How Oracle Makes Money

Idea In Short

Oracle built its business on relational database software before expanding into enterprise applications, hardware and, more recently, cloud infrastructure aimed at powering Artificial Intelligence workloads. Founded in 1977 by Larry Ellison, Bob Miner and Ed Oates, the company still generates substantial revenue from software licenses and support contracts tied to decades of enterprise customer relationships. Its more recent push into Oracle Cloud Infrastructure has produced rapid growth, with the company reporting a remaining performance obligation backlog above $450 billion tied largely to future cloud consumption. Larry Ellison remains Oracle's largest individual shareholder and chairman, and his wealth has swung by tens of billions of dollars alongside the stock's cloud-driven volatility. This article covers how Oracle generates revenue today, who it serves and how its cloud infrastructure bet is reshaping a business built originally on database licensing.

and software-as-a-service offerings under the Oracle Cloud Infrastructure banner. That effort has accelerated sharply in recent years. Oracle Cloud Infrastructure consumption revenue grew 62% in the fourth quarter of fiscal 2025, and the company has said it expects OCI consumption growth to accelerate further in fiscal 2026, driven heavily by demand for AI computing capacity.2

A backlog that dwarfs current revenue

Oracle disclosed a remaining performance obligation backlog exceeding $450 billion, a figure representing contracted future revenue that has not yet been recognized. The company has projected its OCI business specifically growing from roughly $18 billion in the current fiscal year to $144 billion by fiscal 2030, an eightfold increase tied to converting that backlog into delivered, billed cloud capacity. Meeting projections at that scale requires enormous capital investment in data centers, chips and power infrastructure, a buildout that has drawn comparisons to the capital intensity of Oracle's AI-infrastructure-focused competitors.

> The gap between Oracle's contracted backlog and its current recognized revenue is now large enough that the stock's valuation depends heavily on execution against multi-year delivery commitments rather than current-quarter results alone.

Five revenue lines built around enterprise relationships

Oracle sells software under both perpetual and term licenses for its database, enterprise resource planning and customer relationship management products, giving customers flexibility in how they pay for long-term use. Cloud services fees cover infrastructure, platform and software offerings billed on a subscription or consumption basis, providing the company's fastest-growing recurring revenue. Maintenance and support fees, typically charged annually, generate steady revenue tied to the company's large installed base of existing software customers. Hardware sales, covering servers, storage and networking equipment, support both standalone purchases and larger bundled deployments, while consulting services fees round out the model by helping customers implement Oracle's software and hardware.

Larry Ellison's wealth tracks the stock's cloud bet

Larry Ellison owns approximately 1.1 billion Oracle shares, about 27% of the company's outstanding stock, making him the largest individual shareholder and giving him outsized influence as chairman even though he stepped down as chief executive in 2014. His net worth has swung dramatically alongside Oracle's cloud-driven stock volatility, briefly making him the world's richest person in 2025 before a share price slide erased roughly $25 billion of his wealth in a single trading day in December 2025. That volatility reflects how closely investors now tie Oracle's valuation to its cloud infrastructure execution rather than its more stable legacy database and support business.3

Competing across database, cloud and applications simultaneously

Oracle competes with Microsoft and IBM in database management systems and enterprise software, with SAP in enterprise resource planning and supply chain management, and with Salesforce in customer relationship management software. In cloud infrastructure specifically, Oracle competes against Amazon Web Services, Microsoft Azure and Google Cloud, all of which entered the cloud market earlier and built larger infrastructure footprints before Oracle's more recent push. Competing across so many categories at once means Oracle rarely faces a single dominant rival, but it also means the company must defend market position on multiple fronts rather than concentrating resources in one area.4

Institutional ownership alongside Ellison's stake

Beyond Ellison's roughly 27% stake, institutional investors including Vanguard, BlackRock and State Street hold significant portions of Oracle's outstanding shares, giving them influence over corporate governance decisions alongside Ellison. This concentration of ownership, with one individual holding more than a quarter of the company, is unusual among companies of Oracle's size and gives Ellison continued sway over strategic direction, including the scale of the current cloud infrastructure buildout.5

Key Partners

Oracle works with hardware vendors to support its server and networking product lines, alongside software vendors whose applications integrate with Oracle's database and cloud

platforms. System integrators help large enterprise customers implement complex Oracle deployments across their organizations. Cloud partners, including agreements with rival hyperscalers for multicloud database offerings, extend Oracle's reach into infrastructure it does not fully control itself. Independent software vendors build applications on top of Oracle's platforms, expanding the ecosystem around its core products.

Key Activities

Software development remains central to Oracle's operations, covering ongoing updates to its database, applications and cloud platforms. Sales and marketing activities target enterprise, small and midsize business and industry-specific customers through dedicated teams built around each segment. Customer support handles technical issues and training for a large installed base of long-tenured software customers. Cloud infrastructure management has become an increasingly demanding activity as Oracle scales data center capacity to meet AI-driven demand, alongside continued management of partnerships and alliances across its various business lines.

Key Resources

Oracle's intellectual property, built up over nearly five decades of database and enterprise software development, represents one of its most valuable resources. Human capital, including engineering, sales and support staff, supports both ongoing product development and the complex implementations enterprise customers require. Data centers underpin the company's cloud infrastructure business and represent a growing capital resource as Oracle scales OCI capacity. Partnerships and alliances, along with Oracle's brand reputation built through decades of enterprise relationships, round out the resource base.

Value Propositions

For enterprise businesses, Oracle offers scalable, reliable and secure technology solutions spanning database, resource planning and customer relationship management, backed by deep experience serving large, complex organizations. Small and midsize businesses get more streamlined cloud-based software and infrastructure options designed for easier deployment and lower upfront investment than enterprise-grade systems. Industry-specific businesses, such as healthcare providers, receive tailored solutions like electronic medical records software built around vertical-specific requirements. Developers get access to tools

and resources for building and deploying applications on Oracle Cloud Infrastructure and Oracle Database, supported by documentation and a partner ecosystem.

Customer Relationships

Oracle maintains customer relationships through online portals that let customers manage licenses, support tickets and cloud usage. Customer events and conferences, including large annual gatherings, bring together users, partners and Oracle staff to share product roadmaps and best practices. Direct customer support handles technical issues for enterprise accounts, while user groups and forums let customers exchange implementation knowledge with each other independent of direct Oracle involvement.

Channels

Oracle's website serves as a primary channel for product information, documentation and self-service account management. Social media channels support marketing and customer engagement, particularly for promoting cloud services and major product announcements. Community forums let developers and enterprise customers exchange technical knowledge, troubleshoot implementations and discuss best practices around Oracle's software and cloud products.

Customer Segments

Enterprise businesses, including multinational corporations, financial institutions and government agencies, represent Oracle's largest and most established customer segment. Small and midsize businesses with fewer than 500 employees make up a segment requiring more streamlined, lower-cost technology solutions than large enterprises. Industry-specific businesses in verticals like healthcare and retail need tailored solutions built around regulatory and operational requirements unique to their sector. Developers form a distinct segment, building and deploying applications on Oracle's cloud and database platforms rather than purchasing finished enterprise software.

Cost Structure

Research and development costs represent a major expense given the pace of change in both enterprise software and cloud infrastructure. Sales and marketing expenses support

Oracle's push across enterprise, small business and developer segments simultaneously. Cloud infrastructure maintenance costs have grown substantially as Oracle scales data center capacity to meet AI-related demand, alongside employee salaries and benefits across a large global workforce. Costs from acquisitions and legal expenses round out a structure shaped by both organic growth and periodic strategic purchases.

Revenue Streams

Software licenses, sold as either perpetual or term agreements, generate revenue from Oracle's database, enterprise resource planning and customer relationship management products. Cloud services fees, billed on a subscription or consumption basis, cover infrastructure, platform and software-as-a-service offerings and represent the company's fastest-growing revenue line. Maintenance and support services fees provide steady recurring revenue tied to Oracle's installed base, while hardware sales and consulting services fees round out a model that spans product sales, recurring subscriptions and project-based services.

- 1Oracle Company History
- 2Oracle Fiscal 2025 Fourth Quarter Results
- 3Larry Ellison's Wealth Swings With Oracle Stock
- 4Oracle's Cloud Competition With Hyperscalers
- 5Oracle Shareholder Structure And Proxy Filings

Summary

Oracle's revenue base still rests heavily on database software and the support contracts that come with it, a business built over nearly five decades of enterprise relationships. Its cloud infrastructure expansion represents the more consequential recent shift, backed by a backlog large enough that analysts now treat Oracle Cloud Infrastructure growth as the primary driver of the company's valuation. That backlog also carries execution risk, since converting signed commitments into delivered, billed cloud capacity requires enormous capital spending on data centers and hardware. Larry Ellison's continued role as chairman and largest shareholder ties his personal financial outcomes directly to how well that buildout executes. For a company once defined almost entirely by database licensing,

Oracle's next chapter increasingly depends on whether it can operate cloud infrastructure at the scale its backlog now promises.