to support new programs for tasks like tracking customers and managing Web sites.

Early in this decade, purchases slowed in a tough economy. Now, companies are again buying, to take advantage of security improvements and to interact with "business-intelligence" software that helps track the health of their business.

Oracle isn't offering details of 11g until its launch in New York tomorrow, but people briefed on the product say it will include improved security features and better capabilities for making sense of content such as video files and Web content. The Redwood Shores, Calif., company also hasn't revealed its pricing plans. An Oracle spokeswoman declined to comment.

As high-tech thieves increasingly use the Internet and other means to sneak into corporate databases, Oracle and others have been under pressure to give companies a better way to control access, says Toby Weiss, chief executive of Application Security Inc., a New York database-security firm. Application Security has tested 11g, and Mr.

[Oracle Corp. \(ORCL\)](#)

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|--------|-----------|
| PRICE | 20.28 |
| CHANGE | 0.30 |
| | 10:37a.m. |

[Monsanto Co. \(MON\)](#)

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| PRICE | 67.18 |
| CHANGE | 1.22 |
| | 10:33a.m. |

[Microsoft Corp. \(MSFT\)](#)

| | |
|--------|-----------|
| PRICE | 29.56 |
| CHANGE | 0.07 |
| | 10:38a.m. |

[Schneider Electric S.A. \(12197.FR\)](#)

| | |
|--------|-----------|
| PRICE | 103.06 |
| CHANGE | 2.46 |
| | 10:23a.m. |

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Weiss says it is more secure, in part because of features that let companies better audit the activity inside their databases and put more specific restrictions on each user. The new version is also expected to make it easier to pull together "unstructured" data like Web content and video files.

Oracle is trying to whet companies' appetite for new software through discounts, with the expectation that customers will pay big fees for continuing technical support. David Hauser, chief technology officer of GotVMail Communications LLC, a telecommunications company in Weston, Mass., has lately negotiated discounts of more than 50% on Oracle software with the help of Miro Consulting Inc. Still, Mr. Hauser says he doesn't expect to move to 11g for at least two years.

And Oracle increasingly faces competition from lower-cost database alternatives from rivals like Microsoft. Arindam Sen, lead database administrator at American Power Conversion Corp., part of [Schneider Electric SA](#) of Rueil-Malmaison, France, says he often gets phone calls from Oracle salespeople trying to persuade him to switch from Microsoft's SQL Server software.

SQL Server costs less than Oracle's software, but Oracle's database software is considered heavier-duty, more appropriate for big companies. In recent years, though, "Microsoft has caught up with Oracle" in software reliability and performance, Mr. Sen argues. So he is sticking with Microsoft, which he says saves him \$700,000 to \$800,000 a year compared with Oracle.

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