

BUSINESS HOUSTON

For people in
the business of
doing business

Top Apple retailer started from the ground up

Saw untapped
computer market
in early 1980s

BY MICHAEL DAVIS
OF THE HOUSTON POST STAFF

When Sam Ryu was laid off after 13 years as a chemical engineer in 1983, he took a bad situation and achieved far more than he ever would have had he kept his day job.

Facing little or no prospect of landing a job where he could use his skills and earn a salary similar to what he had known, Ryu decided to go into business for himself. The result was a small computer business named Computize Inc.

Eleven years later, the business is still around but it's not so small anymore. Now it has 250 employees and outlets in Houston, Chicago, Dallas, San Antonio, Austin and Tyler. The company is a leading retailer of Apple Computer products in Houston.

Annual revenue has risen from \$100,000 in 1983 to \$91 million last year, up from \$73 million in 1992.

His wife, Yumi, joined the company in 1985 after the company she was working for moved its offices to New Jersey. She now oversees much of the financial end of the business.

Ryu, who holds a doctorate degree in chemical engineering, laughs when asked about his choice of career change. "It is not something I did voluntarily," he said.

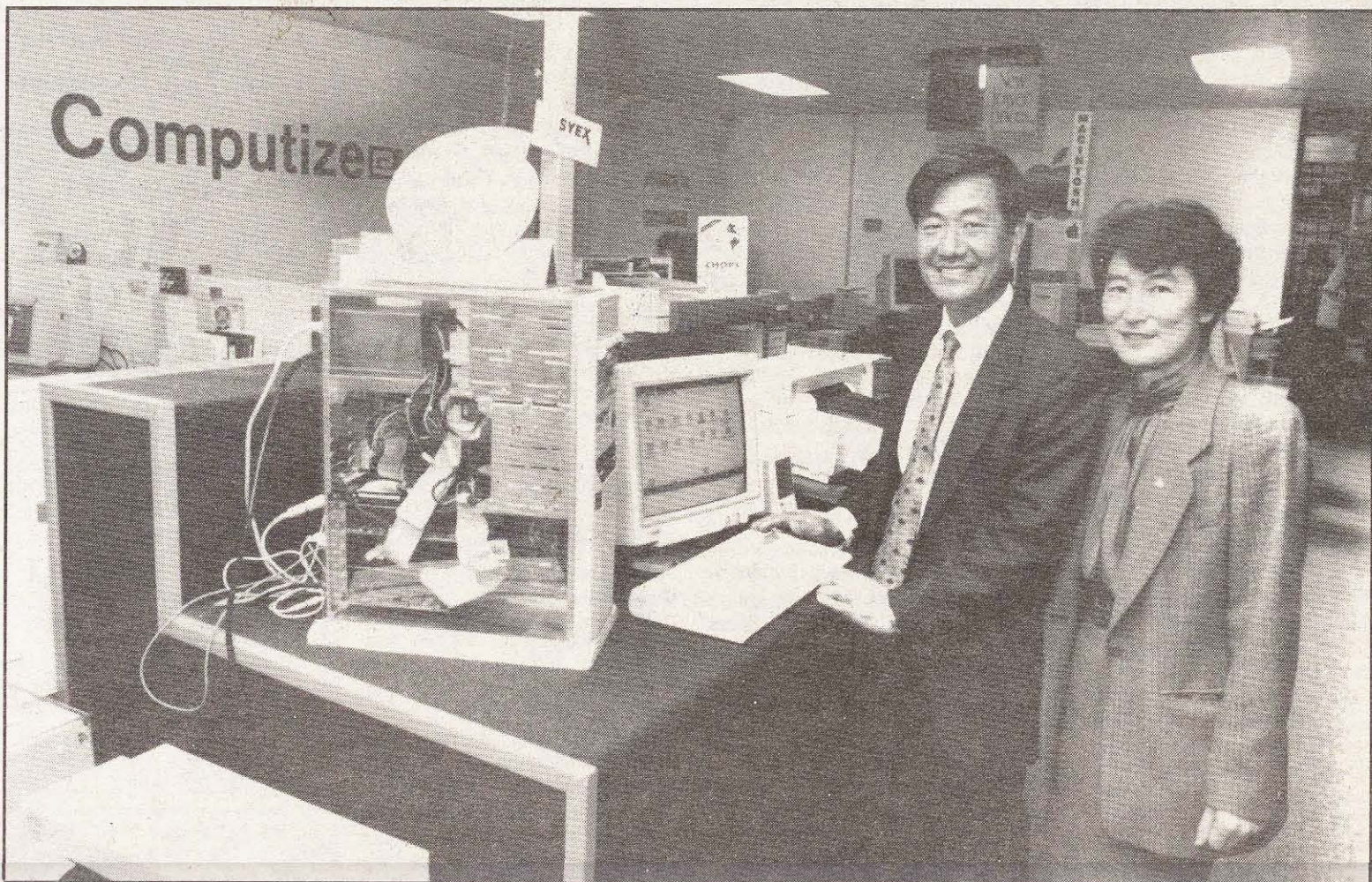
He initially thought he might start a paint-mixing business but changed his mind when he realized it had little growth potential.

His decision to get into computers, which he admits he knew nothing about — "We didn't even own one then," Yumi said — came after a visit in 1983 to his homeland of Korea for Sam's father's funeral. What he didn't see there caught his eye.

"There were no computers," he said. He realized that a vast untapped market for personal computers was about to blossom and decided this was his future.

The Ryus are using their success to promote a better understanding of Korean culture in Houston — home to about 20,000 Koreans. Computize is the major underwriter for The Asia Society's year-long Festival of Korea, a series of cultural, educational and business events that started last fall.

It's not merely happenstance that the couple wants to share its success in a celebration of their



Sam Ryu and his wife, Yumi, have taken Computize from a small computer company into a business with 250 employ-

ees and outlets in several Texas cities. The company is a leading retailer of Apple Computer products in Houston.

King Chou Wong/The Houston Post

ethnic heritage. In the early days, Computize's first customers were largely from Houston's Korean community. Often, Sam said, people would postpone a computer purchase until he could provide the hardware they wanted.

Despite a loyal customer base, getting the business off the ground was a struggle. No banks would loan him any seed money. Yumi was still bringing in a paycheck so Sam spent his savings and the severance money he received when he was laid off to start the business.

"I had no track record or background in computers," he said.

He also had no large manufacturer who wanted to use his new store as an outlet. He approached Apple, Compaq, IBM and others, all of whom turned him down as an authorized dealer prospect.

His first break came when he convinced the Houston region Hewlett Packard representative to name him an authorized dealer even though he didn't yet have a store in which to sell HP products.

Instead, Ryu took in the blueprints for his planned 1,900-square-foot store near Memorial City. He laid out the plans before the HP representative and talked his way into becoming an authorized dealer.

On Oct. 10, 1983, the store opened its doors. Then in January, Sam hired a woman who had

experience selling into educational markets. It proved to be a turning point. He once again approached Apple and this time he convinced the company he was carving a valuable niche for Computize in the ethnic and educational markets.

His timing could not have been better. Apple decided to take him on as one of their dealers the same month Apple unveiled its groundbreaking Macintosh line of computers and began to expand rapidly.

Despite early success, Sam kept a keen eye on the bottom line. In those days a dumpster cost about \$60 a month. Rather than lease a dumpster, he took the day's trash home every day in his station wagon. The boxes began to stack up in the Ryus' back yard and he eventually used some in his vegetable garden.

A few years later, while working in his garden, he came upon some of the boxes that had since decomposed and turned into mulch. "I thought, 'We've come a long way.'"

Ron Usselman, regional credit manager with ITT Commercial Finance Corp., who has worked with the Ryus since 1985, said their success is simply the result of hard work.

"They have always retained profits and put them back into their business," he said.

When ITT first established a credit line for the company in

1983, it was set at \$50,000. Today that line is \$20 million.

"I have no other example of that kind of growth in this region," Usselman said. "I have some that come close, but Computize's growth is the most phenomenal I have seen."

Their relationship with Apple grew over the years helped largely by their sales into various school districts in the area, including Houston Independent School District, Spring Branch ISD, Deer Park ISD, Alief ISD and Fort Bend ISD.

Once Computize signed a contract with a school district, Apple would sell directly to the district and Computize would take a commission from each sale. Under such an arrangement, Computize increased its sales but had fewer receivables to carry on its books as well as less inventory.

While the company has made efforts to establish long-term relationships with large corporations, its ethnic and educational markets remain its core business.

"Our strategy is to strive to be No. 1 in the Korean and educational markets," Ryu said. "We can be profitable on a relatively small margin so we are able to price more aggressively."

The company has branched out and has opened two new divisions in addition to its Computize stores. It now also has a mail order business and a networking

division.

"We are expecting strong growth from the mail order business in the next few years," Sam said. "The new divisions will be tied to us but they will also be a separate profit base."

When asked whether they have contemplated becoming a public company, the Ryus say they are somewhat wary of growing too fast. Going public, they say, would bring them a lot of headaches when they are not in need of the cash infusion a stock offering would generate.

"It is important for us to have people we trust working for us," they said. "Except for about three people, everyone in management started at the bottom working for the company."

Computize

Founded: In 1983 by Seh "Sam" Ryu after he was laid off from his job as a chemical engineer. His wife Yumi joined the business in 1985.

Finances: Annual revenue has risen from \$100,000 in 1983 to \$73 million in 1992 to \$91 million last year.

Success Tip: "It is important for us to have people we trust working for us. Except for about three people, everyone in management started at the bottom working for the company."

Seh "Sam" Ryu, founder

SUCCESS



When Sam Ryu was left without a job, the entrepreneurial bug bit and he launched a business in an industry he knew little about. But Ryu's gamble has paid off handsomely. Computize Inc. started as a small computer company in 1983. His wife, Yumi Ryu, joined the firm two years later. Now, Computize, a leading retailer of Apple Computer products, has 250 employees and outlets in Houston, Chicago, Dallas, San Antonio, Austin and Tyler.

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