MARKETING BACKGROUND

Ashton-Tate offers a line of comprehensive, well-documented microcomputer software business products which it distributes through multiple channels both domestically and internationally.

The company is the only microcomputer software vendor to market best-selling products in three categories: dBASE III PLUS in the database market, Framework II in the integrated category, and the MultiMate Professional Word Processor Series in the word processing market.

Ashton-Tate has set industry standards for service and support for all of its products through innovative activities such as its Corporate Emphasis Support Program and by offering prompt response to customer inquiries, particularly with its telephone hot-line for users.

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In 1983 the company became the first software firm to establish a separate Publishing Group to provide books, book/disk packages, add-in software, technical pamphlets, and a magazine to help users better understand computer products. Many of these publications have become best-sellers.

All Ashton-Tate products are distributed worldwide, with international sales accounting for 24 percent of the company's $121.6 million in revenues for the fiscal year ended January 31, 1986. Framework and dBASE III, the predecessors to Framework II and dBASE III PLUS, are available in 10 languages, while dBASE II has been translated into 11 languages. Framework II and dBASE III PLUS will be available in several foreign language versions by the end of 1986.

Strategy

Ashton-Tate continues to enhance its position as a leading supplier of microcomputer software with a diverse marketing strategy.

"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 such as Framework II and the MultiMate product line," said Roy Folk, executive vice president, marketing and strategic planning. "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 II is the ultimate product in terms of depth
of functionality, integrating a word processor and a spreadsheet
while also providing important auxiliary functions including
business graphics, file management and communications," Folk
noted. "Framework II goes further than any other integrated
product to make each of its functions rich in features."

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
reached about 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 maturing, industry
analysts project that the related office productivity software
market will exhibit strong growth. Accordingly, demand for
Ashton-Tate's products is expected by analysts to continue to
increase.

Forrester Research, Inc., an industry research firm in
Cambridge, Mass., estimates that the microcomputer software
market totaled between $1.8 billion and $2.1 billion in 1985.
Within this market, Ashton-Tate is a leader in three of the
largest categories.

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While sales of integrated packages represent a large revenue segment of office productivity software, sales of database software programs for microcomputers are expected to rise rapidly in 1986 and beyond.

This increase is partially a result of the availability of multi-user products that operate on networks, such as dBASE III PLUS with the dBASE III PLUS LAN Pack. The value of a database management system increases significantly when more than one person has access to the data.

Channels of Distribution

Ashton-Tate reaches both its domestic and international markets through a wide range of distribution channels, which includes 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 assures the highest quality product backed by Ashton-Tate's standards of service and support.

Currently, more than 3,500 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.

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A number of independent distributors also market the company's products. Domestically, these distributors include First Software, Micro-D, Softsel Computer Products, Inc., Softeam, 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, its own foreign subsidiaries and a joint venture. Presently, Ashton-Tate has agreements with distributors in many countries, including France, New Zealand, Venezuela, Brazil and Hong Kong, and works jointly with major hardware manufacturers, including IBM, Olivetti, ACT and Ericsson to distribute its products. The company has subsidiaries in the United Kingdom, the Netherlands, West Germany, Spain, Italy and Australia.

The company serves the Japanese market through Nippon Ashton-Tate, a company formed under a joint venture agreement with Software International, a subsidiary of Japan Systems Engineering (JSE) of Tokyo, Japan.

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+, a pair of utilities built in to dBASE III PLUS that encrypt and condense application source code and consolidate files for a more efficient program.

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Runtime+ provides developers with all the features necessary to create vertical market dBASE applications for such varied 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, Texas Instruments and Wang Laboratories.

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.

Pricing Availability

All of the Ashton-Tate products are available immediately, and have the following suggested retail prices: Framework II, $695; dBASE III PLUS, $695; dBASE III PLUS LAN Pack, $995; dBASE II, $495; MultiMate Professional 3.3 Series, $495; and MultiMate Advantage, $595.

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