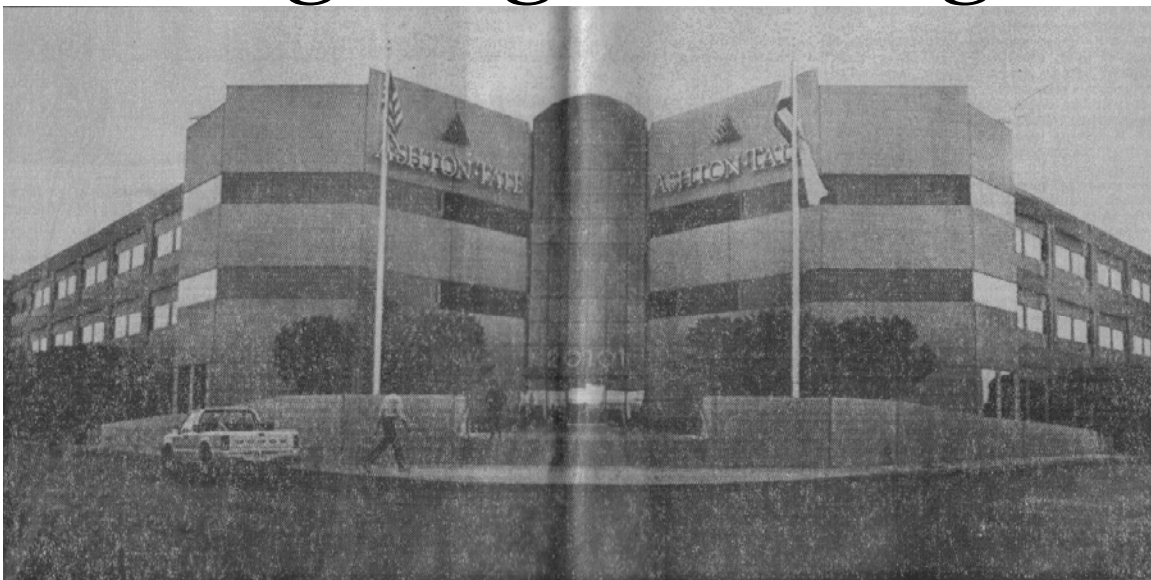# Key departures leave No. 3 software firm facing tough challenges

Ashton-Tate in Torrance: The company 'had to stop being a start-up and start becoming a business,' says its CEO

WHAT'S NEXT H'OR ASHTON-TATE?

By Victor F. Zonunu, Los Angeles Times

TORRANCE — In retrospect, the confrontation was inevitable. On the one side was C. Wayne Ratliff, a rumpled, 40-year-old computer-software wizard who wrote the pioneering electronic filing program called dBASE that propelled Ashton-Tate into the ranks of the "big three" makers of personal computer soft-ware with Lotus Development Corp. and Microsoft Corp.

On the other was Edward M. Esber, the buttoned-down, 34-year-old chief executive officer of Ashton-Tate, a by-the-numbers MBA from Harvard with little patience for

the "cult of personality" that has grown up around the personal computer software business.

"The only industry that is more personality-oriented," Esher has said, "is Holly-wood."

Tension between Ratliff and Esber had been building since 1984, when Esber took control of Ashton-Tate after founder George Tate, 41, dropped dead at his desk of a heart attack. The feud finally erupted last January into a pair of bitter lawsuits after Ratliff left his post as Ashton-Tate's chief scientist and began writing a software for a competitor, Migent Corp.

Bad timing

The dispute could not have come at a worse time for Ashton-Tate. The company, based in Torrance, lost nine key executives last year and must confront sharply higher competitive and technological hurdles as a new generation of personal computers comes to the fore.

The 7-year-old company's lucrative dBASE line, which dominates the data base category and provided 63 percent of Ashton-Tate's $210.8 million in 1986 revenues, is being squeezed by more sophisticated programs from above and less ex-pensive look-alike clones from below.

Worse, Ashton-Tate is growing increasingly isolated from industry giant International Business Machines Corp., even as its principal rivals strengthen their ties to Big Blue.

Microsoft's lucrative strategic relationship with IBM dates back to 1981, when IBM picked the Microsoft Disk Operating System — MS-DOS — to run its personal computers. Last month, IBM renewed Microsoft's profitable franchise by endorsing its Operating System/2 for IBM's new generation of PCs.

Lotus Development unveiled its own strategic alliance with IBM on April 27. Beginning next year, the two companies will jointly distribute a mainframe computer version of Lotus 1-2-3, the dominant personal computer spreadsheet pro-gram. Other joint soft-ware programs will follow.

All this activity threatens to leave Ashton-Tate out in the cold. Indeed, IBM has taken dead aim at Ashton-Tate, the smallest of the "big three" publishers. Last month, IBM announced programs that will allow its new generation of PCs to effortlessly share data with IBM mainframe computers.

What is more, IBM will include that software in what it calls the "extended edition" of OS/2, the successor to MS-DOS that will control the computer's basic operations. In other words, IBM's data base software will come with its machines.

Some observers contend that Ashton-Tate's dBASE is a "toy" compared with IBM's and others' planned offerings. Esber acknowledges the threats, but notes that Ashton-Tate has an $85 million cash hoard and 18 months to prepare for the IBM onslaught.

"A lot of people are wondering whether Ashton-Tate has the right stuff," Esber says. "The perception, the concern, is that we don't." He says it will be "very hard to stop these concerns until we deliver our (next generation) of products, and IBM delivers theirs."

Despite Esber's projection that sales will climb to around $300 million this year, Wall Street is worried. Just last month, Ashton-Tate withdrew a planned offering of 2 mil-lion shares of common stock.

The company cited "fluctuations" in the price of its shares, which have lost about one third of their market value this year while shares of Lo

tus and Microsoft zoomed ahead.

Securities analysts question Ashton-Tate's technical prowess, citing frequent delays in delivering such promised new products as dBASE for Apple's popular Macintosh computer.

Others fret about Ashton-Tate's high rate of turnover and wonder whether the company can negotiate the new competitive and technical shoals without the guidance of its two founding fathers and the developer of it's flagship product.

Tate is dead, Ratliff is a competitor and Hal Lashlee sold most of his stock and resigned from the board last year. (Lashlee is the "Ashton" in Ashton-Tate. "It just had a better ring to it," a spokes-man says.)

Esber professes to be unconcerned about turnover at the company. "The people we got are better than the people we lost," Esber asserts.

"I'll stack Harry K.T. Wong (a data base expert who was named senior scientist in February) against anybody who has left the company, and I underline anybody." But Wong cost Ashton-Tate a bundle. To get him, Esber had to agree not to sue Wong's employer, WordTech, over a dBASE clone called dbX

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A $500 million company

Esber also contends that other new recruits, including President Luther Nussbaum and Chief Financial Officer George Farinsky, are "building the foundation for a $500 million company." Ashton-Tate, he says, had "reached the point where it had to stop being a start-up and start becoming a business."

Ratliff's unhappy experience with Ashton-Tate is not unique. In the fast-moving technology business, companies often out-grow their founders or scientific stars.
"When you have an idea that is really successful and it becomes the foundation for a big company, the company can grow so large that its interests and yours diverge," says David Bunnell, publisher of PC World and other computer publications.

"The personal computer was created by renegade hobbyists who were committed to individualism," Bunnell notes. Ratliff's alienation as Ashton-Tate took on the trap-pings of a big business is consistent with the industry's history.

Never mind that dBASE II helped spark the personal computer revolution by opening up a whole new realm, beyond spread-sheets and word processing, for personal computer users.

dBASE II and its successors al-low users to store, sort, cross-reference and otherwise manipulate all manner of data, everything from customer lists to personnel records to accounts receivable.

From 1981 to date, Ashton-Tate sold a staggering 1.5 million copier of dBASE II and its successors; countless illegal "bootlegged" copies are also in use.

But the runaway success of dBASE, which lists for $695 and provides fat profit margins for the company, has eluded Ashton-Tate in other lines.

'A lot of people are wondering whether Ashton-Tate has the right stuff.'

— *Edward M. Esber, CEO*

The company's MultiMate word processing package, which let: computers emulate Wang word processors, has been losing market share to WordPerfect Corp.': WordPerfect, Microsoft's Word and other rivals. To stem the erosion, Ashton-Tate put out an enhanced version of MultiMate last month.

Ashton-Tate's widely admired Framework package, which integrates word processing, data base, spreadsheet and graphics functions, also has had disappointing sales.
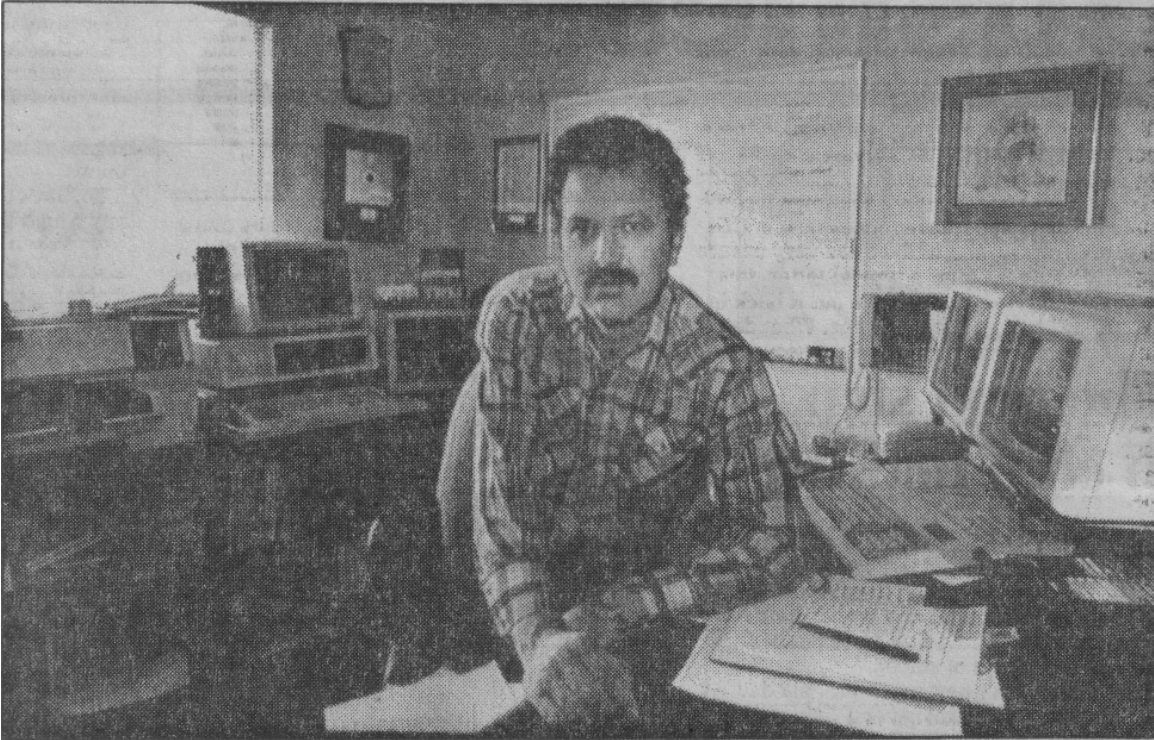
Analysts point to the fact that dBASE II, MultiMate and Frame-work were all acquired by Ashton-Tate, rather than developed, as a sign of the company's technological weakness. And while most applaud Esber's diversification strategy, some contend that Esber overpaid for MultiMate and Framework.

For now, however, Esber's diversification efforts will have to take a back seat to protecting Ashton-Tate's dominant position in the data base market. A stunningly more powerful generation of PCs incorporating Intel's 32-bit 80386 microprocessor is coming to market.

Esber, a veteran of VisiCorp, is painfully aware that past transitions in technology have dramatically reshuffled the fortunes of software makers.

But Esber vows that history will not repeat itself. He is counting on Ashton-Tate's huge base of loyal users and planned new products to ensure future growth. And he notes that IBM's new data base pro-grams for PCs will appeal almost exclusively to its big corporate customers.

Ashton-Tate diversifies its software offerings

C. Wayne Ratliff wrote the dBASE program, which propelled Ashton-Tate into the ranks of the "big three" makers of personal computer software. Today, Ratliff is writing a new new generation of data base software for a competitor, Migent Corp.

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