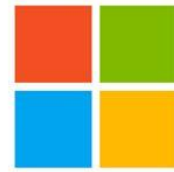


Competitive Analysis

Alec Flora Jake



Microsoft

ORACLE

Introduction

- In this presentation, we have performed a competitive analysis between Microsoft and Oracle, who are direct competitors in the technology market.
- Our analysis looks into each company's financial performance from 2014-2016.
- The objective of our analysis is to compare the two companies financial standings so that we can highlight the most beneficial investment opportunities.

Microsoft at a glance



- **Microsoft is also formally known as Microsoft Corporation is an American multinational technology company.**
 - Founded in 1975 by Paul Allen and Bill Gates.
 - HQ is in Redmond, Washington
- **They Develop, Manufacture, and Sell:**
 - Computer software
 - Consumer Electronics
 - Personal Computers
 - Services
- **Their most profitable products/services includes:**
 - Microsoft Cloud Service: **Azure**
 - Microsoft Office Suite
 - Microsoft Internet Explorer
 - Microsoft Edge Web Browsers.
 - Microsoft Xbox
 - Microsoft Surface Tablets
- **In 2016, they are the world's largest software maker by revenue and one of the world's most valuable companies.**

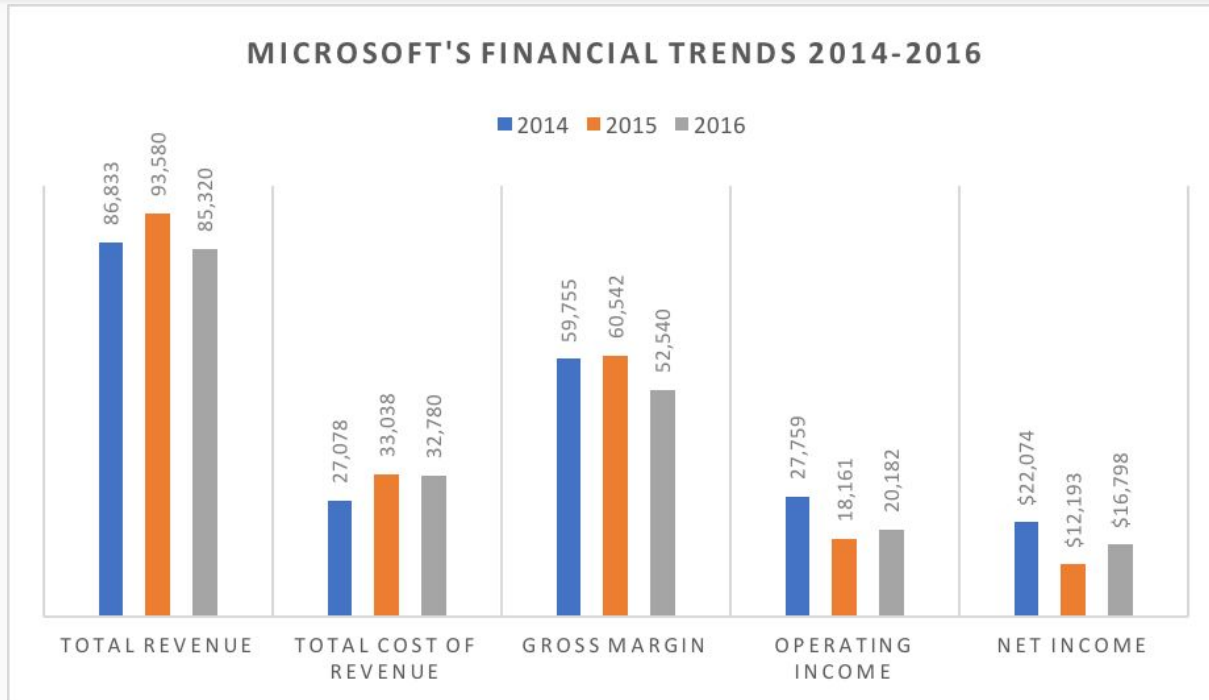
Oracle at a glance

- **Oracle is also formally known as Oracle Corporation is an American multinational computer technology company.**
 - Founded in 1977 by Larry Ellison co-founded with Bob Miner and Ed Oates.
 - HQ in Redwood Shores, California
- **They Develop, Market, and Sell:**
 - Database software and technology
 - Cloud engineered systems
 - Enterprise software products.
- **Their most profitable products/services includes:**
 - Oracle FlexCube
 - Oracle Banking Digital Experience
 - Oracle Financial Primesourcing
 - Oracle Consulting Services
- **As of 2015, Oracle is the second-largest software maker by revenue, right behind Microsoft.**

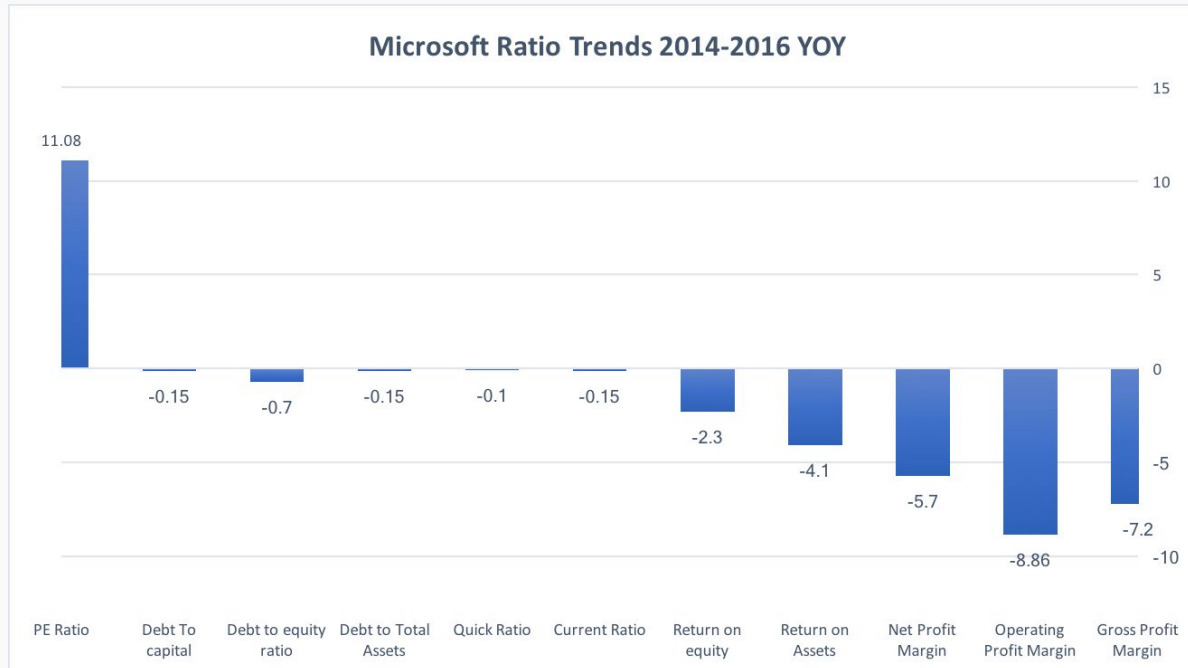
Microsoft

Analysis

Microsoft's Financial Trend



Microsoft's Financial Trend



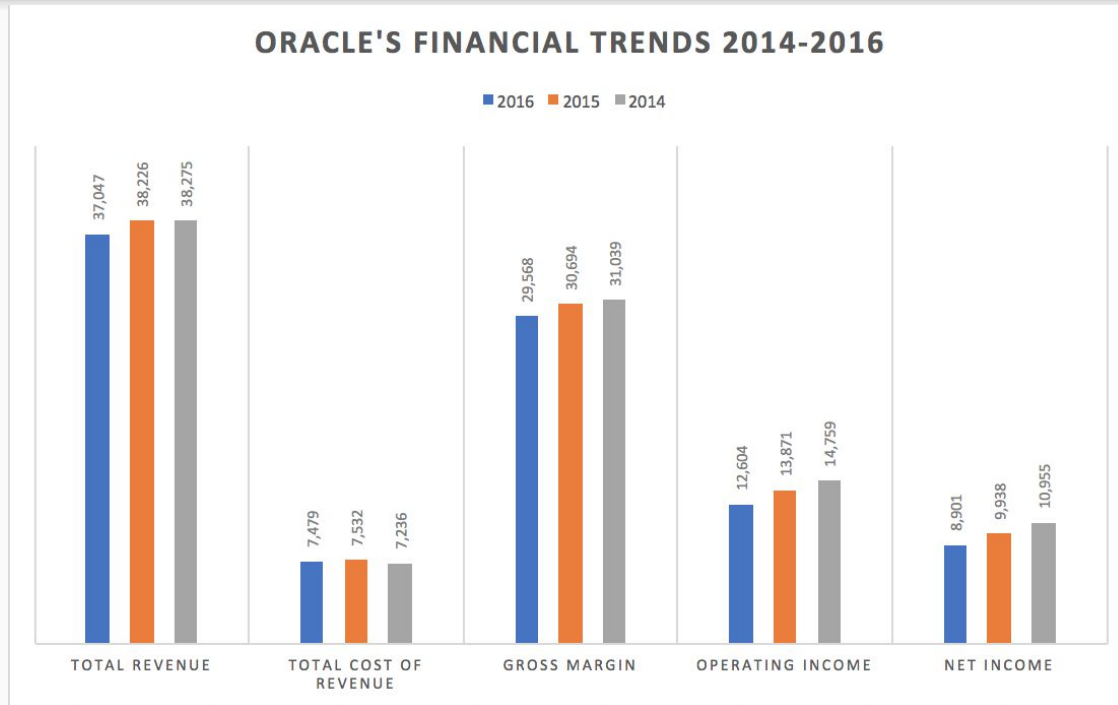
Microsoft Takeaway

- There is a **Noticeable decline** in financial performance in almost every segment from 2014-2016.
- **P/E ratio is high relative to other margins due to positive speculation in the 2017 - 2018 Fiscal years.**
- **Strong US dollar down revenue down.**

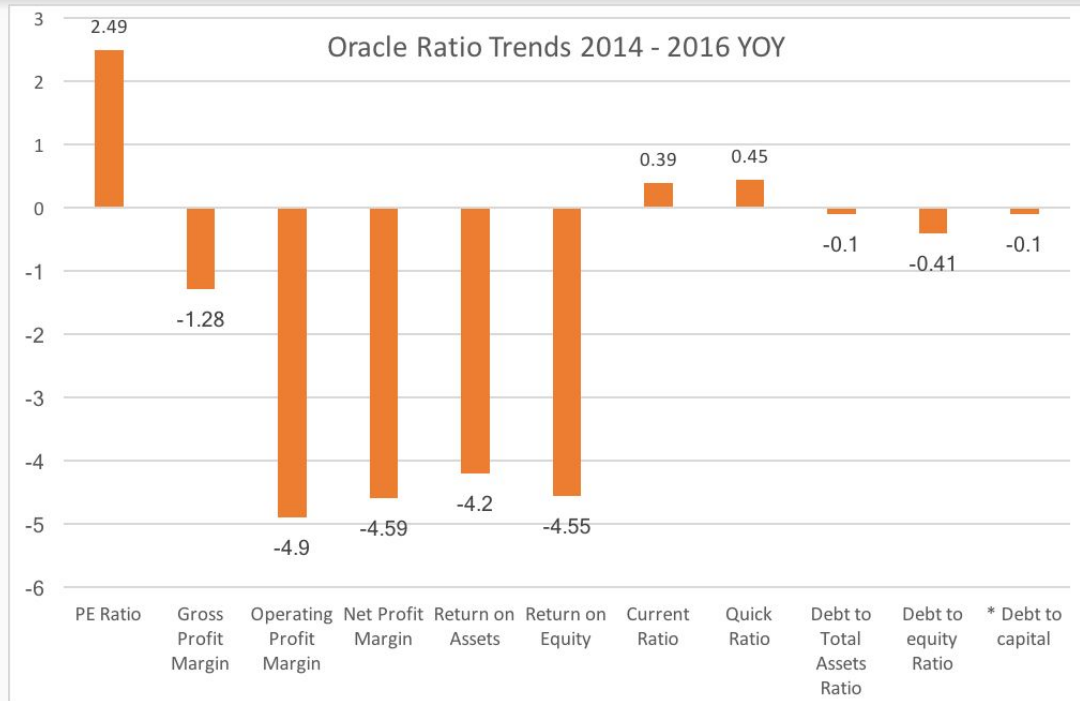
Oracle

Analysis

Oracle's Financial Trend



Oracle's Financial Trend



Oracle's Takeaway

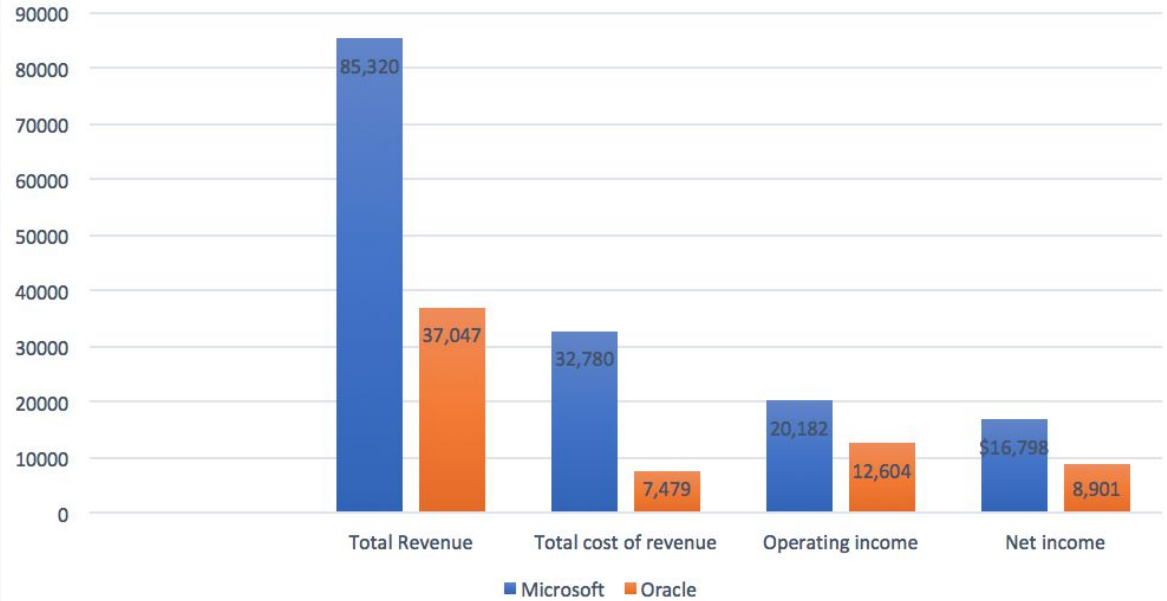
There is **a noticeable decline (along with Microsoft)** in financial performance in almost every segment from 2014-2016. However, **compared with Microsoft, Oracle's Ratio Trends of 2014-2016 out performs Microsoft as more of their numbers remains positive despite being adversely affected by low interest rates.**



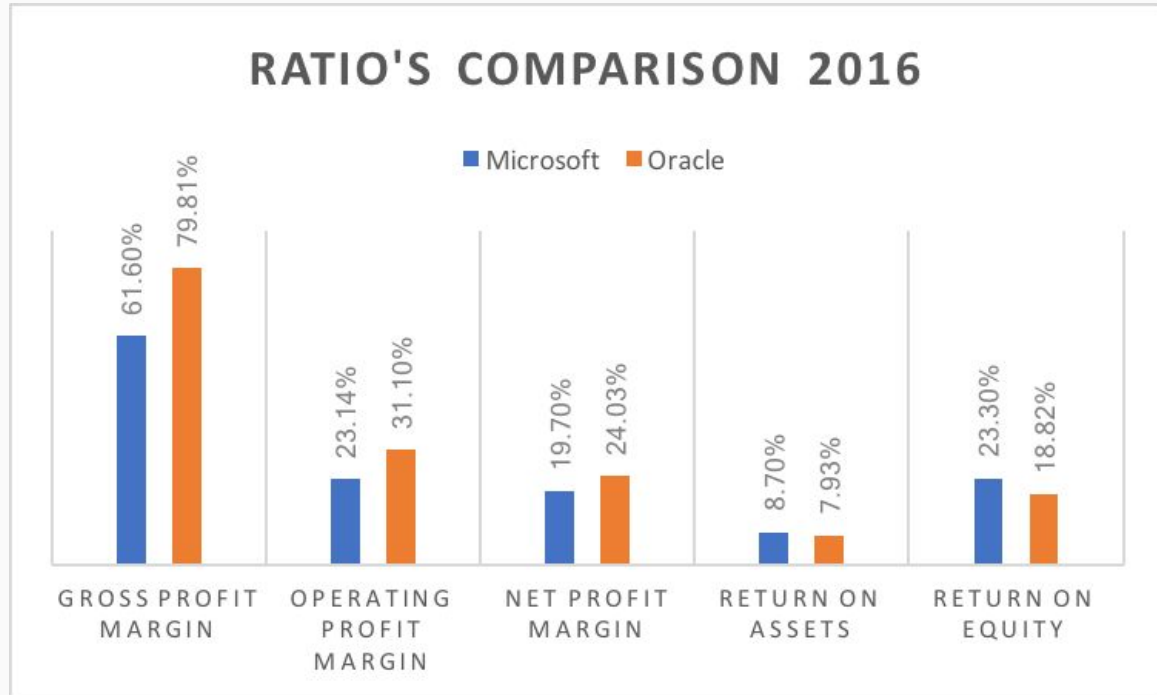
Side by Side

Revenue Comparison

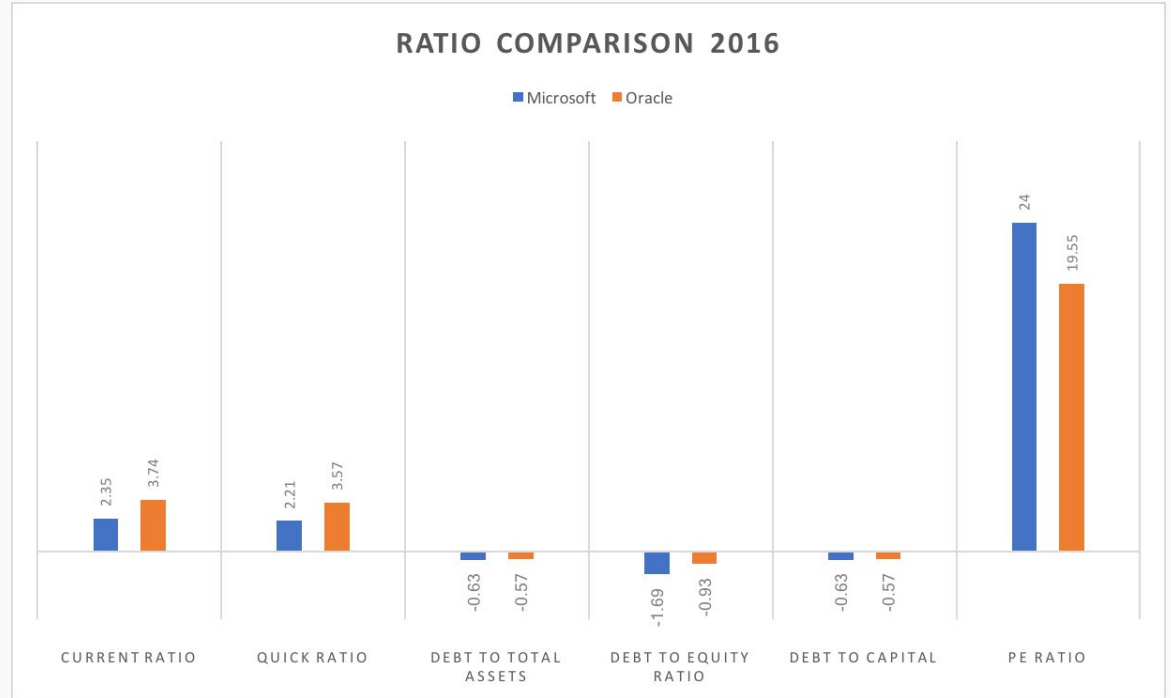
Microsoft and Oracle's Annual Report in 2016 (in millions)



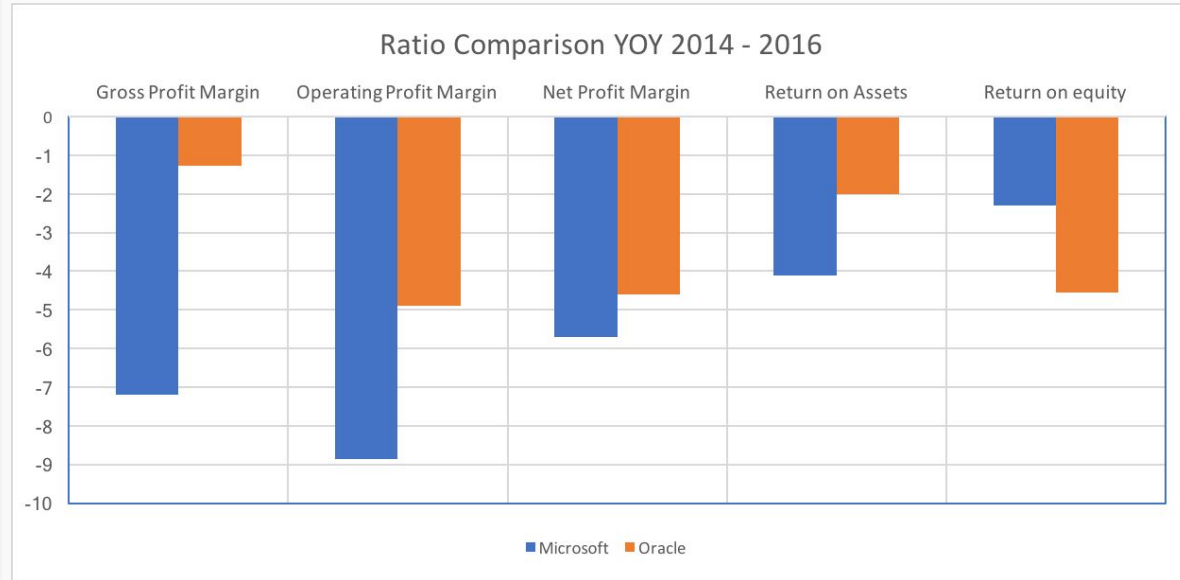
Ratio Comparison



Ratio Comparison



YOY Ratio Comparison



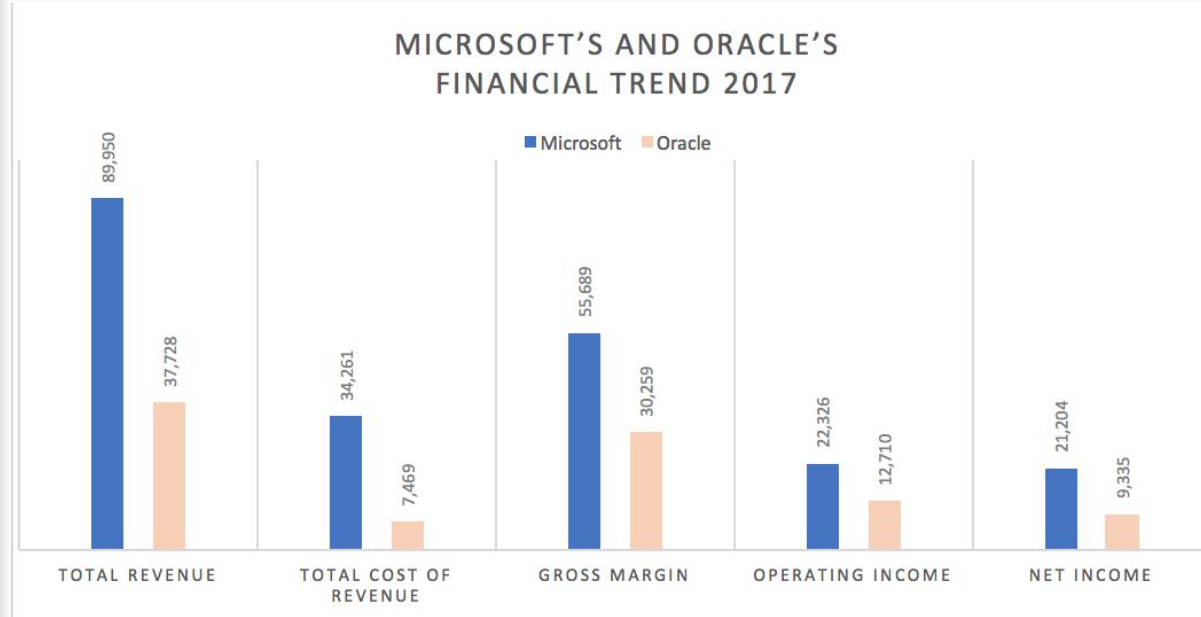
Consider
the
Following

Microsoft

Microsoft in 2017

- Microsoft is unexpectedly finding enormous success in the cloud software era, selling software to businesses on a recurring subscription basis.
 - **Microsoft hit its all time high in 2017 at a stock price of \$76.55.**
- The company's "Commercial Cloud" business is within spitting distance of its fiscal 2018 goal of a \$20 billion annualized revenue run rate. Its Azure cloud business, which competes with Amazon Web Services, grew 97 percent year over year last quarter, a re-acceleration of growth.

Microsoft's And Oracle's Financial Trend 2017



Key Takeaways

- **Several factors drove Microsoft sales down: High Taxes, Strong US Dollar, Poor PC sales, and High Cloud Services Costs.**
- Microsoft could more attractive because of its higher solvency, profitability and P/E ratios making it better for long-term investment.
- **Oracle performed better YOY compared to Microsoft and is gaining momentum rapidly making it great for short term investing.**
- Market prices are susceptible to change based on market sentiment and given the fact that Oracle outperforms Microsoft in most of the metrics/ratios used; we anticipate investors' optimism toward the stock to increase.

Which company is a better investment?



ORACLE

When comparing both Microsoft and Oracle, our group has come to the conclusion that **Microsoft** would be a **smarter, long-term decision**, while **Oracle** would be a **better short-term investment**.

Why?

Microsoft

- Microsoft unexpectedly performed strongly in 2017
- Maintained a **commitment to shareholder return**.
- Invested better in **innovation technology** and **expanded geographically** from 2015 - 2016.
- Increased **total cash return to \$26.1 billion**, up **12%** from last fiscal year.
- Microsoft 365 Office sales in the cloud soared 81%, making their Cloud Service **far more profitable**.

Oracle

- Currently transforming their business proposition from Hardware to Cloud Services.
- **60% increase** in Cloud sales
- Ridiculously high year-over-year growth margin
- Oracle shares jumped 8% following the news, and are **up 31% in 2017**



Thank you