

SOFTWARE

dBUGS IN dBASE IV SPREAD TO THE BOTTOM LINE

Ashton-Tate is scrambling to recover from the program's flop



ESBER SAYS IF THE CORRECTED dBASE IV "AIN'T READY BY FALL, WE AIN'T SHIPPING IT"

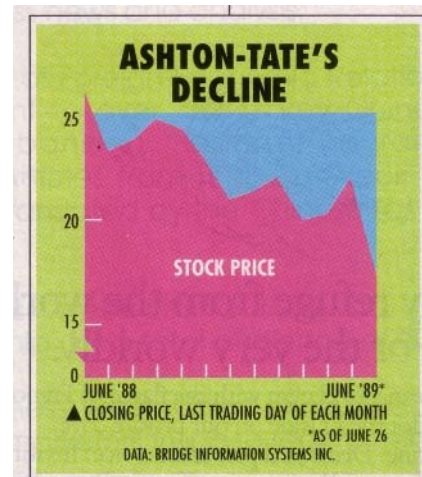
Last spring, Edward M. Esber Jr. mapped out a month-long sabbatical for July. The 37-year-old chairman of Ashton-Tate Inc. planned to hang around his Santa Monica (Calif.) home taking saxophone lessons, losing a little weight, and playing with his two kids. He may lose weight, all right, but for a different reason. Ashton-Tate has stumbled badly, and Esber will spend July at his desk, trying to extract his company from a financial crisis that will shove it into the red for the first time in its nine-year history.

The bad news came suddenly. Last October, the Torrance (Calif.) company re-leased dBase IV, the latest version of its flagship PC data-base program that's used for record-keeping. With aggressive price promotion, Ashton-Tate prompted distributors to take 300,000 copies of the \$795 product. Esber knew from periodic checks that dBase IV wasn't meeting expectations. But it wasn't until June 12 that a phone survey turned up precise numbers. The news was bad. Distributors had sold only half of the packages they had ordered, estimates market researcher International

Data Corp. And they weren't buying more.

By then, Ashton-Tate's warehouses had \$26.8 million in inventory that may never be sold. It seems dBase IV has done poorly because its 450,000 lines of code contain as many as 100 bugs, say outside developers. Ashton-Tate says the glitches number 44. Mill, the flaws make functions such as file-sorting worthless. "This program is nothing but a stickup," says Denis Bellemare, a Montreal immigration lawyer and dBase IV buyer. "It's so bug-ridden I can't use it."

So on June 13, Esber announced that the company expect-ed a second-quarter loss of \$15 million—including a charge of \$8 million, reflecting the discontinuation of a line of graphics software. Revenues will be a disappointment, too: about \$55 million, down from the first quarter's \$89.8 million. The third quarter's



outlook is only a bit better. Analysts expect a \$3 million loss, vs. a profit of \$11.7 million in the year-earlier third quarter. "This was a shocker," says Kidder, Peabody & Co. analyst Bahar Gidwani. Ashton-Tate's stock, which traded as high as 30 last winter, lately has been hovering around 17.

To avoid such surprises in the future, Esber is making several changes. For one thing, Ashton-Tate will quit booking deliveries to distributors as sales. Instead, it will count only sales to consumers.

Esber is also improving product development. Until recently, Ashton-Tate engineers hunted for bugs after the entire program was written. With dBase IV, that was complicated by an unwieldy development crew of 75. Because of the pressure to get the program to distributors, the lethal bugs slipped through. Now, says Ashton-Tate President Luther Nussbaum, code is checked throughout the process, as individual sections of the program are developed, to avoid the crash debugging that was done for dBase IV.

Just how well the fix works will be clear when the company delivers an up-grade of dBase IV, probably this fall. But Esber says that he won't compound the company's mistakes by shipping the product before it has been properly vetted: "If it ain't ready by fall, we ain't shipping it."

DATA TRADING. Esber also wants to expand the company's customer base so that problems with one product don't lead to financial disasters. By the end of 1990, he wants to have ready an easy-to-use version of dBase for the 80% of PC owners who shy away from the complexity of dBase IV, with its 14 disks. By 1991, he hopes to launch "Ashton-Tate Office," software that will use a version of dBase to trade information with other Ashton-Tate products and even outside software packages, such as spread-sheets and word processors. To cut its reliance on dBase—now 75% of its sales—Ashton-Tate will also step up marketing for its word processing, spreadsheet, and graphics programs. For instance, it will develop versions of its Macintosh word processing software, FullWrite Professional, for IBM PCs and compatibles.

Still, analysts are less than impressed. "It's an elegant strategy, but Ashton-Tate's competitors are pursuing it, too," says Richard G. Sherlund, an analyst with Goldman, Sachs & Co. For now, even the normally jovial Esber is restrained. Critics have long said the company lacks the technical vision to hold on to its No. 3 ranking in PC software, behind Microsoft Corp. and Lotus Development Corp. The naysayers were supposed to be proven wrong by dBase IV. But now that will have to wait for Ashton-Tate's next product. And that adds up to a long summer for Ed Esber.

By Patrick E. Cole in Torrance, Calif