Oracle Is Entering Hardware Business


Abstract (Summary)
"For years the old, incumbent vendors have tried to bolt together their products to try and tackle the data warehouse appliance market -- and every one was a failure," added Jim Baum, Netezza's president and chief operating officer.

Oracle Corp., one of the best-known names in computer software, is entering the hardware business.

The Redwood Shores, Calif., company Wednesday disclosed plans to sell a computer bundled with Oracle software, a combination designed to help businesses sort through data faster. The system, which Oracle describes as an appliance, will be manufactured for the company by Hewlett-Packard Co. and come with Oracle's database software installed.
Databases are a kind of filing cabinet for corporate information, and serve as a foundation for building more specialized business software. The new Oracle device is particularly tailored for a chore known as data mining, in which companies sift through a compilation of their information to find patterns that can help them make decisions. The larger the repository -- known as a data warehouse -- the longer it takes to answer queries posed by users.

Getting fast answers also can be delayed because the business information and software managing the queries may be on separate machines. Oracle says it can speed up that process by combining that software and the data on its appliance. "The results you get back are only the data you want to see," says Charles Rozwat, Oracle's executive vice president for product development.

Oracle says that users can get answers about 10 times faster with its new appliance. The primary piece of hardware is called the HP Oracle Exadata Storage Server, which is powered by two Intel Corp. microprocessors; it will cost about $650,000 plus an additional $840,000 or so for the software. Those servers can be combined as part of a larger configuration called the HP Oracle Database Machine, designed for data warehouse chores.

Oracle, which has never sold hardware before, faces competition from appliance-like systems from Teradata Corp., Netezza Corp. and Greenplum Inc., among others. Charles Phillips, Oracle's co-president, said a key differentiator is the inclusion of database software from Oracle, which many businesses already use. Though Oracle's sales force has never sold hardware, Mr. Phillips says that shouldn't be a problem since the company is sticking to hardware for the database market.

But competitors, including Greenplum President Scott Yara, say Oracle will have to prove itself in the new field.

"For years the old, incumbent vendors have tried to bolt together their products to try and tackle the data warehouse appliance market -- and every one was a failure," added Jim Baum, Netezza's president and chief operating officer.

Donald Feinberg, an analyst at tech-research company Gartner Inc., called the move into hardware an important
stake in the ground. "If Oracle is going to get bigger as a company they aren't going to do it with software, they're going to have to do it with hardware," he said.

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