

END OF ERA: VISICORP TO MERGE

Founders Fylstra, Jennings expected to step down

BY DENISE CARUSO *Reporter*

In what some are calling the end of an era, VisiCorp — which is credited with starting the microcomputer software industry with VisiCalc — is expected to announce its merger with fledgling company Palladin Software and the resignation of its founders, according to a reliable source close to VisiCorp.

When the merger is completed, VisiCorp founders Dan Fylstra and Peter Jennings are expected to resign from active management roles in the company they turned into a household name in the microcomputer industry. Fylstra, however, is expected to remain on the board of directors. Michele Niven, spokesperson for VisiCorp, offers no comment and says that Fylstra and Jennings aren't talking, either. Palladin officials also refuse to comment.

"It's not a done deal yet, so there's a certain amount of risk in talking about it," says the source, who requested anonymity. "A lot of pitfalls need to be overcome."

VisiCorp is also very close to completing the sale of its subsidiary firm, Communications Solutions Inc., to Control Data Corp. Control Data bought all rights to the Visi On technology in late summer for an undisclosed amount of cash, and hired the Visi On development team to continue work on the product.

Whether the VisiCorp name will be retained has not yet been decided, according to the source. Although the Palladin management team will run the show, the decision about which name to use is "a good question and a hard one to call," he says.

He wouldn't speculate about the factors involved in such a decision — including whether VisiCorp's name would be more liability than asset after its tumultuous past year in the market-place. The company's financial difficulties during the year forced management to shrink its ranks from hundreds of employees to about 70. The firm also slashed prices on its product line, sold its groundbreaking Visi On "integration" technology, and very recently settled out of court a costly yearlong lawsuit with VisiCalc designers Software Arts of Wellesley, Massachusetts.

"VisiCorp is in the process of selling off its assets, so it has a lot of cash right now," says the source. "And Palladin needs the money to finance a new product that won't be shipping for a while. VisiCorp needed an exciting new product to go for in the mainstream market, so it seemed natural." Another observer says, "VisiCorp had money but no ideas. Palladin has ideas but no money."

The first source would not describe the product Palladin is developing, but speculation in the marketplace is that Palladin is developing an artificial intelligence data-base product.

There is already some connection between VisiCorp and Palladin. Roy Folk, formerly product manager for Visi On, is founder and president of the new, Sunnyvale, California-based company. Folk also founded Optisoft, which never shipped a product.

When former VisiCorp president Terry Opdendyk resigned in July, Fylstra took over Opdendyk's duties in addition to his own as chairman. "Dan stepped in and did a great job of getting VisiCorp back on the road," says the source close to the firm. "The

company was on the verge of going under, and he saved it. The merger will free him to pursue other interests."

This source confirmed that Fylstra would be looking for new entrepreneurial ventures. Jennings, he says, "is off to pursue some pleasurable things for himself."

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