

Software entrepreneur playing private game

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SCOTTS VALLEY, Calif. — Talk to Philippe Kahn and you get the feeling he is playing a private game that might be called, "Can you top this?"

His company, Borland International of Scotts Valley, has made a name for itself by bringing two hot-selling software programs to the market in only 18 months.

Sales are running at a \$1.3 million monthly rate. After-tax profits range from 20 to 30 percent of revenues.

Rejected for financing by several U.S. and foreign venture capitalists, Kahn funded the company with \$20,000 of his own money. Later, he relied on sales revenue to keep the operation going. Borland now employs 90 people.

The 32-year-old native of France has been in the Silicon Valley for two years and already is on his way to becoming what one analyst calls "almost a cult figure" in the close-knit software industry.

"He came from nowhere and showed in two years that he had the right intuition a number of times," one venture capitalist said. "He's not a fly-by-night type of guy."

Kahn's business guile and humorous party antics border on the legendary.

Once a university mathematics teacher, Kahn got started in the software business by buying a "shell company" in Ireland, which is essentially a bankrupt corporate shell. He planned to distribute software from Ireland. When that failed, he came to

Quotable

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the United States with \$2,000 and plenty of software development ideas.

"I've used all kinds of tricks along the way," Kahn says.

Take the way he got started in the United States, for example: Kahn likes to talk about the "sting operation" he orchestrated to trick an electronics-magazine ad salesman into giving his cash-poor firm 30 days of credit. The ad attracted a flood of 1,800 orders in the first month alone.

Kahn is described as a shrewd and cautious man, one who trusts few people and puts a premium on loyalty. He projects a carefree facade and often repeats a favorite phrase — "This industry needs what it had in the beginning: fun."

The frivolity includes startling party-goers on Halloween by dressing in flowing robes as Emperor Nero, then entertaining the crowd with an impromptu saxophone solo.

Kahn is a bulky man. His shirt goes open when he bounds from a chair and shouts, "We make the best software at the best price. Let me show you this." He returns and flips to some laudatory magazine reviews of his two products.

The first is "Turbo Pascal," a lan-

guage compiler — or software deciphering tool — used to write other software programs. More than 200,000 copies have been sold since its introduction in November 1983. Turbo Pascal has been called the Volkswagen of compilers because it's simple, fast and an advanced degree in computer science isn't required to use it.

The company's second product, "Sidekick," is business productivity software that works as a program within a program. It lets users jot notes, record appointments or make calculations without pulling the program they're working on out of the computer. Introduced last June, Sidekick sales exceeded 80,000 copies by late October.

Working in Borland International's favor is the low price of its software. At \$49.95 apiece, each of its programs costs between \$100 to \$300 less than competitive packages, the company says.

Kahn jokes that he picked the price based on the cost of a favorite train ride from Paris to St. Tropez. In a more serious vein, he says he selected his prices because he believes consumers won't hesitate to buy new types of software as long as they cost less than \$50.

Kahn gambled that he could generate heavy sales volume to turn a profit. Eventually, he thinks, most computer software packages will drop below \$50.

Kahn doesn't rely on sophisticated market research or consultants to plot his company's prices, direction or product strategy. "Market researchers have clients, so they aren't objective," Kahn said. "And a consultant is someone who charges you to borrow your watch to tell you the time.

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Actually, there's more to it than that. At Borland, 60 personal computers are used for programming and business tasks. Kahn considers his business a good testing ground for new computers and software. A programmer himself, Kahn frequently logs onto his computer to communicate with customers about Borland's software.

Many of Kahn's comments and actions are purposely offbeat, humorous and, sometimes, downright outrageous.

For example, Kahn's office was once occupied by well-known computer executive Chuck Peddle. His company, Victor Technologies Inc., exploded like a shooting star and then flickered into bankruptcy.

"I brought in an exorcist ... there are no more devils of bankruptcy here," Kahn said.

When it comes to choosing key personnel, he says, "I found most of my staff in bars."