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## Carving a global niche // Area firm OKs purchase by Netscape

Internet giant Netscape Communications Corp. has reached an agreement to buy privately held Mechanicsburg software designer InSoft Inc. for stock worth about \$160 million.

The deal brings the long-talked-about "picture phone" a step closer to reality. Netscape plans to add InSoft's industry-leading real-time video conferencing software to its popular Netscape Navigator software, the choice of almost 80 percent of personal computer users who explore the Internet global computer network.

One Netscape user would then be able to talk with and see another Netscape user, provided each has the necessary microphones and video cameras. Netscape hopes to introduce this software later this year.

It also will enable teachers to guide students on computer tours of places such as the Louvre art museum in Paris, with students able to ask questions of the teacher as the tour is in progress.

"Our ultimate dream is to create software that will help people communicate more effectively," said Dan **Harple**, InSoft chairman and chief executive officer. "To get 20, 30, 60 million people using our technology is a really exciting thing."

Under the agreement, Netscape will pay for InSoft with 1.96 million shares of its stock, adjusted for a 2-for-1 stock split that will be distributed Tuesday. Netscape shares closed Wednesday at \$164.25, down \$2.75, after the acquisition was announced. The stock took a much bigger dive yesterday, closing at \$150.75, down \$13.50.

The sale may mean that InSoft will leave the midstate. **Harple**, 36, said a team of software designers from InSoft will move to Netscape, which is headquartered in Mountain View, Calif. He doubted the company would remain in Mechanicsburg, but said no decision has been made.

**Harple**, a Rhode Island native who lives in Dillsburg, and Rich Pizzarro, 30, a 1984 Cumberland Valley High School graduate who lives in Camp Hill, founded InSoft in 1992 after leaving AMP Inc.

Friends and family lent money to help them get started, but a key financial backer was Bill Hulley of Adams Capital Management, a venture capital firm in Pittsburgh.

"I think it is a great fit between the two companies," Hulley said yesterday. "It fits well with the direction the management team was trying to take the company."

InSoft was the first investment made by Adams Capital with a pool of money raised in 1993. Hulley helped arrange two subsequent rounds of financing, which also involved money from Philadelphia Ventures, New Enterprise Associates of Baltimore, Edison Venture Fund of Harrisburg and Newbridge Networks of Canada.

One of the reasons Netscape liked InSoft is because the Mechanicsburg company's software can run on all the major computer operating systems, just as Netscape software can.

Talks between Netscape and InSoft began a couple of months ago, **Harple** said. He said negotiations also were held with other potential suitors, but declined to say whether Microsoft Corp. was one of them.

Analysts said the InSoft acquisition would strengthen Netscape's hand against Microsoft, which is said to be developing similar video/audio capabilities for its Internet browser software.

"This is a power play," **Harple** said. "Microsoft is behind in the game."

**Harple's** job in the merged companies is to make sure the combination is a success. He will report directly to Netscape Chief Executive Officer Jim Barksdale. InSoft will continue to produce and support its existing products.

The company cultures of Netscape and InSoft are similar, **Harple** said laid back and informal is the rule. When Netscape executives Jim Clark and Marc Andreessen visited recently, they commented that it was "just like Netscape."

InSoft has 71 employees, some from outside the United States. **Harple** said there is "not a great recruiting pool" in the midstate. He has both Russian and Indian scientists working for the company who he recruited over the Internet and then sponsored for immigration to the United States.

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