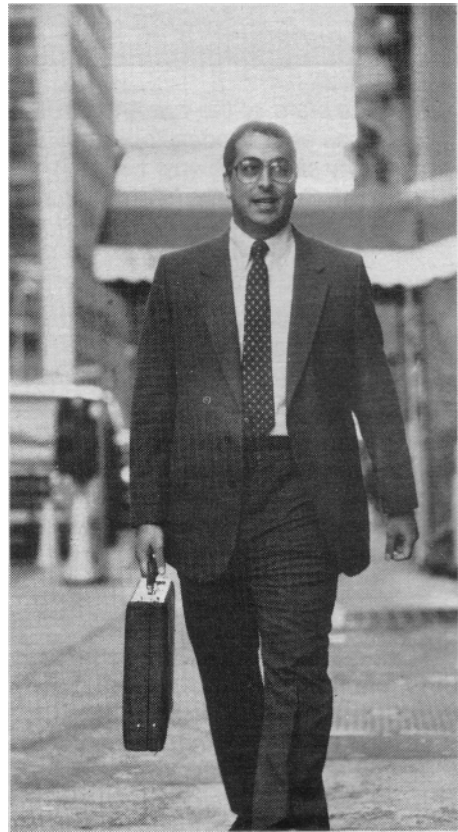# A TIMELY DEPARTURE AT ASHTON-TATE?

The loss of two top executives in the space of a few months would be traumatic for any company. At first glance, it would seem to spell disaster for a small, entrepreneurial enterprise such as Ashton-Tate Inc., a high-flying Los Angeles-area software developer. George E. Tate, its chairman and co-founder, died suddenly in August. And in November, David C. Cole, the company's chief executive, abruptly walked out to take a job with an as-yet-unnamed publisher. It was Cole, Ashton-Tate's 32-year-old charismatic boy wonder, whose entrepreneurial drive helped catapult the company into the spotlight as the third-largest independent soft-ware developer in the personal computer industry.

NEWLY NAMED PRESIDENT ESBER IS THE FAVORITE TO BECOME CHIEF

Yet Cole's departure may ultimately prove to be a boon to Ashton-Tate. Al-though the company benefited from his impulsive style in the past, it now needs more traditional managerial techniques to cope with the competitive and maturing software industry. "It was a great thing that David was there," says one company insider. "Now, it's a hell of a good thing that he's gone."

Indeed, Cole's free-wheeling management style was beginning to tell on Ashton-Tate. He ran operations from his hip pocket—the company has had no formal budgeting process—and his erratic manner sent some key executives packing. Even Cole, who calls himself a hard-driving manager, feels that the time is ripe for a new leader. "For the next stage of growth, it makes sense to have somebody else," he admits.

THE PITS.' A successor has not been chosen, but betting is that Edward M. Esber, a 32-year-old Harvard University MBA who was named president in early September, will take over the chief executive slot as well. Esber, a former marketing manager at ill-fated VisiCorp, is known as a sensitive administrator who can build a strong management team. Already, he is instituting simple management techniques, such as an official executive bonus plan 'and formalized budgeting—"Management 101," in the words of one insider. "We've been succeeding in spite of ourselves," surmises Esber. "Now we intend to make Ashton-Tate succeed because of itself."

The major challenge facing Ashton-Tate will be broadening its product base. The four-year-old company is expected to rack up sales of $80 million this year, mostly from its best-selling dBase II and dBase III, programs that allow personal computers to find and organize information in large data banks. But exploding marketing and administrative expenses are starting to cut deeply into earnings. In the first half of this year, earnings plunged to $831,000, down from $1.9 mil-lion in the same period last year—despite a hefty 68% sales gain.

Much of these soaring costs came from Framework, a $10 million gamble in developing a second big hit product. The program was designed to tap what may be an emerging market for integrated programs, which combine some of the most popular computer functions—word processing, financial analysis, graphics, data management, and communications—into a single package.

But both Ashton-Tate and Lotus Development Corp., which sells a competing product called Symphony, are finding that the latest generation of integrated software is not the bonanza they had expected. Many customers are sticking to single-application software that is simpler to use. And analysts estimate Ashton-Tate will sell only one-third to one-half of the Frameworks that it originally expected to move in the first year on the market. "Sales of Frame-work and Symphony are the pits. People don't need that kind of sophistication." observes Bonnie A. Digrius, a software analyst with Creative Strategies International, a California market researcher.

Cole's seat-of-the-pants management may have already lost the company another important opportunity: developing software designed for Apple Computer Inc.'s successful Macintosh computer. Dealmaker Cole had engaged Computer Software Design Inc. in Anaheim, Calif.. to develop a version of Ashton-Tate's hit dBase III that could operate on the Mac and other machines, such as the IBM Personal Computer. But he moved the effort in-house. Meanwhile, Computer Software Design has developed its own file-management program for the Mac and intends to unleash it this week. "Cole made a big mistake," says Mike C. Strong, president of Computer Software Design. "He opened a big hole for us in the Mac marketplace."

BUYING TIME. Despite such problems, however, sales of Ashton-Tate's bread-and-butter programs are still soaring. Its dBase III, an enhanced version of its highly popular dBase II, has exceeded the company's most bullish expectations since it was launched earlier this year. And Ashton-Tate has regained much of the market share it lost to easier-to-use file-management programs last year. "They have such a strong product, it would be hard to screw up now," says David S. Wagman, chairman of Softsel Computer Products Inc., an Inglewood (Calif.) software distributor.

Healthy sales of dBase III will buy Ashton-Tate some much-needed time. What's more, the company may revise Framework, breaking the product into pieces that would be much easier to use. Parts of the program, including its novel organizing features, could be sold as a super word processing program for such tasks as writing reports. But more immediately, Ashton-Tate's most pressing job is putting together a new management team that can shore up the company against the increasingly stiff competition facing small software producers.

By Scott Ticer in Los Angeles