THE DARK HORSE WHO HAS ASHTON-TATE GALLOPING AGAIN

ED ESBER CAME FROM NOWHERE TO STRAIGHTEN OUT THE CHAOTIC SOFTWARE MAKER

BESIDES REGULAR MEETINGS AND FORMAL BUDGETS, A SHELF OF NEW PRODUCTS

By the time Edward M. Esber Jr. became chief executive of Ashton-Tate Inc. in late 1984, most observers were writing off the company as just another one-product software maker that couldn't come up with an encore. After losing its two top executives within three months, the nation's third-largest producer of personal computer programs was in disarray. Esber, low-key and virtually unknown, hardly looked like a savior, even to many board members. In his previous career at software developer VisiCorp, the 33-year-old engineer had been demoted three times.

But Esber is proving the skeptics wrong. Over the past 14 months, while most of his competitors were barely treading water, he has successfully remolded Ashton-Tate. He has installed a new management system and devised a strategy for lessening the company's reliance on its best-selling data-base management program, dBase III, which accounts for more than half of current sales. "This," says Esber, "is a new Ashton-Tate."

HIGH MARKS. Wall Street is impressed. Ashton-Tate's stock has nearly quadrupled during Esber's reign, to almost 20. Profits climbed 146% for the nine months ended Oct. 31 on a 45% jump in revenues to $80 million. Analysts estimate that yearend earnings, restated to reflect a recent acquisition, will hit $18 million on revenues of $142 million.

"Esber is one of the big surprises in the industry," observes Michele S. Preston, an analyst with L. F. Rothschild, Unterberg, Towbin.

A onetime amateur skydiver, Esber took over Ashton-Tate from David C. Cole, who had become chairman after cofounder George Tate died of a heart at-tack in August, 1984. Although charismatic and entrepreneurial, Cole hadn't been able to create a stable, well-organized operation. Overly ambitious sales projections and a lack of financial controls caused earnings to plunge by 56%, to $831,000, in the first half of fiscal 1985 despite a 68% sales gain. Cole's unexpected decision to join Ziff Corp. was a chance to start over.

Esber's first task was to inject Ashton-Tate with massive doses of "Management 101." The Harvard MBA replaced Cole's flamboyant, one-man rule with a lower-key, participatory approach. He instituted simple but important procedures, such as formalized planning, budgeting, and product development. Meetings about new products, once held at the chairman's whim, are now scheduled for every other week. And Esber has slowed turnover in the company's executive ranks. "Up until a year ago, I was keeping my bags packed and resume current," says Harvey Jeane, vice-president for product development.

`Until a year ago, I was keeping my bags packed and resume current,' says a staffer

Other signs of change abound. The company has abandoned its run-down, low-budget warehouse headquarters, hidden in a Culver City (Calif.) industrial area, for a high-profile glass building in the more upscale Torrance. And employees have abandoned Levi's and open collars for a more buttoned-down look.

Esber gave up skydiving after his two children were born. But even if he hadn't, he'd have little time now to add to his 375 jumps. After spending 60 or more hours a week at the office, he heads home to test out new programs on three different personal computers.

EXOTIC COMMANDS. With his new management procedures in place, Esber is tackling the first long-term strategy Ashton-Tate's ever had: broadening the product line to make the company a one-stop shopping center for applications software. Ashton-Tate now has about 50% of the market for personal computer data-base management programs, used to manipulate huge files of data quickly. But Esber believes that he has to diversify. In December, after months of courting, he put down $22 million to buy privately held Multimate International Corp., whose Multimate word processing package is a best-seller. The company may use its considerable financial muscle to make other acquisitions, possibly in communications software.

In addition, Esber has taken a new marketing tack with Framework, a program combining word processing, spreadsheet, and communications capabilities, which came out before he arrived. Instead of emphasizing the product's so-called integrated features, the company now sells Framework as a fancy word processing and spreadsheet program, and its sales have picked up. Esber also plans to enter the computer services field by doing custom programming and possibly teaming up with electronic information companies.

Esber's diversification efforts also extend to his data-base franchise. Despite its popularity, dBase III has been widely criticized as too complicated. For example, the

command language required to operate the program is esoteric. So this year, Ashton-Tate will introduce a less expensive, easier-to-use data-base management program. It will also begin rolling out add-on products, such as financial analysis and graphics programs, to sell to the 750,000 customers who have bought dBase III. And it may unveil a database program and a package similar to Framework for Apple Computer Inc.'s Macintosh computer.

The sailing is not all clear, however. Newcomers are selling file management programs similar to Ashton-Tate's. Ansa Software, funded by venture capitalist Benjamin M. Rosen, recently started shipping Paradox, a $695 program that employs so-called artificial intelligence techniques that make it easier to use than dBase III. Many analysts initially picked Paradox as the odds-on favorite to shove aside dBase. Multimate's word processing software also faces stiff competition, from International Business Machines Corp. as well as from software companies such as Microsoft Corp.

EARLY LEAD. Keenly aware of such threats, Esber is protecting his flank by charging into a new area: networking software. In November, Ashton-Tate unveiled dBase III Plus, a file management program that can be used with groups of personal computers hooked together. Despite a manufacturing glitch that forced Esber to recall 24,000 copies in January, analysts figure the networking program has a six- to nine-month lead over one being developed by Ansa. "It would appear that dBase III Plus has rebuffed the competitive attack," concedes Rodney N. Turner, executive vice-president for marketing and sales at Symantec Corp., which makes a rival program.

But Esber knows there is no such thing as a permanent advantage in the software business. One of his top goals is avoiding a false sense of security. As he recently told an industry conference: "Just about the time you begin to believe you're Superman, the world's supply of kryptonite increases."

By Scott Ticer in Torrance, Calif

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