MONDAY, SEPTEMBER 17, 1990

Ask to Buy Ingres for \$110M; HP to Invest \$20M, EDS \$40M

By MARK LAPEDUS
MOUNTAIN VIEW, Calif. — Jilted three months ago by Digital Equipment Corp., Ingres last week agreed to be acquired for \$110 million in cash by Ask Computer Systems, which will get \$60 million in financial help from Hewlett-Packard and EDS

In the four-way deal, Ask will launch a tender offer for all the outstanding shares of loss-plagued Ingres at a cash price of \$9.25 a share. Ingres' common stock jumped \$3.25 a share to close at \$9 after the deal was disclosed last week

The tender offer by Ask hinges upon the sale of its common stock to HP and EDS, a General Motors subsidiary. Under that plan, HP will invest \$20 million and EDS \$40 million in cash, giving the firms a 10 and 19.7 percent stake, respectively

John A. Young, HP president and chief executive, said in an interview that HP was motivated by the deal because Ask for years has been a significant hardware reseller for its proprietary HP 3000 computer line. "They're one of our largest OEM customers," he said. Ask has been reselling the HP 3000 since 1974 and it reportedly brings in nearly \$100 million in hardware revenues a year for HP

Mr. Young added the HP-EDS-Ask-Ingres foursome this week is expected to make a series of co-marketing relationships and "next-generation software" disclosures, but he declined to elaborate.

The four-way deal follows the decision by DEC to break off its negotiations with Ingres, located in Ask president and chief executive Sandra L. Kurtzig "needed to buy Ingres and we agreed to help her."

Alameda, Calif. As reported (EN, May 7), DEC was supposed to buy a minority stake in Ingres, but the firms broke off talks — reportedly because it was opposed by other database firms that do business with DEC (EN, June 18)

Subsequently, Ask apparently became interested in expanding its sluggish manufacturing resource planning (MRP) software business by purchasing the database software vendor, which has reported a string of finanical losses over the last year.

Following the expected October completion of the four-way deal, which is subject to regulatory approvals, Ingres would become a wholly owned subsidiary of Ask, based here.

Ingres president and chief executive Paul Newton is to leave the firm within the next "six weeks," an Ask spokeswoman said, who acknowledged layoffs

could occur at Ingres as a result of the deal.

Calls to Mr. Newton were referred to an Ingres spokesman, who did not return phone calls.

A.sk, which bundles its MRP software known as Mamman and resells it on HP's 3000, DEC's VAX

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and IBM's AS/400 line of mid-range computers, was said to be unable to afford the price tag for Ingres, and so it turned to HP and EDS for financial back-

Ask president and chief executive Sandra L. Kurtzig "needed to buy Ingres and we agreed to help her," Mr. Young said in conversation at an

American Electronics Association event.
Mr. Young and the Ask spokeswoman denied the deal with Ask would make HP the preferential hardware vendor with the MRP software specialist. "No. There's nothing like that," Mr. Young said, noting Ask would continue to resell Manman on the other, competitive platforms

Asked if HP plans to make more investments in companies, Mr. Young declined to comment. In the past year or more, HP has been aggressive in making investments and acquisitions. It has acquired Apollo Computer and Eon Systems; made equity investments in Sequoia Systems, 3Com Corp.

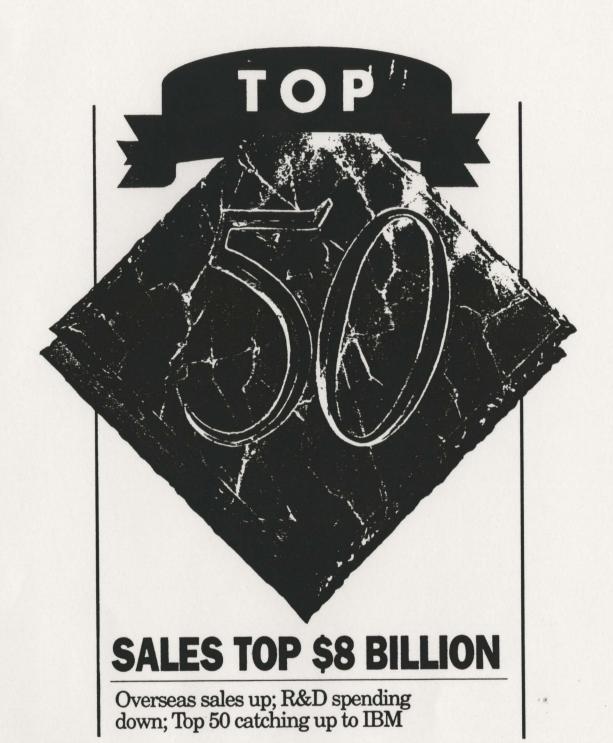
and Octal Communications; and formed joint ventures with Oki and Northern Telecom

Should the Ask-Ingres deal be completed, the combined software concerns would have total sales of \$364 million and 2,230 employees. No other details about management or personnel changes were dis-

Under the terms of the definitive agreement, Ask will tender the outstanding shares of Ingres at \$9.25 per share. At the same time, Ask will sell its shares to EDS and HP at an agreed upon price of \$10.78 per share, which represents a 15 percent premium over the average closing price of Ask shares for the 30 trading day period ended Aug. 10, 1990. EDs and HP have agreed to certain limits on their

maximum ownership of outstanding Ask stock - 22 and 11 percent, respectively

EDS and HP each have an option to take a seat on the Asse board, but the firms have yet to name their representative





THE TOP 50 INDEPENDENT SOFTWARE VENDORS

The Top 50 ranking is based on calendar year 1989, worldwide packaged software revenues; consulting, custom and remote services, programming and systems integration have been excluded, as have hardware manufacturers. Information compiled by Deborah Melewski.

PACKAGED SOFTWARE REVENUES (\$MILLIONS)

RANK 1988 1989		VENDOR	1989 WORLDWIDE U.S.ONLY		/1988 WORLDWIDE
1	1	Computer Associates International	\$1,290.0	\$ 765.0	\$ 925.3
2	2	Microsoft Corporation	\$ 691.3	\$ 285.0	\$ 625.0
3	3	Lotus Development Corporation	\$ 556.0	\$ 355.2	\$ 468.5
3	4	Dun & Bradstreet Corporation	\$ 435.0		\$ 200.0
4	5	Oracle Corporation	\$ 417.8	\$ 251.0	\$ 280.0
7	6	*Software AG of N. America	\$ 294.0	\$ 71.0	\$ 220.9
-	7	Novell	\$ 282.0		\$ 200.0
10	8	*WordPerfect Corporation	\$ 281.0	\$ 229.0	\$ 178.7
5	9	Ashton-Tate Corporation	\$ 265.3	\$ 265.3	\$ 307.3
15	10	Pansophic Systems, Inc.	\$ 232.0	\$ 146.1	\$ 182.0
11	11	*SAS Institute, Inc.	\$ 205.6	\$ 122.0	\$ 170.4
13	12	Ask Computer Systems	\$ 189.6	\$ 166.3	\$ 154.6
16	13	Autodesk Inc.	\$ 178.6	\$ 80.8	\$ 117.3
12	14	*Cincom Systems, Inc.	\$ 171.1	\$ 58.2	\$ 167.3
14	15	*Information Builders, Inc.	\$ 142.6	\$ 89.1	\$ 130.0
22	16	Informix Software, Inc.	\$ 142.1	\$ 72.0	\$ 89.0
35	17	Legent Corporation	\$ 139.6	\$ 94.5	\$ 102.9
20	18	Ingres Corporation	\$ 130.7	\$ 78.4	\$ 90.7
17	19	*Candle Corporation	\$ 128.1	\$ 80.8	\$ 100.3
24	20	Software Publishing Corp.	\$ 110.4	\$ 88.4	\$ 82.3
23	21	McDonnell Douglas Systems	\$ 110.0	\$ 98.0	\$ 88.1
18	22	Sterling Software Inc.	\$ 100.5	\$ -82.5	\$ 99.4
26	23	American Management Systems	\$ 98.5	\$ 98.5	\$ 78.0
_	24	Bolt, Beranek and Newman Inc.	\$ 97.3	\$ 87.3	\$ 90.0
19	25	Borland International Inc.	\$ 96.5	\$ 82.3	\$ 93.8
25	26	Aldus Corporation	\$ 88.0	\$ 44.8	\$ 79.0
21	27	Metier Management Systems	\$ 85.0	\$ 25.5	\$ 90.0
32	28	*The Santa Cruz Operation	\$ 85.0(est.)	\$ 20.0	\$ 56.9
28	29	*Compuware Corporation	\$ 82.0	\$ 48.0	\$ 68.0
34	30	BMC Software, Inc.	\$ 81.9	\$ 50.5	\$ 54.3
27	31	Cognos Inc.	\$ 81.1	\$ 40.0	\$ 69.5
30	32	Boole & Babbage, Inc.	\$ 78.9	\$ 49.3	\$ 61.4
31	33	Comshare, Inc.	\$ 77.3	\$ 38.5	\$ 57.7
36	34	System Software Associates, Inc.	\$ 72.0	\$ 66.5	\$ 53.0
37	35	Goal Systems International Inc.	\$ 69.2	\$ 48.2	\$ 52.2
29	36	On-Line Software International	\$ 68.5	\$ 51.4	\$ 64.8
38	37	Systems Center, Inc.	\$ 66.2	\$ 46.8	\$ 51.7
_	38	Interleaf Inc.	\$ 59.7	\$ 48.7	\$ 47.8
46	39	Micro Focus, Inc.	\$ 57.2	\$ 31.0	\$ 34.7
44	40	*Software Engineering of America	\$ 51.0	\$ 36.0	\$ 40.1
_	41	*Attachmate Corporation	\$ 50.0	\$ 37.5	\$ 25.0
40	42	American Software, Inc.	\$ 49.7	\$ 41.5	\$ 49.2
43	43	CompuServe Inc.	\$ 47.0	\$ 32.0	\$ 49.2
45	44	Symantec Corporation	\$ 47.0	\$ 38.9	\$ 35.0
33	45	*Softlab Inc.	\$ 42.3	\$ 830.1K	\$ 36.5
_	46	KnowledgeWare, Inc.	\$ 42.0		
42	47	*WordStar International	\$ 41.9		
72	48	*Cadre Technologies Inc.	\$ 41.9		\$ 42.4
48	49	Information Resources Inc.		\$ 32.0	\$ 15.0
47	50	*Digital Research Inc.	\$ 38.0 \$ 37.0(est.)	\$ 22.8 \$ 13.3	\$ 32.3 \$ 34.0



LEGENT CORP. Merger brought

peaks, valleys



CEO Joe M. Henson President Peter J. Barris Corp. Revenues per Employee \$178.5K Worldwide Software Revenues \$139.6M

Despite the admitted difficulties in merging the former Duquesne Systems Inc. and Morino Inc., Legent Corp. grew its combined packaged software business by 35% to nearly

\$140 million during 1989.

The difficulties became apparent to the outside world this year when the company acknowledged that sales of the MICS management reporting software, a key product from the Morino side of the business, declined for three consecutive quarters. The company expects flat MICS sales at best through the rest of 1990. Poor MICS sales were partially offset by better than expected sales of Duquesne and the BST Division's products.

Meanwhile, the company blamed charges related to the merger for a plunge in earnings from \$7.6 million to \$2.4 million in the fiscal second quarter ended March 31. Those results caused the price of stock to plunge \$11 to \$19 in April 1990.

In addition, Glen Chatfield, who had been CEO at Duquesne and was the first Legent CEO, resigned from the firm early this year.

The company expects recent moves, including a realignment of the sales and marketing operations, and a decision to concentrate its development on IBM mainframe systems software, to boost its profits beyond earlier levels.

Legent expects to cut costs by dropping its plan for dual headquarters. The headquarters is now in Vienna, Va.; operations still continue at the former Duquesne site in Pittsburgh.

18 INGRES CORPORATION Began delivering version 6

Ingres Corp. became the name of the company in November 1989, when the former title, Relational Technology Inc., was abandoned. The reason, the company said, is that the product name-Ingres-was more recognizable than RTI.

On the financial side, total corporate revenue for fiscal year 1989, which ended June 30, was \$130.7 millionan increase of 45% over 1988. Approximately 84% of 1989 revenues came from the sale of packaged software.

According to Christopher Greendale, vice president of marketing, Ingres is expanding its marketing efforts. "We've done well by providing server technology, but in the '90s you need a broader product mix. So we'll be providing server technology, development tools and connectivity tools."

In November 1989, the company introduced its Intelligent Database, adding to Ingres the ability to embed rules and user-defined objects.



President/CEO Paul E. Newton Corp. Revenues per Employee \$108.9K Worldwide Software Revenues \$130.7M

Also in 1989, the company started shipping release 6 of Ingres, which had been unveiled a year earlier. Version 6, which the company claims is close to a total rewrite of the system. includes the intelligent database engine (although the actual intelligent components need to be purchased separately).

Version 6 can also handle multiple servers, so a PC-based user can access information from servers in different

computing environments.

CANDLE CORPORATION

Targets service-level management

When Candle Corp. unveiled the Omegacenter package in 1989, the company broadened its market segment by offering enterprisewide service-level management software for data centers. Omegacenter integrates the four major components of enterprise performance management: status monitoring, analysis, automation and remote control.

Candle developed Omegacenter by using some of the company's traditional software, including the performance monitor and automated IBM mainframe packages. Candle's new markets proved profitable, and the company was able to post a revenue gain of 27% in 1989.

According to Merritt Lutz, Candle president and chief operating officer. 1989 total corporate revenue was \$128.1 million. Domestic revenue was at \$80.8 million, while international revenue accounted for \$47.3 million. he said.



Aubrey Chernick

CEO **Aubrey Chernick** President/COO Corp. Revenues per Employee \$150.7K **Worldwide Software** Revenues \$128.1M

Candle added several new packages to its performance management product line during 1989.

Slated to begin shipping during 1990 are Omegamon II for MVS, Status Monitor, Omegamon for CICS Version 500 and Omegamon II for Vtam.

In a push toward expansion, the company opened five new offices in 1989, including international offices in Singapore and Hong Kong. Currently, Candle employs over 850 workers worldwide.

COMPUTERWORLD

RTI hoists Ingres banner for coming RDBMS wars

BY JEAN S. BOZMAN CW STAFF

ALAMEDA, Calif. — Nine-yearold Relational Technology, Inc. renounced its name last week and readied for another battle in the relational database management system wars.

Lofting the name of its DBMS as its new banner, Ingres Corp. attacked with

a marketing campaign deriding unnamed competitors for making empty promises. That done, it announced that it had enhanced the database engine with two new modules: the rulesbased Knowledge Manager and Object Manager, which allows users to define new data types.

However, the corporate makeover contrasted starkly with news that Ingres sustained a \$2 million loss in its first quarter ended Sept. 30 and imposed a hiring freeze.

"We had an internal forecasting problem, and we've since restructured the organization and announced that we're cutting operating expenses by 10%," a spokesman said last week. To correct the problem, 100 of the firm's 1,200 jobs were shuffled, and 70 planned hires will be postponed until the financial picture improves, the Ingres spokesman said. In the process, approximately 15 workers have left the company, he added.

Ingres "has to maintain their focus on their database engine,"

said Rob Anderson, a vice-president at Sutro & Co., a San Francisco investment firm. "That first-quarter loss caught them a little bit by surprise, and that's when a lot of reorganization took place."

Last week, Ingres product

managers outlined a number of enhancements to the 2year-old Ingres 6.0. Release 6.3 will be

shipped starting this month.

Highlights of what Ingres is now calling "The Intelligent Database" include the following:

· Enhanced support for on-line

transaction applications, an improved two-phase commit protocol to ensure the integrity of distributed transactions and automated access request controls.

Knowledge

Manager, a knowledge management system that allows users to incorporate business rules di-

rectly into the RDBMS. "The business rules used to live in the clients," said David Kellogg, Ingres' DBMS product manager. "Now, they live in the server, which improves consistency as well as performance."

 Object Manager, an object management system that allows users to define new data types, such as dates, temperatures and latitude and longitude.

Some beta-test users have had Ingres 6.3 in-house for up to eight weeks. The Public Broadcasting Service (PBS) is planning to port an existing indexed-file database of 130,000 television program records now residing on four Digital Equipment Corp. VAX machines to the Ingres 6.3 release.

The database, called the Network Operations Log Application, allows PBS to schedule national network feeds via satellite.

The enhanced Ingres has "been quite reliable, even in the beta version," said Frank Pellegrino, manager of operations and database applications at PBS' Alexandria, Va., headquarters,

Ingres 6.3 is scheduled to ship by the end of this month for

VAXs running DEC's VMS operating system. Ingres 6.3 will be available for Sun Microsystems,

Microsystems, Inc. computers by the end of the year and other Unix systems in 1990. Ingres 6.3 ranges in price from \$5,000 to \$180,000, depending on hardware system size.

Ingres 6.3 will

be available as a free upgrade for Ingres Release 6.0 sites.

However, purchase of the knowledge and object management modules requires another fee. Knowledge Manager will cost 30% of the Ingres license, and Object Manager is priced at 50% of the license.



Ingres' Kellogg cites improved consistency

Aggressive Ingres Recharges Image, Retools Database

By John Pallatto

Relaunching its attack on the database market, Relational Technology Inc. is arming itself with a new name, an aggressive new marketing style and an overhauled version of Ingres that incorporates advanced database technology.

Ingres version 6.3, called the Intelligent Database, lines up industrial-strength features such as stored procedures, business rules and object management, allowing users to design sophisticated database applications that boast a high degree of data integrity, according to analysts briefed on the forthcoming release.

The newly renamed Ingres Corp. will roll out version 6.3 this

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Ingres \ Revamped Image, Retooled Database

Continued from Page 1

week as part of its renewed bid for a substantial share of the database market.

Ingres 6.3's new capabilities are offered to some degree in competing products such as Sybase Inc.'s SQL Server. Still, these features could allow Ingres to leapfrog its competitors and wrest away customers from companies such as Oracle Corp., which has not implemented rules or object-management capabilities in its Oracle database, analysts said.

"This puts Ingres way ahead of the field," said one analyst who asked to remain anonymous. "I imagine that Sybase will be able to announce something to keep up, but it leaves Oracle in the dust."

While existing versions of Ingres run on the PC, its primary market focus has always been on a wide range of Unix-based minicomputers and workstations. Consequently, Ingres version 6.3

will be released "almost immediately" for Digital Equipment Corp. VAX/VMS minicomputers, sources said.

By the first quarter of next year, Ingres will follow with a release for Sun Microsystems

Inc.'s Unix workstations that will support PCs as clients, with the Ingres database running as a server on a Sun workstation. It is still unclear when version 6.3 for the PC will be released, the sources added.

Ingres officials in Alameda, Calif., declined to comment.

Version 6.3's most striking new feature, said analysts and users briefed on its specifications, is its ability to invoke rules—a capability comparable to the "trigger" function in SQL Server. Rules, which are functions that can be incorporated into the database-

management system, can be written using standard Structured Query Language commands or a fourth-generation language, the sources said.

Ingres 6.3 can support an unlimited number of rules in each

database table, and the rules are triggered according to conditions defined by the developer, they said.

The other key feature introduced in Ingres 6.3 is an objectmanagement capability. This facility

lets developers define any type of data as an object and assign to it a wide range of attributes, sources said.

Bringing these features to the Ingres database will improve its position in the market, said Shaku Atre, president of Atre/Computer Assistance, a database-consulting firm based in Rye, N.Y.



COMPUTER SYSTEMS NEWS, Nov. 6, 89, Pg. 8

RTI's Alterations

By Joshua Greenbaum ALAMEDA, CALIF.

Relational Technology Inc. is hoping that a name change and enhancements to its database product line will help pull the company out of a slump.

RTI recently reported its second quarterly loss in the calendar year, which dropped the company's stock to a 52-week low and sparked a corporate restructuring.

Today, in Boston, RTI will try to bolster its image by revealing that it is changing its name to Ingres, the name of its relational database product. The company also will roll out a new version of its DBMS, code-named Terminator, which RTI hopes will help turn its fortunes around, according to president Paul Newton.

"With the new product line proliferating and new marketing programs, we should have more stability in the quarterly numbers," he said.

The company lost \$2.1 million, or 19 cents a share, in the first quarter ended Sept. 30 on revenue of \$28.9 million. In its fiscal 1989 third quarter ended

March 31, RTI lost \$1.9 million, or 16 cents per share.

RTI's first-quarter revenue increased 9 percent from the same quarter last year when revenue was \$26.5 million.

Also, the company's stock has been battered. The stock fell \$1 Thursday to close at

\$4.87 per share, down from a 52week high of \$16.37.

The poor financial showing resulted in a layoff of about 30 employees and a restructuring that will let the company "run leaner," according to Newton.

"We have trimmed back on some staff functions and combined several departments," he noted. "We cut back on the infrastructure cost."

Newton added that the restructuring did not affect

development or support staff and that the employees who were let go represented a small percentage of the company's 1150 employees.

Newton blamed poor sales on the lack of ports for the current Ingres version 6 across the company's entire platform base, with only Digital Equipment Corp.'s VMS and some Unix platforms now available. The newness of the product and the lack of broad availability have made it difficult to sell, said Newton.

"It's such a change in architecture that it has led to some buying delays," he said.

Despite the company's losses and low stock price, Newton maintained that a recent extension of the company's credit line and other unspeci-

> fied "money options" would keep RTI from being sold.

"We're not looking at that as an option at this time," said Newton.

Newton is determined to push ahead with an expensive nationwide advertising campaign, the name change and an aggressive upgrade path for the company's products.

"The porting situation is a one-time issue," said Newton. "The thing that is most inter-

esting to us is generating the revenue we're targeting."

While Newton refused to speculate on when the company would return to profitability, he stated that RTI would show a profit this year. "Our goal is to be measured on year-to-year growth," said Newton.



RTI president Paul Newton