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MARKETING BACKGROUND

Ashton-Tate is a leader in the nearly $2-billion microcomputer software market with a comprehensive, well-documented line of products, which it distributes through multiple channels both domestically and internationally.

It is the only major software company to have best-selling microcomputer products in two categories: Framework in the multi-purpose market, combining word processing and a spreadsheet with database management, business graphics, and communications; and dBASE II and dBASE III in the database market. dBASE II, one of the company's earliest products, set industry standards as the first full-function relational database management system for 8-bit and 16-bit microcomputers. dBASE III, the other top-selling product, is a relational database for 16-bit microcomputers and more powerful systems still in the development stage.

The dBASE family's success has made Ashton-Tate the leading microcomputer database supplier worldwide. In 1984, the company captured nearly half the revenues of the microcomputer database software market, according to Future Computing, a major research firm.

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The company has set industry standards for service and support for all of its products, particularly with its telephone hot-line for users. Additionally, Ashton-Tate in 1983 was the first software firm to establish a separate Publishing Group to develop books, technical pamphlets, and a magazine to help users better understand computer products. Many of these publications have been best-sellers.

All Ashton-Tate products are distributed worldwide, with international sales accounting for 22 percent of the company's $82.3 million in revenues for the fiscal year ended January 31, 1985. Framework and dBASE III are available in seven languages including Italian, French, German, and Spanish. Further, dBase II has been translated into 11 languages, including Dutch, Swedish, and Japanese.

Strategy

Ashton-Tate continues to enhance its position as a leading supplier of microcomputer software with a diverse marketing strategy, according to John C. Merson, vice president, marketing.

"Our dBASE products have set standards in their category of software. We intend to continue strengthening that product line, while also broadening our market with feature-rich software packages," Merson said. "We will concentrate on adding functionality to deliver to our customers the quality products they need to perform more productively."

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Framework is a good example of the company's "feature-rich" product strategy. "Framework is the ultimate product in terms of depth of functionality, integrating the five major productivity applications sought by office users," Merson noted. "Framework goes further than any other product to make each of the five applications rich in features."

Merson added that future developments will include new software tools to help value-added-resellers (VARs) create new applications utilizing Ashton-Tate's products.

State of the Market

In 1984, only 12.5 percent of office workers had a personal computer, with the Fortune 2000 market segment representing the highest penetration rate. In 1985, that figure is expected to reach 18.5 percent, and by 1986, about 25 percent of office workers will have a personal computer, Future Computing predicts.

With the office PC marketplace still in its infancy, industry analysts project that the related office productivity software market will exhibit strong growth. Accordingly, demand for Ashton-Tate's products is expected to continually increase.

Forrester Research, Inc., an industry research firm in Cambridge, Mass., estimates that the microcomputer software market will total between $1.8 billion and $2.1 billion in 1985. Within this market, Ashton-Tate is poised as a leader in two of the largest categories: multi-purpose software with the critically acclaimed Framework package; and database management software with dBASE II and dBASE III.

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Multi-purpose packages represent the largest revenue segment of office productivity software, with projected sales in 1985 between $200 million and $400 million. Sales of database software programs for microcomputers are expected to total between $150 million and $250 million in the same year, according to Forrester.

Channels of Distribution

Ashton-Tate reaches both its domestic and international markets through a wide range of distribution channels, which include dealers, distributors, hardware OEMS, VARs, and its own sales force.

An integral part of the company's distribution strategy is its Authorized Dealer Program, designed to assure that Ashton-Tate products are sold only through qualified dealers. For end users, this program guarantees the highest quality product backed by Ashton-Tate's standards of service and support.

Currently, more than 2,000 dealers -- including Businessland, ComputerLand, ComputerCraft, CompuShop, Entre Computer Centers, MicroAge, and Sears Business Systems Centers -- actively sell Ashton-Tate products nationwide. Typically, small businesses and individuals purchase their products through dealers.

A number of independent distributors also market the company's products. Domestically, these distributors include First Software, Micro-D, Softsel Computer Products, Inc., Softeam,

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Inc., and Software Resources, Inc. These groups typically market
to retailers, offering them a range of products, merchandising,
inventory and support services.

In foreign markets, the company sells its products through
distributors, sales representatives and foreign subsidiaries.
Presently, Ashton-Tate has distributors and/or sales
representatives in the United Kingdom, Western Europe, Canada,
Australia, Latin America, the Middle East and Japan.
Additionally, it has established foreign subsidiaries in the
United Kingdom, the Netherlands, West Germany, and Spain to
provide additional marketing and technical support services.

In addition to these channels, the company has a number of
OEM and VAR agreements with independent software developers and
the leading microcomputer manufacturers. Many of the software
developers market dBASE applications to end users using RunTime,
an Ashton-Tate package which is a core version of dBASE II.
RunTime provides developers with all the features necessary to
create vertical market dBASE applications for such industries as
insurance, oil and gas, and the dental/medical professions.
Among the larger VARs are Database Research, Epson America,
Abacus Systems and Origin, Inc. Some of the major hardware
vendors that sell Ashton-Tate products include AT&T, Tandy, ACT,
and Texas Instruments.

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These diverse distribution channels are further supported by Ashton-Tate's own sales force, with five regional offices: Northeast, with headquarters in New York City; Southeast, in Washington, D.C.; Midwest, in Chicago; Southwest in Dallas; and West, in Los Angeles. Branch sales representatives are also located in Boston, San Francisco, Denver and Minneapolis.

The regional sales representatives are responsible for working with key dealers who sell to and service national accounts, which include AT&T, Hughes Aircraft Corporation, Computer Science Corp., Ernst & Whinney, the Internal Revenue Service and other government agencies, Caterpillar Tractor, University of Minnesota, and Citicorp.

<u>Pricing/Availability</u>

All of the Ashton-Tate products are available immediately, and have the following suggested retail prices: Framework, $695; dBASE III, $695; and dBASE II, $495.

Framework runs on the IBM personal computers, IBM compatible computers, the AT&T 6300, and other popular systems. dBASE III works with the same systems, plus the AT&T UNIX PC, while dBASE II runs on the most popular 8- and 16-bit computers, including those from IBM and Apple.

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