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Oracle Corporation F3Q06 (Qtr Ending Feb 28, 2006) Earnings Conference Call Transcript (ORCL)

Question-and-Answer Session

Operator

(Operator Instructions) We'll take our first question from Tim Klasell with Thomas Weisel.

Tim Klasell - Thomas Weisel

Good afternoon, everybody. First question, the strength in Europe with the applications wasn't matched with the database. Can you give us a flavor of what you see going on there? Do you expect the database to begin to get closer to the apps revenue growth?

Charles Phillips

I would say we had some tough comparisons, but also you have to look at currency rates. Europe's taking a huge currency hit right now, about 9 percentage points or so. I think if you look at last year, three out of the four quarters we had double-digit growth, nice double-digit growth in database so the comparisons are tough and we have the double whammy on currency. Some of that starts to go away after the next quarter. We feel good about the pipeline, these new products like Secure and Enterprise Search are going to help going forward.

On the applications side of it, if you remember about three quarters ago we started to talk about the specialization of the sales force in Europe. They came a little later than the U.S. That transition is starting to pay off now. Initially you lose some sales reps who don't want to specialize in applications, they choose database, so we had to hire. Then the people who do want to sell applications get better accounts and more territory. That's starting to pay off, they're just executing a lot better. Lastly, I just think we're more strategic in the applications area to all customers. Siebel really pushed us over the top, as I said earlier.

Tim Klasell - Thomas Weisel

Good, and a quick follow on. There's a lot of rumblings in the open source community about some of the moves that Oracle has been making. Can you give us sort of a high level of anything change with your view of how you're going to approach the open source community?

Larry Ellison

I think we look at everything very closely. We bought Sleepycat recently, Sleepycat software and their Berkeley DB product is the most broadly deployed open source database in the world. We thought it

was a very attractive business for us. We thought it complemented what we do. So we went out and bought open source. Open source doesn't mean free.

Tim Klasell - Thomas Weisel

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