

AP Photo, Marcio Jose Sanchez



Although PeopleSoft is no more, a number of its former employees are determined to further the company's legacy.

PeopleSoft Memories

BY ANDREW R. MCILVAINE

Although nearly seven months have passed since Oracle Corp. announced last fall that its \$10.3 billion bid had been accepted by PeopleSoft's board (thus bringing an end to one of the lengthiest takeover battles in corporate history), the memory of PeopleSoft has hardly faded.

Perhaps nowhere is this more apparent than among many former PeopleSoft employees, most of whom have gone on to other endeavors but continue to harbor a deep affection for their former employer.

"PeopleSoft was an almost charmed company in the way it was founded and run," says Michael Gregoire, the former executive vice president of PeopleSoft who's now president and CEO of Taleo, a San Francisco-based supplier of talent management solutions. "It attracted the best and the brightest."

The company also attracted legions of loyal HR customers who were saddened to see it go. Although Oracle has promised to continue maintaining and upgrading PeopleSoft products until at least 2013—last month the company released Version 8.9 of PeopleSoft Enterprise Performance Management—many PeopleSoft users are still weighing whether they will remain with

Oracle or move to a different system altogether.

"There's a lot of uncertainty out there," says Jason Averbook, who served as PeopleSoft's global marketing chief for human capital management. "When the acquisition went through, a lot of people threw up their hands and said, 'Now what do we do?'" Averbook, who today is co-founder and CEO of Danville, Calif.-based consulting firm Knowledge Infusion, will moderate a panel at this year's HR Technology Conference and Expo[®] (to be held on Oct. 19 to 21 at Chicago's McCormick Center) consisting of executive-level PeopleSoft customers, who will discuss the different paths they plan to take. Averbook says the event will give PeopleSoft users a chance to network and exchange ideas (see sidebar).

Averbook and others say they learned some important lessons from their time at PeopleSoft, and are determined to apply those lessons as they move on in their new careers.

Dave's Latest Moves

The roomful of attendees rose to their feet and applauded loudly as PeopleSoft founder David Duffield, who came out of retirement to lead the company after

CEO Craig Conway was dumped by the board last fall, strode to the podium to accept IHRIM's Chairman's Award at the organization's 25th annual conference in Reno, Nev., early last month.

"While the events of 2004 were an interesting story, I've gotten a renewed sense of excitement from interacting with folks like you," Duffield told his audience, adding that he's formed a new venture that's chronicled on his Web site, www.davesnextmove.com. "Charter our progress—we're not done yet."

According to the Web site, Duffield's new company—which is based in Walnut Creek, Calif., and did not have a name as of press time—will build the "next generation of enterprise applications" that will be "highly adaptable and less expensive to deploy and manage" than applications on the market today.

"Today's enterprise applications are no longer meeting the needs of their customers," notes an introductory statement on the Web site. "Our focus is to tackle the traditional ERP markets, in a non-traditional way."

In addition to Duffield, the company's leadership team includes former ADP Inc. executive Karen Beaman and three former PeopleSoft executives, including Stan Swete, who oversaw the company's products and technology division.

Duffield, who was widely liked by PeopleSoft employees, has also founded The Safety Net, a nonprofit organization that dispenses grants of up to \$10,000 to former PeopleSoft employees who were laid off as a result of the merger and are having difficulty making ends meet.

Duffield—who, according to *Business Week*, controlled an estimated \$900 million of PeopleSoft stock at the time Oracle took over—is funding the organization with his own money. A five-member board made up mostly of former PeopleSoft executives reviews all applications for aid.

Debbie Shotwell, PeopleSoft's former vice president of human resources, is a board member.

"Some of the applications we've received just bring you to tears," she says, adding that the organization has received approximately 90 applications so far. "People have had family members who got sick and the treatment costs exceeded what they had in their bank accounts. They're having trouble caring for children with disabilities. There are some heart-wrenching stories."

Hectic Times

Approximately 5,000 employees were let go from the combined Oracle/PeopleSoft organization in January, far less than the 10,000 PeopleSoft employees Oracle had initially said it would fire when the takeover battle first began. Some of the layoffs came from the Oracle side, although most were from PeopleSoft, including a reported 650 of the 3,500 people who'd worked at PeopleSoft's headquarters in Pleasanton, Calif. (The company employed about 11,000 people worldwide.)

For Shotwell, it was a hectic time, especially when her boss—Senior Vice President of HR Ben Watson—left the company shortly after the acquisition was announced, effectively leaving her in charge of HR until the merger was completed. She takes pride in the fact that PeopleSoft's HR service center, which she'd helped create after the company acquired J.D. Edwards in 2003, played a key role in helping employees make the transition.

"I had to recruit other HR staffers to stay on and help, which wasn't easy because they knew most of them would lose their jobs when the merger was complete," says Shotwell, who's now vice president of HR at Shaklee Corp., a health supplements and personal-care products company located just down the street from PeopleSoft's former headquarters.

Shotwell praises the staffers' dedication, which proved critical when confusion arose over layoff notices and the staff had to put in seven-day workweeks answering calls and e-mails from employees around-the-clock.

"I was bringing people lunch and dinner for three weeks in a row," she says. "They practically lived in the office."

Shotwell has less kind words to say about Oracle's HR staff, whom she describes as "very cavalier" about the merger.

"They didn't even know the acquisition was going to happen until the day it was announced," she says. "To them it was, 'Oh, this is just another company we're acquiring, just another blip on the radar.'"

Oracle spokeswoman Deborah Lilienthal says the company will not comment for this story.

For Shotwell, one of the most enduring memories of her time at PeopleSoft was the reaction of employees when Duffield returned to lead the company.

"There was sadness and glee," she says. "People were sad when Craig left but gleeful when Dave came aboard. He knew how to put the spark back into employees' lives."

Duffield's habit of regularly walking into workers' offices and cubicles and asking them how they were doing endeared him to people, according to Shotwell.

"You don't see many leaders doing that sort of thing," she says. "Dave was always walking around thanking people for their commitment. They felt compelled to work harder for him."

The Real Bosses

Gregoire, who was in charge of PeopleSoft's fee-for-service businesses—including consulting, training, hosting and maintenance services—describes the five years he spent at PeopleSoft as "an absolutely wonderful experience." Nevertheless, he says not all the things he observed at the company were exemplary.

"One of the things you learn during a takeover struggle is who really owns the company," he says. "When you're a publicly traded company, the wishes of management are irrelevant—it's what the owners, the shareholders, want that really matters. Managers need to have a constituency of shareholders that agrees with your strategy. PeopleSoft's investors believed going with Oracle's final offer was the better strategy. But if we'd had a better story to tell on our growth and profitability, I think they would have hung in there longer."

Gregoire believes a weakness at PeopleSoft was that it held on too long to products that were only marginally successful.

"We should have taken more direct action to either change and augment those products or just shut them down," he says, refusing to name the products he felt were marginal because "these were products people felt very passionate about."

"We were always positive and optimistic at PeopleSoft—we thought we could weather anything. But in the software industry, being marginally successful is the last thing you want to be. It's better to be a complete success or a complete failure."

It's a lesson he's applying today at Taleo.

"If we're not getting the desired outcome with a certain product, we ignite a deep review on how we want to proceed with that product," he says. "Constantly limping along with a product that drains

resources and dilutes gross margins is dangerous for any company."

Vicki Morris, who today is vice president of marketing at Saba Software in Redwood Shores, Calif., remembers her days at PeopleSoft helping the company develop its "total ownership experience" campaign with affection, even though she joined the firm in the midst of the takeover battle.

Morris says she was deeply impressed by PeopleSoft's dedication to customer service and is applying what she learned there to her current job.

"At Saba, we have a customer advisory board that we communicate with when we're designing products and we're implementing outreach programs to our customers," she says. "We're trying to be the 'PeopleSoft in the void.'"

For Shotwell, it's the sense of mission and urgency that sticks in her mind from her days at PeopleSoft. "Being able to measure HR statistics—if you can't measure it, you shouldn't be doing it—that's something I learned at PeopleSoft," she says. "Most HR departments lack a strong communications capability. That's something else I learned there: to be clear and concise."

Averbook says his final days at PeopleSoft weren't nearly as stressful for him as they were for others because he'd actually left the company in October as a full-time employee and was working on a consultative basis.

"My child was about to be born and I didn't want to miss it while traveling around the world," he says. "But I was working with Dave and [marketing chief] Nancy Caldwell till the end."

For Averbook, "invigorating" was how he'd describe the company's last days.

"There's a difference between what appears to be going on from the outside and what's really going on inside," he says. "Inside the company, we were just working very hard to protect the customer base we'd spent so much time building."

Averbook says the "war" between Oracle and PeopleSoft was inflated quite a bit by the media, and that the majority of employees remained focused on their work and did not let what was being reported in the press distract them from their mission.

"When you're caught up in the battle, you don't think too much about what's happening on the outside," he says.

About the merger, he says, "you really did merge the leader in applications to the leader in technology, and if the merger hadn't been hostile, a lot of people would be bullish about its prospects."

Averbook says he'll never forget what he learned at PeopleSoft.

"PeopleSoft gave me the roots, the foundation, the entrepreneurial spirit to start my own company," he says. "There was this spirit of

'Ask for forgiveness, but don't ask for permission.' Up until the last day at PeopleSoft, I could still do what I wanted based on what I felt was good for the customer base.

It made me who I am today."

Gregoire says one of his most enduring memories of PeopleSoft will be the sense of spirited cohesion fostered among its employees, a shared commitment to customers that he believes helped it continue to innovate until its last days.

"What it comes right down to is, we at PeopleSoft were able to laugh for 18 months despite having a behemoth sitting on our backs," he says. "PeopleSoft's most enduring legacy will be its focus on the customer and on technology."

Send questions or comments about this story to hreletters@lrp.com.