# Key Accomplishment Summary

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### Successful Sale of an Internet Company during the "Dot Com" Bust

## Situation:

During the frenzy of the venture firm-backed "dot com" era, the company had raised $23 million in venture capital based on a unique proposition but weak on underlying business principles and execution. The final round of financing was completed in December 1999, just four months before the "dot com bubble" had burst. Upon my arrival in June 2000, only $8.3 million in cash remained of the $17 million final round. In addition, there was $300,000 in secured debt owed to a financial institution and a $2.5 million convertible subordinated note due to a financing company. As a result of poor execution and management, the board terminated the company founders and installed a new CEO just 10 months prior to my arrival. With the new CEO the company achieved traction in driving subscribers; however, the business model sponsored a free service deriving revenue instead from the sale of advertising and, as a result, was very limited. Based on the conditions of the company and perhaps more on the current marketplace, the board concluded that in order to achieve any return it would be wise to sell the company. Therefore, the CEO was directed to reduce overhead and put together a plan to sell the company. My services were engaged primarily to lead the effort.

## Action Plan:

- Reviewed existing financial statements, budgets, promissory notes and subordinated debt instruments, private equity financings, contracts and all agreements to assess the underlying principles and to determine the availability of options to raise revenue and reduce costs.
- Collaborated with the CEO to develop an action plan to drive membership, increase revenue, implement a new budget and preserve the existing employment base in order to maximize the attractiveness of the company to a suitor.
- Compiled a comprehensive list of potential companies and prepared presentation materials for meetings with prospective acquirers.
- Renegotiated or terminated existing agreements, brokered business development deals and met with business partners to increase advertising revenues and reduce costs.
- Maintained open communication with employees to maintain focus on job performance and keep them informed on the progress of financing negotiations. Although the board had originally requested a reduction in force to cut costs, we convinced them it would be counterproductive to achieving maximum value for the company.

## Results:

After numerous meetings with various companies, management identified, negotiated and successfully closed the sale of the company to a European competitor listed on the German Stock Exchange. The company was successfully financed and saved the investors from a certain write-off. In the new era of the "dot com fallout" the sale was a win-win for all parties concerned. The investment group received publicly-traded liquid stock with an opportunity to recoup the original investment and achieve a return. Creditors, vendors and employees won because they had potential with a much stronger and more viable company. Subscribers won because they now had a much broader subscription base with enhanced services to draw upon and, lastly, the acquirer doubled the size of its company overnight with the acquisition of a new subscription base plus enhanced technology.