

---

**Software History Center Oral History Program  
Edward Esber Interview**

---

**David Grier:** It's November 19, 2004 and I am interviewing Edward Esber at the Computer History Museum in Mountain View, California. I am David Grier and I'd like to start with computer engineering. You got a bachelor of science in 1974 from Case Western. What made you think that that was an interesting thing to do? Why didn't you become an electrical engineer?

**Edward Esber:** Well, this goes back to high school; I first got introduced to computers there. It was a GE time-sharing system that we used at school and I really liked computers, but actually through pressure from my parents I started in chemical engineering when I went to Case Western.

**Grier:** But you were able to buck that pressure later.

**Esber:** Yes.

**Grier:** Did you do programming in high school? Did you have an opportunity to work with it a little bit?

**Esber:** Yes, we did some programming in Basic. There were no formal courses at my high school, but there was a terminal in the back room someplace in a physics area and in our spare time they let us do things with it.

**Grier:** Then you did computer engineering rather than computer science?

**Esber:** Right. The reason I did computer engineering was because I had a lot of interest in hardware and designing digital circuits as well, so computer engineering let me have a taste of both.

**Grier:** Then you did a graduate degree in electrical engineering.

**Esber:** Yes.

**Grier:** So the hardware starts taking over.

**Esber:** Well, what happened is I went to work for IBM at the same time I was getting my master's degree and IBM pretty much paid for my master's degree. I did enough extra courses while I was at Case to be kind of a year into a master's so that when I went to IBM, and they let me go to school in afternoons and evenings and they paid for it, it was a great opportunity. So Syracuse University was where I got my master's; it actually occurred at Marist College in Poughkeepsie and IBM would fly the professors there.

**Grier:** You graduated with a BS. How did you get into IBM? Did they send a representative to campus?

**Esber:** They sent a representative to campus; there were a lot of job opportunities, but at the time for somebody who was interested in computers to get an offer from IBM was the dream. So it was pretty hard, when you're interested in computers, when you get an offer from IBM not to take it.

**Grier:** What unit employed you at IBM?

**Esber:** I was in the instrument control systems group and what they ended up doing was building, not to take a long time on this, three machines. One was a textile color analyzer, one was a film thickness analyzer and the third was one of the precursors of MRI machines. I did some programming for that as well as designing a floating-point processor for their mini computer.

**Grier:** You designed this processor for their mini computer?

**Esber:** Yes, it was embedded in those three machines and all of these machines sort of worked bouncing light off of either color swatches for the textile color analyzer or silicon film and analyzed the wave lengths that came back.

**Grier:** You were doing analysis work?

**Esber:** Yes, I did all that stuff.

**Grier:** Is there anyone there in particular you worked with or anything that you learned in the process from IBM that would shape your later career?

**Esber:** Nobody in particular at the company. When I went there out of undergraduate school, I was at an introductory level so I was climbing up, doing what they told me to do. Some experiences that I had later there kind of helped shape my career. It turned out that word got around somehow, people found out at the Corporate Management Committee level and in IBM that's the main decision body, it's the top management. They were looking at things called microprocessors at the time. At the time it was the Intel 4040, 4004, 8008, Motorola 6800, and somebody found out that I kind of kept up with this stuff. So I got what for me at the time was a very scary call one day; the caller said, "I'm from the corporate office and we'd like you to give a 20-minute presentation on microprocessors outside of IBM." And in IBM at the time the only way we communicated was with flip charts.

**Grier:** The PowerPoint of its age.

**Esber:** Yes, that is true. So I put together this presentation and I was picked up and taken there and gave a presentation on microprocessors. IBM then decided that those things were important to the future of computing and they commissioned me, in addition to my normal job, to

put together a 40-hour course for engineers on how to design using microprocessors, which I then did and taught twice.

**Grier:** Your presentation was at Corporate Headquarters?

**Esber:** Right, in White Plains. I was located in Poughkeepsie.

**Grier:** This must have been a frightening thing for you?

**Esber:** It was for a young kid, 24 years old.

**Grier:** You're doing a master's in electrical engineering at the same time and I note here that you have your MBA from Harvard at this point. How do you do all this simultaneously?

**Esber:** Well, I didn't get my MBA simultaneously although technically I was an IBM employee through getting the MBA. You'll find about me that I work best when I have more to do than not more to do. It's like if you're good at math, you better have a challenging math course or you might get C's. So I liked to go to work and go to school at the same time.

I can discuss the MBA. There was a gentleman in the Hudson Valley named Chuck McMinn who was the founder of Covad, and Chuck was working with me at IBM, not in the same exact group but he had gotten into Harvard when he applied right out of undergraduate school. One day, somehow Chuck and I were talking and he said, "Ed, you should really think about getting an MBA; I don't think you'll ever be happy long term being an engineer." I don't know how he decided that. So one day I just decided to apply for an MBA. I only applied to one place, Harvard. Before that, an MBA was not in my thought set, dream set, or whatever so I stayed late on an old IBM Selectric, typed up my application and sent it in fully thinking that, like Chuck, I would get a deferral for two years; they would accept you but not for two years because they wanted work experience. Lo and behold, I got in and they wanted me to go immediately. So now I started to panic. I hadn't finished my master's in electrical engineering and I was working on some projects at IBM and I felt career wise it'd be important to see something through a whole cycle. So I wrote them back saying I'd like two years and they said, "No, but we'll give you one year." It turned out one year worked out just fine. I finished my master's in electrical engineering and got most of the way through the project. So then I went to Harvard. In the process I, of course, asked senior managers if they would they help me with the tremendous bill that you have going there for a couple of years and they said in essence, to boil it down, "Son, if you want a career at IBM, stay here for two years, going to Harvard's not going to help you, and also if there was a particular technical skill you were acquiring and we thought it was valuable, we would pay for it but we don't do MBAs." So I decided to ship off and go there anyways.

In the process of leaving IBM, which you don't really leave, you're on an educational leave of absence, they said we're starting to think about personal computers and energy and that type of thing. So they gave me a project to work on while I was at Harvard Business School. It was called HERMS, it sounds like a social disease but it isn't, it was Home Energy

Resource Management Systems, the application of home computers to reducing energy usage in the home because in 1976 when I left for Harvard, energy costs were going through the roof and they only had one caveat: I couldn't live in the dorms with other students, I had to have a locked file cabinet and the typical IBM secrecy stuff. So I was very thankful to IBM. My first year at business school, I worked sort of part time, maybe half time, on this project while I was going to business school.

**Grier:** When you were at business school, were you thinking in terms of business in microprocessors, business in computers, business in software, or were you just going straight through and doing what they told you?

**Esber:** Well, I was getting an MBA and hoped to go back to the technology industry. Did I know exactly whether it would be personal computing or personal computing software? Can't say that I knew that at that point. It would depend on what opportunities availed themselves at the time.

**Grier:** As you were finishing up, Texas Instrument availed itself.

**Esber:** Well, yes, and so did a couple of incidents while I was going to business school: One is that I met a guy named Dan Fylstra. Dan Fylstra was in his second year of business school, but he was going to graduate the same year I did, 1978. Dan started a software company called Personal Software. He was selling game software on cassettes to the then-beginning fledgling home computer, personal computer, business, and so I met Dan. We had lots of talks during my second year at the business school but towards the time when I had to think about a job, Dan hadn't fully decided yet whether he was taking a job or not. So I interviewed, of course, and I was still interested in personal computers. At the time, TI had decided they were going to enter the personal computer business and so in my infinite wisdom or lack thereof, I said boy, this would be great to work for TI building a new personal computer division. In fact, Dan Fylstra, my colleague, was actually interviewing down there and considering working there too so I took the job. It was subsequent to that that Dan actually decided he was going to build a big company, it wasn't just a kind of college project or whatever, and he introduced me to VisiCalc during the first year I was at TI in Lubbock, Texas.

**Grier:** When you were at TI, what division were you in and who were you working for?

**Esber:** I worked in the personal computer division. There were a number of people who I reported to up the chain. One was a guy named Stav Prodromou who I encountered several times later in life. There was a guy named Rex Naden, there was a guy named Ron Ritchie[ph?] and the other guy that probably people recognize is a guy named Morris Chang. He was the highest-level guy of our consumer products division. Morris obviously went on to start Taiwan Semiconductor and, of course, Wally Rhines was there at the same time and a number of other people in the business.

**Grier:** You did this for about a year and Dan Fylstra was still in the background?

**Esber:** Yes. First of all he introduced me to VisiCalc which was kind of a wonderful experience. Very few times in your life do you kind of see something before it's introduced in the marketplace that you look at and you say we ought to be able to build a company or an industry around that. So that was kind of an ah-hah moment. At some point in time Dan said to me I'm moving my company from the Boston area out to Silicon Valley, why don't you join me at the company in California. I was young, I was single, Lubbock, Texas, isn't necessarily God's country, and I made the leap. I joined the company as its ninth employee and its third shareholder, and we were over across from Lion and Compass in Sunnyvale when I joined the company and it was a wonderful time, one of the most enjoyable times in my life, to be part of the energy and enthusiasm of a startup.

**Grier:** You talked about that IBM followed you to Harvard Business School to a certain extent and apparently there was a year's work and that sort of ended. At Texas Instrument, it was an easier break.

**Esber:** It was an easier break primarily as many of these things happen, because of internal turmoil.

**Grier:** You were an engineer there, and had a business interest?

**Esber:** I was a product marketing engineer so I really made the transition from being a programmer/designer of hardware and software to somebody in essence in product marketing. TI had three machines at the time, a very low-end sort of gaming machine, a medium machine and a small-business machine, and I was actually assigned to a vertical market for the high-end machine. I was looking at dental and medical software for the small-business machine and subsequently what happened was that it interfered with one of IBM's businesses that was directed towards business. I was in the consumer products group. We did things like watches and calculators and the Speak and Spell as well as the TI 99-4 which was sort of a game machine and that type of thing. So there was a fight internally and there was a decision to transfer the machine I was working on down to Austin. I went down to Austin, actually made a bid on a house, et cetera. I then went off to Chicago for the CES, Consumer Electronics Show, and while I was there and clearing my head I said I really don't have a good feeling about going down to Austin, not to Austin because of the city, but because of the new guy I was going to work for. The vibes I was getting was this project was going to get killed so why move down there. So I was somewhat vulnerable and open to opportunities and that's kind of when the whole VisiCorp thing was concluded.

**Grier:** That was an easier move and you got out to Silicon Valley and you were the third shareholder, the ninth employee, and what's your responsibility?

**Esber:** I'm in charge of marketing and sales.

**Grier:** This is when you've made your transition from engineering to marketing and sales.

**Esber:** Right, through TI. Never went back purely to engineering.

**Grier:** No product management, nothing even close.

**Esber:** No.

**Grier:** Making that transition, it seems very natural at this stage. Did you feel that it was a good thing to do, did it feel comfortable?

**Esber:** It felt fantastic. What felt fantastic was I was excited about the product, I'm getting to launch the product, we're getting great reception on the product and we're building a company and building on success, no better feeling.

**Grier:** It's the "feeling of success" rather than the "feeling of constructing something" that you enjoyed?

**Esber:** Well, and the feeling that you're not constrained by the organization. Remember I worked for IBM which is a very big company and for TI with bureaucracies and politics and whatever. We did what we needed to do to build a company. I think I mentioned it in one of the earlier sessions, if we got some orders that day and we needed to box them up and ship them, at the end of the day you go in the back room, you put them in the boxes, you tape them up, you put the labels on and get them shipped. You didn't say, "I'm the VP of Marketing and Sales, where's the guy or gal who does this."

**Grier:** Describe the first couple of days when you first arrived, how did you get started? Did you hit the ground running?

**Esber:** Well, in a startup there's not a lot of waiting and orientation, that type of stuff. You come in, you meet the people and you grab all the things you can in your area and start working on them and you know everybody in the company almost instantly because there were just nine people and we're all in basically this little building from the back to the front.

**Grier:** What were the first issues? What were the first things you were dealing with?

**Esber:** I'm trying to remember exactly when I joined. I believe I joined right after VisiCorp, and by the way at that time it was still called Personal Software, we hadn't yet changed our name to VisiCorp, I joined right after VisiCalc was publicly announced, not shipped but publicly announced. So my job was to kind of do the rest of introducing this to the people that were going to sell it, educating people, doing some of the collateral literature and that type of thing.

**Grier:** Did they have a marketing plan before you came on? Did they know how they were going to get this out? Did they just have a good idea?

**Esber:** Well, I guess when you look back the 20 years, you kind of look back with all the benefits of hindsight in how you look at things. I don't believe that when I walked in I was handed

a document that said this is the marketing plan. But that is not to say that the company didn't have ideas about how it was going to market it. So there were a lot of degrees of freedom as well as some of the things that laid out what they were thinking and what they thought they wanted to do.

**Grier:** In marketing this is a whole new thing. The mainframe software industry, it's coming from vendors, it's coming with support staff and the whole business. How did you work out all the issues? What channels did you use for advertising and support?

**Esber:** Right. It was a little bit like anatomy by Braille. Nobody had gone this way before so we were the pioneer and of course sometimes we would make mistakes but basically we were the first ones to in essence sell shrink-wrapped productivity software; actually the first way we packaged this was in a binder with the manual and the 5-1/4- inch floppy stuck in the pocket and so distribution for those things tended to follow with the hardware at the time, through the ComputerLands of the world, some of the hardware chains, and the peripherals. So I would say that in the initial days there was no pure software channel. We really kind of followed the distribution of the hardware and the peripherals. So it would be my job for instance to drive up to San Leandro where I believe ComputerLand's headquarters were at the time and teach the new franchisees, the people who were about to open ComputerLand stores, about this product and why it would help them make more sales of hardware.

**Grier:** Can you come up with an early success and an early challenge?

**Esber:** We certainly got ComputerLand to carry the product. I think the challenges in the early days were you explore lots of potential ways to bring value to your company through your product. I can remember a story that I believe I was part of and that was that VisiCalc was shown to Mike Markula at Apple and Markula said to us, "What would I want this program for, I don't need another checkbook software program." So that was kind of a disappointment. It also was an indicator that of course we thought we grasped what this product was and its potential but here's a smart guy like Mike Markula who is one of the most important people at Apple in the early days and he sort of dismisses it.

**Grier:** You were running on an Apple II, right?

**Esber:** We were running on an Apple II. We ultimately ran on lots of machines, Commodore Pets and Radio Shack TRS-80s and other things, Atari's.

**Grier:** At this stage, you go through 1983 and at this point the CP/M and the DOS machines are coming into the marketplace. What did you see about those machines? Did you adjust your products for them?

**Esber:** We were one of the privileged companies that IBM had contacted before they announced the PC so they contacted us. VisiCalc was obviously at that time perceived as the thing that was really moving Apples, at least in the business sense. It turned out a lot of people were wrong in their prognostications about where the industry would go. In the early days, if you read all

the articles people were talking about home computers. Nobody really talked about a business personal computer in the initial wave but it turned out that the introduction of VisiCalc was moving personal computers into business; it really propelled the first wave.

**Grier:** At that stage, they're talking about central computer centers and then sort of regional, department computing with the minis and I don't remember at that time there being a lot of discussion of individual computing. There was word processing done on minis.

**Esber:** There were dedicated machines for word processing from Wang.

**Grier:** You had Wang but you also had things that could do it on VT-100s. But there were no real mini computer competition to VisiCalc

**Esber:** No. I've said a couple of times in the past that I think in that era VisiCalc was the one true invention; there wasn't an analogous product in mini computers or mainframes, whereas there were word processors, et cetera, and it's always been sort of a disappointment to me that Dan Fylstra and Dan Bricklin and that crew never got the kind of recognition until recently of the impact that they had on the industry. So going back to why did IBM contact us, IBM did not think of bringing out a personal computer without VisiCalc at that stage.

**Grier:** The contact from IBM was to the CEO or was it to you as head of marketing?

**Esber:** I don't remember specifically who the contact was at that point. The two founders were still active in the company, Peter Jennings and Dan Fylstra, and at that time we had hired a CEO named Terry Opdendyk who is now a venture guy with Onset Ventures and we were spreading our product line out to other products which you're probably familiar with, VisiFile and VisiPlot. There was a trend in all these products but IBM specifically wanted VisiCalc at launch so I did get assigned the responsibility to work with IBM to get this out. So we worked on the product, we got the training materials and all that stuff out, the manuals.

**Grier:** You had to port it to a new chip set.

**Esber:** We had to port it to the Intel microprocessors.

**Grier:** In the decision to go along with IBM, I assume there was not an awful lot of debate about this being a good idea.

**Esber:** Nobody at the time that I can recall had trepidations about having this relationship with IBM and being there. It was kind of like winning something.

**Grier:** Preceding the IBM PC launch, there were a number of Intel-based PCs running CPM and everyone knew that if IBM announced a desktop computer, that machine would clear the decks and it largely did.



**Esber:** We didn't go put our product on the IBM PC and ignore everything else because that would have been foolish, betting our company; if we had very limited resources we might have had to make that bet but in this case we had spread our product out to a number of platforms including Osborn and everything else.

**Grier:** Osborn and the Victor computers. There were a whole bunch. Was this nearing the end of your run at VisiCorp when you moved on to Ashton-Tate?

**Esber:** What happened was that I didn't stay VP of marketing and sales the whole time. When this new guy came in, which is another whole story in and of itself, he sort of in my opinion was the one that caused the company that should have been in a position where Microsoft is today to become an afterthought. Over time I was just running product marketing on a couple of products before I left and there was a point in time before this new guy came in where Mitch was running development and I had the rest of the company and above us were the founders. And the venture guys in their infinite wisdom decided that neither one of us was ready to run a company and they said go get a gray-hair. So they went and hired Opdendyk. To make a long story short, he was, in my opinion, a psychotic young guy who was only three or four years older than us from Intel who proceeded to in essence chase Mitch out of the company, chase me out of the company and chase a lot of other people that were there early on.

**Grier:** VisiCorp was a company that didn't grow the way it should. Did you see other issues that were structural in the company or in the management?

**Esber:** No, I think this was a case which drilled into my mind the impact of a bad hire, how much impact a bad hire could be if the bad hire is the CEO or one of the executives and so the timing of when I left is not coincidental. My stock vested so I had about eight percent of the company, 1.6 million shares. In the middle of 1983 there was a frenzy of talk about VisiCorp going public. People were buying the stock privately as high as 18 bucks a share. I sold about 200,000 shares in two chunks and I netted about 1-1/4 million from that. I was sitting on 1.4 million shares. I thought the company was having problems because of the management there so I left. To clear the timing between there and Ashton-Tate, I figured gee, I got a million and a quarter dollars, I got married in 1980 and my wife and I said let's start a family, even if you think the company's going in the wrong direction, people are still going around in a frenzy, I still have 1.4 million shares if they were ever to go public. So we moved down to Texas, built our dream house, had our first child, but I had been infected by the Silicon Valley start-up company bug. So I started writing a business plan and at the time I wrote a business plan for a nationwide chain of microcomputer learning centers. This was around 1983.

**Grier:** Doing training?

**Esber:** Doing training and it turned out 1983 was not one of the best years to attract venture capital. So while I was down there, I started working as a consultant for Future Computing. Future Computing was Portia Isaacson and Egil Juliussen. These two people were supposed to be the oracles on where the personal computer industry was going. They were being paid lots of

money by big companies to tell them what's happening in the personal computer business. So I worked for Future Computing for 6 to 12 months while I was writing a business plan while I was in Texas. Eventually I was contacted by David Cole who was then the CEO of Ashton-Tate. Curiously, the connection with David Cole actually went back to my TI days because when I decided not to go to Austin with that one high-end machine, they assigned me to the low end 99-4 which was sort of a game machine. We had our own proprietary cartridges, they were called GROMs at the time, and it was my job to go out and interest companies in doing software for it. Scott Foresman was one of our customers and Mattel. David Cole had a job at Prentice Hall and I made a call on Prentice Hall and met him. Many years later, David, when he was looking for somebody as a partner in Ashton-Tate, thought about me and called me. He came down and said, "How would you like to run sales and marketing at Ashton-Tate? I was reluctant and I said, "No, I don't want to really move to L.A." And to be frank, David and I didn't always see eye to eye on lots of dimensions so I wasn't sure whether I wanted to work for him. So I said, "Tell you what, I'll work for you as a consultant, I'll fly there every Monday morning and I'll fly back on Friday evenings." And I did that for a number of months.

**Grier:** Then you decided to stay.

**Esber:** Yes. George Tate, who was one of the founders of Ashton-Tate, naturally kept saying "Ed, What's it going to take for you to be here permanently?" I said, "Make me president and I'll do it." And they did it. So I committed to be there full time and it sounds a lot easier than it really was. David Cole at the time was actually being seduced to work for Ziff Davis as its president. I wasn't aware of some of the conversations that David was having about transitioning out of an active role at Ashton-Tate. At the same time, George was trying to ask me what it would take for me to go there. So it could have been part of a big, grand scheme that I wasn't aware of because it does sound a lot easier than it should have been.

**Grier:** You can go, once we get your replacement?.

**Esber:** Yes, that's right.

**Grier:** Database software is the third of the major early PC applications. You have word processing, spreadsheets, and this is the third and Ashton-Tate is the dominant player at the time. When you joined Ashton-Tate, what was the state of the company? It was established, it had a market.

**Esber:** Its fiscal year was the end of the first quarter, March 31<sup>st</sup>. I believe in fiscal 1984 the company was about 40 million in revenue. I have the actual data here. We can look at it if you really want to. What was the state of the company? The company had just gone through rapid growth and was possibly going to come apart at the seams.

**Grier:** Because of the rapid growth?

**Esber:** Because of the rapid growth. I think one of the untold heroes of Microsoft was Jon Shirley, because in my opinion if Jon Shirley didn't come to Microsoft at the right time, that place could have imploded. Some people would have characterized it as the kids were running the asylum or whatever, rapid growth, and it was Jon, his maturity, his experience, his wisdom, that actually put in the systems and the procedures that when the company went through its even bigger spurt of growth kept it from going apart at the seams.

**Grier:** The general thought was that Jon Shirley was out of step with the company during his whole time there.

**Esber:** Well, people might have that perception but to me he's the unsung hero. I'm not sure we would have a Microsoft anywhere near where it is without Jon and I don't think they think that Jon was out of step. They kept him on the Board. Since he joined the company, he's been there in some role or another. Having observed it from the outside world, sometimes the conventional wisdom in the press and the perception isn't what's really happening. We probably don't have time to get into that but I've got lots of opinions having seen Microsoft grow from a very tiny company, smaller than VisiCorp, to where it is today. I really do think Jon played an important role and I actually give a lot of credit to Steve Ballmer and Bill Gates in getting a CEO and a president who actually helped build the company. Now they made mistakes before, if you remember names like Jim Towne and others who were there, and actually after Jon they've had a couple of presidents who didn't work out. But they tried things and rapidly corrected themselves if they were wrong, I think one of VisiCorp's fatal mistakes was having hired Terry and not correcting the error fast enough.

**Grier:** That's VisiCorp. Now let's get back to Ashton-Tate. It had some of the same issues of coming apart at the seams and needing a president.

**Esber:** Well, they hadn't built a professional management team but remember they were primarily a one-product company and in those days you could come out with a product either by design or by luck, and get on the back of a rocket for a certain amount of time. It was at that time that the company's books were probably still in shoe boxes. I think the company needed to go to that next stage of professionalism and give credit to George Tate, give credit to David Cole, that they all participated. They didn't fight having that happen, they helped make it happen.

**Grier:** What was your role in doing this?

**Esber:** Well, after the first months as a consultant, when I was appointed president, obviously it was in my hands to build the management team, try to put in the systems and that type of thing. So we went through a period of hiring lots of people at a professional level. I consider one of my best accomplishments at Ashton-Tate was actually putting in place a strong product marketing organization because oftentimes in Silicon Valley you're asked to make a choice as a CEO or president whether technology is more important or marketing is more important. I always felt that to build a truly sustainable, great company you needed to have a strong technical team and a strong

product marketing team, making sure that what the technical people are capable of and what's delivered to the customer are the appropriate things.

**Grier:** Was Ashton-Tate public when you took over?

**Esber:** When I got there, they had just gone public.

**Grier:** They had just gone public, but without some of these structures in place.

**Esber:** Yes, and actually as you ask me questions, memories come up. Some things had started to be cleaned up because they had to with a public offering.

**Grier:** Such as...

**Esber:** Such as the books, not that the books were bad but I remember the underwriter telling me that the stuff that was in shoe boxes had been cleaned up before I got there. I remember the underwriter saying when I got here the accounting records were in shoe boxes and some of those things that needed to be cleaned up to go public in terms of accounting, had already occurred.

**Grier:** You've got the systems cleaned up and getting that going but you also have to sort of plan a strategic path for the company. How was that done during your tenure?

**Esber:** Well, the first thing I did was hire people like VPs of marketing and sales, and call it my own bias but I liked to have a separate VP of marketing and a separate VP of sales except if it's me, which is a little bit hypocritical.

**Grier:** What's the benefit of keeping them separate?

**Esber:** I like to have two strong people and I think the skills that make a good VP of sales are different from the skills that make a good VP of marketing and I generally put product marketing under marketing, marketing's not just MarComm to me.

**Grier:** You see marketing sliding towards product marketing?

**Esber:** Well, I like to have good, strong product marketing. I generally don't have a person reporting to me at an executive level who has product marketing only, I usually have that under my VP of marketing, but it can be done that way and I've seen it done in some of the companies I've been associated with. So we started to build the management team. One path was easy which is you've got this franchise in dBASE, you've got to continue to have a product road map that keeps you somewhat ahead of the competition and/or sometimes in the case of the leader just behind the competition, a little later than competition but keeping your product competitive so you can plot that. So that's not hard to set in motion, you get the right people, you do it. It's sometimes hard to execute but it's not hard to say that's a strategic plan. The things that I contributed to in terms of changing strategy over time was broadening the product line out later on when we started doing acquisitions like MultiMate and Decision Resources and InterBase and

FullWrite and Full Impact where we tried to build a product portfolio that could compete with an office suite of products.

**Grier:** I don't remember the dates. You had the original dBASE. The one that was very popular was dBASE II, was it not?

**Esber:** Yes. dBASE II, of course, was the one that put the company on the map. The next most popular-- dBASE III and III+ were really great successes. We had problems with dBASE IV which we can get to eventually.

**Grier:** Then you also started having competition from other products.

**Esber:** We certainly did. Over time the competitors were Paradox from ANSA, R:BASE from Microrim, and then the famous or infamous FoxPro and that was in the era before we started to have competition from the minicomputer database guys. Certainly, when Microsoft and Ashton-Tate jointly announced Sequel Server, which was actually a Sybase product, we started to attract the competitive fury of people like Oracle.

**Grier:** Looking at your dates and trying to remember them, dBASE II and dBASE III and III+ sort of take us to the end of the 1980s.

**Esber:** Yes. It's hard for me to remember all of the dates but certainly dBASE IV was something that was announced in 1989. So dBASE III and III+ certainly carried us up to the late 1980s.

**Grier:** When did you start feeling that you needed to have a broader set of products?

**Esber:** It started in the mid 1980s and I don't remember the series of the acquisitions. Actually, if you need it, I have the dates specifically. Some of this was directed by external events, some of it was directed by opportunities, a company was interested in being acquired. Others are because you see your competitors do certain things, and the question was, for all of us, Lotus as well, how do you grow beyond the one-hit product that you have because none of us thought at the time we could just ride one product forever. You wanted to make sure that for your shareholders and for the growth of your company that you could create other products that were successful.

**Grier:** There was a long history of mainframe and minicomputer data bases and SQL existed on other machines.

**Esber:** Right.

**Grier:** When did it start becoming clear that there was going to be distributed databases and that there was going to be talking between all of these?

**Esber:** Well, let me back up a minute and one might ask why are databases at all popular on a personal computer before the LANs happened and before they were connected up in any way

to other machines. I would say the following, and we had a brief discussion about this this morning: The beauty of dBASE was that as PCs were beginning to be proliferated in corporations, even if they were not connected anywhere else to a mainframe or a mini or a network, there were applications that were more cost-effective to write on personal computers. And most applications, the popular applications even today on mini computers and mainframes, are often based on a database because data is everything in applications that kind of cross a lot of parts of an organization. So dBASE really started to take off because it had an applications development language. It wasn't just a database that you stored stuff in and had to get stuff out of and be queried.

**Grier:** You wanted to talk about the Ashton-Tate development center?

**Esber:** Yes. I think throughout Ashton-Tate's history we struggled with the development team in Glendale. Many of them were seeded from JPL and JPL [Jet Propulsion Laboratory] could certainly build massive code for six years from now to get something on the moon but getting a product out into the marketplace in the hands of lots of consumers quickly and bug free was a challenge for it.

**Grier:** It might be useful to review the start. As I understand it, dBASE was a product that was originally done at JPL.

**Esber:** Well, there's lots of misinformation and that's what I'd like to have cleared up. By the way, I don't know the whole story because I got to the company after dBASE II got there so, and I know we'll touch on this later, there's lots of controversy about the dBASE language and we should cover that later. Wayne Ratliffe was the author of dBASE and clearly Wayne Ratliffe, when he negotiated with the company, portrayed himself as owning the technology and wanting to be compensated for it. It was only later when he left the company and wanted to compete with the company that he and some of the others around him started saying well, a lot of this really came from JPL and that kind of stuff. So simultaneously wanting to be compensated for it yet when he's outside the company and he wants to compete with the company somehow it's not that way, I don't think is a fair way to portray it. I believe in my heart of hearts that dBASE was a language that could and should have been protectable by Ashton-Tate and obviously I put my money where my mouth was, I sued Fox Software. But getting back to the Glendale development facility it was separated physically from us and it was more dominated by the JPL kind of culture and never quite became comfortable with the new Ashton-Tate culture. So we always had problems.

**Grier:** The Ashton-Tate office is where at this point?

**Esber:** The Ashton-Tate offices started in near the studios in Culver City and then we moved the headquarters to Torrance.

**Grier:** So further away from Glendale.

**Esber:** Yes, and so that proved to be a problem for us. The management team that we had in charge of that was not very good at getting the products out on time, doing the right thing of feeding and nurturing the developers yet disciplining them to get the product out on time.

**Grier:** There was no feeling that you wanted to combine the two into one place?

**Esber:** When I got there, it was almost impossible to combine it without breaking something big time because it would have been one thing to partake in the decision to locate it out there but once it got built out there and it was the nexus, the only thing I could do in later years was do the new project where I was wanted. The analogy is that I wanted another development team now to knock off my own product. So when I started that new project to write dBASE from scratch with today's technology, I housed that in my headquarters in Torrance. When I set up the software development center that was to glue our software properly to the minicomputer world and the network world with Dr. Moshe Zloof and all of the scientists that I hired, we put that in Walnut Creek so that they were different cultures. Certainly, when we acquired companies like MultiMate and others, we had a legacy of centers around the country and I was starting to say earlier one of the absolute gems in our development organization once we acquired Forefront was Robert Carr. He was a young man but he was a very talented guy. He wrote Framework and later was recognized for it.

**Grier:** You started talking about the developments and the difficulties that led toward the issue with FoxBASE. Would you review that?

**Esber:** Yes. I have no problem competing with competitors on a fair basis: ANSA Paradox, ultimately Borland Paradox, a great product; R:BASE, great product. I don't want to sit here and try to judge whether this one is better or that one is better or whatever; they were great products and I was happy to compete with them. They were built from scratch by their own people and they were completely independent products, different approaches to solving the problem. But I think it is fundamentally unfair if not illegal to compete with somebody who exactly clones my product down to the errors in the product and the exact language. In essence, I've invested my shareholders' money, my marketing dollars, in building up a market and somebody comes along and it's always easier to write a clone from scratch if you have no intellectual property issues. So I sued them, a big controversy in the industry.

**Grier:** Before we get to the suit, as I understand it, your lead programmer and a certain amount of your staff broke off to form FoxBASE. Is that correct?

**Esber:** No. No. FoxBASE was formed I think in Dayton, Ohio. There were a couple of people who left and formed a company to build a compiler, I forgot what it was called, at the time. They were also based in Culver City.

**Grier:** A dBASE III compiler.

**Esber:** Yes, Clipper or something like that. So that was written by a couple of people who had done consulting work for Ashton-Tate. The ethics of what was done there and everything else was also questionable, but it's a different issue. Quite frankly, that was a compiler and it was Ashton-Tate's error not to come out with its own compiler. Independent of the issues of intellectual property and former employees, the issue is that we should have moved faster in that vein and it was my mistake, my product marketing's mistake, my developers' mistake, for not doing that. FoxPro was a different issue. To me, if somebody basically takes the manual and writes a brand-new product which, by not having any legacy issues to deal with, not dealing with legacy code bases either, it can be faster, more efficient, but in fact it leverages all my marketing and my brand name. So I had a real problem with that and I think always in new industries the government, the court system, does not have the understanding soon enough to deal with these issues. To fast forward, initially the suit was ruled against us by a judge who didn't do the homework, he had his staff do the homework. He later reversed himself, but the damage had already been done to the company. To take that issue even further, when I proposed a merger with Borland, the board turned it down, but then did it a year later when we were weaker. Philippe Kahn wanted to do the deal too much. The justice department, and I've actually seen this only in one book that has the true story, The US Department of Justice said to Philippe and the board and the company, after I left, you must sign away your rights to the dBASE language. So it wasn't clear even then, the government wasn't sure, and they said we're not going to approve the merger between Ashton-Tate and Borland unless you sign this agreement saying you will not make a claim to the dBASE language.

**Grier:** Where is the JPL connection in there?

**Esber:** Let me get back to that. But first let me fast forward to complete the thought at the merger time. The bad thing about that at the merger time was that Philippe didn't really care about dBASE any more since we had gone from a merger of equals where we would jointly manage, because my board did understand that Philippe was probably not the guy to run the combined company alone. They were a little concerned about that so we were going to build a joint board and a joint management team. By the time they actually did it, it was basically Philippe who was going to run it, taking the walking dead or something. All Philippe cared about was buying the company and burying a competitor. So signing away the language was not a big deal to him but what happened as a result of that, Microsoft, who had actually talked to Ashton-Tate in late 1989, early 1990, about merging because of the value of the dBASE product, was free to buy FoxBASE as part of FoxPro, and they did, which they never would have done had the language issue still been clouded and not cleared up in that merger discussion.

Now jumping back to the JPL issue, there were claims by some people, and again I do not know all the details of that era and I'm not sure we could gather all the facts about what happened. Certainly, if Wayne developed the product on JPL time on JPL computers, the government would have some claim. That doesn't mean it's in the public domain, but the government would have some claim of ownership. But the government never asserted ownership. It was our competitors who did a ground swell of complaining in writing, they kept making the claim that it was in the public domain and it was done at JPL. Nobody ever actually asserted facts,



JPL never made the claim, and there was a lot of funny stuff going on. Adam Green was quoted all the time sort of as this objective person, all the time on the payroll of Fox, or his wife was on the payroll of Fox. But that's life.

**Grier:** This is how business is done.

**Esber:** Yes. We could talk forever about the antitrust suit against Microsoft. By the time the Justice Department asserted itself, the horse was not only out of the barn, it was out of the universe.

**Grier:** Yes, the barn was empty, the farmyard was empty, and this is a competitive environment. You talked about the merger and it became clearly Borland taking over and wanting to get some products and assume the rest. Basically, in a year the company's so weakened that...

**Esber:** Ashton-Tate or Borland or both, yes.

**Grier:** Borland was not exactly struggling at that point but its growth was slowing more slowly than Ashton-Tate's. What happened in that year?

**Esber:** Well, clearly I was the leader of the company until I was not. In the year before I left, we fired the COO, Luther Nussbaum. Shortly before that, we fired Roy Folk, who was the guy who ran the database group so our bench strength was weak. So the board turned to one of the only people they could, Bill Lyons, and I don't want to sit here and disparage him and dissect him but the most telling comment that I could say is most of the people after that said that we hope to God he doesn't come up to a stoplight that's yellow, because he wouldn't know what to do. So basically, after I was let go, some of the things I was saying started to come true and the people they turned to spent more of their time trying to paint what I did in a negative sense then just kind of move the company along. I was let go probably after I did 90% of the work of downsizing the company and getting dBASE to where we could re-release it.

**Grier:** I wonder if it's at all possible to get you to talk about going up to that point where you were let go, the kind of decisions that were made

**Esber:** Oh, okay.

**Grier:** What was the decision-making process in a board and in a company that says one person is going a different direction or the work that they are doing is not satisfactory?

**Esber:** Well, I've been on, as I mentioned, a lot of boards. The issue with CEOs is you must back them 100% until you don't back them and when you don't back them they have to go and it almost doesn't matter what the truth of the matter is. If the board doesn't back you, you need to go because you can't be effective. So I think, like so many times in these decisions, the press played a role. I guess I would tell you the biggest mistakes I've made in life are when I go against my tummy. I don't know if anybody else would characterize me this way but if you're somewhat humble and not so egotistical, you question yourself and not everybody else all the time. Sometimes you put

wisdom icons around you that you put on pedestals and they really should be questioned. So there was a key press interview that happened just before I got asked to leave. That was a Wall Street Journal article, the front page, right column, where they usually use to assassinate somebody.

**Grier:** Or to elevate them?

**Esber:** Yes. Well, usually they save the left for that and then they put you on the right eventually, but when you're a public figure a lot of times you get built way up and then knocked down and that's all part of the game. Wise people say you don't believe it when they say you're the greatest thing and don't believe it when they say you're lower than cow dung or something. But the Wall Street Journal was coming in to interview me and we had had the problems with dBASE and we were having shareholder lawsuits and we had hired a law firm, Irell & Manella or something down in L.A. and my board said to me not to go on that interview without the lawyers sitting with me. So I made the mistake of listening to that and I sat in a room and I had two suited lawyers on both sides of me with the Wall Street Journal reporter. Big mistake, that almost looks like a Mafia guy with his dons around him. So they write this article and apparently the truth in journalism is if you can get two people to say the same nasty thing about somebody it's the truth. So there was an article written and my board starts to think well, the Wall Street Journal quotes all these people and they were saying nasty things, then Ed must need to go. That was a contributing factor I think and, as I said to the board that day, it's your job to hire and fire me, if you don't like my tie you can fire me, that's your right.

**Grier:** You finished there but at some level it is not entirely the end of your management career but you do take two years off at that point.

**Esber:** Well, what happens is I'm asked to leave in April as the CEO, I stayed on as chairman. This is the proverbial parking place for somebody that you know has value but you don't want them to run the company. If he's still willing to do it then everybody can say nice things and we cannot make it a big mess in the world; there's history there that you don't want to lose. So I stayed on as chairman for a period of time and then it became untenable. It's usually not good for the guy who is the CEO who is asked to leave or even voluntarily decides to step down to be around kind of second-guessing the new CEO and watching the new people trying to paint the past a certain way. So it became obvious that it was best for all parties concerned for me to leave.

**Grier:** You stayed through the Borland merger?

**Esber:** No. I was there for a period just before it. The board actually in hindsight wanted me out before they re-engaged in the discussion. So I didn't know what was going on, couldn't say how come you're doing this at 1/3 the value, how come you're putting in place these retirement contracts and golden parachutes and how come you're issuing all this stock at low prices again and all this kind of stuff. I'm pretty much against a lot of that garbage. So I leave the company and I do consulting. That's the favorite thing for people who are in between jobs in Silicon Valley. They set up their name group or whatever and you help out people you know, you do consulting here and there, you step into companies as acting CEO for the venture guys where they're recruiting

people. So I do that and eventually I get recruited to be president and COO of Creative Labs which is the U.S. subsidiary of Creative Technology.

**Grier:** You joined them in 1993.

**Esber:** Yes.

**Grier:** And what's your role for that? Why were you recruited for it?

**Esber:** I was recruited for it because they were looking for somebody who had experience in the personal computer business who had run a large firm. At the time I think we were as a company doing about 80 million dollars a quarter of which probably 2/3 of that was in the U.S. subsidiary. Obviously I hit it off with the board and the management team which were from a Singapore-based company and I was willing to not be the number-one guy which is a tough thing for somebody who's ever been number one because I was assured that I would be a partner in the management. I've since learned generally that when you work for an Asian company no matter what they tell you as a partner, ultimately at the end of the day they pay you well and they want you to do what they want you to do.

**Grier:** This was sort of a short-term thing, not a long-term process?

**Esber:** Well, ultimately I wanted to change some of the people who reported to me. The first thing I did, of course, was do what I think is important. In a lot of the technology companies which I mentioned earlier, I recruited a very strong product marketing team that instead of having Singapore throw products over the Pacific to California and say sell them, we could drive U.S. needs and that was very successful. I hired a guy named Rich Sorkin to run the sound products and Rich Buchanan to run the video products, very fine people, recruited Gail Pomerantz, an outstanding lady I worked with at Ashton-Tate, to run marketing communications. We really had a big impact on the company. The company at the time was ignoring the U.S. Wall Street and that type of thing so we did a really good job building that up, tending to the Street and everything else, and you could see the stock price and the performance of the company show that. When push came to shove one day, I wanted to make some further changes and I wanted to fire somebody who reported to me and the company at the time was somewhat political among the founders, there were three founders, Sim, Chay and a guy named Eng and Sim was the chairman and founder and he's still there today, chairman and CEO. Chay was a boyhood friend of his who came out of the Singapore government. Now what images come to your mind when you say somebody out of the Singapore government?

**Grier:** Well, dictatorial, hard enforcement of the rules...

**Esber:** Yes, and I'll kill you if you leave gum on the ground and all this kind of stuff. I should have picked up on this in the interview; when I was being interviewed by Chay he was shooting arrows at Sim who was the founder. So it became clear towards the end of the year that I was being used as a pawn between the two of them and when push came to shove and I wanted to

fire somebody below me who was actually causing trouble and helping try to break apart the two founders, I was told I couldn't do it. So I was okay on sort of being a partner and not being in charge but if I can't hire and fire my people, I decided probably it was time to think about other things. Fortunately, the company and I came up with a solution. Sim had wanted to invest in companies in the U.S. that might feed products to the company. So about a year after I got there, I said to Sim how about if you fund this product and I'll go run it and he said yes. So he committed I think \$15 million in two chunks, we negotiated it. I left Creative Labs, became CEO of this startup called Creative Insights, which was in the computer toys and gaming software area. They gave me the 7-1/2 million. Unfortunately, a year later, when the second part was due, they were having some financial issues and then they had to back out of their commitment so we sold the assets of that company.

**Grier:** To Microsoft?

**Esber:** No, to others, to two independent companies, one called Jump which did the Piano Discovery System, and one independent newly formed company called Contango who took the Screen Toyz and then we sold to a existing game software company some of the game software. But it was a lot of fun. It was actually, to be frank, the first startup I did from the beginning. So it was tremendous fun. We rented one of Apple's former buildings right across from their headquarters and just had a lot of fun building the company and some products.

**Grier:** But it was fast run. That takes us to SoloPoint.

**Esber:** Yes. This was a recruiter call and SoloPoint was looking for a CEO. They built communications products. One thing that they built was sort of a home PBX, but we didn't bet the company on that when I got there. It turned out we had these products that were some of the first Follow Me phone products. So our product – which we eventually had a contract with Cincinnati Bell and PacBell – our product would let you be found on your cell phone anywhere in the country. So you would dial my office number, my cell phone would ring wherever I was in the country, I could listen while you're leaving a message for me and if I wanted to pick up the call I could pick up the call. So it was a wonderful product in the \$100, \$200 range, and this was started by Charlie Bass of Ungerman-Bass fame and so we did that. Charlie has an interesting history of funding his companies and taking a long time to kind of change management, sometimes too late. We ended up taking that company public through so-called a bucket shop which is a terrible way to go. H.J. Meyers was the company; it's not even a third- or fourth-tier banker, it's a fifth-tier banker. So they take you public, they don't really take care of you, they don't really follow your company and that kind of thing.

**Grier:** They just file the paperwork.

**Esber:** Yes, but, to make a long story short, we had some great products over there. My usual M.O. [modus operandi] post-Creative Labs was to start out as CEO or chairman or be brought in as that and within 18 months recruit somebody who was capable of being CEO, move up to chairman of the board and then help out. I recruited a guy named Artie Chang who is now

running an interesting semiconductor company, Cradle Technologies, which I've actually invested in because I think so highly of this guy and we made Artie CEO and I became chairman but unfortunately Artie came up with a strategy that he couldn't get the funds he needed to execute the plan so the company is closed.

**Grier:** Then, of course, it had other cell phone products.

**Esber:** Well, there are other products that do some of that now.

**Grier:** You talked in your resume that you recruited to turn the troubled company around and I wonder if you can sort of look at that and we can look at that back particularly with the Ashton-Tate experience which clearly is a key part of your career and see what you learned from that that you applied and what you learned from the other earlier ones.

**Esber:** The pattern I had was a constant thirst for the intersection of computers with something, computers and toys, computers and communication. Most recently, you probably saw that I was part of the founding team of a tablet PC company in Austin actually called Motion Computing and so what did I learn? Let's even go back to the IBM days and the TI days. You learn some of the discipline of big companies, you learn the good things and the bad things. The good things about some of these big companies are the resources that they can bring to bear upon problems they want to solve or products they want to bring to market. You learn about the down side, the politics, the budget process, the bureaucracy, the lack of agility that some of these big companies have. So then I moved to TI. What was an additional lesson besides the big company ones I learned there? I learned two new lessons there. One is no matter what system you put in place, people will figure out how to game it. So it's not that the next system you put in place is better, you just have to change the game every once in a while. So at TI what I learned was with the budget process once people learned how to game it, to do what they wanted to, you had to change the form, change the budget process, to make it real again. The other thing that I learned at TI was some of the politics that affect the decision of which products go to market or which to not.

**Grier:** Both of those things are actually interesting to me and so before we jump to the second one, the first one of gaming the budget. Could you be a little more concrete about how you learned that lesson at TI and what the issue was?

**Esber:** Well, I never was part of the budget process there but I was in departments that fed the data to management. So I saw people manipulate the system, and how they portrayed things and how they aggregated things and they learned what the important metrics were for it to be prioritized to be selected. Any system can be gamed and people learn how to portray data, display data, aggregate data, to do things.

**Grier:** I'm afraid that we have to end now. Thank you very much for participating.

**Esber:** You're very welcome.