Can Oracle Re-launch Sun’s Innovative Capacity?

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Oracle’s purchase of Sun is set in the known logic of the large global IT providers’ growth. If an opportunity of this nature arises and the cash is available, pulling off an operation of this type allows a company to broaden its value chain, eliminate competition, gain market share, increase economies of scale, get rid of overlapping products, and reduce and concentrate operations, with the corresponding cost reductions.

It is a process that large technology brands undertake with great regularity, and this is especially true for the four primary global IT providers: HP, IBM, Microsoft, and Oracle. The latter of these does it the most. Since 2005, Oracle has invested over 35 billion dollars in the acquisition of 50+ technology companies. Their tenacity is also unmatched, as witnessed in their conquering the stubbornly resistant People Soft and Bea Systems.

What makes the result of Sun’s purchase so interesting is the important role that Sun has had as a motor for IT innovation. In 1984, the company launched nothing less than its revolutionary “the network is the computer” concept, aimed at undermining the reigning model based on desktop computers upon which Microsoft had historically based its power. A quarter of a century later, this revolutionary concept has become reality in the form of “Cloud Computing”.


In these three decades of existence, the Californian company has created products as important as its operating system, Solaris, and the Java language and platform. It has made a decided commitment to open code by launching its own version of the offimatics suite, OpenOffice, and it has bought and promoted the MySQL database.

Some of these products have been ahead of their time and have not been able to reap their full benefits due to Sun’s financial weakness, which has been an anchor since the end of the Internet bubble.

In the case of Java, the story is well known. Faced with this technology’s enormous success, Microsoft tried to undo it, which led to Sun’s eternal legal battle with the software giant. This sapped much of Sun Microsystems’ energy. The progressive conversion of Java to free software helped its popularity, but Sun was never able to amortize its investment.

Given all this, it now remains to be seen whether Oracle, with its major financial muscle, will be willing and able to encourage the innovation capacity that Sun had.

The challenges they will face are many. The company run by Larry Ellison will be very busy restructuring and avoiding overlaps while integrating different corporate cultures without losing clients. This will undoubtedly be a complex and painful process, about which some analysts are predicting between 5000 and 10,000 possible layoffs. In this dance, Oracle will need to be very skilful in order to retain enough Sun talent to ensure the continuity of their extraordinary innovative capacity. The possibility of failure in this aspect cannot be discarded.

The IT market is full of brilliant and promising products that have gone the way of dead ends after being acquired by larger companies. IBM, which was one of the candidates to buy Sun, boasts several such cases. Oracle, for better or worse, is now a giant. The answer, as in the case of “Cloud Computing”, is in the clouds.