



DBMS News and Commentary

Statement of Purpose

DBMS News and Commentary is updated from time-to-time as special news and events evoke comments from Alternative Technologies.

Who's On First

January 2, 1998 -- Recently, Informix announced that it had restated earning from the last four years. The restatements are of such a size that both 1995 and 1996 DBMS market shares must be re-evaluated. In particular, it now seems clear that *Sybase did not fall* from the number two slot as was widely reported. We expect that IDC will report adjusted market shares in the near future.

The damage that Informix's false reporting did to Sybase's image and its customer's faith in it as a market leader are not to be underestimated. A number of our clients and seminar attendees expressed doubts about Sybase precisely because Informix had been reported as overtaking Sybase. Ultimately, we believe that damage was done not only to Sybase, but to the entire DBMS industry. Corporate buyers (especially executives) are sensitive to the financial stability and market positions of their DBMS vendors as key indicators of the future. With Sybase having suffered first, followed by a breach of faith from Informix, and now Oracle stock in a downward spiral, corporate executives have few options which do not involve some bad experience.

We hope that truth in reporting, without fear of restatements, will become the norm in the DBMS industry. Its time the consumer insisted on reliable financial information. The impact has been so devastating that we would even entertain the idea that restatements for all but the most extreme situations be made illegal.

Stock Prices

January 19, 1998 -- Informix, Oracle, and Sybase stock prices are all down. However, we believe that Informix is near its lowest point and is likely to begin an upward swing over quarter. Robert Finnochio has done an excellent job of getting the company back on track and forcing an honest view of its finances both internally and externally. The company continues to have the strongest technical architecture in the industry in our opinion.

Although Sybase may not come up as rapidly, we also believe that Sybase is near its low point. The company continues to have profitable quarters and continues to announce new DBMS technology. Although behind competitors in certain respects, it continues to lead the industry with core DBMS innovations such as logical memory management and logical process management (permitting mixed workloads on a single server).

By contrast, we do not believe that Oracle has hit bottom as yet, although it will probably come back up some before going back down too much further. Problems with converting its process-based architecture to a thread-based architecture and removing dependencies on operating systems (creating a self-sufficient "DBMS operating system") will probably delay some of the companies promised features. The impact on its Network Computing agenda needs to be carefully analyzed.

Sybase Profitability

January 22, 1998 -- Sybase has announced that it, like others, has suffered from problems with the Pacific Rim and Asian market, in particular Japan. Revenues from Japan were discovered to have been improperly reported during the fourth quarter audit to the tune of some \$60 million. Sybase responded quickly to the discovery, both in terms of reporting the situation to investors and handling the guilty parties in Japan. Ultimately, it seems likely that these revenues will accrue to Sybase, just not in the fourth quarter.

Sybase needs to be more aggressive in its marketing and technology if it is to become robust to such unfortunate winds of fate. There was a time when \$60 million decrease in revenues would not have been overly concerning. Today, DBMS vendor management seems more concerned with stock market prices than with delivering technology. Sybase could certainly stand to experience its old popularity, with sufficient innovative technology offerings to make financial issues, and stock prices, of secondary importance. For that matter, so could the other top DBMS vendors. Sybase continues to have lots of good technology, but needs a technology visionary to focus its efforts onto real business problems.

Oh well... we're just technology users and its a new game. Relational DBMS companies are a stock market game now. What do we know about "value".

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