



GRADUATE SCHOOL OF BUSINESS STANFORD UNIVERSITY

SEPTEMBER

Do Dots (B)

By about May 1 the cash similation at DeDets that not improved and the executive team was acroun. Vendom were training to call more frequently about their bills, but Mediano and the finance department was decidedly tight with their cash as they knew it would take a few weeks at best to finalize any Series Burentennat. Mediano batted, between frequently and the series and the finance department was decidedly tight with their cash as they knew it would take a few weeks at best to finalize any Series Burentennat. Memory and the finalized frequently and the finaliz

"We talked with numerous other venture capitalists, and DoDots received a lot of interest from some large late stage fouds like Thomas Weisel Partners and Goldman Sachs Private Equity, Many were interested, but almost no one was investing at the time. They had seen the IPO window close and many of the "mezzanine funds" were left holding expensive baggage. Everybody decided to take a "wait-and-see" approach and DoDots was really caught between a rock and a hard place after Chane H&O₂ backed out of the term about at the last minute."

So on May 1, Medinano and the DoDots team worked on convincing Staenberg to lead DoDots' Series B. Medinano knew that Staenberg's small venture fund could react quickly and independently. Staenberg was also fully capable of leading a venture round and had a very good relationship with Heidi Roizen of Softbank, who was on DoDots Board of Directors. Staenberg was classimates of Roizen at the Stanford Graduate School of Business, and the two had since worked together on numerous venture deals. The DoDots team felt good about his relationship with Roizen and was confident that he could be counted on to close a deal access to a second s

However, Steamberg was usually not a feed inventor. He had just opened a new fund, Steamberg Venture Partners II, which was planning to be \$500M. Therefore, he obviously don't have the capital to make a single \$200M inventment in a company, especially since this was potentially going to be the first inventment of his new fund. Steamberg quantily "followers" call agree feed inventor code as Softback or Kellenn Perksain in most offer sits foresting the bodding of this manufaction and in orders to develop the boddings of this manufaction and in orders to develop the boddings of this manufaction and in orders to develop the boddings of this manufaction and in orders to develop the boddings of this manufaction and the order to the soft of the so

Nevertheless, Medrano was worried about getting any lead investor in the time required for DoDots to make its June payroll. He viewed going after Stamberg as the lead investor less than ideal. However, considering the situation the company was in, it seemed to Medrano and the team to be the strategy with the highest probability of success. Plus, the NASDAQ had reformeded to over 3500 and many thought it would continue to rise. (see Exhibit 7) Leading a round would be connected an every Stamethery, and having him invest only a few million oddstars in a \$10.00M round was somewhat unusual. But, Stamethery we interested in working with the company and his initial commitment was not invest \$3500.00M round was somewhat unusual. But, Stamethery working with the commitment was not invest \$3500.00M round was nonewhat unusual. But, Stamethery working with the commitment was not invest \$3500.00M round was nonewhat unusual. But, Stamethery working with the commitment was not invest \$3500.00M round was nonewhat unusual. But, Stamethery working with the commitment was not investigated in the present of the stamether working him invest only a \$1000 and many thought it was not a \$1000 and many thought it would continue to rise. (see Exhibit 7) Leading a round would be connected an exhibit and the stamether was not a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest only a \$1000 and many thought at working him invest onl

May 15, was a very important day for a few reasons. First, it was a very obset to the day DoDots ran out of money. They probably would have been able to make the Juny 10, but would have been able to a lot of people that DoDots was in trooble. Furthermore, the repricing of the warrant owned by WII created enough possible dilution to all shareholders to get some attention. In this potential dilution, Mediano saw opportunity. If DoDots did not close its financing by May 15th, about 19th of the company would be given to WII. Mediano used the warrant reprincing as follows:

"Imvestors need to be driven to close a deal. When the market is hot, competition from other investors provides the incentive. Certainly, DoDots' cash needs would only be used against the company, and therefore could not be over-emphasized. Under these market conditions, investors were no longer competing for deals. They all lawer this, so some other incentive had to be used. The May 15 warrant repricting was small, but if gave DoDots a date by which Series is But investors could be driven to invest. And since Softbank owned 1/3 of the company, and would likely be the largest investor in the Series But this social DoDots could cover for Series (which several leaves to expect and could cover for Series (which several leaves to expect the series and the series of the series and the series are the series of the series and the series are the series

Both the DoDots founding team and Roinen still viewed this as an opportunity to invest in a great company. Now, the price had even been redoord by 50% DoDots was still perceived as a high-flying company, despite the early market turnoil, and they still received much positive press coverage and investor interest

DoDots team also fit that Staenberg would be doing them somewhat of a favor by moving so quickly to close the deal. As further incentive to close the roand before May 15th, the team offered to add Staenberg to the company's Advisory Board and give him 24,000 shares of common stock in the form of a "beefed-up" Advisor package. This additional stock, great, made only to Staenberg the dosed the deal by May 15th, enabled Staenberg's fault to effectively reduce the a verage price of the roand to a \$1100 per money valuation. Mediano stated, "Staenberg had guts and was writing to help DoDon when we were in a princh, we were more than Lappy to enceptant the most of which is metalized, and has incentives with the company, and from him on completing the form of a "beefed-up" and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and from him on completing the down and the company and the co

Then on May 7 Mediano was avakened by Staenberg on his cell phone at 5AM, a time at which there is often little good news. What Steinberg said flightened Mediano. He told Mediano that about one half of the Limited Partners (LPs) (i.e. investors) in his flood, Staenberg Venture Partners II, had backed out of their initial commitments to invest in his flood.

Standard Venture Partners II was unique in that it was both small (\$500A) and highly demographically concentrated. Most of his LPs were nex-discrossft employees, who had become wealthy on Microsoft stock and angel investments in early stage technology companies. They were not the typical LPs of large VC finals like Sequois & Kleiner Perkins. Most of these large VC finals nated the overwhelming majority of their money from large and relatively stable insultations like retirement finals and university endowments. These types of LPs were usually very well diversified and invested only 3-10% of their capital in private equity, with only a portion going to the technology sector. On the other hand, most of Standards of their one worth evaporate and could no longer invest a mean to the plant plantance in its venture finals and a large cloud. Of their one worth evaporate and could no longer invest a mean to the plant plantance in its venture finals and a large cloud.

Therefore, Statesberg was now only able to raise \$400f, and he indicated to Medrano that his fund could not lead with a \$30f investment. Medrano recalls, "Statesberg was hoping to leave a voicensal for me at \$40f, but I picked up and immediately worked with him to resolve this situation." Medrano was able to concinue bein that at \$30f lead would suffice, as there were a number of their interested investors who were ready to follow his lead. Roizer's relationship with Statesberg and the DoDos founding team was also key to resolving this issue. She continuously supported the company and met with Statesberg a number of times to doe het of "arm bring" Soffstake, Roizer's policionship in principle, may are particular, was very committed to closing the ready of the company and met with Statesberg a number of times to doe het of "arm bring" Soffstake, Roizer's policionship in principle, may be a supported the company and met with Statesberg a number of times to doe het of "arm bring" Soffstake, Roizer's policionship in the principle of the principle o

Mediano worked feveriably to complete the deal, and was careful not to alarm potential investors by focusing on the gressing cash issue. A mis-step here meant that DoDots would have to take an expensive bridge loan, which, in the team's impression, would just prolong the agony and increase the risk of closing the section of the cash influence as a long transfer of the wast investors to take advantage of the intuition by "acided-and-dimensing" DoDots on various terms or delaying the cash influence as a negotiation tool. Effectively fivouring the investors on the May 15 date was positioned as an opportunity to help DoDots avoid the warrant reprincing and an opportunity to help DoDots or various terms or delaying the cash influence as a negotiation tool. Effectively fivouring the investors on the May 15 date was positioned as an opportunity to help DoDots avoid the warrant reprincing and an opportunity to help DoDots or various warrant reprincing and an opportunity to help DoDots or various the many of the warrant reprincing and an opportunity to help DoDots or various terms or delaying the cash influence as a negotiation tool. Effectively fivouring the investors on the May 15 date was positioned as an opportunity to help DoDots as opportunity to help DoDots or various terms or delaying the cash influence as a negotiation tool.

DeDots was now clearly out of the drivers' sent and the team was excited about the prospect of any investment in the next few weeks. Bad news from other companies in the technology sector seemed to increase each day. The team felt strongly that it was not the right time to hold out for high profile investors, negoriate terms or valuation, but instead to focus or mining ceal—period. Prostly sensing this, on May 10th Standberg fought to lower the valuation to \$1250th Mediano have the DeDots team had no brevage and was now more than comfartable with their new valuation as compared to other public and private companies. They quickly agreed for the new valuation and had the team of a thirt carried, all by Jian Evitation, teaching the company is not in the company in the company of the company is not in the company is not in the company in th

Throughout the document preparation process, Meditano continued to work closely with Fulton. May 11th was especially becite because in order to avoid the warrant repricing, all parties involved had to complete each and every formality required for the closing. With both Staenberg and Softbank involved, the flow of information and the approval process was very combestone and complets. In most venture deals there is some berowy and swally an extra day or two to take case of documents requiring signature or wise trainfacts, but DoCtors Series B did not have this luxury, Finding the general partners to sign each document, dealing with the administrative processes of transformationing money, and suggested replands formation is a labert sign involved than cloning a suggest or involved and continued to a finding and the suggest of suggests of suggest of suggests of suggest of suggests o

In fact, "closing" the round by May 15 was the whole point of having Staenberg lead. Lowering the price to \$125M and giving Staenberg additional "advisor shares" were simply ways to compensate for the decimation the market was delivering to similarly situated technology companies and overall market volatility thich was causing others to delay. The team's number one goal was to make sure that DoDots had cash to make the June 1 payroll. So, on May 15, Medrano, Staenberg, Roizee, and their respective teams of lanyers, spent eight hours in conference calls, going over to the complex terms of the documents.

Most of the conversations that day were directly related to the rights and privileges of the Series B inharholders. Staenberg, as is common with most later stage investors, wanted to differentiate his rights from those of the Series A investors. The reason for this is that different rounds of investors are in different economic instantous. Softbank had paid 50 cents per state for 15 of the company in the A round-5-per were fix and sway the largest staenholder. In the Series B round, Staenberg was effectively bying about 2% of the company for SIM, and was paying about \$10 per share. Roizes and Softbank had also committed to invested the relation of the total investments in one of the total investments in overstand per center and suspont the company for an investment opportunity if current investors are able, but unwilling, to invest more money in subsequent rounds. In this case, 5oftbank would invest \$10M.

What this meant for Staenberg was that if the "Preferred Shares" had their rights and privileges grouped together as a combined class of both Series A and Series B, Steinberg would have little power in company matters due to his low overall percentage of covmentup. At first plance, this appears completely fair, however the incentives of the Series A and Series B investors are not generally aligned due to the different prices they pay for their stock. For example, a \$100M\$ sale of DoDois after Staenberg's investment, would return a large profit to Softbank, but provide Steenberg with a loss. Steinberg wanted to make sure he had as many veto rights as possible in order to protect himself from his misalignment with Softbank's interests. Meditano stated,

The company's economic incentives were aligned very well with Softbank because their average price per share was so low. Providing Statesberg many special rights could allow him to effectively hold the company hostage in a transaction that was beneficial for the remaining 98% of the company. He would be able to extent at lot of value from both the common stock holders and the Series A investors if his voting power was disproportionate to his ownership. This just wasn't fair for a holder of 2% of the company, But, on the other hand, DoDots needed the money and money talks. In the end, we made most of the according receivancy to get the money in the door."

So after a long day of negotiations and meetings with all of the parties' attorneys, the documents were signed and \$10M from Sheenberg, along with the \$11M from Softbank, was transferred to the company on May 15. Closing this round under these conditions was indeed a significant accomplishment, and gave the team investors who were slower or more besitten. But, it also appeared that the technology market might be recovering nicely, even though e-commerce and latenet content and advertising based companies seemed to continue their quick demine.

After closing this small investment with Staenberg and Softbank, the founders made an announcement to the entire company. Dani Apgar, DoDots' first employee and Director of HR & Operations, recounts

"The founders had a culture of communicating extensively with the employees and rallying employees around certain events like key hires, key deals, new customers and big investments. The whole company knew the Internet market had crashed, although many didn't understand just how much pause this gave most venture capitalists. All knew that DoDots was out raising money and they could see the lawyers and faces everywhere."

A loud horn went off, everybody stood on their desks, and Medrano went through some of the brief details of the investment. He told the company that they had gotten funded and that everybody's efforts in the company had produced one of the largest increases in valuation ever, even in the midst of the marke turnoul. Again comments, "The Kembels and Medrano resilty tallied the company around the efforts of every contributor. They thanked everybody for everything they had done, and told the Company the details to give them the confidence that DoDots was getting funded and was doing well in this turbulent market."

Obviously, SIM in this market was not enough. A few moeths earlier DeDots had planned to raise \$65M and had based most of their growts plans on raising a large clustic of money (see Exhibit 3). During Agoil and May, the focus had quickly changed to getting any inventor to lead the round at any valuation and getting enough money in the door to meet puyroll. Now, the company had enough money to let the market wettle and to bring aboard larger inventments from larger VC finds. Meanwhile, DoDots, had almost doubted its headcount.

What this meant was that the closing of the Series B round with Staenberg and Softbank on May 15 was really not a true "closing." Under Medrano's criginal plan, Chase and Softbank would have invested the licens' share of \$65M in a first closing. When Chase backed out of the initial term sheet, DoDots' strategy had to adapt quickly in the midd of a bestud market.

DoDots May 15th "close" was really the opening of their Series B, which was led by an initial commitment of Staenberg Venture Fartners and Softbank, totaling \$3ML Unlike the Series A documents, when DoDots felt the value of the company (and in retrospect, the market) was increasing weekly, Medrano ensured the Series B documents were virtures to allow inventurent over the next 90 days. So, immediately after dosing on the first inventurent from Steanberg and Softbank, the management team continued to work with other inventors to take more uncorner. Softbank had committed to investigate the present that the present of the series of the serie

"Documents and terms were already set, so there was little opportunity for investors to drag things out or nit-pick. I was hell-bent on finding that lead investor to set a price and the terms so all of the investors who were waiting by the edge of the pool would finally jump in."

Some jumped and others did not. Conversations with Chase during this time period had continued. Now that DoDots was in a less vulnerable position, it appeared to be the right time to re-engage Chase. Charlie Walker from Chase, and the Managing Partner of their venture capital arm, was still interested in investing Mediano bad chosen to wait to re-engage them as they could not move a fart as Stareberg, were much more borescucatio in their approval processes, and there was less trust between them and the DoDots team. However, DoDos needed the money and was very interested in the strategie celationships and accroticity that a large organization lake. Clause, and a promisser between them more and were to other new to the worlder bod as very new of DoDots trust. This show the company's Dodt of Diversor. This show the could be and the strategies of the control of the company's Dodt of Diversor. This show the could give a developed in an additional \$15\$ from Contlours.

Now, with Steenberg, Classe and Softbank concord and a reasonable amount of money in the bank, Mediano focused on many small investors who had previously expressed interest, but were not as crucial to the round as Staenberg or Chase. Numerous Angel investors had been in touch with the company over the preceding 6 months. One was the former CFO of China com and a Softbank Entrepreneur-in-Residence named David Kim. Kim also knew the Kembel brothers from when they were undergraduates at Stanford together. Kim invested \$1.5M, and along came Softbank's 5750K.

Meeting, pitching and closing each of these small investors was time communing and energy intensive. However, Medrano and the team wanted as much cash as possible and were working hard to leave no stone authorsed. Simultaneously, at an introduction from Joe Vetter, an early investor in the company, the DeDots cam closed a \$200K investment from Morris Ventures.

Additionally make the controlled in successful the controlled in t

Meanwhile, DoDots executive team was still pitching dozens of larger UC fauds and "strategic" copporate investment groups like Oracle and AOL all over the country. Finally, two more ventures firms committed to the company's Series B. Platform Ventures put in \$500K and Merrill Lynch Private Equity investment SIM. With Merrill's investment came a relationship with another set of prominent investment baselone who had become extremely successful states in the properties of the initial recess of Amazone. Belogeff, coverage for four content in the private equity investment found for the private equity investment found for the private equity investment for found for the private equity investment banking business. Blodgett mere with the DoDots team, was excited about the technology and pledged his support for the company when the IPO window re-opened. This was precisely the type of relationship DoDots was looking for and one of the primary reasons they targeted Merrill and a Series B investor.

Mertil's investment increased the total size of the round to \$15M and exhausted the potential investors that the company had contacted. Now it was already mid-August. DoDots' management had been on the road the entire Summer, presenting to VC funds from San Hill Road to New York City, all the while producing due diligence materials, and working through sales and technology licensing strategies.

Essentially, Medrano, the Kembels and much of the DoDots management team had been spending anywhere from 25-50% of their time on investor related matters over an 8 month period. Medrano and George Kembel spent even greater percentages of their time crafting, attending and following up with even neeting. "Managing dozens of investors during an investment cycle is an extremely time consuming affair," Kembel stated. Medrano recalls,

While the team was fundraising, the company continued to grow. The various department heads were filling out their teams (see Establit 3). DcDots continued to sign customers and perform well by a number of metrics after their beta product faunch (see Establit 4 & 5). Meanwhile, the market continued to fall (see Establit 3) and put increased pressure can lit tendency companies. Companies on the Naukae, especially "DocCom," state to close up shore, Dr Schots, DcDots noticed that a lot of its customers had gone out of business or were unable to pay to license DcDot's offware. The metrics by which DcDots was measuring the success of its customers—increased duration and frequency of use companies to producibly. The industry was also lowly a steam seat of the weight of a been market that was taking longer than espected to completely recover.

By this time DoDots had grown to over 100 people, and its burn-rate was approaching \$2M per month. More importantly, DoDots' revenue remained flat, with any growth being off-set by the decimation of the company's customer base. DoDots had intended to focus on distributing the product and making money on evenue sharing arrangements with its customers. (see Exhibit 2) In 1999 and early 2000, when revenue projections for DoComs and even DoDots' larger customers were extremely large, this seemed like a good strategy. With the turn in the technology and Internet markets, DoDots appeared to be in a bit of trouble.

DoDots was also going to have an even higher burn-rate soon. The executive team had made all of their projections based on a growing economy and customer base and had scaled the company according to the market of '99 and early '00. Additionally, the debt that DoDots had incurred from Lighthouse cand the equipment financing from WTI, would add about \$1000 per month in January or '01. DoDots had borrowed SIM from Lighthouse Capital in a drawable, subordinated line, with the intention of financing the company through the YIK period and as a safety set in the event that the Series B was delayed. The company was formate to have the ask available when Chan backed out of the first term sheet, but presyment was approaching and revenues were not of eveloping as possible.

'One thing that should have given us a hint of fining as to come was that the investmen we mat with in a February were above as set of user and evenue manufact of our product. Vall, when we went back to those same investors in July and August they were disappointed in our actual evenue manufact (see Eachboard 5.8 L). By September, the projected and another were versal that inturbes were versal that another were versal that inturbes were versal to those same investors in July and August they were disappointed in our actual evenue.

Some of the company's earlier customers were using and distributing DoDots' technology very well, but the majority of our customers were doing very poorly. They had signed a number of customers who were excited about the company's technology; but the technology was not used by their customers in ways that generated DoDots revenue. Therefore, DoDots missed its revenue targets.

By July, the DoDots team noticed that it's model of customer-based distribution would not have the massive distribution and revenue effects as it earlier articipated. They began to look to a few large, strategic deals in order to make up for the demise of their DotCom customers. One of these was a technology licensing deal with ABC com. Jim Mackraz, DoDots VP of Engineering recounts, "Our engineering team worked day and night for a mouth to make ABC happy, We thought this deal would got us on the map. In the end, they had leverage in negotiations and we got little revenue. Plus, they had wildly overestimated what the traffic to their website was and what it would do for DoDots."



Another key trategic deal van in the words with Spinney; com. a Softwaie portfolio company, and K. Mart's newly christened ITF. Spinney was interested in using D-Dobts technology in order to provide in users with an enhanced user-interface through which it could a brazil or receive the continuents for a softwaie port of the continuents of the continuent

Spirmay also was part of the Soffbank "Netbatan," Soffbank Founder Masayonki Son's vision for increased synergy through deep strategic relationships between his investments. Spirmay was deeply involved with DoDots on multiple levels. For example, DoDots was subleasing space from Spirmay and had given ya \$1.5M security deposit (which was only slightly above market at the time) at the suggestion of associates at Soffbank. Their intention was that the deposit would be refuseded to DoDots once Spirmay received its next round of funding. Medano recalls:

"Then the fire-ISP market created harder than ever and before we knew it, Spinway had abut its doors and let their entire staff go. There went our cash. Softbank's "Netbatus" certainly helped DoDots get started......but it also increased our risk in this new environment."

Over Q2 and Q3 of 2000, DoDets had positioned itself as a software inflantinecture company and even had a wireless application under development. This made the company temporarily immune from some of the direct and initial pain suffered by the DotComs. So, like many of the technology companies that sold their products to growing internet companies, DoDets begin to first hards begin to first hards rejective by the market when companies like Cinco and Sun reported entirely soldfalls in Q3 and Q4 of 2000.

DoDets that Domet directify most of 6 money because it had grown, quickly and rest to make a big gard as a new "pintform" for content and application distribution. Depensive "platform plays" were now suddenly out of fashion by venture inventors because they required a large amount of time, money, and customers—most of which were no longer available. Because DoDets had braned through the money on its growth, it was already starting look for its Series C investment by Q4 2000, but the market seemed ready and the NASDAQ had even broken 4000 a few weeks earlier. Entrepressors and investors in private technology companies that the company of the post of the configuration for the companies of the through of the configuration for their companies of the through of the configuration of the entry of the new year.

EXHIBIT 1 - DO DOTS SERIES B SCHEDULE OF PURCHASERS

AGGREGATE

SCHEDULE OF PURCHASERS

NAME AND ADDRESS		SHARES	AGGREGATE PURCHASE PRICE
Steachery Ventrar Partners II, L.P. Strate 1001 2000 Pirs Avenne Steach 1001 Steach 1000 Pirs Avenne		390,625	\$2,000,000.00
Vetter Investments, LLC* 60 Mar Bain Ave. Aftheren, CA 54027		128,324	\$657,018.88
Affine Concentrate (and (c)) 150 E Bank of Antector Trever 15 Harcore Standard Antector Stand Antector Standard		195,312	\$999,997.44
SOFTBANK Technology Ventures Fund V, L.P. (2) 200 Wett Drebyn Street, Smire 200 Moustani Viver, G. A 6447	2nd Closing	771,356	\$3,949,342.72
SOFTEANN Tochnology Victores Advisors Fund V, L.P. (1) 200 Word Environ Street, Fann 200 Monutain View, CA 44643	3rd Closing 4th Cloring 2nd Closing	64,174 94,675 20,547	\$328,510.88 \$469,376.00 \$105,200.64
SOFTHANN; Turkaning; Vanterus Entrepresents Fund V, L. P.P. (3) 200 Was Envirys Street, State 200 American View, C. 404403 American View, C. 404403	3rd Closing 4th Closing 2nd Closing	1,709 2,442 13,859	\$8,750.08 \$12,503.04 \$70,958.08
Jack Theeleon (1) co Craninh & Carry 245 Lyrne Avreus, Jenn 150 Pale Alto, CA-8451	3rd Closing 4th Closing	1,153 1,647 4,882	\$5,903.36 \$8,432.64 \$24,995.84
HAG DOMOR com laveston, L.P. (1) Annual Manual Menna Tanak Domora Menna Tanak Domora Menna Tanak Domora Menna Manual Manual Menna Manual Manual Menna Manual Manual Menna Manual Menna Manual Menna Manual Menna M		49,219	\$252,001.28
Hambrecht & Quint California (1) Amu: Shamon Hortman San Francisco, CAPIGN		29,297	\$150,000.64
H&Q Employer Venture Fund 2000, L.P. (1) Amm. Shannon Hotton 1 Resh Forest 1 Resh Forest		29,297	\$150,000.64
Access Technology Pursons, L.P. (1) Acs.: Simuson Huma San Francisco, CA SNICA San Francisco, CA SNICA		468,750	\$2,400,00.00
Access Technology Furness Brokers Fund, L.P. (1) Ann. Shances Hernes Brokers Fund, C.A. (1) Brancisco, C.A. (A)(1) Sim Francisco, C.A. (A)(1)		9,375	\$48,000.00
Joseph L. Vetter IFA Rellaver (1) 60 Mee Bain Are Atherton, Ca 549027		128,324	9657,018.88
Motions Index (1) Con Commiss & Carey 24(1) year Avenue, Sate 130 Pale Ada, Co., 24(14)		4,882	\$24,995.84
CC-BH (1) Colors Con Marines Plaza, 20d Floor Gas Marines Plaza, 20d Floor Mar Francisco, CA 94111-3510		9,765	\$49,996.80
Tony Moderano (1) 151 Cadderson Avr., Apr 215 Montannia Viver, R. 64941		19,531	\$99,998.72
John Kambel (1) 2014 Williams Sereet Pals Alm, Ca. 44-916		19,531	\$99,998.72
George Kambal (1) 1045 - Sassa Cran Ave. Messio Park; CA 94025		19,531	\$99,998.72
Raph Xeper (1) 8 Monterio Read Wisdelin, CA 94962 Seet Serolded(1)		19,531	\$99,998.72 \$99,998.72
804 Whitehaves Placs San Hamon, CA 94583 Tabas I Hamondod (2)		19,531	500 008 77
180 Landers, #2 Sum Franciscor, CA 941141 Montis Vennes (1)		39,063	\$200,002.56
2500 Small Hill Road, State 340 Metals Park, CA 4503 Eartroick Communications (2) Eartroick Communications (2)		19,531	\$99,998.72
Examinic Communications (2) 11/55 Technology Drive, date 410 San Poss, CA #2110 Lighthous Capital Partners (2) Lighthous Capital Partners (2) 100 Techn's Landing Fand Spins 200		19,531	\$99,998.72
Greenbrae, CA 94904		97,656	\$499,998.72
Francis volume, Le Coj On Maries 100 est 1710 Senat Trong, Ca 2105 Mr. IRIS Position, Ex. (5) Mr. IRIS Position, Ex. (6) Mr. IRIS Position, Ex. (6) JUNG Francis Court		195,313	\$1,000,002.56
2 World Financial Center New Youn, MAY 20201 Total		1,904,894	\$14,873,057.28
* Represents the automatic conversion of a portion of the principal and accrued interest pursuant to that certain Convertible Promissory Note dated November 1	3, 1999.		

** Represents the automatic convention of a protion of the principal and accreed interest pursuant to that certain Conventible Promissory Note dated N (1) Admined as second closing ball on Nay 25, 2000.

(2) Admined as stands closing ball on Nay 25, 2000.

(3) Admined as stands closing ball on Nay 14, 2000.

(3) Participated in the Accord closing ball on the Nay 25, 2000, the third closing ball on Nay 14, 2000, and the flowth closing ball on Nay 14, 2000.

(4) Admined as Fourth Crossing ball on Nay 2011 4, 2000.

EXHIBIT2 - DO DOTS SUMMARY OF CUSTOMER TERMS

Deal Summary

Customers	Date signed	rate	Dot dist. fee	fee	Dot Peck fee	New User fee	Advertising Share	Transactional Share	Comment
Freeshop.com, Inc.	9-fug-00	0.05		0.15			10% grass	42% gross	pay \$1 per user, not live
Corredy World	7.4ug/00			0.15			25% grass	THE RESERVE OF THE PERSON NAMED IN	not live
Dely Rader	4-Aug-00	0.02					50% grass		not live
Webhelp.com	28-346-00	0.05					25% gross	100000000000000000000000000000000000000	not live
Dealtime	5-34400	0.30		0.15			20% grass		not live
Centricity, Inc.	30-Jun-00			tod			thd	100000000000000000000000000000000000000	not be
TrefficStation	30-Jun-00						25% cross	10% areas	be
Knowledgetrack Corporation	29-Jun-00			tod		10000	50% gross	1000	not live
Fise	15-Jun-00	0.05 - 0.07		0.15			40% gross	5% grees	he
SherpaOnline.com	10-Jun-00			thd			40% gross	20% grees	he
Telthernflow.com	2-341-00	9.52	1.00	9.14			25% cross		hie
Vonity Corporation	31-May-00			0.16			30% gross	20% grass	not live
Pultics.com	10-May-00	0.085	4.00	0.25			30% gross	30% gress	hie
Hotiria Network	5-Ney-00			0.25		2.00	45% grees		hie
Cliet Networks, Jre.	4-Ney-00	0.01 - 0.07							he





EXHIBIT 3 - DO DOTS SUMMARY OF HEADCOUNT GROWTH

Department Name	MAY	00	JUN 00		Jul 00	
	Actual	Forecast	Actual	Forecast	Actual	Forecast
PRODUCT DEVELOPMENT						
Support						
Content Services	4	5	5	7	5	8
Development	15	11	16	15	21	23
Operations	4	2	5	3	5	5
SALES AND MARKETING						
Sales	12	13	13	13	14	19
Marketing	11	- 11	14	14	17	22
SENERAL 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	6	6
Company Total Headcount	64	60	74	72	85	100

EXHIBIT 4 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

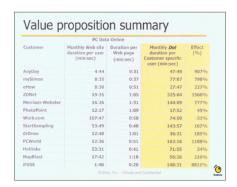


EXHIBIT 5 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

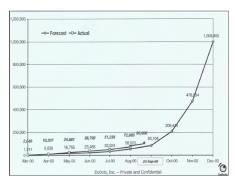


EXHIBIT 6 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER



EXHIBIT 7 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

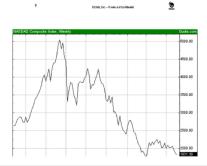
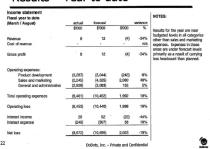






EXHIBIT 8 - DO DOTS SUMMARY OF VALUE PROVIDED TO CUSTOMER

Results - Year to date





Do Dots (B) STUDY QUESTIONS

- Analyze the multi-staged Series B closings. Was this the best strategy? What were the alternatives?

- Analyze the numit-nigeo Series is Columpi. Was trust need to strategy? Wast were the attenuative?

 What office incontrols could Dischot have provided in corden to get inverten to close the recount?

 How could Medicans and the team have better coupled findicisting with management of the company?

 Manalyze the various forms of debt Disbot had taken on. How find this increase and or decrease risk? Was this good for the company?

 Analyze the various forms of debt Disbot had taken on. How find 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 pool for the company? How is this bod 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 conflict of interest between Series A and series B investors. How is this product of the company? How is this bod for the company? What are it may not difficulties in negotiating with both new and previous investors who are going to invest in a round?

 Analyze the failure of the ABC and Spinway relationships. Was the team trying to force a product on an unreceptive market? How could they have better adapted their expectations and managed the company?

This case was prepared by Tony Medieno under the supervision of John Glynn, Lecturer in Management, Stanford University Graduaté School of Business, as the basis for class discussion rather than in 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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