

# Oracle Acquires Primavera

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**Service  
Performance  
Insight**  
**Research Note**



## ORACLE ACQUIRES PRIMAVERA

One More Piece of the Puzzle towards Market Leadership

### Introduction

On October 8<sup>th</sup>, Oracle announced the acquisition of Primavera, a leading solution provider of enterprise project portfolio management (PPM) solutions. The deal will close by the end of Oracle's 2008 fiscal year. Now Oracle can claim to be the *only* vendor offering best-of-breed functionality in every major business application area focused on the professional services sector, as well as any type of services-driven organization. The company has already acquired the leading solutions providers in each of the other mission-critical business application segments:

- Δ *PeopleSoft* Human Resources Management,
- Δ *Siebel* Customer Relationship management, and
- Δ *Hyperion* Performance Management.

Primavera has been in business over 25 years, and is second only to Microsoft Project in terms of user adoption. However, Primavera leads in the increasingly mission-critical solutions space of PPM. Primavera acquired Evolve back in 2004, giving the vendor an industry leading professional service automation (PSA) capability.

Primavera has become an important component of business success as project-driven industries increase their emphasis on the management and control of projects. Primavera helps organizations manage project schedules, resources (both people and equipment), contracts, and risk. Primavera, when integrated with Oracle's PPM and Financials applications, provides organizations with deep visibility into enterprise projects, with the benefit of reducing time, cost, and risk.

### Primavera Has Been a Global Leader for Decades

In the market for enterprise PPM, the player in second place is far behind Primavera. Primavera boasts of over 23,000 customers and 2.5 million users in over 85 countries. The numbers can be staggering but essentially in Primavera's core markets it owns a lion's share of the leading customers. While the emphasis of this announcement has been on Primavera's acquisition by Oracle, the company will continue to offer its pre-built integration with other ERP suppliers. The vast amount of complimentary customers and the increased integration that will be offered between Oracle applications and Primavera will provide an opening for Oracle to increase its market share in project-driven enterprises.

### A New Focused Global Business Unit

Perhaps the most significant aspect of this acquisition is that Oracle will now create a global business unit (GBU) centered on Primavera. This unit should not be taken lightly. Oracle has shown in the past that it

will invest the necessary financial and personnel resources required to sell more Primavera into its large customer base.

Initially, Oracle will invest its time and resources in increasing Primavera's presence in a number of project-driven industries, some of which include: High Tech and Manufacturing, Utilities, Oil and Gas, Public Sector, Aerospace and Defense, Architecture, Engineering and Construction.

Greater numbers of large and midsize organizations are moving toward becoming more project-driven in how they approach work. This movement bodes well for Primavera and Oracle, and SPI Research expects Primavera will become a major selling factor in the near future.

The acquisition also offers Oracle the opportunity to sell Primavera into internal IT organizations, where Oracle already holds a strong relationship with the CIO. The acquisition therefore strengthens Oracle's relationship with both business line executives as well as IT, making it increasingly difficult to unseat Oracle going forward.

## Oracle's Two-pronged Strategy

Primavera has long been a leading PPM player in the construction space as well as in internal IT. With its acquisition of Evolve Software in 2004 it immediately became a serious competitor in the professional services space. Oracle will be able to create campaigns with Primavera both vertically and horizontally. Introducing Primavera to Oracle's construction and professional services customers won't take much effort. Many are already using Primavera. However, in many of Oracle's other industries where Primavera fits nicely with new product development, internal IT, Marketing and service delivery, Primavera will help further cement Oracle as the preferred application vendor.

## Surrounding SAP Once More

The battle for enterprise application superiority rages. Oracle continues to acquire the best of breed solutions that are in high demand for enterprise customers. Oracle's chief rival, SAP, has been silent for too long. SAP has made few acquisitions, and as a result Oracle now has acquired all of the best-of-breed core applications necessary to run a business. In the case of SAP Financials, Oracle already has integration with each of its industry-leading solutions into SAP. While it is doubtful that SAP Financials will be replaced anytime soon, it doesn't bode well for SAP that its potential application market share is slowly but surely diminishing because of Oracle's acquisitiveness.

## Primavera Customers Win

SPI Research expects that the transition will be minimal for customers following the completion of this acquisition, and that Primavera customers will be the true benefactor of this acquisition. Oracle has done a solid job of acquiring companies, and enabling them to operate somewhat independently, while increasing their integration to other products within the Oracle family. Primavera has some of the most sophisticated and technically savvy customers in the market. A significant percentage of these customers use both Oracle applications and infrastructure to run their business. In the past many had to integrate Primavera themselves. Going forward, they will begin to depend on Oracle to complete such integrations, along with more cost efficiently deploying other business productivity applications that will increase the benefits of Primavera.

## SPI Research Conclusions

Primavera already offers out-of-the-box integration with Oracle Financials, as well as with several other Oracle applications. Now that Primavera is part of the Oracle family, there will be a tremendous opportunity to integrate Primavera with many more Oracle applications. Oracle will be able to leverage Primavera's intellectual property for the benefit of all Fusion applications.

The acquisition of Primavera also enables Oracle's and Primavera's sales force to go in to any account and lead with well known, industry leading functionality. Oracle must move quickly to capitalize on this investment, but SPI Research continues to be impressed with the vendors' determination to dominate every horizontal and vertical application market in which it plays.

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