

SPECIAL REPORT / SEPTEMBER 17, 2026

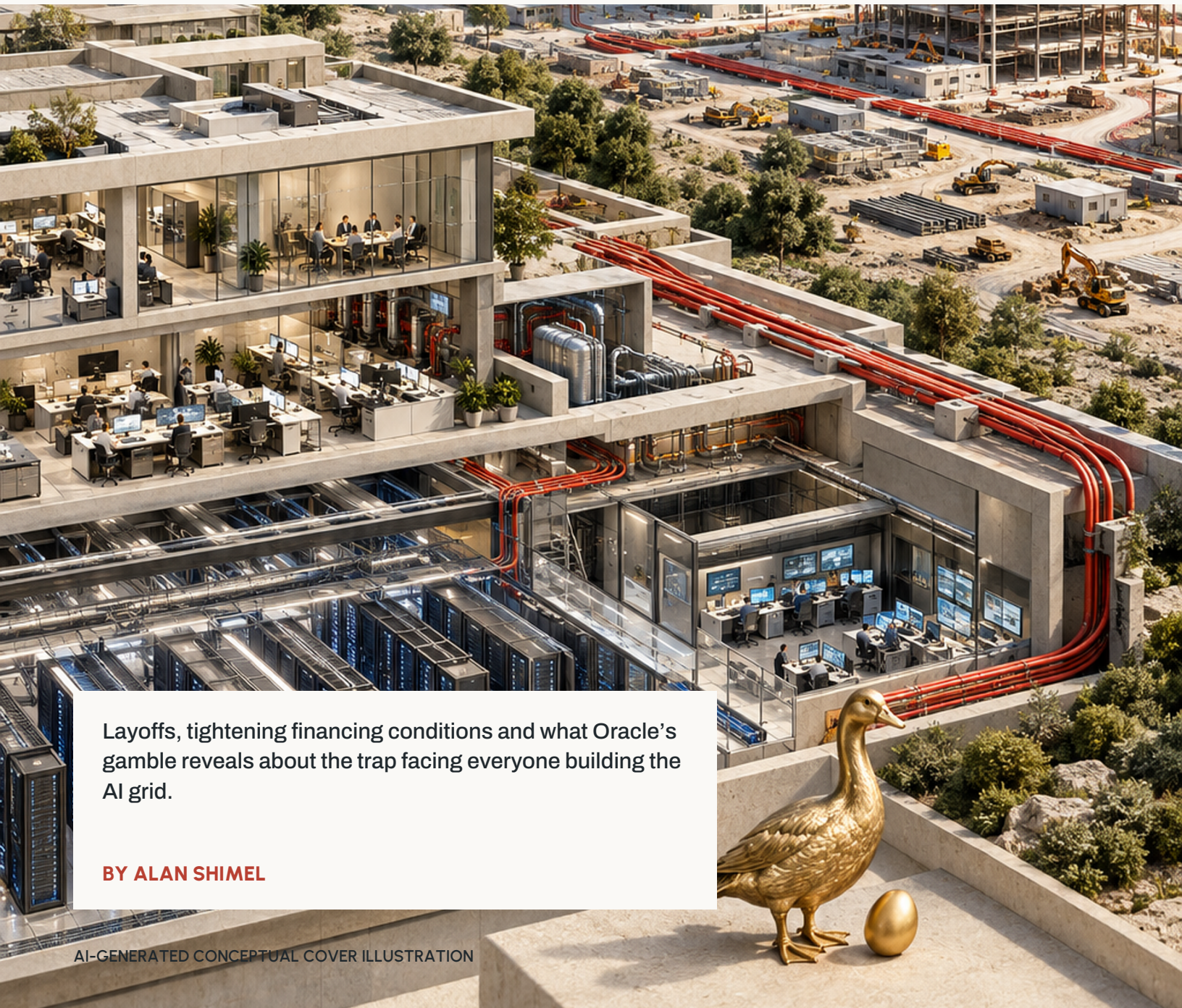
Oracle's Golden Goose

Is Larry Ellison Sacrificing Today's Business to Finance Tomorrow's AI Empire?

Layoffs, tightening financing conditions and what Oracle's gamble reveals about the trap facing everyone building the AI grid.

BY ALAN SHIMEL

AI-GENERATED CONCEPTUAL COVER ILLUSTRATION



THE CENTRAL QUESTION

Can the existing business carry the next empire?

Oracle's established franchise is both a strategic advantage and a source of funding. This report examines what happens when an AI infrastructure buildout asks more of that franchise, its employees and its capital providers.

03	THE HUMAN COST More termination notices
04	THE FRANCHISE The golden goose Ellison already owns
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"Building something the world needs is an achievement. Building it on terms that allow the company to thrive is the harder test."

EDITORIAL NOTE Analysis by Alan Shimmel. AI illustrations are conceptual, not documentary evidence.

THE HUMAN COST

More Termination Notices

THE WORKFORCE SIGNAL

162,000

Approximate reported workforce

May 31, 2025

to

141,000

Approximate reported workforce

May 31, 2026

21,000 net decline is not a verified count of involuntary departures. The worldwide total for the latest September round remains unconfirmed.¹

Oracle employees are getting another lesson in what the AI revolution costs. This time, like last time, it arrives with termination notices.

The latest September reductions follow a fiscal year in which Oracle's reported workforce fell from approximately 162,000 to 141,000. That is a net decline of 21,000 employees, not a verified count of involuntary departures. The worldwide total for the newest round remains unconfirmed. But repeated cuts across multiple functions make this a much larger story than an isolated reorganization.¹

The familiar AI employment story is about a machine learning to perform someone's work. Oracle raises another possibility: people lose their jobs because the company needs money to build the machines.

Those explanations can coexist. Oracle has included AI adoption among the objectives of its restructuring. It has not published an accounting that separates automation savings from reductions driven by other priorities. We should not pretend that every termination has the same cause.

Yet the larger decisions belong together. Larry Ellison is committing Oracle to a vast AI infrastructure expansion while the company reduces employment and seeks substantial outside financing. The question is how those choices affect one another.

My interpretation is that financing pressure increases the incentive to extract cash from the existing business. Cutting payroll is one way to do that. Cut too deeply, however, and Oracle can damage the expertise, products and customer relationships that generate the cash it needs.

That is the golden-goose problem. Ellison already has an enormously consequential enterprise technology business. How much of its productive capacity can he remove while financing its next act?

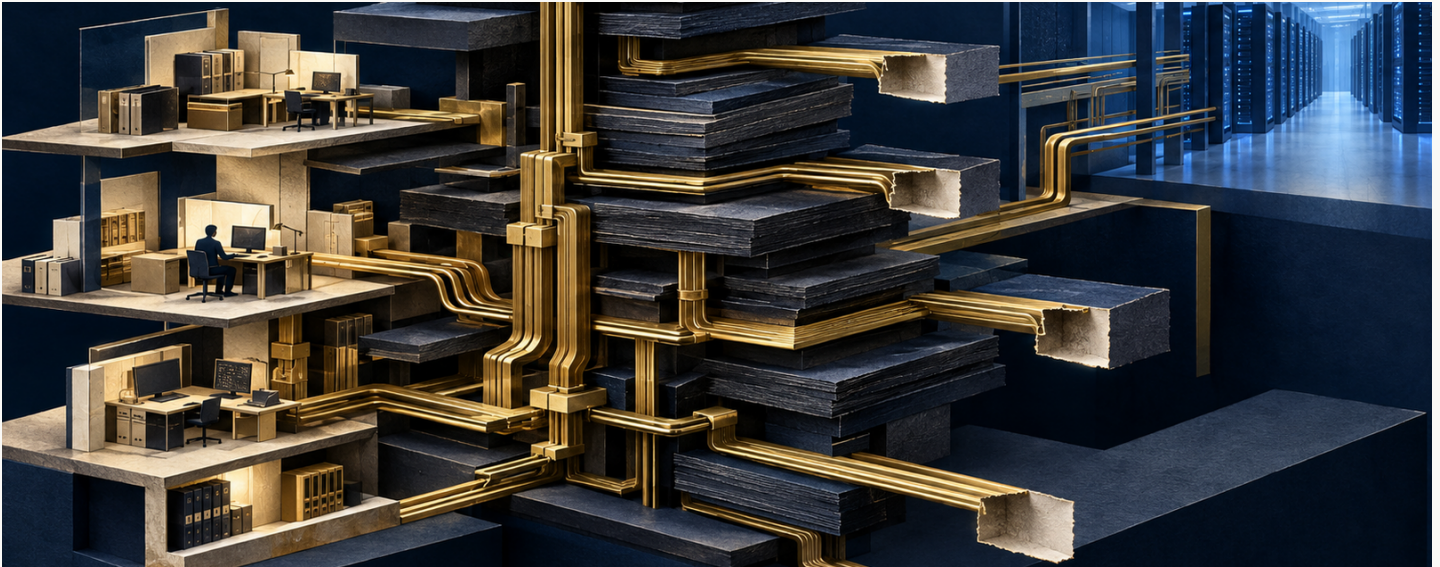
This is also a test of the argument in my book, *The Indispensability Trap*. A company can correctly identify the next indispensable technology and still structure its pursuit in ways that leave the company dangerously exposed. Oracle makes that possibility immediate for employees and customers, not just investors.

1. CIO, September 2026

<https://www.cio.com/article/4222306/oracle-forecasts-33-increase-in-restructuring-costs-as-new-round-of-layoffs-hits.html>

THE ESTABLISHED FRANCHISE

The Golden Goose Ellison Already Owns



Conceptual illustration: institutional knowledge is part of the operating infrastructure.

Oracle's established franchise is more than a dependable billing system. Its value rests on software embedded in consequential business processes and on the knowledge required to keep those processes working.

A critical database does not operate in isolation. It interacts with applications, identity systems, reporting tools, backup procedures and years of configuration decisions. An enterprise applications deployment includes workflows and exceptions that rarely fit neatly into a product demonstration. The people who understand those environments help make the software valuable.

This gives workforce reductions two different accounting timelines. Payroll savings can appear relatively quickly. The cost of losing institutional knowledge may emerge gradually through longer escalations, implementation problems, reduced confidence and weaker future commitments.

That does not mean every role must be preserved forever. Organizations accumulate duplication, products mature, and better tools can change how much labor a task requires. The relevant management

question is whether a reduction eliminates unnecessary expense or removes a capability the business still needs.

Customer dependence complicates the answer. A dissatisfied enterprise cannot necessarily replace a critical platform at the next renewal. Revenue may remain stable while confidence deteriorates. By the time a departure appears in financial results, the decisions that caused it may be years old.

For Oracle, the strategic risk is that a resilient existing franchise becomes something management assumes will keep producing cash regardless of how it is treated. Dependence can provide time to fix a relationship. It should not be mistaken for permission to neglect it.

Oracle Health deserves separate treatment. Its customer problems and acquisition challenges cannot all be assigned to the AI buildout. But neither should their complexity become a reason to ignore what they reveal about the importance of expertise and continuity.

Before assessing Ellison's future empire, we need to understand the business that is helping pay for it.

THE CAPITAL PIVOT

From Enterprise Software to the AI Grid



THE FUNDING TEST

\$90B–\$95B

FY2027 capex guidance⁵

**A genuine commercial opportunity.
A formidable funding requirement.**

The scale of Oracle's ambition is evident in its investment trajectory. The exhibit on page 6 shows the change in its consolidated cash generation and investment.

Oracle generates positive operating cash flow. Capital expenditures exceed it, producing negative free cash flow. That distinction explains why a growing, profitable company can still require enormous amounts of outside money.

The investment is expanding further. Oracle maintained fiscal 2027 capex guidance of \$90 billion to \$95 billion, while its infrastructure revenue grew 121% in the latest quarter. Those figures describe a genuine commercial opportunity and a formidable funding requirement.⁵

Building that capacity changes the demands on management. Facilities must be completed, equipment installed and power secured before the full economic

return can be collected. A large backlog supports the case for expansion, but its headline value does not establish the margin, timing or cash generation of every project.

Oracle reported \$664 billion in remaining performance obligations and quarterly revenue growth of 30%. Its latest free-cash-flow result was also better than analysts expected. A fair assessment recognizes that momentum.⁶

Still, a building and the equipment inside it are different investments. A facility can remain usable while its computing hardware requires replacement or a lower price to remain competitive. The owner must earn enough across those cycles to justify the original commitment and subsequent spending.

The question is how much cash Oracle can retain after the full cost of delivering the service, rather than how large the revenue opportunity can become.

5. Business Insider, September 10, 2026

<https://www.businessinsider.com/oracle-q1-2027-earnings-maintains-capex-forecast-reports-cloud-growth-2026-9>

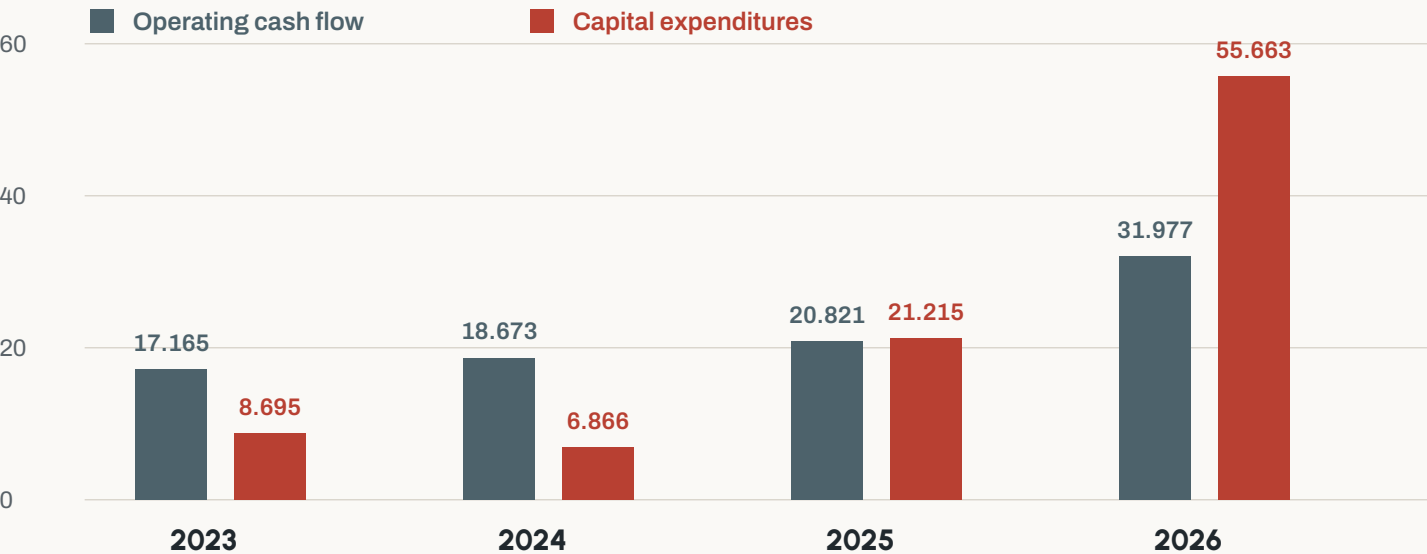
6. Reuters, September 10, 2026

<https://www.reuters.com/technology/oracles-quarterly-revenue-beats-estimates-ai-boom-drives-cloud-demand-2026-09-10/>

FINANCIAL EXHIBIT

The buildout overtakes internal cash generation

ANNUAL TOTALS / FISCAL YEARS ENDED MAY 31 / \$ BILLIONS



Fiscal year	Operating cash flow	Capital expenditures	Free cash flow*
2023	17.165	8.695	8.470
2024	18.673	6.866	11.807
2025	20.821	21.215	-0.394
2026	31.977	55.663	-23.686

*Free cash flow calculated as operating cash flow less capex. Consolidated capex is not a separately audited AI-only figure.^{2,3,4}

SEPARATE QUARTER / Q1 FY2027 / JUNE-AUGUST 2026

Operating cash flow	Capital expenditures	Calculated free cash flow
\$23.103B	\$28.499B	-\$5.396B

Quarterly figures are shown separately, not on the annual chart scale.¹³

2. Oracle FY2024 Form 10-K <https://www.sec.gov/Archives/edgar/data/1341439/000095017024075605/orcl-20240531.htm>
3. Oracle FY2025 Form 10-K <https://www.sec.gov/Archives/edgar/data/1341439/000095017025087926/orcl-20250531.htm>
4. Oracle FY2026 Form 10-K <https://www.sec.gov/Archives/edgar/data/1341439/000119312526277521/orcl-20260531.htm>
13. Oracle Q1 FY2027 Form 10-Q <https://www.sec.gov/Archives/edgar/data/1341439/000119312526389274/orcl-20260831.htm>

THE CREDIT CONSTRAINT

When Oracle's Credit Becomes a Competitive Constraint

"Funding difficulty did not mean funding disappeared."

Financing concerns have already reached individual projects.

The Wall Street Journal reported that lenders balked at financing the Abilene expansion with Oracle as tenant, leading developer Crusoe to lease it to Microsoft. The investigation also identified concentration limits on Oracle exposure as an obstacle to distributing project loans. This concerned the expansion, not Oracle's existing campus.⁷

Crusoe's announcement confirms a new Microsoft campus adjacent to the existing facility. It describes 900 megawatts of on-site power and two buildings with 336 megawatts of critical IT load each. Those are different capacity measures, not contradictory accounts of the same measurement.⁸

Michigan provides another concrete example. Investors sought higher premiums and raised repayment concerns for a \$14 billion project bond offering. Bloomberg described indicative pricing above Oracle's April 2040 bonds. These were negotiation reports, not final pricing.^{9,21}

The project subsequently secured financing. The April announcement identified Related Digital and Blackstone-affiliated equity, alongside long-term debt anchored by PIMCO-managed funds. That matters: funding difficulty did not mean funding disappeared.¹⁰

A lender does not have to predict Oracle's failure to decline another transaction. It can decide that it already has sufficient exposure, or that the next commitment requires more compensation and protection. For the borrower and its development partners, that decision can alter a project's economics.

The distinction also matters when interpreting market prices. A bond yield includes more than compensation for default risk. Benchmark interest rates, liquidity and the volume of competing debt influence it. September Reuters commentary identified heavy AI-related issuance as a source of pricing pressure.¹¹

Oracle also faces company-specific scrutiny. S&P's July downgrade to BBB- left it at the lowest investment-grade category, as described in Reuters' August analysis. That is a material constraint, not a declaration of imminent default.¹²

7. The Wall Street Journal, April 23, 2026 <https://www.wsj.com/tech/ai/oracle-ai-demand-debt-04977749>

8. Crusoe, March 27, 2026 <https://www.crusoe.ai/resources/newsroom/crusoe-announces-new-900-mw-ai-factory-campus-in-abilene-texas-to-support-microsoft-ai-infrastructure>

9. FT reporting via Investing.com, April 24, 2026

<https://www.investing.com/news/stock-market-news/oraclebacked-data-centre-bond-faces-investor-skepticism-over-ai-debt-93CH-4636448>

10. Reuters, April 24, 2026 (updated April 25)

<https://www.reuters.com/technology/related-digital-secures-financing-16-billion-oracle-data-center-michigan-2026-04-24/>

11. Reuters Open Interest, September 10, 2026

<https://www.reuters.com/commentary/reuters-open-interest/ai-debt-splurge-is-warping-credit-spreads-marty-fridson-2026-09-10/>

12. Reuters credit analysis, August 4, 2026

<https://www.reuters.com/business/oracle-corp-goes-high-stakes-ratings-gamble-ai-strategy-2026-08-04/>

21. Bloomberg via Yahoo Finance, April 8, 2026

<https://finance.yahoo.com/markets/stocks/articles/pimco-seeks-sell-parts-14-231153091.html>

CREDIT AND PROJECT FINANCING

Friction, not a forecast of failure

MAR 27, 2026

Microsoft campus announced

Crusoe describes a new campus adjacent to the existing Abilene facility, with 900 MW of on-site power and two 336 MW critical-IT-load buildings.⁸

APR 8 / APR 24, 2026

Michigan pricing scrutiny reported

Reports describe indicative pricing premiums and repayment concerns. These are negotiation reports, not final bond pricing.^{9,21}

APR 23, 2026

Lender constraints reported

The Wall Street Journal examines financing and Oracle-exposure limits. The report date is not necessarily the date of a lender's decision.⁷

APR 24–25, 2026

Michigan financing and bond sale

Related Digital announced equity and PIMCO-anchored debt financing. Reuters also reported that bonds were priced and sold.¹⁰

JUL 2026

S&P downgrade to BBB–

Lowest investment-grade category, as described in Reuters' August 4 analysis. A material constraint, not a declaration of imminent default.¹²

Event markers only. No continuous CDS series or implied daily trend.

7. The Wall Street Journal, April 23, 2026 <https://www.wsj.com/tech/ai/oracle-ai-demand-debt-04977749>

8. Crusoe, March 27, 2026 <https://www.crusoe.ai/resources/newsroom/crusoe-announces-new-900-mw-ai-factory-campus-in-abilene-texas-to-support-microsoft-ai-infrastructure>

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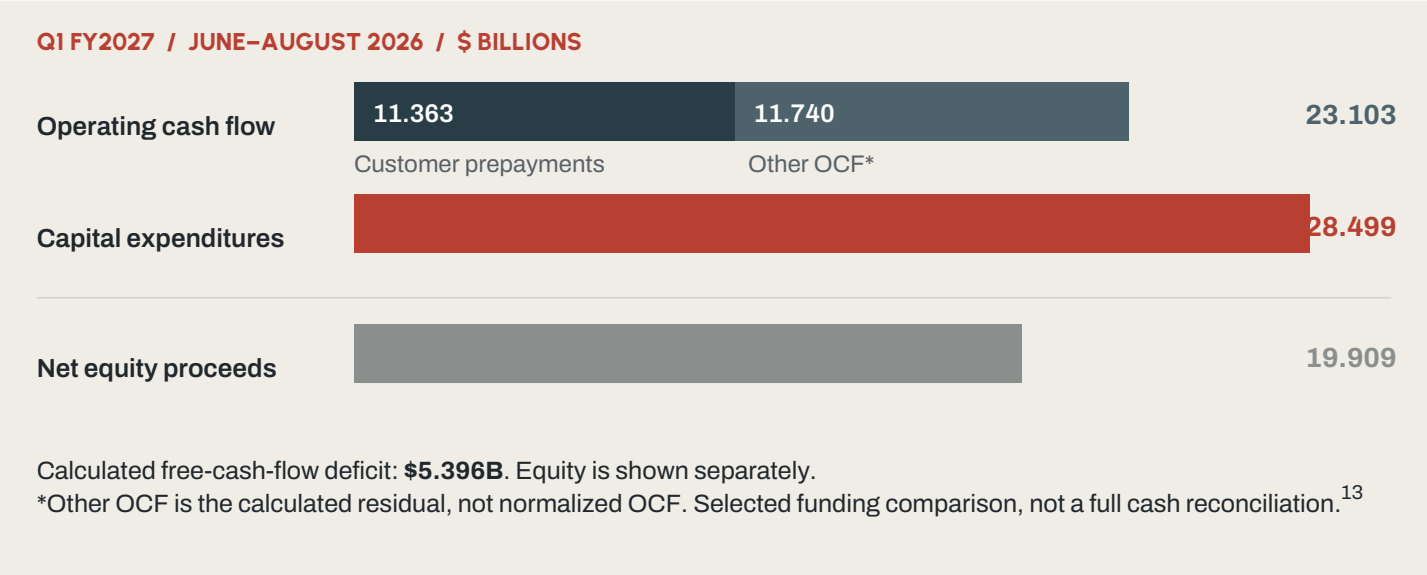
<https://www.reuters.com/business/oracle-corp-goes-high-stakes-ratings-gamble-ai-strategy-2026-08-04/>

21. Bloomberg via Yahoo Finance, April 8, 2026

<https://finance.yahoo.com/markets/stocks/articles/pimco-seeks-sell-parts-14-231153091.html>

CAPITAL ALLOCATION AND JOBS

How the Cost of Capital Reaches People's Jobs



These financing events bring us back to the termination notices.

When an expansion requires more cash than the company can supply internally, management must combine outside funding, customer financing, spending choices and operating improvements. If one source becomes more demanding, the pressure on the others increases.

Payroll is one expense management can change. That makes employment part of the capital-allocation story, even where the employee’s work remains useful.

This is an interpretation of the evidence. Oracle has not supplied a document showing that a specific lender’s decision caused a specific set of job losses. We can nevertheless examine the incentive created by the combination of a funding gap and repeated reductions.

The exhibit above illustrates the scale.

Prepayments are real cash accompanied by future delivery obligations. Equity proceeds are financing cash flows. Neither should be counted twice.

An illustrative payroll calculation puts the tradeoff in perspective. Suppose 10,000 eliminated positions produced \$200,000 each in annual cash savings. That would be \$2 billion, before severance, replacement costs or business consequences. These are hypothetical assumptions, not Oracle’s disclosed savings or a count of the latest cuts.

The savings would matter, yet cover only about 2% of the annual capex forecast. For the people affected, the consequences could be profound; for the funding plan, the contribution would remain limited.

Savings also arrive unevenly. Severance costs precede some benefits. Contractors may take over essential work. Remaining employees may spend time reconstructing lost knowledge. A smaller payroll does not automatically mean the same business operates at lower total cost.

Management may decide the tradeoff is justified. It should then be assessed on whether productivity and customer outcomes support that decision, rather than treating the reduction itself as proof of efficiency.

THE OPERATING RISK

Killing the Goose That Lays the Golden Eggs

RISK SCENARIO / NOT A PROVEN SEQUENCE ACROSS ORACLE

Financing pressure

Payroll reductions

Potential capability loss

Possible customer and cash-flow damage

Renewed financing pressure

The danger is reducing the cost base faster than the organization can preserve its capabilities.

CRN identified affected employees across engineering, security, support, sales and customer success. One displaced support engineer's public description included using AI tools to investigate difficult customer problems. That does not establish why the position disappeared, but it complicates the assumption that those leaving were simply people whose skills AI had made obsolete.¹⁴

An experienced support engineer may know which apparent product defect is actually a configuration issue and which familiar workaround will create a security problem elsewhere. A product developer may understand why an awkward piece of code exists. An implementation specialist may know which customer requirement was never fully captured in the documentation.

Some of that knowledge can be documented, transferred or made more accessible through AI. The management responsibility is to establish that the transfer works before assuming the capability has become expendable.

Oracle Health offers a documented warning about relationships. KLAS's 2025 research identified

dissatisfaction with communication, partnership and product direction, while also finding reasons for optimism, including the Clinical AI Agent. It describes a business with serious customer concerns and potential improvements.¹⁵

These findings do not establish that the latest AI investments caused those difficulties. They do demonstrate why the quality of a vendor relationship belongs in an assessment of a mission-critical franchise.

Across the broader business, we should watch the sequence: expertise leaves, difficult problems remain unresolved longer, partners absorb additional work, customers lose confidence and future commitments weaken. That is a risk scenario, not a finding that every step is already occurring across Oracle.

The financial feedback can become dangerous. If cuts weaken cash generation, management becomes more dependent on outside funding, which can create pressure for further cuts. Short-term savings would then help produce a longer-term funding problem.

The goose is not protected merely because customers still need its eggs. It has to remain healthy enough to produce them.

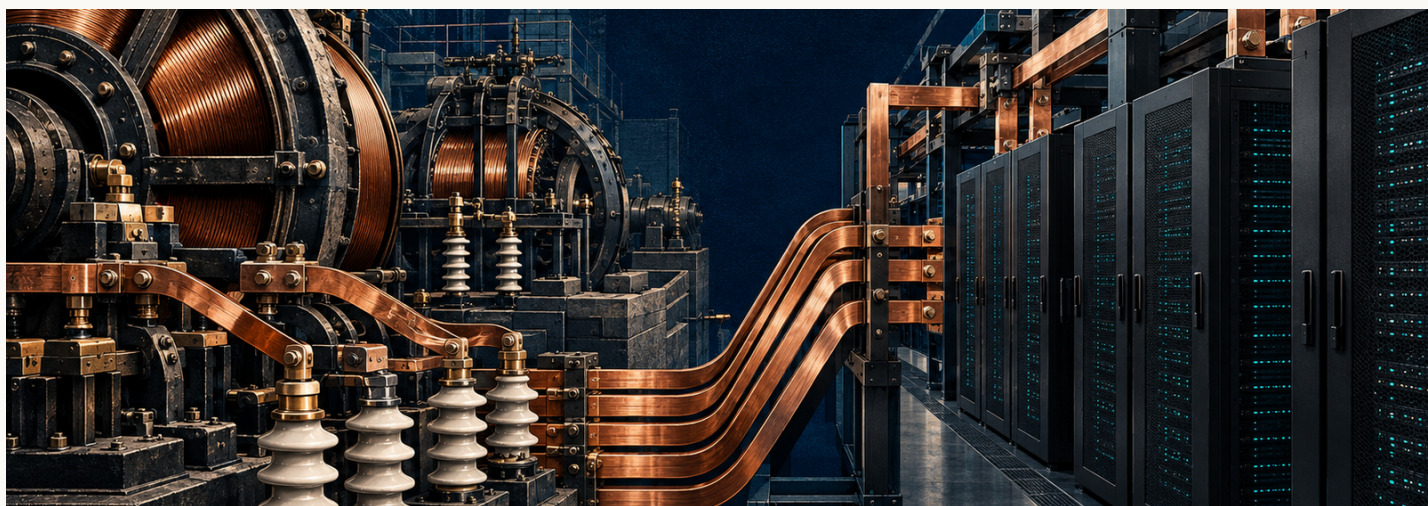
14. CRN, September 2026 <https://www.crn.com/news/ai/2026/oracle-cuts-jobs-across-engineering-sales-customer-success>

15. KLAS, Oracle Health 2025

<https://klasresearch.com/report/oracle-health-2025-how-are-customers-faring-three-years-post-acquisition/3827>

THE HISTORICAL WARNING

Insull Was Right About Electricity



Conceptual illustration: different technologies, a recurring financing problem.

Samuel Insull belongs in this story because he understood electricity's future. His failure did not require electricity to become unnecessary.

In *The Indispensability Trap*, I explain how his holding-company structure compounded leverage and left insufficient cushion when the financial environment turned. The book's distinction is direct: "The trap compresses margins. Leverage converts compressed margins into insolvency."¹⁶

That is a mechanism, not a prediction that every infrastructure builder will collapse.

Oracle differs substantially from Insull's empire. It has established operating businesses, deep customer relationships and several sources of funding. Those strengths are precisely why preserving the existing franchise matters so much.

The useful comparison concerns the schedule on which obligations and returns arrive. A company may be correct about a market's eventual size and still struggle to meet commitments made before that market matures on the expected terms.

Oracle disclosed \$288 billion of additional lease commitments, substantially for data centers, with terms of 15 to 19 years. These future commitments are distinct from current balance-sheet debt.¹³

A commitment of that duration demands more than confidence in the first wave of demand. It requires a view of renewals, equipment replacement, operating costs and the ability to find profitable workloads as the market changes.

The practical question is whether the investment can withstand less favorable conditions than management expects. What if customers negotiate lower prices? What if construction takes longer? What if an efficient new architecture changes which facilities or equipment customers want?

No business can eliminate uncertainty. It can choose how much room it retains to absorb it. That is the part of the Insull story that should concern every company borrowing against an infrastructure future.

13. Oracle Q1 FY2027 Form 10-Q <https://www.sec.gov/Archives/edgar/data/1341439/000119312526389274/orcl-20260831.htm>

16. Alan Shimel, *The Indispensability Trap*. Author-supplied quotation. <https://indispensabilitytrap.com/>

THE ECONOMICS OF THE GRID

What the Trap Holds for Everyone Building the Grid



Conceptual illustration: useful infrastructure and attractive returns are not the same thing.

Oracle is the immediate case. The economics extend beyond it.

In the early stage of a buildout, scarcity rewards capacity. Customers want access, suppliers hold negotiating power and ambitious projects can attract financing. Waiting has a cost because another builder may secure the customer, location or power supply first.

That incentive can push each company to make a defensible individual decision while the industry collectively accepts more risk than any participant intended. Everyone builds against demand forecasts that may overlap, depend on the same customers or assume continuing access to capital.

Once construction and financing commitments are in place, slowing down becomes harder. A company can change its forecast more quickly than it can change a binding obligation.

The grid's success can then alter the economics that encouraged the investment. More capacity and better technology can make computing cheaper. That is valuable for users. It may stimulate enough additional demand to sustain attractive infrastructure returns, but that response is not guaranteed for every owner, facility or equipment generation.

This is a central distinction in the book: society's return on the grid and the builder's return on capital are different things.

A busy facility can disappoint financially if prices fall faster than costs. A successful technology can spread economic value toward customers and applications while leaving its infrastructure suppliers fighting to recover their investment. More usage is encouraging, but it does not settle the return calculation.

The exhibit on page 13 compares the exposure faced by different participants.

WHO CARRIES THE EXPOSURE?

Five participants. One shared economic test.

Established technology company	Is expansion strengthening the existing franchise or consuming its cash and capabilities?
Specialized compute provider	Can revenue cover financing and equipment replacement before competitive pricing changes?
Data-center developer	Do tenant commitments support the duration and cost of the property obligations?
Power and infrastructure supplier	Who pays if expected demand arrives late, changes location or falls short?
Lender or investor	Do apparently separate projects ultimately depend on the same customers and funding sources?

In a downside scenario, useful infrastructure can survive under new ownership at a lower price. The new owner may earn acceptable returns because its acquisition cost is lower. That later success would not establish that the original investment was sound, or restore the jobs and capital lost along the way.

The management lesson is to preserve flexibility. Understand the returns after replacement costs. Test customer concentration. Decide which assumptions would justify slowing investment before financing conditions force the decision.

There is also a distinction between sharing a project and diversifying its risk. Bringing in several financing partners distributes the investment among more balance sheets. It does not necessarily diversify the underlying customer demand. If those partners all depend on the same tenant, and that tenant depends

heavily on the same AI customer, the structure still contains a common point of exposure. The number of participants can make a project look more diversified than its economics really are.

For an established technology company, the choice is especially consequential because the alternative uses of capital already exist. Money and management attention can support current products, customer service or new applications as well as physical infrastructure. A buildout therefore has to justify the opportunities displaced by funding it. The business need not be failing for an infrastructure wager to leave it worse off than a different allocation would have.

Builders need enough room to be wrong about timing, pricing and individual customers while remaining right about AI.

THE FAMILY'S FINANCIAL FLEXIBILITY

The Family's Other Empire

DATED COMMITMENTS / NOT A CURRENT LIQUIDITY RECONCILIATION

SEPTEMBER 2025

346M

Oracle shares pledged for personal borrowing in a historical disclosure. This is not a current loan balance.¹⁷

DECEMBER 2025

\$40.4B

Personal guarantee in Paramount's December proposal. The offer and financing subsequently evolved.¹⁸

SEPTEMBER 12, 2026

50M

Maximum shares in the canceled sale plan. Oracle said no shares had been sold under the plan.¹⁹

Corporate debt, personal borrowing and guarantees are different obligations.

Ellison's exposure also reaches beyond the company he founded. His resources help support David Ellison's media ambitions, making Oracle's value relevant to the family's financial flexibility.

The Financial Times reported that 346 million Oracle shares had been pledged for personal borrowing. That historical disclosure does not establish the current loan balances, collateral terms or a connection between those particular borrowings and a media transaction.¹⁷

The scale of his support is substantial. Paramount's December proposal included a \$40.4 billion personal guarantee from Ellison; the offer and financing subsequently evolved. The December amount is a dated commitment, not a claim about the definitive current requirement.¹⁸

On September 12, Ellison canceled a plan to sell up to 50 million Oracle shares, then worth approximately

\$7.5 billion. Oracle said no shares had been sold under the plan. The reason was not disclosed.¹⁹

These facts support a question about flexibility, not an invented margin-call countdown. A guarantee is different from cash already paid, and the public disclosures do not provide a complete inventory of Ellison's resources.

The reasonable inference is that sustained pressure on Oracle's value could narrow his options while he supports major commitments elsewhere. Oracle's corporate obligations and his personal obligations remain separate.

The report's main concern is still Oracle's employees, customers and business. The family connection adds another dimension to the stakes, without proving that the media ambitions are in financial jeopardy.

17. Financial Times reporting via Financial Express, September 13, 2026

<https://www.financialexpress.com/market/global-markets/no-oracle-exit-larry-ellison-scraps-plan-to-sell-50-million-shares/4338350/>

18. Business Insider, December 22, 2025

<https://www.businessinsider.com/paramount-revises-warner-bros-bid-netflix-with-larry-ellison-guarantee-2025-12>

19. Reuters, September 12, 2026 <https://www.reuters.com/business/larry-ellison-cancels-plan-sell-oracle-stock-2026-09-12/>

THE CREDIBLE UPSIDE

The Strongest Case for Ellison's Bet



Conceptual illustration: the strongest case depends on delivered capacity and durable returns.

Ellison's strategy has a credible upside. Demand may remain strong enough to absorb the capacity. Customer funding can reduce how much Oracle must initially provide. Execution may improve with scale, and relationships across Oracle's products may help it sell more than computing capacity alone.

The buildout also involves delivered assets. Oracle said it delivered 850 megawatts of AI capacity during the quarter and six of the eight buildings at its Abilene campus to the customer. This is more than a collection of future promises.²²

A fair assessment also allows for restructuring that works. Better tools, reduced duplication and redesigned processes can let an organization serve customers effectively with fewer people. Employee count by itself is an inadequate measure of either productivity or customer health.

Oracle should be judged on outcomes: timely capacity delivery, returns after the full costs of operating and replacing infrastructure, and the quality of the established business. If those measures improve together, the strategy gains credibility.

There is a real cost to excessive caution, too. A company that refuses to invest until every uncertainty disappears can surrender an important market. The answer is disciplined risk-taking with sufficient resilience, not a rule against ambitious investment.

Ellison's experience gives his judgment weight. It does not make the next project's economics self-evident. The same applies to critics: concern about an AI investment cycle cannot substitute for evidence that a particular project will fail.

20. Financial Times, September 10, 2026; delivery figures corroborated by MarketBeat's earnings-call coverage <https://www.ft.com/content/9df99d0b-6ef6-4530-8771-8b220f740e74>

22. MarketBeat earnings-call coverage, September 10, 2026 <https://www.marketbeat.com/instant-alerts/transcript-oracle-q1-earnings-call-highlights-2026-09-10/>

OUTCOMES AND EVIDENCE

Three Outcomes, and the Evidence That Will Distinguish Them

Profitable expansion

Capacity earns attractive returns and increasingly supports its own investment requirements.

Watch: cash generation relative to investment.

Growth with disappointing returns

Revenue expands, but funding needs persist and owners capture less value than expected.

Watch: returns after operating and replacement costs.

Financial and operational squeeze

Financing friction and execution problems combine with damage to the established franchise.

Watch: financing access, delivery and customer outcomes.

The debate becomes more useful when it moves beyond spectacular success versus collapse.

The middle outcome deserves particular attention. Oracle could become a larger infrastructure provider while losing financial flexibility, requiring repeated equity financing or diverting resources from more attractive opportunities. None of that requires bankruptcy to matter.

The evidence should be observable. Is cash generation improving relative to investment requirements? Are projects delivered when promised? What happens at renewal? Does revenue growth compensate for the full cost of keeping the equipment competitive?

For the established franchise, watch support continuity, security maintenance, roadmap execution and customer retention. Oracle's customers need to know whether difficult problems still reach people capable of solving them.

Partners face a related test: are they gaining sustainable business, or inheriting responsibilities

without the expertise and resources needed to fulfill them? Employees need evidence that management has a workable operating model after reductions, rather than an assumption that the remaining staff will absorb everything.

Public reporting can also make this judgment easier. Management can explain the savings it expects from restructuring, the operational measures it uses to detect damage and the milestones for improved cash generation. Investors and customers should be able to distinguish a deliberate redesign from repeated emergency reductions. A claim that AI improves productivity becomes more persuasive when service remains reliable and employees can show how the work gets done after the cuts.

The board's task is to define what would justify changing course. An investment strategy should have conditions under which management slows, restructures or declines the next commitment. Waiting for lenders to make that decision sacrifices flexibility that may be expensive to recover.

THE FINAL TEST

Protect the Goose, Preserve Room for Error



"The future arrived. His financial structure did not survive to enjoy it."

Alan Shimel on Samuel Insull's warning for the builders of the AI grid

The termination notices are the immediate human consequence of decisions whose financial outcome may take years to become clear.

We cannot assign every job loss to the cost of financing AI. We can insist that the workforce decisions be evaluated alongside that financing strategy. A company does not reduce one part of its business in an economic vacuum while expanding another.

Oracle's existing franchise gives Ellison an advantage: products customers rely on, relationships built over decades and people who understand how those products work in the real world. Protecting that capability is part of financing the future responsibly.

Cutting costs can strengthen the company. Cutting away the expertise that produces dependable revenue can leave it needing even more outside capital. The distinction will show up in customer outcomes and

cash generation, not in the elegance of a restructuring presentation.

For the other builders of the AI grid, Oracle offers a live test of how much ambition a balance sheet and an operating business can support. Essential infrastructure can create enormous public value while producing disappointing private returns. Leverage and rigid commitments can make that disappointment much harder to survive.

Insull understood the future of electricity. The future arrived. His financial structure did not survive to enjoy it.

Oracle needs the golden goose to keep laying while Ellison builds his AI empire. The same discipline applies to everyone financing the grid. Building something the world needs is an achievement. Building it on terms that allow the company to thrive is the harder test.