

# Forbes

August 14, 2006

## Terry Versus Larry

SILICON VALLEY IS LITTERED WITH REFUGEES FROM ORACLE CORP., former acolytes who fled for better jobs or were fired after fighting with strongman Larry Ellison. Now half a dozen of them have teamed up to take on their old boss. They have resurrected an aging Oracle foe—Ingres, which uses database technology developed 32 years ago by two Berkeley scientists—to target Oracle's biggest source of profit: the steady, high-margin fees it charges for regular upgrades and support. These fees provide 59% of Oracle's \$8.7 billion in annual database sales.

The restarted upstart vows to undercut Oracle prices by up to 70% for technology that it claims is every bit as robust. Oracle's handsome pretax profit margin—at 42%, thanks to the ax of Safra Catz—leaves Ingres room for inroads. "I'm happy getting 25% margins. That's pretty good in any industry," says Terence Garnett, Ingres' chairman and the leader of this band of castoffs. He had run marketing at Oracle but clashed with Ellison and quit under pressure in 1994, suing the company and later settling.

Garnett, with partner David Helfrich, also runs Garnett & Helfrich Capital, a \$350 million venture buyout fund that bought an 80% stake in Ingres from Computer Associates for \$35 million late last year, cheap given Ingres' \$50 million in sales. Since then Garnett has hired half a dozen Oracle alumni to run strategy, marketing and engineering; two directors on Ingres' five-member board are also ex-Oracle-ites. "We have to prove we're viable," Garnett says.

Oracle dominates databases, with a 49% share of the market, more than that of IBM and Microsoft combined. At the low-price end, open-source upstarts MySQL and EnterpriseDB have hawked cheaper, nimbler databases for a few years, possibly squeezing Ingres out. That is one reason Larry Ellison is unfazed and dismissive of the coming Terry-versus-Larry clash. "Ingres has had no serious development investment in a decade. It is impossible for them to catch up with us."

Garnett counters that Ingres doesn't need to catch up to reap rich profits. He has added 25 engineers to Ingres' 100, plus a new staff of 145 sales and support folks. Some 10,000 businesses use Ingres' databases, typically on just a few boxes. Garnett must upsell them before reaching out to lots of new ones; he hasn't yet persuaded any client to rip out Oracle and switch to Ingres. But he is hopeful. "This industry is in for a major price war," he says. "It could happen very quickly or it could take a few years. But it will happen." —V.M.B.



ERIC MILLETTE FOR FORBES

(Left to right): director Michael Rocha, marketing head James Finn, chief technologist David Dargo, CEO Terence Garnett, director Mark Barrenechea, engineering head William Maimone.