

# Osborne

## Trying to Find Life After Bankruptcy

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SAN JOSE, CALIF. — Osborne Computer Corp. is out to prove there's life after bankruptcy court.

A year after emerging from the protection of a Chapter 11 bankruptcy, the company that launched the portable computer industry is the catalyst for a merger of small computer makers.

The "strength in numbers" strategy "gives ourselves a chance to be a force again," said Ronald J. Brown, Osborne's president.

OSBORNE HAS agreed to a joint venture with two other young companies, Colby Computer of Mountain View and Sona Computers Inc. of Milpitas, that is expected to lead to a merger of at least two of the companies within three to six months, Brown said.

Separately, Osborne has another joint venture with San Diego-based Tigermark Corp., a maker of computer peripherals, that also could lead to a merger.

Industry analyst Richard Matlack of InfoCorp. calls Osborne's proposal "a creative approach."

"As minor players, none of them would have made it. Either you quit or you take a lot of little pieces and put them together," he said. "But from a practical standpoint, it's almost impossible to put (a merger) together because egos get in the way."

Not only do these deals bring together tiny companies, they assemble a family of personal computers that are compatible with computers from both International Business Machines Corp. and Apple Computer Inc.

In a non-traditional move, Osborne, Colby and Sona are functioning as one company even before they have ironed out a formal merger. But each also is continuing to work separately and raise financing independently. In addition, the joint venture is trying to raise \$1.5 million from corporate investors with the help of Gladstone-Abraham of Palo Alto, Calif., a private investment banker.

Brown said this lets the three firms "enjoy the benefits of merger" while the time-consuming

merger process rolls along.

To head the joint venture, the companies have chosen Lawrence R. "Duff" Hicks, chairman of Sona and owner of Unitronic, a Milpitas manufacturing subcontractor that specializes in circuit boards for computers. Hicks is a former stockbroker who served as chief financial officer for companies he founded.

The yet unnamed joint venture will use the Osborne brand name to market the companies' line of personal computers.

Brown thinks that Osborne's survival of Chapter 11 bankruptcy is going to be an asset.

"WE'VE BEEN through the fires and made it, proving our ability to be a survivor," he said. "Our name may have taken a bit of a beating as far as the trade is concerned, but as far as customers are concerned, it's solid. At least everyone's heard of Osborne."

At its height, Osborne Computer employed 1,000 people and had \$3.5 million in monthly overhead costs. Today, it's a small company of 25 people located in Fremont, Calif., with \$125,000 in expenses each month. Brown estimates that Osborne will do \$8 million in sales this year.

Jay Lussan, chief executive of Sona, said he wasn't put off by Osborne's survival struggle because it proved that the management was "capable and tenacious."

Sona is an 18-month-old engineering company with a low-cost IBM-compatible computer designed for military specifications and a yet-to-be-marketed desk-top computer.

Two-year-old Colby Computer is basically a one-man company started by inventor Chuck Colby, whose rugged version of the IBM-compatible personal computer is being used on oil rigs and by General Motors Corp. in its test cars.

Sona and Colby have concentrated on product development and manufacturing, while Osborne brings to the partnership a line of computers, marketing and worldwide distribution, Brown said.