

that Tandem and Norsk are exceptions. Tandem's softness is in the domestic market. Analysts theorized that it was a falloff in orders from financial industry customers, but Tandem officials say it was another as yet unexplained reason. As for Norsk, it suffers from overexpansion and dependence on customers in the securities and automotive industries, according to H. Gerald Nordberg Jr.,

chairman of Reinheimer Nordberg Inc. But for the balance of the computer industry, the outlook remains bullish—never mind investors who may be missing the fundamental story. When their high-tech portfolios were on the rise, investors shrugged off bearish news. Now, they appear to be selling at the first hint of trouble. Such volatility, however, is the norm for computer stocks.

One reason for this is heavy institutional ownership of IBM and DEC. Salomon's Schulman has another theory: "These stocks really bring out the fear—and greed—in people." And as long as that's the case, they'll continue to have extreme reactions to negative news—real or imagined.

By Geoff Lewis in New York with bureau reports

SOFTWARE

THERE'S SAFETY IN NUMBERS FOR ASHTON-TATE

Teaming up with two rivals keeps it competitive in data bases

For Ashton-Tate Inc., it was compromise or lose. For the past year, rival software companies moved in aggressively on the Torrance (Calif.) company's mainstay business—data base management programs for storing and retrieving information in personal computers. As the competition grew, though, Ashton-Tate reacted sluggishly.

But on Jan. 13 the company lashed back—by compromising. The No. 3 personal computer software maker announced that it has teamed up with No. 1 player Microsoft Corp. and Berkeley (Calif.) startup Sybase Inc. to produce a state-of-the-art data base program for IBM's new generation of personal computers. Together, Microsoft Chairman William H. Gates III and Ashton-Tate Chief Executive Edward M. Esber hope to create a new industry standard. Says Esber: "This will be an essential element in office automation in the future."

TOP PROBLEM. What Esber didn't say is that by joining Microsoft, Ashton-Tate abandons hope of making—and reaping the fruits of—its own new data base program. Wall Street got the message anyway. On Jan. 13, while Microsoft's stock was unchanged, Ashton-Tate dropped 2%.

The new product, called SQL Server, is supposed to solve the company's top problem: the slow death of its popular dBase series of PC programs. Since its launch in 1981, dBase has held sway over the market. But International Business Machines Corp.'s powerful new personal computers, coupled with Microsoft's advanced operating system—which directs a computer's basic functions—have outgrown dBase. The program is

not complex enough for the new computers, which can do jobs once done by minis and mainframes.

As a result, Ashton-Tate has been fighting rivals from Lotus Development Corp. to IBM, which are rushing to come up with sophisticated new data bases. "Ashton-Tate was the brunt of a lot of speculation that the company wouldn't make it," says John C. McCarthy, research director of Forrester Research Inc. in Cambridge, Mass.

Industry analysts say SQL Server and

the joint venture ensure that Ashton-Tate will survive. But it may no longer stand alone at the top.

The product is a "file server" data base, which stores and makes accessible information in personal computer networks. Analysts say that such a program was too complex for Ashton-Tate to design quickly. Teaming up with Microsoft, which was already developing such a product with Sybase, a highly regarded minicomputer software maker, was the quickest solution. More important, as part of the deal, developers are designing a new version of dBase so that it runs smoothly with SQL Server. Customers use dBase to get to the data in the file server.

'GIVEN UP.' This would all be good news for Ashton-Tate, except it won't own the technology. Under its agreement with Microsoft, both companies will market the program: Ashton-Tate will distribute it through its retail network, Microsoft through hardware makers, which also sell the operating system. But Ashton-Tate must license the technology from Microsoft. Says Ruthann Quindlen, a vice-president with Alex. Brown & Sons Inc., an investment firm: "Ashton-Tate has given up the opportunity of competing" in all areas of the data base market. "They've given up the ball game."

The dBase franchise could be threatened yet—because the design of SQL Server allows other software companies, including Microsoft, to design programs that will tap into it. And the joint venture hardly has the market in the bag. Companies such as Oracle Corp., a Belmont (Calif.) competitor, sell sophisticated data base software and boast large sales forces and loyal customers. IBM is due out with a program that could compete by yearend, about the time SQL Server is expected to ship. As Salomon Brothers analyst Michele Preston says: "It's a race, and who wins it won't be decided for at least two years." Ashton-Tate is back in the race—even if it can't keep the prize to itself.

By Anne R. Field in New York



ESBER AND GATES: ASHTON-TATE WILL CO-MARKET SQL SERVER—BUT MICROSOFT OWNS THE TECHNOLOGY