

Department Name	Start Date	End Date	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End
Development	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	0%	100% gross	net loss		
Marketing	20-Nov-00	01-Jun-01	0.40	0.20					200% gross	20%	100% gross	net loss		
Business Dev	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Operations	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Finance	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Legal	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
HR	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Info Systems	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Building Serv	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Administration	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Finance	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Legal	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Human Resources and Staffing	20-Nov-00	01-Jun-01	0.10	0.10					100% gross	10%	100% gross	net loss		
Company Total Headcount	20-Nov-00	01-Jun-01	64	60	74	72	83	100						

EXHIBIT 3 - DO DOTS SUMMARY OF HEADCOUNT GROWTH

Headcount summary

Department Name	MAY 00		JUN 00		JUL 00	
	Actual	Forecast	Actual	Forecast	Actual	Forecast
PRODUCT DEVELOPMENT						
Support	4	5	5	7	5	8
Content Services	15	11	16	15	21	23
Development	4	2	5	3	5	5
Operations						
SALES AND MARKETING						
Sales	12	13	13	13	14	19
Marketing	11	11	14	14	17	22
GENERAL AND ADMINISTRATIVE						
Information Systems	4	4	4	4	4	4
Building Services	3	3	3	3	4	4
Administration	3	3	3	2	3	3
Finance	4	4	5	5	5	5
Legal	1	1	1	1	1	1
Human Resources and Staffing	3	3	5	5	5	6
Company Total Headcount	64	60	74	72	83	100

EXHIBIT 4 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

Value proposition summary

Customer	Monthly Web site duration per user (min:sec)	Duration per Web page (min:sec)	Monthly Dot duration per Customer specific user (min:sec)	Effect (%)
AnyDay	4:44	0:31	47:40	907%
mySimon	8:35	0:37	77:07	798%
eHow	8:30	0:51	27:47	227%
ZDNet	19:35	1:05	325:04	1560%
Merriam-Webster	16:26	1:31	144:09	777%
PhotoPoint	12:17	1:09	17:52	45%
Work.com	107:47	0:58	74:50	-31%
StartSampling	53:49	0:48	143:57	167%
drDrew	12:48	1:01	36:31	185%
PCWorld	12:36	0:51	162:16	1188%
Hotlinks	53:31	0:41	71:55	34%
MapBlast	17:42	1:18	56:26	219%
iFUSE	1:40	0:20	148:31	8811%

EXHIBIT 5 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

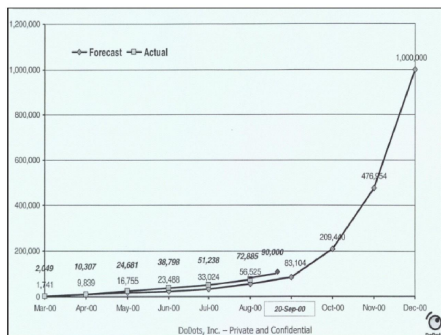


EXHIBIT 6 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

Key distribution deals

- **SPINWAY**
 - Auto-upgrade feature
 - Burned on CD
 - Link on website
- ◆ Key deals in negotiation
 - ABC.com
 - PeoplePC
 - AllAdvantage
 - Pulse
 - 1stUp

EXHIBIT 7 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

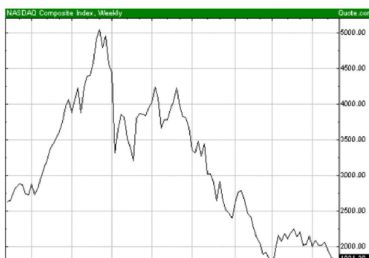
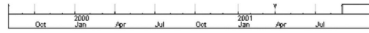


EXHIBIT 8 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER



Results – Year to date

Income statement				NOTES:
Fiscal year to date (March / August)				
	actual \$1000	forecast \$1000	variance \$1000	%
Revenue	8	12	(4)	-34%
Cost of revenue	-	-	-	n/a
Gross profit	8	12	(4)	-34%
Operating expenses:				
Product development	(3,287)	(3,944)	(243)	-6%
Sales and marketing	(2,245)	(4,325)	2,080	49%
General and administrative	(3,928)	(3,855)	75	2%
Total operating expenses	(9,461)	(10,452)	1,892	19%
Operating loss	(8,453)	(10,440)	1,988	19%
Interest income	29	52	(23)	-44%
Interest expense	(249)	(307)	58	19%
Net loss	(8,672)	(10,685)	2,023	19%

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Results for the year are near budgeted levels in all categories other than sales and marketing expenses. Expenses in these areas are under forecast levels primarily as a result of carrying less headcount than planned.



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STANFORD UNIVERSITY

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Do Dots (B)
STUDY QUESTIONS

- Analyze how Medrano's Series B fundraising strategy worked and didn't work. What would you have recommended?
- Analyze the multi-staged Series B closings. Was this the best strategy? What were the alternatives?
- What other incentives could DoDots have provided in order to get investors to close the rounds?
- How could Medrano and the team have better coupled fundraising with management of the company?
- What could Medrano and DoDots do to better adapt the company to this changing market?
- Analyze the various forms of debt DoDots had taken on. How did this increase and/or decrease risk? Was this good for the company?
- Analyze the conflict of interest between Series A and Series B investors. How is this good for the company? How is this bad for the company? What are the major difficulties in negotiating with both new and previous investors who are going to invest in a round?
- Analyze the company's business model. How did it charge customers? What are its strengths & weaknesses? How did this increase or decrease financial & market risk?
- Analyze the failure of the ABC and Spinway relationships. Was the team trying to force a product on an unresponsive market? How could they have better adapted their expectations and managed the company?

This case was prepared by Tony Medrano under the supervision of John Glynn, Lecturer in Management, Stanford University Graduate School of Business, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

For confidentiality purposes some facts and numbers in this case have been changed. These changes should not affect the readers conclusions.

This case was made possible by a gift from H. Michael Stevens.

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