

## THE TRANSFER OF MANAGERS BETWEEN HEWLETT PACKARD AND ORACLE

Jorge Cruz González  
*Universidad Complutense de Madrid*

In August 2010, the president of Hewlett Packard (HP), Mark Hurd, was forced to resign after being accused of infringe the ethical code of the firm for an alleged case of sexual harassment and inappropriate expenses in a personal relationship. A few days later, the manager was hired by Oracle to perform as co-president with James Ellison, who served as president to date.

While rivals both on hardware and software, HP and Oracle have been traditional partners in Silicon Valley for many years, sharing thousands of customers. It is estimated that 40% of customers using software designed by Oracle do it on HP computers.

Immediately after becoming aware of the hiring of Hurd by Oracle, HP filed a lawsuit for possible utilization of HP trade secrets and confidential information by Hurd in favour of its rival, so requesting the freezing of the incorporation of the manager to the new company. In this way, a war between both firms had begun, fuelled by Ellison, a personal friend of Hurd, who called the lawsuit of HP as a vengeful act against its former president.

However, after a few weeks it was announced an out-of-court settlement between the two companies by which Hurd pledged not to use confidential information from HP, but without neglecting his new responsibilities in Oracle. Hurd relinquished a stock set valued in 14 million dollars as compensation for his departure from HP.

The problem that arises with this arrangement is how HP will be able to ensure its compliance by controlling the use of its trade secrets and confidential information, as it was Hurd who had helped to create it from his important role as president.