



CHAIRMAN ESBER: "THERE'S NO DOUBT WE'LL BE ABLE TO CONTINUE OUR TRACK RECORD"

## ASHTON-TATE'S INVESTORS ARE SLEEPING EASIER

New programmers and a revised dBase reassure the Street

After a hectic week, Edward M. Esber Jr. sometimes sends out for pizza and summons his friends or colleagues to his home to play his favorite game, "Risk." The name seems apt for Esber, the 35-year-old Harvard University MBA whose tactics as Ashton-Tate Co.'s chief executive for the past three years have kept the software company a bit too close to the edge to suit Wall Street. As rivals announced new products, Esber took two painful years to come up with a new version of the company's dBase program. Ashton-Tate's position as the leading supplier of data-base programs for personal computers seemed to be in danger.

But Wall Street is breathing easier these days—and forecasting that Esber's gamble will pay off. The reason: a slew of product announcements and revisions, especially a dramatically reworked version of dBase that will let personal computers tap into large data banks. Equally important, in the past year, Esber has assembled an all-star cast of computer scientists to rev up software development. "Esber has finally given the market what it wants," says Bahar Gidwani, an analyst with Kidder, Peabody & Co. And to hear Esber tell it, Ashton-Tate's market dominance is now guaranteed. "There's no doubt we'll continue our track record," he says.

Indeed, it's been an enviable record so far. Thanks to the popularity of dBase, which has been the best-selling data-base program for PCs since 1982, the company's growth has been striking. Sales jumped from \$3.6 million in 1980, the company's first full year in operation, to \$267 million last year. And profits have been fat: \$43.1 million last year, up 43% from 1986.

**LIGHTWEIGHT.** Despite its successes, Ashton-Tate has been plagued by doubts about its future. A penchant for buying software from the outside instead of developing it in-house made the company seem a technological lightweight. Its word processing and graphics packages both came from acquisitions. Internal problems also raised doubts. A half-dozen key software developers left over the past three years,

complaining that company politics stifled ideas. "I don't think Ashton-Tate understands the software development process," says C. Wayne Ratliff, the inventor of dBase. Ratliff recently settled for an undisclosed amount with Ashton-Tate, which had sued him for theft of trade secrets after he left the company two years ago.

Late deliveries and some poorly designed goods also tarnished Ashton-Tate's image. One product, a version of dBase for Apple Computer Inc.'s Macintosh, is widely viewed as lacking power and speed. Rapidfile, a slow-selling file-management product for listing information has been nicknamed "rapid fail" by industry wags.

Investors might have shrugged off these problems were it not for the dBase question. Ashton-Tate's failure to produce a successor to dBase for the new, more powerful generation of International Business Machines Corp.'s personal computers was alarming, even though the program continued to deliver 60% of sales. Industry analysts waited apprehensively because they knew that a drastic re-write was needed. In the meantime, competitors ranging from Lotus Development Corp. to Oracle Corp. were coming out with rival products. Ashton-Tate's stock increased 9% in 1987, even as shares of rival Microsoft Corp. rose 128%, according to Richard G. Sherlund, an analyst with Goldman, Sachs & Co.

But the updated program, dBase IV, announced last February, has calmed a lot of jitters. It has been designed to perform well in networks of personal computers and operates 10 times faster than its predecessor, dBase III. Such speed is critical for sifting through huge volumes of data. And, because the program was completed in-house, it helped change the company's image as a technological laggard.

**STAR PLAYERS.** Some key marketing moves should further strengthen Esber's hand. He recently entered a deal with Microsoft and startup Sybase Inc. to distribute an advanced data-base product for IBM PCs. It will let computers on a network share information and is seen as key for a new generation of computers. But some industry observers see the new program as evidence of Ashton-Tate's weakness, since the company did not develop the product itself and won't control it. Still, the alliance could guarantee Ashton-Tate a pivotal role in setting an important industry standard.

Esber now has his in-house brain trust to boost software development. The group includes several top data-base specialists. The star player is Moshe Zloof, a former IBM software designer who invented Query By Example, a system that allows computer operators to retrieve data from files using simple English instead of computer commands. Zloof will develop software that mimics how human beings think by using artificial intelligence techniques. Esber's other software stars, Michael Y. Benson, Harry K. T. Wong, and Arvola Chan, will help design successors to dBase IV, as well as products to store sound and images.

Esber also recently announced plans to upgrade other software, including word processing, graphics, and file management packages. An engineer by training, Esber personally oversees the development of Ashton-Tate software for Macintosh computers. He is making a big push for that market and predicts that FullWrite Professional, a new word processing program, will be the best-selling such package for the Macintosh by the 1990s. "FullWrite will be the Trojan Horse of the word processing industry," Esber boasts. Industry analysts agree that the program is a solid product, but they also say that it will face heavy competition.

Even Esber admits that he's not home free. To maintain his credibility—and the position dBase has established—he must turn out a flawless version of dBase IV by July, the promised delivery date. And he still faces serious competition for the data-base market from major rivals. But he's banking on Ashton-Tate's 2 million customers to give the company an edge—even over IBM, which has indicated that it will sell competing programs. He is also planning more product announcements soon. And he's hatching plans

**ASHTON-TATE'S  
BRAIN TRUST**

Scientist	Expertise
<b>MICHAEL BENSON</b>	dBase mainframe software
<b>ABBOT BRUSH</b>	Graphics software
<b>ARVOLA Y. CHAN</b>	Distributed data-base management
<b>J. SAMUEL FELDMAN</b>	Data storage and retrieval systems
<b>PHILLIP FLORENCE</b>	PC software and hardware development
<b>HARRY K.T. WONG</b>	dBase language
<b>MOSHE ZLOOF</b>	Relational data bases and robotics

DATA: BW

to venture into the market for minicomputer and mainframe software. It is a strategy replete with risk. But then, that's Esber's favorite game.

By Patrick E. Cole and Stewart Toy in Torrance, Calif.