



Oracle to cut 5,000

by Jeff Moad, MA Editorial Staff

In the wake of its successful \$10.3 billion takeover of PeopleSoft, Oracle Corp. late last week said it will lay off 5,000 workers, most of them in marketing and administrative positions.

The layoff is somewhat lower than the 6,000 figure Oracle officials estimated amid the company's contentious 18-month battle to acquire PeopleSoft. Layoff notices will be delivered to affected employees over the next 10 days, Oracle said.

The disclosure came as Oracle's post-acquisition applications leadership team takes form and competitors begin posturing to take advantage of potential customer disaffection.

Not surprisingly, Oracle said it plans to retain over 90% of PeopleSoft's product development and support teams. Retaining developers is critical as Oracle attempts to make good on promises made last month to finish current PeopleSoft product line extensions and to continue developing next-generation versions of the PeopleSoft Enterprise and World and EnterpriseOne products, which PeopleSoft had acquired from J.D. Edwards. Initially, Oracle officials indicated a desire to quickly migrate PeopleSoft customers to Oracle applications.

Oracle has also committed to provide support for those former PeopleSoft and J.D. Edwards product lines for the next 10 years while developing a new product line that integrates features of the PeopleSoft and Oracle applications.

The company's hostile bid for PeopleSoft was completed on January 7 when 97% of PeopleSoft shareholders tendered their stock in exchange for the \$26.40-per-share offered by Oracle.

Oracle plans to reveal additional details of its post-merger acquisition applications organization tomorrow (Tuesday, January 18). Today's Wall Street Journal reported that Oracle's product integration effort will be led by John Wookey, senior vice president of Oracle Applications, according to people familiar with the reorganization. He will succeed Oracle Executive Vice President Ronald A. Wohl, who had headed the applications business for some time.

Meanwhile, Oracle competitors have begun marketing themselves to potentially disaffected PeopleSoft customers. Microsoft Corp. last week unveiled what it calls a "migration" program aimed at PeopleSoft application customers. The program consists of migration technologies and pricing discounts.

Microsoft is offering PeopleSoft customers who migrate to one of its application suites a 25% discount off of license fees, and a one-year 25% reduction on annual support costs. Microsoft suggested that PeopleSoft Enterprise customers evaluate its Great Plains applications and that EnterpriseOne and World customers consider migrating to its Axapta package.

Concurrently, Taleo Corp., a maker of employee management applications, offered a similar migration program to users of PeopleSoft's eRecruit applications.