

dBASE IV IS A GODSEND TO THE COMPETITION

Glitches have opened up a free-for-all in the PC data market



CHAIRMAN ESBER: "WE'RE DOING MORE EXTENSIVE TESTING"

Last month, consultants at Ernst & Young in Los Angeles could hardly wait to try software they had developed using Ashton-Tate's new dBase IV program as the foundation. But only minutes after starting a simple routine, the program crashed. "I should have listened. I was warned," says one insider, referring to reports that dBase IV is flawed. The firm chucked dBase IV and replaced it with a clone.

That's happening increasingly with dBase IV, a personal computer program used to keep lists and records. The product's U. S. market share plunged from 68% in 1985 to 45% in 1988, says market researcher International Data Corp., as U. S. sales of Pc data bases climbed almost 200%. The trend is continuing this year. Market researcher Dataquest Inc. expects dBase's market share to drop to 35%. Ashton-Tate points out that no single rival has gained the lion's share of its lost sales. Still, as sales stall while the company improves dBase IV, its competitors are benefiting.

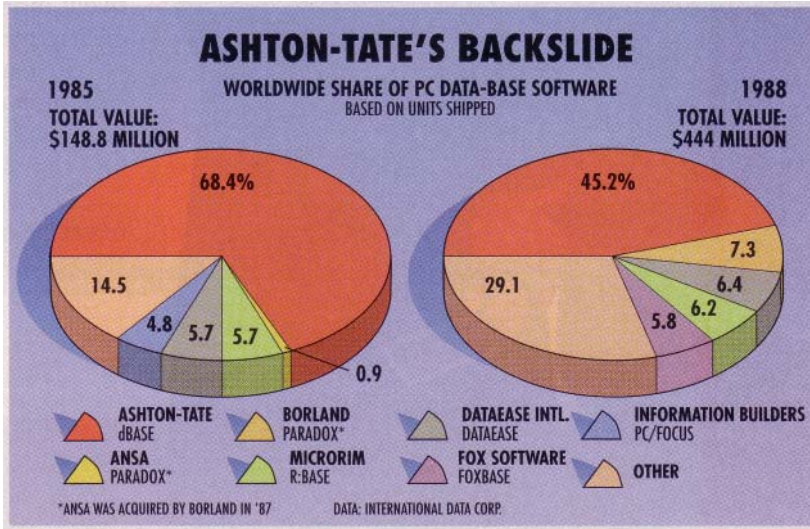
OPEN DOOR. Just two years ago, such a retreat was unthinkable. Introduced in 1981, dBase eventually drew 2.3 million customers and accounted for 75% of Ashton-Tate's sales. Its adaptable code became a popular software-writing tool, second only to the programming language Basic. With its ability to organize bigger heaps of information, the \$795 dBase IV was supposed to keep Ashton-Tate ahead. Instead, customers are finding bugs. Programmers say that dBase IV lacks a compiler—a miniprogram that translates software code into computer instructions. So, dBase takes longer to sort and file data than rival products do—while eating up vast amounts of computer memory. A new version due next year will solve some of these problems, Ashton-Tate says.

Still, the door has opened for rivals such as Borland, DataEase, and Fox Software. Once, "people would automatically ask for dBase," says Larry Foster, a senior vice-president at Egghead Discount Software in Issaquah, Wash. "Now, customers are open to other products." Borland, No. 2 with about 7.3% of the PC data-base market, says unit sales of its \$725 Paradox program will more than double this year to 150,000.

Technical innovations also are giving competitors a boost. For instance, Fox's new FoxPro does chores up to eight times as fast as dBase IV, programmers say. Moreover, the \$795 product is easier to use. And data stored in dBase files can be used with the program. "It's way ahead of the competition," says Michael P. Masterson, a software consultant in Silicon Valley. Fox, based in Perrysburg, Ohio, also produces FoxBase, which is the top-selling data-base program for Apple Computer Inc.'s Macintosh. Ashton-Tate sued Fox last year, claiming that FoxBase copied some features of dBase IV. The suit is still pending.

Another innovative challenger is Clipper, made by Nantucket Corp. in Los Angeles. Although that \$795 product is a so-called development kit, not a ready-to-use program, buyers say it's easier to customize than dBase IV to handle specialized filing and sorting jobs. In fact, Ashton-Tate used Clipper to develop some of its internal record-keeping programs. Privately held Nantucket expects its sales to jump about 20% in fiscal 1990, to about \$24 million, and claims to have 175,000 regular customers.

Cruder products also threaten dBase's turf. Programs such as Symantec Corp.'s Q&A and Software Publishing Corp.'s Professional File sold about 160,000 units combined last year. As the \$444 million data-base market doubles by 1993, analysts say, such products will lure customers who don't have time to learn a complicated program such as dBase or Paradox.



CLOSE EYE. The decline of dBase has wreaked havoc at Ashton-Tate. Analyst David Bayer of Montgomery Securities expects the company to lose \$28 million this year on revenues of \$263 million. California software companies say they've been inundated with resumes from Ashton-Tate employees. To stem the tide, Ashton-Tate Chairman Edward M. Esber Jr. is keeping a close eye on improved dBase IV. "This time, we're doing more extensive testing," he says. Indeed, Eric Kim, vice president of dBase product development, is testing the program on 45,000 functions to weed out glitches.

But such efforts may be a bit late. "They've already lost a lot of credibility in the users' eyes," says Nancy McSharry, a software analyst at Inter-national Data Corp. That may mean rougher sailing for Ashton-Tate, as customers keep jumping ship.

By Patrick E. Cole in Los Angeles