



January 18, 1988

Mr. Anthony Parisi
Assistant Managing Editor
Business Week

Dear Mr. Parisi:

We are writing this letter to register our dissatisfaction with your recent article entitled, "There's Safety In Numbers for Ashton-Tate", on page 32 of the January 25, 1988, edition. We consider the article riddled with false and misleading statements.

For your background, we announced the following on Wednesday, January 13: "Ashton-Tate and Microsoft form long-term strategic alliance to market SQL server for local area networks. Ashton-Tate and Microsoft announced SQL Server, a relational database server software product for local area networks. SQL Server is based on a field-proved relational database management system licensed by Microsoft from Sybase, Inc., of Berkeley, California, and enhanced with technology from Microsoft and database; technology from Ashton-Tate.

Under the agreement, Ashton-Tate will license SQL Server from Microsoft for redistribution through all its retail channels. The product distributed by Ashton-Tate will be called the Ashton-Tate/Microsoft SQL Server. Customers will be able to buy SQL Server by itself or in combination with a future version of Ashton-Tate's dBASE database product. Microsoft will license SQL Server on an OEM basis to hardware manufacturers."

The following information contained in the Business Week article is inaccurate and untruthful:

1. First Column: (After the sub-head TOP PROBLEM) -- The article insinuates that Ashton-Tate has "abandoned hope of making -- and reaping the fruits of -- its own new data base program." This is totally false and inaccurate, and is the most damaging and misleading statement in the article. The SQL server product represents incremental revenue opportunities for Ashton-Tate and is expected to increase the sales of our current products and their future versions.

In addition, this article does us a great injustice by implying that the next version of our database product (what some reporters are calling dBASE IV) will not be proprietary. That is not true. And, in fact, we have given up nothing in adopting the SQL server product, which is separate and distinct from the continuation of the dBASE product.

2. First Column: (Last paragraph) -- "the slow death of its popular dBASE series of PC programs," is a false statement. dBASE continues to be the best-selling database management product in the marketplace. Our installed base of users is well in excess of two million, and we believe you have no evidence to the contrary. Furthermore, the establishment of a server standard, tightly linked to dBASE, gives Ashton-Tate a tremendous advantage and will, in fact, probably help increase dBASE sales.

3. Third Column: Calling the product a "file server." -- The product is not a "file server." The product we announced last Wednesday at our press conference is a data server (or database server or intelligent server). It offers benefits to the users previously found only in minicomputers and mainframes, mentioned nowhere in the article.

4. Caption under the photo: "Esber and Gates: Ashton-Tate will co-market SQL server -- but Microsoft owns the technology." This is NOT true. If anyone "owns" the technology, it is Sybase. Both Ashton-Tate and Microsoft are licensees of the technology, and both Microsoft and Ashton-Tate have contributed proprietary technology to the SQL server product.

5. Third Column: "More important, as part of the deal, developers are designing a new version of dBASE so that it runs smoothly with SQL server." The quote gives the inaccurate impression that Ashton-Tate and Microsoft are working together on the next version of dBASE, and that is not true. dBASE is 100 percent developed by Ashton-Tate. The fact is that Microsoft and Sybase have incorporated dBASE technology into the SQL server product, which gives Ashton-Tate a competitive advantage over other developers.

General Comments:

Nowhere in the article is there any reference to the benefits Microsoft and Sybase derive from the agreement with Ashton-Tate. Microsoft and Sybase want to optimize the SQL server to take advantage of the next version of dBASE.

Also, the article gives the false impression that SQL server is a full database. This is not accurate. The SQL server product operates as a "back-end" engine, offering no practical way for consumers to use the product without a "front-end" product such as dBASE. Future versions of dBASE will work without the SQL product. We estimate the SQL server product will meet the needs of only about 10 to 20 percent of the market.

However, what IS missing from the article is the strategic importance of the agreement. All three companies (Ashton-Tate, Microsoft and Sybase) had been working on their own versions of a server product. The three companies agreed to converge on a joint product strategy -- the SQL server -- which provides the best solution for the customer. In addition, the SQL server will remain hidden to users. It forms the "back-end" of the database and adds strength to our contention that the "front-end" is still the most important area. Ashton-Tate is NOT being threatened by this SQL server product.

Overall, the tone and flavor of the article does an injustice not only to Ashton-Tate, but also to your readers. We spoke with the people at Microsoft on Friday and they will corroborate the inaccuracies that we have indicated here. The article is misleading and unfair to Ashton-Tate. It is particularly disappointing to us since we provided Business Week with advance press material and made ourselves available to Anne Field before we spoke with any other reporters.

Anne had contacted us about a week before our event and explained her problem given Business Week's deadline and the Wednesday date of our announcement. We worked with her under an "understanding of nondisclosure" to help Business Week be the first weekly on the stands with the story, and to give Anne as much information as was necessary to help her comprehend the significance of the announcement. We were hopeful that the article would be full and rich in detail. We realize that, due to deadlines, the article could not include everything. However, we do not feel it is unreasonable to expect an article from a internationally-acclaimed publication such as Business Week to be accurate.

We think it is inexcusable for a story such as this to be printed, and we strongly urge you to take action to address this unfortunate and misleading article.

We are willing to work with you to develop a satisfactory resolution. We do not feel that printing this letter or a "letter to the editors" is adequate.

We appreciate your assistance in resolving this matter as quickly as possible. We await your response.

Sincerely,

Edward M. Esber, Jr.
Chairman & Chief Executive Officer

Luther J. Nussbaum
President & Chief Operating Officer

cc: Lydia Dobyns, VP Marketing
Gail Pomerantz, Dir. Corporate Communications
Stanley Witkow, General Counsel