

NEWS

Shirley's Resignation Not Likely to Hurt Microsoft

Four Company Insiders Considered for Post

BY STUART J. JOHNSTON

Microsoft Corp. president Jon Shirley's surprise resignation over the Christmas holidays has left the company facing a crucial decision, but has had little effect on the industry's confidence in the software giant.

The 51-year-old executive said he will retire on June 30, the end of the company's fiscal year, to pursue personal interests.

Four current Microsoft executives are under consideration for the job, in addition to unnamed outsiders. Those on the short list of insiders are Jeremy Butler, senior vice president of international and OEM operations; Steven Ballmer, senior vice president of systems software; Mike Maples, vice president of the applications division and a former IBM executive; and Scott Oki, senior vice president of sales and marketing, according to a company spokeswoman.

Shirley said the company is "well along on the process of choosing" his replacement. A Microsoft official said a decision may be made as early as April.

Neither the company nor analysts would speculate on who outside Microsoft might be in the running.

Shirley, a fixture at the Redmond, Washington-based software giant since 1983, has handled day-to-day operations as the company grew from a tiny firm to the industry's largest. Analysts have projected fiscal 1990 revenues of at least \$1 billion — a projection that neither Shirley nor Oki disagreed with.

The company had net revenues of more than \$235 million for its first fiscal quarter of 1990, which ended September 30, 1989, with net income of nearly \$50 million. Although the company's stock dipped by about \$2.50 a share on the news, it surged back a few days later to reach an all-time high of \$89 last Wednesday, demonstrating that stockholders are not concerned over Shirley's departure.

The departure should not have many side effects, since he gave Microsoft six months notice to find a replacement and because the company has a very stable executive staff in comparison to other software firms, according to analysts. Microsoft chairman Gates would be much more difficult to replace, the analysts said.

"[Shirley's retirement] is going to mean a lot of adjustment and effort by other upper-level



After Jon Shirley steps down in June, he will remain on Microsoft's board of directors.

management, but there's enough continuity [there] and such a long transition period that there shouldn't be any disruption," said Rick Sherlund, vice president of investment research at Goldman, Sachs & Co., in New York.

Opinions among industry analysts varied as to who might be a contender for Shirley's position, but they basically agreed on the qualifications for the job. Shirley's successor will need skills and a personality that complement those of Gates, and must be able to "play second fiddle to Bill" — all traits that Shirley has, they said.

Shirley will remain on the company's board of directors and will be available as a consultant for strategic projects — in areas such as acquisitions and recruitment, he said.

Shirley spent 25 years at Tandy and rose to vice president of computer merchandising at the Texas-based company.

MARKET UPDATE

PS/2 Makes Inroads In Insurance, Finance

Controls 85% of PC Purchases in Finance

BY ALICE LAPLANTE

The Sierra Group's most recent study of the PC industry shows that IBM's PS/2 family, selling well to U.S. corporations in general, has won the favor of two highly coveted industries: finance and insurance.

Within the surveyed base group of 1,197 companies, the finance community will account for approximately 30 percent of the PCs purchased in the coming year. In addition, these corporations buy top-of-the-line microcomputers due to their heavy transaction processing needs. As a result, PC coordinators in financial-services firms purchase more 386-based systems — and in 1990, are expected to purchase more 486-based systems — than their counterparts in other industries.

Almost 85 percent of these PCs will be PS/2s, the Sierra Group study revealed.

Similarly, over 75 percent of the PCs planned for purchase within the insurance industry will be PS/2s, the survey by the Tempe, Arizona, company reported.

IBM's success in selling its new PC line seems to be predicated upon the strength of IBM's hold within each industry, the survey reported.

For example, the study confirmed that government markets are still strongly committed to industry-standard 286- and 386-based PCs. In this arena, only

31.9 percent of the PCs to be purchased in the coming year will be PS/2s.

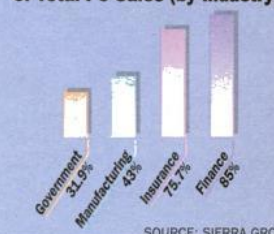
In addition, DOS is still the operating system of choice for the government sector: Only 2.8 percent of all PCs purchased for this industry will run OS/2.

The manufacturing industry, exhibiting weaker overall PC buying plans, is split on the PS/2 issue. Over 57 percent of this industry's planned microcomputer purchases will be industry-standard PCs; only 43 percent will be PS/2s.

All in all, IBM still controls almost half of all microcomputers bought and installed in Fortune 500 firms nationwide. The Sierra Group study confirmed that 46 percent of all microcomputers purchased for such firms will be IBM PS/2s. □

PS/2 Market Penetration

PS/2 Sales as a Percentage of Total PC Sales (by Industry)



IBM's PS/2 line has been particularly successful in the insurance and finance industries.

Northgate to Offer 486 With MCA

Executives Say They're Also Negotiating a Possible Merger With CPT

BY LAURIE FLYNN AND PATRICK BURNSON

PLYMOUTH, MN — Northgate Computer Systems Inc., long considered a price-competitive clone maker, has finally taken sides in the bus wars with plans to introduce a 486 machine using IBM's Micro Channel Architecture (MCA).

The company plans to release the product in both tower and desktop configurations within the next six months, according to Art Lazere, Northgate chairman. The statements followed the company's announcement of an MCA licensing agreement with IBM.

"We think eventually the world will go MCA," Lazere said, adding that he expects EISA to have a short life competing with IBM. The 486 processor coupled with MCA is an ideal OS/2 platform, he said.

The MCA machine will follow a few months after the company delivers in February a 486-based machine with a standard AT bus. That product, also

available in a desktop or tower configuration, will be priced under \$10,000, Lazere said.

Currently, sales of Northgate's 386-based PCs account for the vast majority of the company's sales, Lazere said. As a result, Northgate will continue to phase out its 286-based products and bring down the price of 386 configurations, he said. The low-price point of 386 machines could put the squeeze on other firm's 386SX-based PCs, a market Lazere said will be as short-lived as EISA.

Northgate executives also confirmed they are negotiating a possible merger with CPT, an 18-year-old publicly owned reseller of office automation equipment. CPT resells through a distribution network of 150 independent domestic, and 50 international, dealers.

"Our attorneys have told us to be fairly circumspect in our remarks, but I am optimistic about the process," said Northgate president Lawrence Greenberg. "CPT has a good dealer organization, an installed base,

and would give us a chance to break into an entirely new market."

However, the Eden Prairie, Minnesota, reseller has reported five consecutive annual losses totaling \$104.2 million.

"From our point of view, the advantage is obvious," said Rick Berglund, CPT manager of public relations. "Northgate is a proven leader in PC manufacturing and should continue to enjoy significant growth in the future. We have the distribution channels that would make the deal attractive to them."

"The whole transaction will be fairly complex," Berglund added. "But David Clinton [CPT's CEO] is firmly committed to seeing this through. A merger is definitely the goal."

For Northgate, the agreement deadline may be far less urgent. The privately-held company will report revenues of \$110 to \$115 million for the past year, which ended December 31. If the merger is completed, Northgate will become a publicly traded company.

Interactive Wingz, Unix Database Link To Highlight Informix Announcements

BY PEGGY WATT AND MARTIN MARSHALL

An interactive link from its Macintosh Wingz spreadsheet to its Unix database management system will lead a half-dozen announcements from Informix Software Inc. this week, company officials confirmed last week.

Informix will also reveal release dates for a variety of other announced products, including implementations of Wingz on such other Unix platforms as Motif, Open Look, and the Next machine. The company will show versions of Wingz on Windows and OS/2 Presentation Manager, according to Informix representatives.

Officials of the Menlo Park, California, company will describe their strategy for Informix

development and products, particularly regarding the integration of its product line with that of the former Innovative Software of Lenexa, Kansas, which merged with Informix in 1988. Innovative Software developed Wingz, as well as the Smartware line integrated programs.

The new Wingz-to-database integration uses the Wingz Hypertext technology, which Informix CEO Phillip White has described as "a tool, not a spreadsheet." Informix promised to ship the link, which permits both uploading and downloading data, in the first quarter of this year.

The new link differs from Informix's planned Wingz CL/1 link, which will expand the capability to other databases. However, CL/1 technology is not complete.