

Ashton-Tate program: A return to glory

President cites 'momentum'

By Kathy Rebello USA TODAY

TORRANCE, Calif. — For the past two years, Ashton-Tate Corp.'s headquarters has looked like a one-company town at a time when the company went south.

It's been downtrodden, losing money, losing people and toying with a "for sale" sign.

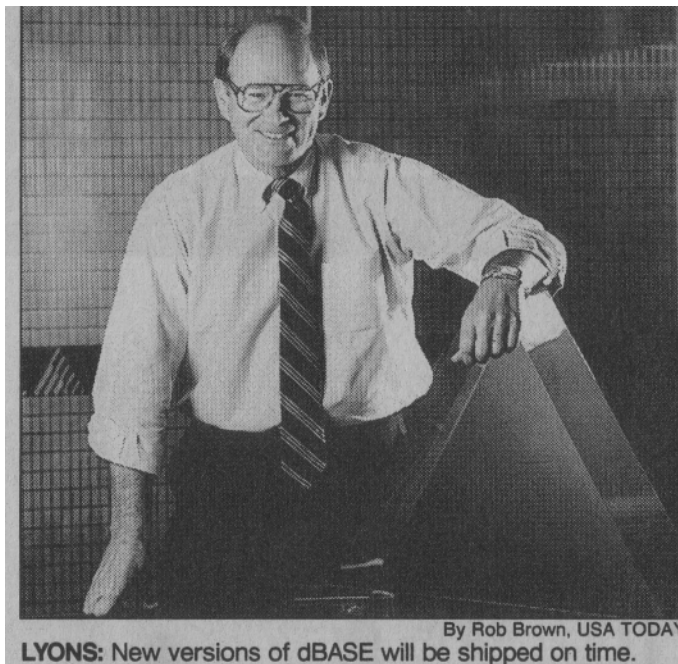
But no more. A-T's new president, Bill Lyons, a 19-year veteran of IBM, says the maker of personal computer software is back on track. However, he shies away from claiming A-T has rebounded to its former might. But the usually stolid Lyons almost waxes poetic when he describes the improvement since he took charge of the company in May.

"Clearly there is momentum," he says. "And as the dark cloud moves past we will see a number of flowers that will bloom even brighter."

Still, analysts are skeptical as to whether the firm can return to its prior glory. The looming recession, combined with a tarnished reputation, could keep the company in the category of also-rans.

Ashton-Tate has been mired ever since it unveiled an updated, but greatly flawed version of its 9-year-old flagship product dBASE IV, a database program that stores information for PCs. What followed were two bungled years of trying to get the program right before it finally was shipped last July.

Meanwhile, A-T lost its iron grip on the database market, slipping from a 68% share of programs shipped in 1985 to 40% last year. It has posted five consecutive quarterly losses and has laid off 15% of its 1,700 workers. In a startling move, Chairman and Chief Executive Officer Ed Esber — who had been at the helm for five years — resigned last April.



"It's almost like they imploded," says analyst W. Christopher Mortenson of Alex. Brown & Sons.

But Lyons says the internal fireworks are over. The company shipped the new and improved dBASE IV 1.1 and, so far, no alarming bugs have been found. As a result, 350,000 copies of the \$795 program have gone out the door — a respectable number but no barn burner.

In his first interview since he resigned, Esber says, "For a while there was this tremendous constipation . . . but clearly the company is on track now. It will bear fruit and when it does it will bear fruit for me." Esber remains A-T's largest individual stockholder with 400,000 shares.

Lyons says that A-T will surprise the industry when it ships forthcoming versions of dBASE on time. Look for versions for computers made by Digital Equipment Corp. and Sun Microsystems in the fourth quarter; and one for Apple's Macintosh in 1991's first quarter.

Those products could improve A-T's bottom line. Lyons says third-quarter revenue will climb past the second quarter's \$59.5 million. (Analysts are expecting a marginal gain, with revenue reaching \$60 million to \$62 million).

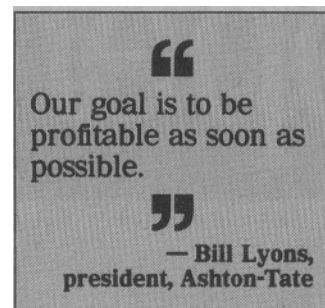
Analysts also say that A-T should turn a profit in the fourth quarter. Net income forecasts range from \$2 million to \$6.6 million, or 7 cents to 25 cents a share.

"The company, at worse case, will tread water for a while," says analyst Charlotte Walker of Labe Simpson. "That's a big turnaround from where it was before."

She and other analysts credit Lyons and David Proctor, the 23-year IBM veteran whom Lyons quickly turned to after Esber's departure. Proctor, 49, is seen as A-T's technical guru — a role sorely lacking since Robert Carr left three years ago to help launch a software venture, Go Corp.

Others have since tried to fill the gap but Esber's strength was in marketing and Lyons is considered a top-notch operations manager. Enter Proctor, who served as IBM's director of software products in Asia.

"The hope," Mortenson says, "is he's another Frank King (technical ace at Lotus Development Corp). But is Ashton-Tate salvageable no matter how good the guy is?"



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