

Financial Analysis of Oracle (ORCL)

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1. Introduction

Oracle is an international software provider and consultant that specializes in catering to the needs of corporations. While their flagship products deal in software services (databases and development tools), the company has also expanded into the hardware market by offering cloud hosting and computing solutions in addition to its software and consulting. Following its founding in 1977 it grew quickly and is now the 7th largest tech company and ranks 80th on the Forbes 2000 list.

2. Product Stack

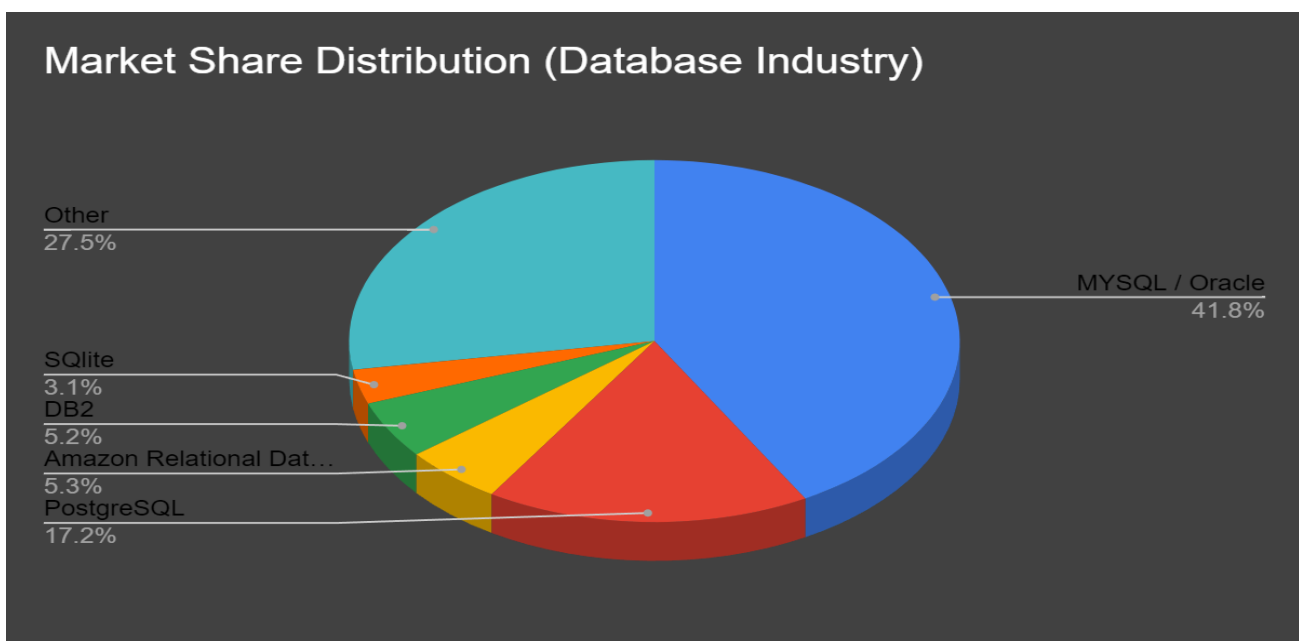
This qualitative report will primarily focus on the software and cloud infrastructure services provided by Oracle. This is due to the fact that these are the primary sources of income as well as the areas in which this company has the largest hold. The primary software services provided are :

1. Databases (Oracle DBMS / MYSQL)
2. Program Development Software (Most notably the Java language)
3. Cloud Services
4. Hardware
5. File Management Systems
6. Linux-based Operating Systems for Servers

Out of these services the databases and development software are leaders in those respective sectors. Examining the current market share and future prospects of these sectors can give valuable insight as to the direction in which the company is headed.

2.1 Databases

Databases are an essential to running a digital world that is constantly becoming more interconnected. They allow us to efficiently store and process large quantities of data on an unprecedented scale. Companies of all sizes and from all sectors are rushing to develop themselves online and require databases for various purposes. When looking at projections and reports [1-4]. Although this market is very old, it has been shown to be far from saturated and continues to grow at a steady pace [2]. With the recent boom in the AI and software industry as well as the expansion of cloud computing and storage there are many reasons behind this continued growth. Oracle developed the first database in 1979 and launched MYSQL in 1995 for business use and has taken advantage of it's early lead to refine it's technologies and create powerful software. This has also led to many more companies adopting this technology during the growth and development of the internet, IOT, software and AI industries. In addition to this, as MYSQL is sold to businesses as a subscription based license, Oracle is able to utilize it's size to provide a level of reliability, support and custom features that cannot be accomplished by businesses that are smaller or newer to this market. This lead is very apparent when analyzing it's market share [5]. The MYSQL / Oracle database suite holds a total of 41.8% market share while the next highest competitor holds only 17.2% of the market as seen in the chart below. As this ~ 41% market share is in an industry with a market cap of 162 Billion USD in 2023 with projections showing a 15.2% CAGR [12], these results indicate very large growth opportunities for one of Oracle's biggest and oldest sectors. The chart below shows the distribution of market caps in the database industry as recorded in article [5].

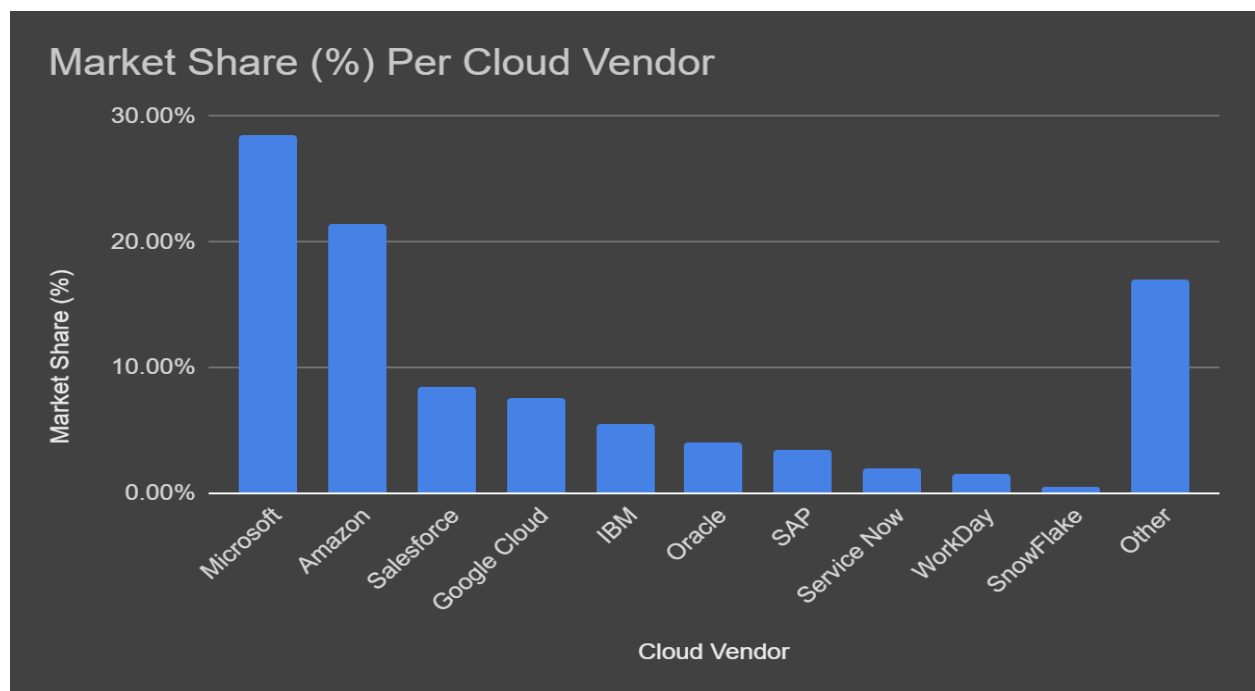


2.2 Development Software

Oracle also develops its own suite of development tools primarily focused around building servers along with desktop and mobile applications. The primary language for these tools is Java which they maintain and distribute. Java has been shown to be a highly scalable and reliable language for a variety of tasks ranging from server development to game creation. Looking at GitHub statistics, Java is the second most common language to receive push requests (these indicate how much software is being developed using that language) comprising 11.9% of all push requests [6]. This trend continues as it is also the second most popular language for pull requests (these indicate how many people are downloading software that uses this language) and has shown steady and stable growth since 2012 [7]. In addition to this, there are also tools developed for coding in SQL which is an integral part of interacting with databases including the ones developed by Oracle.

2.3 Cloud Services

Oracle's cloud computing services are a much newer addition to the product stack, being introduced in late 2016. As of May 2024 they are estimated to be between the 5th and 7th largest cloud service provider [8-11]. As seen in the chart below based on data from [8], Oracle is much smaller than the top two performing services but has massive growth potential especially considering its software suites.



2.4 Hardware

Oracle does not sell hardware directly, rather the server space is rented on the cloud to customers. These tend to be small-medium sized businesses looking for a scalable server that is compatible with the Oracle development databases and software.

3. Business Model

Oracle makes its profits from three major streams :

1. Software Licensing
2. Consulting
3. Hardware Renting on the Cloud

3.1 Software Licensing

Oracle's primary sales involve its software licenses which encompass the databases, development tools and support. While many of these softwares have free alternatives there are many key points which influence business to buy such licenses :

- As a company, they have a track record of reliable and consistent performance for many decades in the industry.
- Their software products and tools are known to be highly stable and reliable, both of which are top priorities for any code that is to be deployed.
- New versions are expected to have excellent backwards compatibility and be bug-free at launch.
- Oracle is known to have excellent technical support for all of its products which is a service not available for free and open source software.
- As many of these products began development as early as the 1970s, the software tends to be very mature and feature rich.
- Oracle offers a suite of tools that cover everything from databases to development to server deployment with high compatibility. This eliminates the need to find multiple compatible tools that a business would require for production.

The model by which profit is made on these software products is known as a SAAS (Software as a Service) business model. This model allows customers to buy subscriptions to either an individual tool or package of services and are generally renewed annually. This allows Oracle to maintain a steady stream of cash flows from

customers at fixed intervals. The use of subscriptions also allows them to easily provide support and updates for the entire duration of a product's life cycle and helps maintain constant growth. Due to the fact that Oracle began the practice of subscription-based services much earlier than their competitors, they have dominant positions in their primary industries within which they receive at least stable annual payouts.

Oracle also enjoys the benefit of a mostly captive audience within its dominant positions as it is incredibly expensive for a company to switch software for their products and can take years for a business to develop a new software of the same quality.

3.2 Consulting

Much like its software services, Oracle's consultancy services were founded extremely early (1977) and they have used this head start to capture a large portion of the market. Specifically, Oracle provides consulting services for software and server problems for businesses that cover three sectors :

1. Cloud and Technology Consulting
2. HCM Consulting
3. ERP Consulting

As of May 2024 they are one of the largest consultancy firms for this industry. Reports estimate that the CAGR for their consulting services will be ~ 14.82% till the year 2027 [13]. Other articles [14-15] also estimate high growth potential for this sector.

The growth seen in this sector directly benefits the software and cloud services they sell as consultants will recommend Oracle services to all their customers.

Some of their most prominent customers include :

- Starbucks
- Qatar Airways
- Zoom
- Red Bull Racing
- Xerox
- Chipotle
- Baylor College of Medicine

3.3 Hardware Renting on the Cloud

Oracle rents out hardware in the form of server space to customers as an infrastructure platform. The objective of this service is to allow customers to find everything they need from data warehousing to deployment and cyber security all in one place. As the space is rented this part of the business model shares the advantages of the SAAS section and benefits from the consultancy services. This practice has been termed IAAS (Infrastructure as a Service).

4. Expansion Opportunities

As shown in the sections above, Oracle's existing businesses have massive markets to grow into as they are currently expanding while having a business model that allows both quick growth and stability.

However, Oracle is also planning on expanding into a new sector of the market that could prove highly profitable. In May 2024 they announced an AI powered coding assistant to be added to their software development toolkit [16]. Reports such as [17] estimate that upto 75% of industry professionals will use AI-assisted coding tools within the next decade and these findings are corroborated in articles such as [18]. Oracle has already shown an outstanding track record of developing high quality business software and finding customers willing to pay massive sums for such services as seen in sections 2.1, 2.2 and 3.1 of this report. This could provide potential for Oracle to utilize yet another market to further diversify it's profits while increasing revenue.

In addition to this, Oracle has been continuously acquiring new companies with the use of cash gained from it's subscription services. These further help diversify and expand it's future opportunities.

5. Diversification

Even though Oracle is a software based company, due to the widespread applications of it's products and services the company's profits are incredibly well diversified. Oracle's business partners span 22 different industries [19] and Oracle has performed major consulting projects in each of these industries. In addition to this it's database

software is so widely used that any given industry will use Oracle's DB solutions to store data ~ 41 - 42 % of the time [5]. This allows the company to show extremely stable earnings while minimizing risk. This can also be seen in their consistent growth in dividend yields. The international nature of this business also allows for Oracle to gain revenue from multiple international markets and makes it less sensitive to dips within its national market. This combined with its numerous investments and acquisitions allow Oracle to be an even more diversified company that allows for a high degree of stability.

6. Recent Acquisitions, Investments and Their Impacts

In the Financial year 2022 Oracle acquired Cerner through an all – cash tender offer. (an all-cash tender offer for \$95.00 per share, or approximately \$28.3 billion in equity value) Cerner is a leading provider of digital information systems used within hospitals and health systems to enable medical professionals to deliver better healthcare to individual patients and communities. With this acquisition, Oracle's corporate mission expands to assume the responsibility to provide our overworked medical professionals with a new generation of easier-to-use digital tools that enable access to information via a hands-free voice interface to secure cloud applications. Oracle's acquisition of Cerner Corporation, a healthcare technology company, for approximately \$28.3 billion was a major factor for the negative debt equity ratio of FY 2022. This acquisition significantly increased Oracle's debt as it financed the deal through a combination of cash and debt, impacting its debt-to-equity ratio negatively. To finance the Cerner acquisition, Oracle took on a substantial amount of new debt. The increase in total liabilities outpaced the growth in shareholders' equity, leading to a negative debt-to-equity ratio. Moreover, this also reduced the investment flow in the cash flow statement of FY 2022.

Other Acquisitions of Oracle were:

- AdventNet, Inc (ManageEngine): Oracle acquired assets from AdventNet Inc. specifically
- Related to its ManageEngine product line. This acquisition was done with the intent to enhance its IT operations management capabilities
- Fedros: Fedros, a provider of AI-optimized solutions for network and service management, was acquired by Oracle. This acquisition aims to bolster Oracle's capabilities in managing complex network infrastructures, particularly benefiting its cloud services.
- Moat: Moat, an analytics and measurement company that offers solutions for advertising and marketing effectiveness, was another addition. Oracle integrated

Moat's capabilities to strengthen its Oracle Data Cloud, providing better insights and analytics for digital advertising.

All these acquisitions were collectively made by Oracle to enhance its product portfolio especially in the areas of cloud services, IT management, customer experience, and data analytics. These strategic moves are part of Oracle's broader effort to compete more effectively with other technology giants and to offer comprehensive solutions across various domains.

Moreover, Oracle's core business areas, particularly cloud services, may not have grown as rapidly as expected. While Oracle has been making significant investments to compete with leading cloud providers, slower-than-expected growth in these areas impacted revenue and profit margins, making it harder to offset increased debt levels.

But the positive impact of all these acquisitions and investments could be seen in the upcoming FY 2023 and FY 2024. The integration of Cerner added substantial revenue, contributing \$1.5 billion in the fourth quarter alone and \$5.9 billion for the entire fiscal year. This acquisition was a key factor in Oracle achieving an all-time high revenue of \$50 billion in 2023, marking an 18% year-over-year increase.

Additionally, Oracle's investments in the cloud storage industry have significantly influenced its performance and market positioning in the subsequent years. The company's strategic focus on cloud services has resulted in robust growth in both revenue and market share. The pre-planned strategic investment has boosted Oracle's financial performance, enhanced its competitive positioning, and driven innovation, setting the stage for continued growth in the coming years.

Oracle has proven itself as a growing company characterized by exceptional decision-making and remarkable foresight. The strategic acquisitions and investments in cutting-edge technologies like cloud infrastructure have not only solidified its competitive position but also ensured sustained growth and innovation for the future. This visionary approach underscores Oracle's ability to adapt and thrive in a rapidly evolving technological landscape.

7. GEIC Analysis

7.1 Global

During the year 2023 2024 the global economy saw a mix of ups and downs. After the upheaval caused by the COVID 19 many countries started bouncing strongly. However this progress was overshadowed by issues, like the Russia Ukraine conflict, which disrupted energy supplies and added to inflation. Central banks worldwide reacted by tightening policies and increasing interest rates to tackle rising prices. While this move was necessary to curb inflation it also slowed down growth in some areas. Emerging markets faced challenges, from money leaving. Their currencies are losing value making their recovery more complex.

The financial markets, during 2023 2024 saw a lot of ups and downs making it tricky for investors to make decisions in the climate. Stocks had a bag of results with technology and energy sectors standing out thanks to their innovations and price spikes in energy. Bonds took a hit with rising interest rates bringing down bond prices and making fixed income investments quite challenging. The world of cryptocurrencies which had been booming in the years faced pressures and wavering investor trust causing big price fluctuations. Overall despite some areas performing well the global financial scene mirrored the uncertainty and uneven recovery path.

In particular if we look at the largest market in the world, the US Market. Their index with 500 of the largest companies listed in US Exchanges known as S&P 500 was up 26.33% in the past year as of 17 May, 2024 which is spectacular growth in comparison to the global average growth per annum.

Market Summary > S&P 500

5,303.27

+1,105.22 (26.33%) ↑ past year

17 May, 4:20 PM GMT-4 • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Following a similar path, another one of the world's largest markets, India also showed incredible growth. India's index known as Nifty 50 comprising of the top 50 stocks listed in the NSE also had a growth of 23.92% as of 17 May, 2024 beating global average per annum.

Market Summary > NIFTY 50

22,466.10

+4,336.15 (23.92%) ↑ past year

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1D 5D 1M 6M YTD 1Y 5Y Max



7.2 Economy (SWOT Analysis)

Strengths : The United States boasts a varied economy with key sectors like technology, finance, healthcare and manufacturing leading the way. It thrives thanks to its excellent workforce, natural resources and resilient financial markets. Moreover, the nation's expansive and well-maintained infrastructure play an important role in fostering ideas and driving innovation.

Weaknesses : Despite its strengths the US grapples with issues such as income inequality and extensive public debt. Its healthcare system often proves inefficient and costly while disparities and underfunding plague the education sector. Political divisions impede policymaking introducing uncertainties that could hinder stability and progress.

Opportunities : The US stands poised for growth opportunities driven by advancements in Artificial Intelligence and Renewable Energy sectors. Potential new trade pacts may also unlock previously unexploited markets. Furthermore, significant enhancements in healthcare reforms could improve efficiency and accessibility. Strategic investments in workforce development— in education and training—have the potential to bolster the economy along with its various industries.

Threats : Despite its resilience the US Economy faces high risks stemming from conditions like possible recessions or financial upheavals. Geopolitical tensions such as trade disputes or conflicts pose threats to stability. Rapid technological shifts also loom as a challenge by disrupting established industries—necessitating adaptation, from businesses and policymakers to sustain economic growth and stability.

7.3 Industry

As Oracle has a diversified product range, it is necessary to analyze the performance and growth potential of each individual industry.

1. Database Market

As the world moves to a more digital age especially with the rise of big data and AI, the importance of data storage is paramount. When the sheer volume of data that is being generated on a daily basis is taken into account, this market demonstrates huge potential despite it's already massive size. Reports and articles [1-4] expect massive gains with the CAGR estimated to stay between 12 - 17 % for the following decade.

2. Software Industry

The software market has experienced many booms over it's lifespan. There was the initial expansion when computers were first introduced, then the dot com bubble skyrocketed the industry again. Currently, the introduction of artificial intelligence as well as the expansion of the internet are facilitating another expansion of this domain. Various articles and reports [20-21] estimate strong future growth for this market. Furthermore, [17-18] indicate that very specifically, AI powered coding tools will see widespread adoption within this industry over the next few years.

3. Cloud Services

As the internet becomes more ever present in our day-to-day lives, businesses need to not only leverage this tool to their advantage but might also need to completely shift their focus to a more online-oriented approach. Cloud services are one of the fastest growing industries within the world of technology due to this. They allow businesses of all sizes to easily go online and scale with convenience and speed that is not possible with traditional server setups. As such this industry has massive upside potential and these conclusions are corroborated in articles [22-23].

4. Server Infrastructure Consulting

With the rise of cloud computing and software, companies are in need of highly trained and experienced professionals to select a tech stack that is compatible and then to set up and host a server. Small to mid-sized companies can often struggle finding employees with the requisite industry experience. Even when found these employees require high salaries due to that experience. Consultancy firms can help bridge this gap by providing companies in need with trained professionals for a fixed number of months to complete a given project. This hypothesis is also supported by reports [24-25].

7.4 Company

The recent financial achievements of Oracle can be attributed to a great comeback from some bad results which were previously experienced. In FY 2022, the company was hit by unexpected high demand for cloud services alongside a large spend on acquisitions in that year resulting in massive dips in stock price and negative shareholder equity for that year. On the contrary, the future years, especially FY2023 and 2024, have seen Oracle rebound strongly, moving from a rich in cash company to a financially healthy one with growth. The net income for the company is higher compared to the same period in the previous year, showing good overall profitability and significant increase in earnings per share. The price-earnings ratio for Oracle is much higher, which is the reflection of the high expectation that growth may be there in future for the company. In contrast to the equity-debt ratio that appears to have risen, Oracle's strategy is to leverage debt for the expansion purpose. Oracle succeeds in maintaining steady dividend pay-outs and a high average sales ratio powered by recurring subscription revenues. Through these moves, the company can adapt and apply an innovative approach to the changes in the current marketplace. Yet, such difficulties continue to prevail in this context as depicted by the current and quick ratios which point to possible liquidity problems.

8. Quantitative Fundamental Analysis

The consistent increase in revenues and operating income indicates strong business performance and efficient cost management.

The major loss/ fall in meeting the expected results of FY 2022 have been majorly attributed to the overestimation of cloud services demand. Those losses have been attributed to the investment income. Oracle's operating income has shown significant

improvement since then for the upcoming FY 2023 and 2024. Its business has been approaching from Cash Rich Company to Profitable growing Company.

The expected boom from the cloud industry has been observed in FY 2024. Oracle being prepared for the up rise in demand, could cater the need of the market hence maximize its profit.

The net income for Oracle has also been on the rise. In Q1 FY 2024, net income was \$2.4 billion, up 56% year-over-year. For Q2 and Q3, net income was \$2.5 billion and \$2.4 billion, respectively. Earnings per share (EPS) have followed a similar trend, with Q1 diluted EPS at \$0.86 (GAAP) and \$1.19 (non-GAAP). By Q3, EPS was \$0.85 (GAAP) and \$1.41 (non-GAAP), reflecting strong profitability growth

8.1 The Price Earning Ratio

The Price Earning Ratio (P/E ratio) indicates that the stock of Oracle may be overvalued compared to its historical average. This suggests that investors are optimistic about the company's future growth prospects. Currently, Oracle's P/E ratio lies between 31-35, which is higher than its competitors like Salesforce (67.78) and Microsoft (36.32), indicating that Oracle is outperforming them.

However, when considering Oracle's 10-year PE average of 24.4, we can see that it still falls within a reasonable range for a mature technology company, which typically ranges from 10-25. This shows that Oracle's current P/E ratio is at a premium, but not excessively so. It is important to note that historically, Oracle has demonstrated resilience and growth, with its P/E ratio reflecting periods of significant market confidence.

In summary, the current PE ratio of Oracle exceeds its historical average, which can be seen as an indicator of sustained growth for the company.

8.2 Debt to Equity Ratio

The debt-to-equity ratio for FY 2024 stands at 15.65, signifying Oracle's heavy reliance on debt financing over equity. This poses risks if not handled properly, particularly during financial difficulties. However, Oracle's high debt-to-equity ratio is a result of a deliberate strategy to utilize debt for expansion and competitive edge. The company's steady cash flow, effective capital management, and targeted investments in growth sectors underscore the favorable elements of its financial approach. These factors position

Oracle as an appealing investment option for individuals seeking a company that adeptly employs leverage to propel sustained growth and enhance shareholder worth.

8.3 Dividend Ratio

Oracle has a long-standing track record of distributing dividends (with a pay-out ratio of 41.07%), demonstrating its dedication to rewarding shareholders. The firm has consistently raised its dividend pay-outs over time, signaling to investors its belief in the company's future earnings and cash flow reliability. Oracle's dividend yield and pay-out ratio are strong compared to other companies in the technology sector. While some tech firms prioritize growth over dividends, Oracle's strategy offers a well-rounded approach that attracts both growth-oriented and income-focused investors. This well-rounded strategy highlights Oracle's financial strength and effective management, positioning it favorably in the technology industry.

8.4 Book Value

Stock price of Oracle is much higher than what it is in books, which is not a rare case for tech firms who mainly focus on intangible assets and R&D. Despite financing huge investments during its transition into a cloud computing company, Oracle has also been able to keep a robust shareholders' position, which is evidence of its financial strength and capacity to be innovative. Investors value the market much higher because they have trust in the company and its ability to achieve future earnings and growth goals. This implication holds that the market has given a high return expectation to the strategic efforts of Oracle as well as better and stable market position particular in the future.

8.5 Sales Ratio

Much of Oracle's Business model is that of an end-to-end development environment with extra services like consultancy and database. Their main form of revenue comes in through subscriptions for their various services. As a tech company with a long-standing history Oracle has a huge amount of legacy code which works in its have. Many customers of Oracle have been with the company for many years and thus, much of their own structures are made by Oracle. This has allowed Oracle to keep its market share well in hand even with the rise of competing products like Python, PostgreSQL and TCS. Oracle's steady financials and competitive R&D have allowed the company to break into new markets like Cloud computing, garnering a steady following in that space as well.

Current Ratio and Quick Ratio of the company are less than 1 suggest potential liquidity issues, indicating that the company might face difficulties in covering short-term obligations without raising additional capital

9. Technical Analysis

Market Summary > Oracle Corp

122.67 USD

+22.90 (22.95%) ↑ past year

17 May, 10:51 AM GMT-4 • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



This section of the report will cover the Technical Analysis of Oracle Corp. As we have seen in the Fundamental Analysis Oracle seems to have extremely strong and safe Fundamentals and Financials which can also be seen in the strong change of its stock price. In the last 12 months, the stock price of Oracle has gone up 22.95% to \$122.93 per share as of 17 May, 2024.



This chart represents the analysis done on the basis of candle charts using indicators such as :-

Supertrend - Supertrend is a technical analysis indicator that identifies the prevailing market trend by incorporating price action and average true range (ATR). It plots a line on the price chart, which flips from above to below the price (or vice versa) to signal potential trend reversals, aiding in trading decisions. It is denoted by a red line over the candle when selling pressure is higher and green line under the candle when buying pressure is higher

SRChannel - SRChannel (Support and Resistance Channel) is a technical analysis tool used to identify key support (green) and resistance (red) levels. It plots horizontal lines on the price chart, representing historical price levels where the asset has repeatedly reversed direction, helping traders make informed buy or sell decisions based on these levels.

Volume – Volume represents the amount of shares traded on a particular time frame, red implying higher selling volume and green implying higher buying volume.

EMA - The Exponential Moving Average (EMA) is a technical analysis indicator that gives more weight to recent prices to smooth out price data. It responds more

quickly to recent price changes compared to the Simple Moving Average (SMA), making it useful for identifying short-term trends and potential entry or exit points in trading.

MACD: The Moving Average Convergence Divergence (MACD) is a momentum indicator that shows the relationship between two moving averages of an asset's price. It consists of the MACD line, the signal line, and a histogram. Traders use it to identify potential buy or sell signals based on crossovers, divergence, and overbought or oversold conditions.

RSI: The Relative Strength Index (RSI) is a momentum oscillator that measures the speed and change of price movements. It ranges from 0 to 100, with readings above 70 indicating overbought conditions and below 30 indicating oversold conditions. Traders use it to identify potential reversal points and assess the strength of a trend.

The timeframe used for this technical analysis is 1 week for 1 candle. After proper analysis and creation of trend lines following the start of 2024 it can be noticed that the resistance zone is extremely important for oracle as it has continuously been trying to break this particular resistance



Further on we can even form a trend line using all the previous lows for the past few months. This gives us another trend line focusing on the upside



As the 2 formed trendlines converge, It is evident that the trajectory of the share price moves in an upward direction as long as it can pass through the minimum resistance level of about 128\$/share.

The lower trendline could be used as trailing support as can be seen with every candle moving up right as it reaches the trendline formed.



On similar notes in this analysis we can see that MACD and RSI Indicators are being used, the converge of MACD in 12 and 26 week time frames could prove very well in terms of entry into Oracle.



Moving on, using EMA 9 & 26 weeks as an indicator proved very inconclusive and did not give any proper results and entry points in the future

Finally, we believe the entry point to oracle would be at around \$130/share within July-August supported by high enough volume during its breakout over the trendline's convergence. It can be seen that the resistance level in the charts with heavy sell pressure is at \$128/share so if Oracle could pass that threshold before the convergence of the 2 shown trendlines that is around August-September followed by higher volumes used as a confirmation of this breakout it would mean very well for the stock in the longer time horizon. Even though the stock price currently is below the recommended price, it has not shown enough power to break through the resistance in the weekly timeframe so as to signal a buy. This signal would only be shown once the resistance is broken with high enough volume supported by its underlying lower trendline. The estimated timeframe for safe entry would be close to July-August, 2024 at a price of roughly \$130 per share.

10. Competitors

Due to the multifaceted nature of Oracle's product stack, they encounter different sets of competitors in different markets. This report will analyze each market individually and draw conclusions for each sector separately.

10.1 Open-Source Competitors

The biggest competitors to Oracle's database systems and programming language support are open source projects such as PostgreSQL and python. However, history has shown that companies are willing to pay massive premiums for reliable and validated software for reasons explained in section 3.1 and demonstrated in [5-7]. As such, these software products are expected to continue growing and performing well.

10.2 Cloud Computing Competitors

One of the newest markets Oracle has made headway in entering is cloud computing and IAAS. Despite it being significantly smaller than competitors such as Microsoft and Amazon, Oracle has invested heavily in cloud computing [26] and has shown extremely quick growth as a result [27]. In addition to this, the growth shown in its consulting services will continue to increase its cloud computing market share as more new customers are brought in.

10.3 IT Consulting Competitors

Oracle also faces competition within the consulting space as rivals such as IBM, TCS, Wipro and others also fight for the same market share. The largest advantage Oracle has in this field is its head start and as such the vast network of projects and business partners. It has remained one of the top IT consulting firms decades later and has historically shown consistent results on its project which appear highly appealing to potential clients.

11. Potential Flaws

When analyzing a security, it is also important to consider what risks may be associated with a given investment. As Oracle is a company that provides services first and foremost, it generally does not hold a large volume of assets. This can lead to shareholder equity and book value being erratic or even negative in some cases. If this persists for more than a year, it could indicate a failing company. This occurred once during the year 2022, but upon closer inspection is not particularly concerning as

1. Their liabilities are disproportionately high due to investment into new markets.
2. They recently spent large sums acquiring smaller companies.

3. The top earning sectors are software based and as such have no tangible assets that can be accounted for on a balance sheet.

This sporadic nature of its balance sheets could be a cause for concern if there is any market crash.

While it does show promise in the cloud computing space we must remember that it may take many years till that sector of its business grows enough to compete directly with Microsoft and Amazon. There has also been a very recent push in China to develop cloud service providers and it remains to be seen as to whether they can be competitive in the global market.

Finally, as Oracle is an international corporation with many customers worldwide a decline in global markets would have a proportionally bigger impact on Oracle's stock than on a company that is more focused around the national market.

12. Conclusion

To conclude, Oracle is a strong company with good fundamentals and technicals. They have used decades of experience in the market to garner a reputation as a reliable and high-quality business which is crucial in a service-based industry. The track record for dividend growth rates is very strong and consistent going back more than a decade. The only major outlier and dip in its financial performance was seen in 2022 as a result of a lower than expected growth in the cloud market as well as acquisitions of a fairly large scale, although this trend reversed in 2023. As such this report will consider Oracle a strong option to buy. The technicals indicate that the best entry point will be at any price below 130\$ between the months of July and August 2024.

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