THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

ORCL - Oracle and Salesforce.com Corporate Conference Call for Media and Analysts

EVENT DATE/TIME: JUNE 27, 2013 / 8:00PM GMT

OVERVIEW:

ORCL and Salesforce.com discussed about their new strategic partnership.

THOMSON REUTERS

CORPORATE PARTICIPANTS

Ken Bond *Oracle Corp - VP of IR*

Larry Ellison *Oracle Corp - CEO*

Marc Benioff *Salesforce.com - Chairman, CEO*

CONFERENCE CALL PARTICIPANTS

R Wang *Constellation Research - Analyst*

Jason Maynard *Wells Fargo Securities, LLC - Analyst*

Aaron Ricadela *Bloomberg News - Media*

Mark Veverka *USA Today - Media*

Heather Bellini *Goldman Sachs - Analyst*

Fritz Nelson *InformationWeek - Media*

Arik Hesseldahl *AllThingsD - Analyst*

Raimo Lenschow *Barclays Capital - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the Oracle and Salesforce.com press and analyst briefing. Today's conference is being recorded. For opening remarks and introductions, I will now turn the conference over to Mr. Ken Bond, Vice President of Oracle. Please go ahead, sir.

Ken Bond - *Oracle Corp - VP of IR*

Thank you, Debbie. Thank you all for joining us today to hear more about Salesforce.com and Oracle's new strategic partnership announced earlier this week. On the call today is Oracle CEO, Larry Ellison, and Salesforce.com Chairman and CEO, Marc Benioff. Each will provide some insights into the recent announcement, and then we'll open up the call for your questions.

As a reminder, the matters we'll be discussing today may include forward-looking statements, and as such, are subject to the risks and uncertainties that we discuss in detail in our documents filed with the SEC. Specifically, the most recent reports on Forms 10-K and 10-Q which identify important Risk Factors that could cause actual results to differ materially from those contained in the forward-looking statements made today. We will discuss some important factors that relate to our respective businesses and which potentially may affect these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of today, and please give keep in mind that we're not obligating ourselves to revise or update these forward-looking statements in light of new information or future events.

Lastly, it's possible we may discuss unreleased products or services not yet available. Because we cannot guarantee the future timing or availability of these products or services, we recommend that customers listening today make their purchase decisions based on products or services that are currently available. The development, release, and timing of any unreleased products or services remains at the sole discretion of each Company. With that, I will turn the call over to Larry.

Larry Ellison - *Oracle Corp - CEO*

Okay, Marc Benioff, I think you are going to kick this off.

Marc Benioff - *Salesforce.com - Chairman, CEO*

Thanks so much, Larry. We really appreciate that. I just landed last night from Europe, as you know, Larry, around 6.00. I have been on a world tour, and it's absolutely one of the most exciting things I've ever done in my life. I've been through [Asia] and Japan. I've been through Europe now. I was in the Middle East as well last week. I've been in every major city in the United States. And, I will tell you, I've never been more excited about the changes and transformations and what is going on in our industry is just spectacular. And, to me, just overwhelming. I don't think there's ever been a better time to be in our industry, and I think today's call between me and you is more evidence of that.

Larry, the Oracle database has been a key part of Salesforce's infrastructure from the very beginning of our Company, 14 years ago. It was absolutely the best decision we ever made was to go with Oracle. Now that Oracle has focused on the Cloud, they've made a number of improvements to the database technology that are extremely important to us, and we are delighted now to commit through this incredible partnership to another 12 years of using the Oracle database. We think that the combination of Oracle's new 12C database, Oracle's new Linux, Oracle's Exadata allows us to improve our overall system security, reliability, performance, and it cuts down our database server costs in half. That's great for our customers. It's great for us, and I couldn't be more thrilled to make this announcement with you today, Larry. Over and back to you, Larry.

Larry Ellison - *Oracle Corp - CEO*

Thank you very much, Marc. Salesforce.com is the world's largest Cloud Company. Thousands of customers use their applications and their platform. We're committed to working very closely with Salesforce.com to continuously improve our database and our Java middleware technology, so we can help Salesforce.com deliver the highest level of security and reliability to their Cloud customers. Our two Companies are going to work together to jointly develop out-of-the-box integration between Salesforce's market-leading CRM applications and Oracle's Cloud applications. These [product-size] integrations will enable customers to buy Cloud applications from both Salesforce and Oracle. These pre-integrated applications will automatically share data and work together. That means faster, lower cost implementations for all of our joint customers. Back to you, Marc.

Marc Benioff - *Salesforce.com - Chairman, CEO*

Thanks so much, Larry. To make sure that our multi-vendor Cloud application integrations work extremely well, Salesforce is going to be a user -- I should say continuing to be a user -- because we've been using Oracle's applications from the very beginning of our Company. But, we'll be a user of Oracle's new Fusion HCM and financial applications, and Oracle is going to be a user of Salesforce's CRM applications. We are absolutely thrilled with that. And, by doing joint development and using each other's technology, we are going to ensure that our applications work perfectly together when first implemented. Absolutely seamlessly, and continue to work when we upgrade to each and every release. This is going to minimize our customers' implementation times and costs, and that's exactly what customers expect when they move to the Cloud. Back to you, Larry.

Larry Ellison - *Oracle Corp - CEO*

Okay. Thanks, Marc. I guess both Marc and I are now ready for questions. So, Operator, take it away.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

R Wang, Constellation Research.

THOMSON REUTERS

R Wang - *Constellation Research - Analyst*

Hi, Marc. Hi, Larry. How are you? Congratulations.

Larry Ellison - *Oracle Corp - CEO*

Thank you.

R Wang - *Constellation Research - Analyst*

So, the question goes to Marc. On one hand, you've built a culture of being defiant, of being edgy, of taking the SaaS apps in that direction. And, the move to Oracle -- what we are hearing from both customers and employees -- seems to feel like it is going in a legacy direction. And, that's the appearance that it seems that we are getting from our customers. How do you address that versus the wonderful cost savings and the technology skill that you're getting on the Oracle side?

And then, the question for Larry is really, when you look at Oracle and the 12c and the Cloud, is this really the ability to now say that Oracle powers the Cloud in most of the successful companies given the string of partnerships that you've been announcing over the past week? So, two questions.

Marc Benioff - *Salesforce.com - Chairman, CEO*

Sure, and Larry, I'll start out if that's okay with you.

Larry Ellison - *Oracle Corp - CEO*

Absolutely.

Marc Benioff - *Salesforce.com - Chairman, CEO*

I think that this is really important to understand that, as I said -- over 14 years ago when we first designed Salesforce.com, we had to choose a database that could handle the transaction capabilities, the reliability, the security, the availability. Not just the RAS support but also the transaction integrity, the concurrency, the backup, all the things that are absolutely key to building and delivering mission-critical systems at scale. And, if you go to trust. Salesforce.com, as I mentioned, you will see we are delivering over 1 billion customer transactions each and every day. Well, that happens through a very sophisticated infrastructure that Oracle has built -- I mean, that Salesforce.com has built over the last 14 years and a critical part of that infrastructure is Oracle. That's not new. That is something that has been there for 14 years and has been the heart of what we do each and every day.

I'll tell you that as Salesforce has grown and scaled and hit these incredible levels, Oracle has been there with us when we have had problems, when we've had issues, when there has been challenges -- which there always is, in computing. Oracle -- and I also just want to thank Larry as well -- always there for us whenever we need them. They are a true partner. They have always been a true partner. But now, we are at a critical point at Salesforce.com's history. As you know, we are coming up to a year where we are going to be doing more than $4 billion in revenue. We've got hundreds of thousands of customers. We have to make a decision. Is the infrastructure that we have built on Oracle over the last 14 years going to take us to the next one or two decades, and the answer to that is, absolutely. There's no better product in the world in the database area than Oracle, and with 12c, with Linux -- Oracle Linux, with Oracle Exadata, it gives us the ability to have the lowest cost, highest performance, highest security database in the world, and I couldn't be more thrilled with the ability to bring that message to you today. Larry, back to you.

THOMSON REUTERS

Larry Ellison - *Oracle Corp - CEO*

Thank you very much, Marc. Again, I think Oracle has always evolved. The Oracle database has been around for a very, very long time. And, it has always evolved. When it used to be -- used to run on mainframes and minicomputers. Then, we went through the client/server era. Then, we went to the Internet era, and now we're entering the Cloud era. Every time the industry has changed, the Oracle database has changed with it. And, now with the Oracle 12C database, we have put in a bunch of features specifically for Cloud companies, and again the biggest Cloud Company and the biggest test for Oracle 12c is Salesforce.com. They've got all those customers, all of those transactions that have to run reliably and securely from their different Clouds. And, we have made, again, a bunch of improvements to our database over the years, and now, 12c is aimed specifically at the Cloud. So, we think, again this will allow people using Oracle12c to not only have the best reliability and security, but when you combine that with Oracle Linux and Exadata, you will also have the lowest cost. That's a big deal.

When we first launched Exadata, we talked about how you get extreme performance out of Exadata. How it's incredibly vast for your most demanding applications. Well, what's more demanding than Salesforce.com's Cloud? But, it's not enough to deliver that extreme high-performance. We also -- we have to deliver it at an extremely low cost. That is what Cloud customers expect. They expect rapid implementations and economic benefits. Exadata is designed to be the lowest-cost Cloud infrastructure in the world and deliver the highest performance. You don't have to give up one to get the other. I think that's what makes the Exadata, Oracle Linux, Oracle database combination attractive to Cloud providers like Salesforce.

R Wang - *Constellation Research - Analyst*

Thank you. I get the faster, better, cheaper message, and we see why. Thank you.

Larry Ellison - *Oracle Corp - CEO*

Next question, please.

Operator

Jason Maynard, Wells Fargo.

Jason Maynard - *Wells Fargo Securities, LLC - Analyst*

Good afternoon, and congratulations on coming together. I have to say, though, I think both of you on a call together would be more fitting for a big stage with some lasers and some smoke and something to give you a little more oomph to it than a conference call. (Laughter) But, anyway, I have two questions for you. First, co-opetition is prevalent in the software industry, but can you walk us through a little bit on how this relationship between Oracle and Salesforce is going to change now that you're working closer together? And, the second question maybe for Marc directly, if you're going to run on the entire 12c and Exa stack, is perhaps the next leg of this dropping a Salesforce and Exa stack perhaps into my data center not just keeping it in the Salesforce data center? Thanks.

Marc Benioff - *Salesforce.com - Chairman, CEO*

Larry, do you want to start out this time?

Larry Ellison - *Oracle Corp - CEO*

No, I think it is always good when you go first, Marc. (Laughter)

Marc Benioff - *Salesforce.com - Chairman, CEO*

Thank you. Well, it's a great question, Jason, and I'll tell you we've had some phenomenal success as I've articulated with the Oracle products. I'm really -- by the way, Larry said something so subtle that -- so powerful. Our industry is filled with market transitions, and so few companies have survived these market transitions. Larry talks about -- I remember Oracle, whether it was on VMS, or MVS, or VM/CMS -- and then, Oracle moving for the first time everywhere from NetWare loadable modules to running on Windows to Oracle today having its own Linux capability. Each and every time, improving Larry's leadership over so many decades of running Oracle, has really ensured that today it is the best database product in the world, and a Company that guarantees itself to be able to make these market transitions is just phenomenal. And, to that point, that why we're making that commitment back to Oracle, and it's such an easy commitment for both of us to make because there is no Company that I'd rather partner with to be the heart of our database infrastructure than Oracle.

Now, in regards to what is the next step with Oracle and Salesforce working together, I think that the opportunities are really just endless. You can see a lot of different capabilities. Today, as you know, we're a fully multi-tenant shared architecture. We are constantly listening to our customers -- they love that because it has given them the ability to delegate to us upgrading and enhancing our capabilities while delivering back 150 new features every three or four months back to them. We don't have a huge demand point for customers asking us to dropship hardware into their data centers. Now, that just isn't what they come to Salesforce for. Of course, that's something that Oracle could do for them. That's something that maybe others could do for them, but I don't see that as something the customers are really asking us for. If that ever changed -- we're a customer-driven Company. We're going to do what the customers want.

And, to that point, we continue to make enhancements to our systems over time. You saw, for example, we've made a major commitment to the US government to deliver a US government version of Salesforce that's on its own dedicated hardware capability. That is an iteration of our stack where we do have a bifurcated infrastructure for the government and for other organizations in the world. If they came to us and said that they wanted to have that kind of capability, of course, we would be willing to discuss that with them. But, it hasn't been something that the banks, telecom companies, media companies, technology companies that we deal with every day are looking for. They really come to us for that multi-tenancy, the speed, and continuous innovation. Those are really the hot things for us. Back to you, Larry.

Larry Ellison - *Oracle Corp - CEO*

Let me address the cooperation, co-opetition, competition issue. Sure, Salesforce and Oracle have some overlapping products, but I think there are far more opportunities to work together than to compete. On the entire infrastructure part of the stack, I think we will work with Salesforce.com, again, to constantly improve security. Security is a very big issue now for Cloud applications. Everyone wants to be certain that their data is secure. Everyone wants to make sure that they've got 24/7 access to their data. And, I think by working with a Company like Salesforce.com, we gain all sorts of insights as to what is required of us to continuously improve that infrastructure so we can deliver that -- a higher and higher degree of security and a higher and higher degree of reliability to our customers across the board. On the application side -- that's the infrastructure side. So, just continuous improvement by working together, by doing joint developments, by gaining joint insights, serving our customers.

On the application side of the equation, customers like choices. They're going to choose Oracle applications. They have already chosen by the thousand, Salesforce applications, and they expect -- when you move to the Cloud, they don't expect a multi-year, hundred million dollar project to implement their next generation of applications and make those applications work together. To make the CRM applications in Salesforce work with the ERP applications of Oracle isn't going to be a multi-year, very, very expensive implementation. We've got to make that implementation work right out-of-the-box. You've got to be able to turn on the Salesforce CRM applications, the Oracle HCM or ERP applications, and those things just have to start sharing data and working together -- the key word being seamlessly -- as if they were from one vendor.

I think that's what Salesforce customers have come to expect. I think that's what Cloud customers have come to expect, and that's what Marc and I are committed to working on. That's why Oracle is going to use Salesforce products. Salesforce is going to use Oracle products, so we're going to be users of these integrations. We're going to make sure that they work. If they work for us, every day, they'll work for our customers every day. Next question, I guess.

THOMSON REUTERS

Operator

Aaron Ricadela, Bloomberg News.

Aaron Ricadela - *Bloomberg News - Media*

Hi, thanks for getting me in. So, I have a question too, actually for Larry. Looking at the announcement, and following all your announcements and calls this week, it looks obviously like Salesforce has committed to buy a lot of Oracle and that's really good for you. But, I'm wondering, two things. One, how does this deal, you've also announced a couple of points of integration with HCM and financials. How does this deal make the Fusion apps more appealing to customers? And, what are the opportunities for more integration? Could you see doing something that's more developer-oriented along the lines of what you did with Microsoft earlier this week?

Larry Ellison - *Oracle Corp - CEO*

Yes. Well first of all, this is -- Salesforce has always been an important customer for Oracle, but this is not about that. This is about the partnership with Salesforce.com. And, again, making our joint product better by working together. So, as I mentioned before, the pre-integrations at the application layer, the continuous improvement in security and performance and economy at the infrastructure level. All extremely important. That's going to come, not from a customer, supplier relationship but from the partnership relationship, and that is what is very important to Oracle moving forward.

And, why is it important Oracle? Because it is important to our customers. My suspicion is Marc would second that. The customers -- Salesforce is a big Company now. Customers expect us to work together professionally. And, toward the benefit of those customers. Now, we have a lot of people that use Oracle applications. It is a graceful upgrade from our current on-premise applications to Fusion and ERP to Fusion in the Cloud ERP, the Fusion in the Cloud HCM. As those customers upgrade, and those -- and they are using Salesforce CRM applications. Those customers want those integrations. We don't want each and every one of those customers having to hire a third-party or having to spend a lot of money to wire up the Salesforce applications to the Oracle applications. We'd like to deliver those integrations as products. You just plug them in, turn them on, and it works.

And, as far as how does that help Oracle Fusion applications? Well, it makes Fusion applications much easier to adopt. You've got -- you're an existing Salesforce customer. You're turning on -- let's just say, Oracle financial. It's much easier to turn on Oracle financial because it's pre-wired to your Salesforce CRM applications. So, we're trying, again, our big focus with this partnership is to make Cloud applications, all of them -- ours, Salesforce's, easier to adopt, easier to implement, and safe and secure to run.

Aaron Ricadela - *Bloomberg News - Media*

Thanks for that answer, Larry, and I believe you've said there are about 150 customers live on Fusion apps today? What would you say the crossover is with those customers running Salesforce also?

Larry Ellison - *Oracle Corp - CEO*

An awful lot of them. An awful lot of our customers run Salesforce. Let me tell you the ones that I know. Virtually every time we buy a Company, they're running -- I wouldn't say every time, but almost every time we buy a Company, they're running Salesforce.com CRM. And, in the old days, we would try to move them over to our sales automation application -- the Fusion sales automation application right away. We're going to leave some of those companies on the Salesforce application for this specific purpose of making sure our integrations -- that's why I say we're going to become a user of Salesforce.com's CRM applications. We're going to leave those implementations in place. We're going to wire them up to our financials, and we're going to be an early adopter of these out-of-the-box integrations. So, I mean obviously -- I am sure Marc can do a better job than me of telling you just how successful Salesforce.com has been in CRM. But, we see them all over the market. They're the market leader, and our customers expect for us to work gracefully with Salesforce.com. Both at the application level and the Company level.

THOMSON REUTERS

Aaron Ricadela - *Bloomberg News - Media*

Thanks.

Marc Benioff - *Salesforce.com - Chairman, CEO*

I'll just add to that, and thank you for that, Larry. We want to say this with some level of humility, which on this call is difficult. But, we have been recently ranked by Gartner in the last month as the number one CRM provider in the world. They say we're number one in sales, and we're number one in service. And, we just announced that we've entered into an agreement to buy a Company, ExactTarget, that we hope will bring us to be number one in marketing. In each and every case, our desire is to make sure that our applications and our platform are built on this world-class database technology. The way that we got to be number one in sales, service, and marketing, number one in CRM overall, in market share, and technology, is by making critical technology decisions. Fortunate for us, lucky at times, I'm sure, because as I said when you're building these types of solutions, especially to Jason's point, the multi-tenant shared solutions and the level of reliability and availability, security and scale and speed that we've become known for -- it's because we've made this critical decision to go with the Oracle database now 14 years ago.

And now, as we go forward, the level of -- is exactly what Larry said -- the level of security, the level of reliability, availability that we have to deliver going forward is even more important. And, that's why the Oracle database is even more important to us. When you look at 12c, when you look at Oracle Linux, when you look at Oracle Exadata, we're going to have a world-class capability. Then, as Larry articulated so well, those three words that Larry said, that the key to this announcement is working better together. The ability to integrate our Clouds, integrate our applications, integrate our platform, so that as customers are building these next-generation solutions that are mobile, that are social, that are delivering Big Data communities, delivering their own apps.

So many of our customers today have become software companies. They are app companies. It's amazing. It used to be when we made a sales call with Toyota or even at a major telecommunications company like Verizon, or, where I just was in France like an insurance Company like AXA, they looked to us as the software provider. Today, all those companies are software companies, and so it's even more important for us to be able to give a platform and an infrastructure to them that they can deliver these mission-critical apps to their customers. And, that's why working better together is more important than ever.

Operator

Mark Veverka, USA Today.

Mark Veverka - *USA Today - Media*

Hi, Larry. Hi, Marc. Just wanted to ask you how your relationship and the other relationships at Oracle as announced would have an effect on the competition with Amazon web services?

Marc Benioff - *Salesforce.com - Chairman, CEO*

Larry, I'll let you take that one.

Larry Ellison - *Oracle Corp - CEO*

Okay. Thank you. While, as you know, we have a relationship with Amazon. Again, I'm here primarily to talk about our new partnership with Salesforce.com. But, we have a relationship with Amazon, you can run the Oracle database on EC2, on their Elastic Compute Cloud. We think they're

THOMSON REUTERS

obviously an important player in the Cloud, and we would like to see the Oracle database running everywhere in Cloud. We look forward to a continued good relationship with Amazon.

Mark Veverka - *USA Today - Media*

Thank you.

Marc Benioff - *Salesforce.com - Chairman, CEO*

I'll just add that from Salesforce 's perspective, Amazon is a very important customer of Salesforce.com. Also, Salesforce is a very important customer of Amazon.com. You may know our Heroku environment runs natively on the Amazon infrastructure. And, in addition to that, Amazon is a very important partner of Salesforce.com in that we've architected our application programming interfaces to work seamlessly between Amazon's full range of services and our services so that customers can use Salesforce's applications and platform seamlessly with Amazon's infrastructure as a service.

Mark Veverka - *USA Today - Media*

Thank you.

Operator

Heather Bellini, Goldman Sachs.

Heather Bellini - *Goldman Sachs - Analyst*

Great. Thank you, Larry and Marc. I was wondering -- you all mentioned a reduction in implementation costs for your customers. I'm just wondering if you could give us a sense, on average, on a percentage basis, how much do you think this will save them given the implementations that you're going to be doing kind of out-of-the-box? Then, I guess the other question, Larry, that we've been getting a lot of is given the relationship and the partnership now between the two Companies, does this mean at some point we could see Oracle actually helping -- Oracle sales reps actually hoping to drum up leads for Salesforce.com in the area of SFA? Thank you.

Larry Ellison - *Oracle Corp - CEO*

Marc has never once turned to me to drum up leads for Salesforce.com, so I think they're doing a pretty darn good job on their own. I'm not sure that that's where they need our help. I'm sure they're better at that than we are. So, where we're going to work with Salesforce.com -- again is, two layers. In the infrastructure layer to make it more reliable and more secure and more cost-effective. All of the above. More reliable, more secure, and lower Salesforce.com's electricity costs, workspace requirements. Overall, just dollar costs, making it more compact, higher performance, and more manageable.

So, economics, reliability, and security, at the infrastructure level. Actually quantify how much of the savings will be when the integrations are out-of-the-box is a bit difficult. But, let me say, when every customer has to do their own project to wire up a Salesforce CRM application to let's say an Oracle HCM application. When every -- they had to do that over and over again. That's an astronomical -- not only a dollar expenditure, but the quality of those integrations will not be as good and reliability of those integrations and the security of those implementations won't be as good as our product-sized integrations. I think the savings is in time and dollars and downtime is enormous. It will more than -- and, I'll just venture a guess -- it will certainly more than cut those costs in half.

THOMSON REUTERS

Marc Benioff - *Salesforce.com - Chairman, CEO*

Well, I couldn't agree more with that, Larry. I'll tell you that in 2005, Salesforce.com introduced its app exchange, which has over 2,000 pre-built integrations, to thousands of ISVs all over the world, and we've shown that through the use of our app exchange, which is our integration platform, we have been able to dramatically lower the cost of integration for customers with these one-click implementations that we've done with so many exciting ISVs. But, the one customer that -- certainly the one software Company we've always coveted to have in our app exchange is Oracle, and this will be an exciting opportunity to bring Oracle into Salesforce.com's app exchange with these pre-built, one-click integrations. It will dramatically lower the cost for customers. It will give them the implementation capabilities into their existing Oracle applications, whether they're the financial application, HCM, manufacturing applications, or others. This is just an incredibly exciting thought that we can create a system that is going to work better together.

Heather Bellini - *Goldman Sachs - Analyst*

Thank you.

Operator

Fritz Nelson, InformationWeek.

Fritz Nelson - *InformationWeek - Media*

Hi, thank you. Just a follow-up to Jason's question on the relationship. Is this an end to the fun, entertaining potshots you like to take at each other over time? Also, Marc, how will we see the force platform evolve to support Java developers? Will they have direct access into the force platform?

Marc Benioff - *Salesforce.com - Chairman, CEO*

Well, I certainly hope it's not the end of the fun because that's one of the things that I enjoy most about our industry, and Larry and I for together for I think 27 years since I first started at Oracle in 1986. We've always enjoyed working together and having fun with each other, and hopefully it will be the end to us getting a little too revved up at times, which occasionally has happened. But, the vast majority of those 27 years have been epic and have created so much value for our industry and our customers that that's been the ultimate fun for both of us. I'll turn it back over to Larry.

Larry Ellison - *Oracle Corp - CEO*

Well, I'm sure both Marc and I are going to try to continue to be entertaining. While keeping -- making sure that the entertainment never distracts from our commitment to work together.

Fritz Nelson - *InformationWeek - Media*

Thank you. And Marc, on the force platform and how you're going to make that more available to Java developers? And, what that might mean for customers?

THOMSON REUTERS

Marc Benioff - *Salesforce.com - Chairman, CEO*

Well, that's been a major and critical part of what we've been focused on at Salesforce for the last several years. I think that Oracle had a brilliant move when they purchased Sun Microsystems, and I think perhaps the jewel at Sun even more important than any other technology was Java. And, of course, we work very closely with Java at Salesforce, but also we also have delivered Java as a service through our Heroku environment. We want to continue to do more with Java. I think this is a great opening for us to go even farther with Java and Oracle. I hope that Java developers will feel welcome using the Salesforce.com infrastructure.

Larry Ellison - *Oracle Corp - CEO*

Let me kind of add to that. Hopefully, this is not the last announcement that Oracle and Salesforce does together. We haven't spent a lot of time talking about the Java part of the platform. We focused on the database part of the platform. But, there is a Java part of the platform, and I think there are going to be opportunities for again Oracle and Salesforce to work together on the language part of the platform. Making sure that Java and force.com complement each other, and that people can build out -- can build those applications in the way they want to build those applications. And again, this is an area again where we haven't -- we're not ready to announce any kind of agreement. But, it's an area that Salesforce.com and Oracle can explore, and if it makes sense, we'll have another announcement and make another call and try to make all the developers happy.

Marc Benioff - *Salesforce.com - Chairman, CEO*

Absolutely, and I'm going to give Larry an open invitation to attend our Dreamforce conference which will be coming up in November. We will have 120,000 customers coming, and many of those customers would love to buy those Oracle applications from Oracle and love to introduce Larry to all our customers as well. I'll tell you that as I've started in opening up the call and now as we start to end the call, I just want to say I've never been more excited about being in the industry. It's an incredible time. It's a magical time. It's a fantastical time, and the things that we're seeing change in our industry. Things like the dramatic impact of billions of people on social networks. Billions of people on mobile devices. Huge shifts in how we deliver Big Data. How we've seen customers gravitate into communities, and how we have seen this next-generation world open up with the Cloud and apps of all sizes. It just shows me that the opportunities for transformation and change are just limitless right now.

And, the very concept that Salesforce and Oracle can come together to create a one plus one equals three equation. Or, a best of both worlds equation. Or, as Larry said beautifully, working better together means that we're able to provide an infrastructure for all of these new apps and all these new services and all these new kinds of computers. I've got -- I'm wearing two new computers on my wrist right now. It's an amazing time in our industry, and that this alliance is going to beget, I think, some incredible, new innovation for everybody. I'll turn it back over to Larry now.

Larry Ellison - *Oracle Corp - CEO*

Yes, again, I'll just -- first of all, let me accept Mark's invitation to Dreamforce. I would love to be there.

Operator

Arik Hesseldahl, AllThingsD.

Arik Hesseldahl - *AllThingsD - Analyst*

My question is pretty straightforward. It's about how these integrated applications are going to be presented to customers on a sales basis? Initially, I read it as if some of the Oracle applications, the Fusion applications might be resold by Salesforce. But, I've since been told that that's not correct. So, as a practical matter, how do these ultimately get presented to customers by the salesforces of each Company?

THOMSON REUTERS

Larry Ellison - *Oracle Corp - CEO*

I think Oracle will continue to sell Oracle applications, and Salesforce will continue to sell Salesforce applications. And, we'll both -- and the integrations will be available from either Company. So, that's why I believe it's going to work. You'll probably be able to go to force.com, do a search and just click. And, as Marc said, there's your integration.

Arik Hesseldahl - *AllThingsD - Analyst*

So literally, that simple to just turn on when you become a customer of either one? That makes sense.

Larry Ellison - *Oracle Corp - CEO*

Exactly. Again, to me, seamlessly means that it's almost as if it was coming from one Company. That the technology -- you can log into the Oracle Cloud, you can get the Oracle application. You log into the Salesforce Cloud, you get the Salesforce application. You press a button, and suddenly that integration gets loaded and the two applications immediately start sharing data and working together like it was delivered from a single vendor.

Arik Hesseldahl - *AllThingsD - Analyst*

Okay. That makes perfect sense.

Marc Benioff - *Salesforce.com - Chairman, CEO*

And again, as I said, you can see some examples of that if you go to appexchange.com as well.

Operator

Raimo Lenschow, Barclays.

Raimo Lenschow - *Barclays Capital - Analyst*

Thanks for taking my question. A quick one. I'm sensing you're changing the industry -- in the SaaS industry -- where you kind of started out with point solutions, best of [three-point] solutions. We now seem to be moving on towards more integrated Clouds and you guys, and if I look at the NetSuite agreement from this week, you seem to be starting to be delivering that. Can you talk a little bit about how your closer relationship is changing the competition that you see out there with [hybrid] point solution Clouds that we have out there? But, also with guys like SAP who are on the legacy apps business? Thank you.

Larry Ellison - *Oracle Corp - CEO*

Marc, I defer to you.

Marc Benioff - *Salesforce.com - Chairman, CEO*

I agree with you that this is -- we are entering the next step of our industry. I think Larry has articulated that as usual very well. He has articulated these market transitions, I think, with more clairvoyance than anyone else I know over the last 30 years. And, this next transition is that we are moving into a world of phenomenal services that are available instantly to customers of all sizes. And, these services are available today through

a wide range of capabilities. Whether it's traditional computers, though I think that's happening less and less. And, these services are emerging into [what will first serve] phones and tablets. But, as I said, I've got two things that I am -- wearables. I read this weekend about ingestibles -- about an incredible new type of computer.

I'm on the Board at Cisco Systems. We call it the Internet of everything. You can call it the Internet of things. We are in a new world. We're in the third wave of computing. That is what Larry's opening comments were. He said, we were in mainframe world and minicomputers, and that was the first wave of computing. That was about thousands of computers. We moved into the second wave of computing which was client/server which Oracle pioneered. And, I know -- I was there at the time, and it was an incredible time in our industry seeing the fall of the vertical stacks and the rise of the horizontal. Today we're moving into something dramatically different where it's not about thousands of computers or millions of computers. It's about billions and billions of computers, and that everything is on the network and everything is integrated.

My car is on the network. I was just with one of our customers in Europe, Philips, who has built a new toothbrush which is on the network. It is a Wi-Fi-based toothbrush, GPS-located. It is given me real-time feedback on how I am brushing my teeth, and when I go in to see my dentist the first thing he always asked me is well, Marc, have you been brushing? Now, I can't lie to my dentist any more. I've got to tell him exactly what has been going down because he's got all the data, and that's a new world.

It was interesting, recently in the New York Times, wrote a critical review of Elon Musk's Tesla, saying that it did not have the range. And then, Elon said, really well then why have you been driving it around in circles in the parking lot before you took it out to actually see if you could make it to our recharging station. People forget, everything is connected including that car so you know there's a new level of trust in the world with my dentist or with reporters or in every situation when everything is connected.

And, because of that world and very much to your question, this new world of services, this wide-hitting range, all these heterogeneous devices, computers, we could have never expected. We have this beautiful capability now with Oracle where if you need to manage your customer relationships more deeply using these Cloud services. Or, you want to manage some of the services that are available from Oracle like the financial services or the other key applications that they provide, you're going to be able to build very sophisticated, very complex and yet very, very easy to use apps that run on this new world in this new Internet. And, it's -- this is only limited at this point by our own imaginations what's possible.

The power of Salesforce and Oracle coming together, that seemed incredulous. But now, we're past that. Now, when you look at Salesforce and Oracle coming together, what can you build? What can you deliver that you couldn't deliver before? Not just in the lowering of the cost and making it more secure, but the value that we can provide to customers is just awesome. I mean, it's -- it becomes a door that is opened for all of us in the industry by honestly, Larry and I coming together, a door has opened that lets us go through into the future.

And, we are not going to be held back by anything of how the industry was. This is a new industry, and we are both committed to being leaders in this industry, and that's what makes this special. I think your question is right on to that point. This is a new world. This is a new time. We're in the third wave of computing, and Companies like Salesforce and Oracle working together are evidence that that's how it has to be in this new world because the value that can get created is just going to be epic.

Larry Ellison *- Oracle Corp - CEO*

Let me just continue with Marc's comments along that vein. It is a different world of computing, and we've come a long way from mainframes through client/server through the Internet and Cloud computing. In fact, it turns out that my open world speech is going to be about the Internet of things, and just how now we have billions of cell phones that we will have tens of billions of all sorts of wearable devices and sensors all over the place from everything from cars to drip irrigation to better conserve our precious natural resources. Everything is going to be on the Net. Everything is going to be optimized. It's going to put incredible stress on infrastructure that we build and Salesforce provides, and I think that's the big reason why we've committed to work together for the next decade and beyond. It's because there are going to be a lot of challenges, and by working together we'll be better equipped to meet those challenges as we actually begin to implement the Internet of things.

So, we're very proud about this new partnership with Salesforce.com. And, personally, I'm looking forward to working with Marc and Salesforce for years to come to tackle some of these exciting challenges and help the future arrive a little bit sooner than it otherwise would. Thank you.

THOMSON REUTERS

Operator

Ladies and gentlemen, this does conclude our conference. We thank you for your participation. Have a great rest of your day.