

What is Oracle Up To



Oracle's decision to provide support for Red Hat Linux has sent shock waves across the industry. And it is still not clear as to what the company's management has on its mind. Instead of guesstimating, we tried to find out what the Linux community and industry thought about Oracle's big and bold announcement.

With Oracle announcing support for Red Hat Linux under its *Unbreakable Linux* programme, the immediate reactions from the community were that of surprise or shock. Some even commented that the move from Oracle was against the basic ethos of the open source world and that Oracle has hit Red Hat below the belt. Red Hat reacted in a brave manner and immediately launched a response campaign called *Unfakeable Linux*. Answers to myriad questions going on in the minds of numerous Red Hat customers and the members of the community were put up on Red Hat's website that claimed Oracle would never be able to provide the same quality support for Red Hat

Linux that Red Hat does. Red Hat even rolled out T-shirts that bore the Red Hat logo with the caption '*Unfakeable Linux*' written under it.

All said and done, now that the dust seems to have settled a bit, we tried to find out from the industry and the community about what the implications of this move could be.

Linux is hot

The industry, in general, believes that the current controversy has proved that Linux is hot. Novell, a direct competitor to Red Hat, firmly believes that this move by Oracle provides a clear indication that Linux has arrived. "It reflects the fact that Linux is now enterprise-ready, robust and secure enough for the enterprise. Deployments are growing in number and big players in

the IT business are acknowledging this now, and wanting to be where the action is. This is natural and desirable in a free market economy. Oracle's announcement is also a reflection that mixed OS environments are becoming the norm now," asserts Sandeep Menon, director—Linux business, Novell West Asia.

Not just the competition, the reaction from neutral agencies is also along similar lines. Mukul Mahajan, director, Tetra Information Services, believes that this is good news for customers, who will ultimately benefit from the increased competition. This move is bound to allow consultancy firms like Tetra give more choices to a customer who wants to deploy Linux. "It proves that Linux has come into the mainstream. With a major software vendor like Oracle providing support on Red Hat Linux, the adoption of Linux in the enterprises is bound to get a boost," points out Mahajan.

The big boys' club

Another very interesting comment on the whole episode came from Dave Hitz, co-founder and executive vice president—Network Appliances. Network Appliances is an Oracle partner and, incidentally, Hitz was sitting in the audience at the Oracle OpenWorld, when Larry Ellison made the 'mother of all announcements'. In his blog, Hitz comments that this move makes perfect strategic sense from Oracle's point of view and will prove to be beneficial for the Linux/OSS market in the longer run. Hitz, in his blog, writes, "Multi-billion dollar companies like to do business with multi-billion dollar companies. Red Hat is still under half a billion in revenue. I know that support from Oracle will feel safer, especially for giant customers running their business on Oracle; so I think Larry is right that this will speed Linux adoption."

But what about the open source ethos?

"It is a professional world and what has happened with Oracle is not the

first time something like this has occurred. In fact, it would promote competition among Linux vendors, which would ultimately help customers," reacts Mahajan to the above question. Though many in the Linux community believe that Oracle has played against the basic ethos of open source by providing support for Red Hat Linux, those in the industry generally agree with Mahajan. Sandeep Menon explains, "Nobody has proprietary control over any software, or its support and services. The fact is that anyone with the right skills and desire to participate can get into this space. And the fact remains that if they can deliver satisfactory service at a certain price point, customers will benefit in the bargain. Thus, by ensuring that pricing in all spheres of Linux remains at an optimum level, the very ethos of open source is maintained."

Larry Ellison, too, unintentionally addressed this worry at the OpenWorld forum while responding to a question about whether this move was aimed at killing Red Hat, when he said, "This is capitalism. We are competing. We are trying to offer a better product at a lower price."

Ellison also added, "I don't think that Red Hat is going to be killed. I expect that Red Hat is going to compete very, very aggressively." And that is exactly what Red Hat seems to be doing.

Red Hat's next move

So, the million-dollar question is, "What will Red Hat do next?"

The opinion on this question is divided. Some believe that Red Hat does not need to do much since Oracle will not be able to provide the same quality support that Red Hat does. Others believe that Red Hat will eventually give up and surrender to the giant called Oracle. One important factor in Red Hat's favour is that it has a very wide stack, like JBoss, RHDS, etc, on which it provides subscription services. Mahajan feels that Red Hat needs to move up the value chain and increase the stacks,



Larry Ellison, CEO, Oracle



Sandeep Menon, director—Linux business, Novell West Asia



Faisal Paul, country manager, HPC and Linux—HP India

as it has been doing, for example, with the acquisition of JBoss. "Red Hat will have to provide competitive pricing to compete with Oracle, as the prices are decided by the market. Red Hat would be forced to decrease the prices if Oracle is able to provide similar levels of services. But that should be offset by an increase in Linux adoption, which should happen

after this move,” adds Mahajan.

But Oracle also seems to be gearing itself up for the task, as is evident from the answer Ellison gave to a member of the audience at the OpenWorld, who wanted to know if Oracle would provide services for the complete stack from Oracle—from the operating system all the way up through applications. Ellison’s answer to that was a plain and simple, “Absolutely.”

Threat versus opportunity

Red Hat is surely feeling the heat. But what about other companies like Red Hat? How do they look at the whole episode?

Red Hat’s closest competitor in the Indian market—Novell—treats this as a threat as well as an opportunity. “It introduces a powerful new competitor into the business. But it also introduces someone who will grow the entire Linux



Mukul Mahajan, director, Tetra Information Services



Dave Hitz, co-founder and executive vice president—Network Appliances

CONSPIRACY THEORIES

Here are two theories doing the rounds regarding what prompted Oracle to make this move:

- Oracle must have made an attempt to acquire Red Hat and failed. Therefore, the management thought of a different route to achieve the same objective.
- Oracle had planned to acquire JBoss in January 2006 to enhance its middleware offering, to compete against IBM. But Red Hat foiled this plan and completed the acquisition of JBoss later in the year. This move is in retaliation to that.

market itself, tremendously, hence benefiting the entire industry as a whole,” asserts Menon.

Here, Menon is quick to add, “Readers should take note that Oracle’s announcement is limited to the x86 and x86-64 bit platform. SUSE Linux Enterprise 10 supports over 7 different platforms, including x86, x86-64 bit, IA-64 (Itanium), Power PC, IBM iSeries, pSeries and the zSeries mainframes. Hence our customers can work with one OS for all their different platforms. We believe that these are significant differentiators, which will continue to serve us well in the market.”

Hewlett Packard definitely sees this as an opportunity. “With Oracle’s *Unbreakable Linux*, HP and Oracle customers have a broader choice of Linux distributions, products and service options to address their IT requirements. HP is the world’s largest Linux platform vendor and Oracle’s largest installed base systems vendor,” says Faisal Paul, country manager, HPC and Linux—HP India. But Paul, rather diplomatically, also clearly states HP’s stand by saying, “HP continues to work closely with both Red Hat and Novell as key Linux partners for our joint customers. HP’s relationship with Red Hat, Novell and other open source and Linux partners, with the support of their products, remains unchanged.”

From a neutral perspective, Mahajan terms this as a phase of consolidation, “In this phase, we will see mergers, acquisitions and collaborations across the industry, among open source players, and players who have a stake in the open source market, which includes

virtually every industry player, as can be seen in the recent Microsoft-Novell collaboration.”

Mahajan sums up the discussion by saying, “At this moment, there is a wide space open in the Linux market, which can be captured by any of the OS or services players in the market. So I would treat this as an opportunity.”

The playfield gets bigger

In his book, ‘You Can Win,’ noted public speaker, Shiv Khera, makes a beautiful comment:

“If injustice is happening to your neighbour and you can sleep, wait for your turn. You are next.”

While we are not too sure about the ‘injustice’ in this scenario, one thing is certain—this move by Oracle has sounded warning bells for Red Hat’s competitors, and they could be the next target. At the same time, it has also presented a plethora of opportunities for some other companies to make the most of the Linux wave. Today, there are numerous companies that have their own ‘open source’ product stacks, and there are also companies that have not yet thought of venturing into the business of open source. This single move from Oracle can act as a trendsetter for traditionally ‘non-open source’ business companies to venture into newer pastures and, in the process, make other open source product companies re-think their strategies. We’ll wait and watch how things shape up in the coming months, and keep you informed, too! 

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