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Off to See the Wizard

"We tried it three times. Couldn't make it work," Dorchak said, explaining what Winn already knew. It was nearly impossible for a company—even one as large as IBM—to sell their products through both traditional channels and via their own direct operation.

"Your 'Eighth Channel' idea has come at a perfect time." Glenda continued, "We shut down IBM PC Direct just before Value America showed up on our radar screens." The veteran IBMer bragged that she herself had managed two of IBM's last three attempts to compete directly against Dell and Gateway. Even the best generals, she implied, sometimes fought losing battles.

Our proposal to empower "IBM Direct" had begun to bear fruit. Kim Dejong negotiated a daunting maze of red tape for Value America to secure the privilege of selling IBM products to the federal government.

One does not sell things to the government of the United States of America by ringing the doorbell of 1600 Pennsylvania Avenue and presenting one's wares like a Fuller Brush man. The procedure is a bit more complicated. The key is GSA, the General Services Administration, which is the central clearinghouse for the myriad of things the government wants to buy. And in order to get on the GSA Schedules, you must be authorized.

As you might imagine, it is not particularly easy to achieve this coveted status. But once achieved, GSA authorization can lead to sales volumes that make ordinary business-to-business business pale in comparison. We were eager to expand our sales into federal agencies. You could do worse things than becoming authorized to sell IBM products to the U.S. government.

The pursuit brought Craig to an IBM office building just outside Washington. He was between meetings, the first with IBM's Vice President for Government Sales, the second with the Director of the General Services Administration. IBM had assigned a woman to manage our account, and she graciously offered Craig the use of her office. When he called in to check his messages, he found that Rafe Durn had called.

What now? Craig had just had dinner with Rafe and Seth two days earlier. ULIC had confirmed that they were going to exercise their option to buy eighty percent of our firm. That meant that Winn and Scatena would personally receive $240 million.

"Rafe, it's Craig. I understand you called."

"Yes," he said. "Thanks for getting back to me so quickly." There was a conciliatory tone in his voice that Craig didn't think he'd heard before.

Durn was never far from his thoughts. There was a thorn that kept Rafe's smiling face high on his awareness meter: the written carte blanche guarantee that Derk Quinton's demands would be met—whatever they might be. "No problem, Rafe," Craig said. "I called as soon I got your message. What can I do for you?"

"Well, ah, I have a little problem, and I'm hoping you could help me."

"I'll do what I can, Rafe," he said evenly. I'd be glad to hold your coat for you just as soon as you remove the gun from my head. "What's the problem? You sound troubled."

"Yes, we, I mean my lawyer, ah, made a mistake. When we invested the first ten million in Value America…"

Oh, no. Here it comes.

"…we took the funds from the wrong account. We have something called Special Account P, which pools funds from a variety of different pension plans. He shouldn't have used that account."

Craig found himself grinning in spite of himself. After all the abuse Rafe's lawyers had inflicted upon him, after all the "I can't make a move without the advice of counsel" crap that Durn had fed him, after all the money we had paid their firm—their lawyers had muffed it.

"Uh, gee, Rafe," he commiserated, "I'm sorry to hear that, but what, precisely, does that have to do with me?"

"Well, you see, the Feds say we can't make follow-up on investments in a company if we've used funds from a pooled account. That means we can't exercise our option to buy Value America."

"I see," said Craig. Goodbye, two hundred and forty million dollars!

"Good, I'm glad you understand," Rafe answered. "But I think I've found a way to save the deal." Hello again!

Craig wasn't so sure this was good news, in light of all that had transpired in bringing the first union investment round to a close. Besides, the firm's recent gains with IBM and GSA could easily lead to valuations even higher than $300 million. But he let Durn have his say. Two hundred and forty million birds in the hand were better than three hundred million in the bush.

"I need two things. First, I need an extension of our deadline. No matter what happens, we can't consummate this deal by the end of March."

"Go on."

"The second thing is that we want your permission to assign our buyout option to another qualified investor."

This request was clearly in a different league than merely adding two months to the deadline. At the heart of the issue was the fundamental difference between investing and buying. If you buy a company, you're buying it from its shareholders.

The union option was to buy eighty percent of the company for $240 million, not invest in it at a $300 million valuation. With a purchase, the money would have been paid directly to Craig and Rex, as the primary shareholders. (Craig had arranged for everyone owning stock options to have been paid off, even if they were not yet fully vested, but that was chickenfeed by comparison.)

From then on, the buyer—in this case, the unions—would have owned most of our company. They would have been responsible for funding and managing it as they saw fit.

If you invest in a company, however, a different dynamic is in play. Using the first ULIC transaction as an example, Value America sold ten percent of its shares for $10 million, agreeing in effect that the company was worth $100 million at that time. That meant the founders now owned roughly ninety percent of a $100 million company that had $10 million in cash. That, in theory, was equivalent to owning one hundred percent of a $100 million company that had no cash. The owners' shares had been diluted by ten percent in exchange for getting the cash to grow.

The rub was that the option Durn wished to reassign was an option to buy Value America. It was clear that although investors were welcome, selling the company outright to someone out of the blue was like stepping out of a perfectly good airplane with a parachute packed by a complete stranger. A lot would depend on who was doing what to whom.

"Who is this investor, Rafe?" was the obvious question. The underlying thought was, How many guys do you meet in a typical day that have $240 million lying around?

"Paul Allen. You may know the name," Rafe replied.

"Paul Allen, as in Microsoft co-founder Paul Allen? Smartest technologist and second richest man on the planet Paul Allen?" Craig's eyes got big and round. The proposed parachute packer was practically perfect.

"That's the one. What do you think?"

Winn smelled opportunity. Allen was one of only two or three people on earth who not only had the money to consider a venture like this, but who might also be interested for reasons beyond the mere prospect of profit. Besides, who wouldn't have been just a little curious about meeting a living legend?

"Rafe, tell you what. I'm willing to do both things, plus one more, something you'll need. I'll change the option from a purchase to an investment, with eighty percent going to the company." Craig knew that an infusion of cash prior to the IPO would enable us to enhance our systems, hire merchandisers, and increase advertising—all of which would make for a stronger offering. Plus, it would keep the nature of the transaction in the realm of investment, as opposed to buyout, keeping the management of the company in the hands of the people who'd built it.

Winn also knew that smart men like Paul Allen seldom buy companies. They invest, because they want their money to stay in the company, not walk out the door. He is no fool who gives up that which he cannot hope to keep, to gain that which he could not otherwise acquire.

"But I want you to do something for me in return."

"What's that?" Craig could have asked for a lot, and Rafe knew it. He braced himself.

"Discard the Derk Quinton agreement. It has no legitimacy. It never should have been written." He didn't belabor the fact that the offending document had the potential to adversely affect the IPO, putting the unions', or should I say, Special Account P's, shares in as much peril as his own.

"Done," Rafe said simply. You're on your own, Derk.

It was turning out to be a roller-coaster day. Sure, the partners were a couple hundred million poorer, but it was never about the money anyway. Well, not completely.

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In January 1975, a young computer programmer working for Hewlett-Packard in Boston came upon an ad for a microcomputer kit in an issue of Popular Electronics. Frustrated by his own limited access to mainframes, he saw the ad as a harbinger of the future, of widely available personal computers. So Paul Allen persuaded his friend, Bill Gates, to team up with him to create software that would make these new machines useful. Microsoft was born.

Paul held the fledgling software company's senior technology post, spearheading development of some of their most successful products, not only the revolutionary MS-DOS operating system but also Windows, Word, and the Microsoft Mouse (all tools I find myself using at this very moment). But a serious illness in 1983, Hodgkin's Disease, led him to re-evaluate his personal priorities. He left the company he had helped launch.

But Paul Allen didn't leave his dreams behind, or his money, for that matter. His Microsoft stock became the launching pad from which he ascended to the status of one of the world's wealthiest men. For almost twenty years, he had used his money to further the dream he shared with his friend Bill so many years ago, the dream of a Wired World.

In '85, Allen began investing in companies he felt could further digital communications, at first concentrating in enabling technologies, and later shifting his focus to innovative content. Through his wholly owned investment vehicle, Vulcan Ventures, (named after the emotionless and logical race in Star Trek) he invested in e-commerce, networking, security, hardware, and electronic entertainment companies.

Then, in early 1995, Vulcan Ventures purchased an eighteen percent interest in DreamWorks SKG, the multifaceted entertainment studio led by three of Hollywood's most brilliant and creative minds, Steven Spielberg, Jeffrey Katzenberg, and David Geffen. Allen, now a member of the board, was the studio's largest private investor—his interest in the company was said to be valued at somewhere north of $500 million.

DreamWorks is aptly named. Not only is it owned by a dream team of the most creative minds in Hollywood (the state of mind, not the place), but it is also in the business of making the impossible look real on the big screen. These days, you don't do that by dreaming small. You must dream big, spend big.

DreamWorks wanted to build a big studio—the finest you ever saw, with state-of-the-art equipment. It would be the most opulent such place in a town constantly inventing new meanings for the word. They wanted to build their new Taj Mahal in Playa Vista, a swamp strategically situated near Beverly Hills, LAX, Malibu, and other points of interest in the land of La. Needless to say, it wasn't going to be cheap, even for these high rollers.

Bankers, of course, are in the business of loaning money. But they like assurances they're going to get paid back. This project was working out to something like $800 per square foot, a bit hard to swallow considering the industry's unpredictable nature and their penchant for creative accounting. Disaster was never more than a big budget flop away.

So how were Spielberg, Katzenberg, Geffen, Allen, and company going to raise the necessary capital to build their new DreamWorks studio? Enter Rafe Durn, investment manager extraordinaire. Sure, we'll loan you the money. All we ask is that you build every stick of your new studio with union labor. You scratch my back, I'll scratch yours.

It was through this connection that Rafe Durn became familiar with the way Allen invested, his interests and strategies. He recognized that Winn and Allen would be a perfect fit. So when his little tactical error with Special Account P was exposed, Rafe saw an opportunity to pass the baton. Keeping the company well funded was in his interest, after all.

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Just because the option to buy Value America had been assigned to Paul Allen, it didn't necessarily follow that it would be exercised. Five hundred companies are introduced to the Wizard's team each year, scores are examined by his elite advisors, but Paul Allen personally reviews, and invests in, a mere handful. In a good year, the odds are one in a hundred.

Within his theme of "The Wired World," the companies he chooses invariably have proven management talent, a solid business plan, traction, and innovative products or services. He has an uncanny instinct for knowing where technology is headed.

Rafe Durn gave Seth Rossi the job of getting the ball rolling. Seth set up a series of telephone interviews between Craig and Vulcan Ventures' advance team. The initial contacts knew almost as much about retail as Craig did intergalactic space travel, but somehow they communicated well enough to take the next step.

That step was taken by Thurston Stark, who had been the CIO for one of Paul Allen's Internet holdings. The soft-spoken Stark contacted us, saying he was representing Paul Allen and wanted to do some due diligence.

The tall, thin, dark-haired technologist must have liked what he saw. He seemed particularly impressed with the company's proprietary software. "JoeWare" had become a pragmatic solution for a series of complex problems. What Thurston loved most was Joe's Authoring Tool, the software that dynamically generated our Product Presentations. This, Stark knew, would be well received by Allen, who was always trying to demystify the computer.

We naturally assumed that Thurston had come out from Seattle. But he was now working as a freelancer. He had left his fast-paced west coast lifestyle in search of a more wholesome place to raise his family. He had moved back to his hometown—Charlottesville. Craig smiled at yet another coincidence and offered Thurston a job.

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The pre-meeting briefing was a bit disconcerting. Rumors were one thing, but to hear these things directly from Allen's own staff was a little strange. Craig had flown to Seattle with our CFO, Dean Johnson, and Rafe's representative, Seth Rossi. Sitting in a small public cafeteria in the basement of Vulcan Ventures' offices, he was told, "Please don't be put off by Mr. Allen's appearance or behavior. A man of his intellect and influence might be expected to display a few, shall we say, eccentricities."

"Fair enough," Craig and Dean agreed.

"Mr. Allen will probably not be present when the meeting begins. Go ahead with your presentation anyway. Our staff will fill him in on the parts he missed. Expect him to walk into the room halfway through your presentation. He won't greet you, won't make eye contact, won't ask you any questions, won't seem to engage or be interested. Mr. Allen may not even look at what you're showing. He may seem bored.

"Don't let this bother you, gentlemen. I can assure you, he will grasp every word. At some point, he may abruptly get up and leave the meeting. Strange as that seems, you shouldn't view it as a negative sign. Continue your presentation. The staff will brief him later," the young exec said.

After a moment's reflection, Craig concluded that this was not arrogance but rather an unusual form of mercy. Only a very small percentage of the companies reviewed by

Vulcan ever sees any investment capital. If Allen were to appear interested, he would be sending a false message to the vast majority of people he saw. By remaining aloof, he not only protected himself but also kept the presenters from jumping to the wrong conclusion.

As they prepared to leave, a diminutive blond man walked into the tiny cafeteria. He passed his colleague without so much as a wave. He proceeded to pick up a cookie and gave it a slap shot across the counter toward the register as if it were a hockey puck. Then just as coolly as he had arrived, he departed. “Oh,” the young exec explained, “that’s Frank Flowers. He’s the boss. He manages all of Paul’s holdings. He’ll be in the meeting too.”

“Friendly,” Dean said under his breath.

With the ground rules established, they found their way to Allen’s conference room. Every possible convenience was made available: backlit projector screens, Internet connectivity, surround-sound, even beverage service. The conference table itself was a full-blown command center. There were all sorts of buttons and switches that were supposed to make wonderful things happen.

The system did everything but actually work. They had to scramble to find someone who could turn it on. The first group of technologists brought in others. For a while, it looked like a high school civics class with a substitute teacher. They finally got the systems working, and not a moment too soon.

The execs arrived. Among them was the president of Vulcan Ventures, Frank Flowers, head of Paul Allen’s entire investment machine. Trained both in computer science and in finance, Flowers had been an investment banker, a CFO, and a corporate president before joining Paul. Also among them was Paul Allen, on time and looking more like a college professor than one of the primary movers and shakers in American business. He may have been a billionaire, but he didn’t look the part. No one would have mistaken him for Donald Trump.

No time for pleasantries. Warned that the meeting couldn’t run over, Craig began the pitch he had given so many times, this time geared specifically for what he knew about the gentleman sitting next to him. Allen’s vision of the future dovetailed nicely with his own, especially in the area of convergence technology, a cornerstone of both companies’ strategies. It had been part of Craig’s plan since day one, and he had been delighted, if not surprised, to see this paragraph in Vulcan Ventures’ brochure:

“Television, telephone, and personal computer technologies are converging. As video and audio information takes digital form, the distinctions are blurring among television sets, PCs, [and] telephones…. Information devices have merged into intelligent consumer electronic products that perform entirely new functions.”

Winn wanted to say I told you so but settled on a thorough explanation of how convergence would impact online retail, Value America style. He knew Allen’s thoughts, for Paul was often quoted, saying things like, “Periodically you see ways to marry technologies. Then you try to push the envelope and ask what wholly new applications, products, or services you can do. I’m trying to come up with those. It’s high risk, but you can’t schedule revolutionary ideas.” If any quote ever supported our concept, this was it.

Frank Flowers sat stone-faced as Craig proceeded. Paul started out cold as well but became increasingly interested, attuned, and thoroughly engrossed as the story unfolded. Craig smiled inwardly. Who are you, and what have you done with Paul Allen? You could almost see the wheels turning. His eyes danced. He made eye contact. He smiled. He nodded. He remained animated and attentive all the way through the presentation. Truth be known, he was a hell of a nice guy.

As Craig finished, Paul leaned back and exclaimed, "Yes!" with a big smile. "This is exactly what Bill and I envisioned." Even before they'd started Microsoft, they had foreseen a world in which everyone would have a PC, all connected, sharing information and providing services, just like Value America. "This is what e-commerce was meant to be!"

Through a remarkable series of unlikely events, the company had gained a powerful and resourceful ally, one whose involvement had the potential to make us the dominant force in the world of Internet retailing. It wasn't money. It was synergy—the process through which Paul Allen's holdings became greater than the sum of their individual parts. His strategy was to go beyond investment, adding value to the companies with whom he was involved by contributing his insights and by exploiting points of contact between his mutually beneficial synergistic endeavors. Allen was the catalyst, and dozens of cutting-edge companies were his chemistry set.

During the remainder of this and other meetings in Seattle, spirits ran high. Paul expressed a desire to invest, recognizing our potential. The magical words "the Microsoft of e-commerce" were spoken. These were not times for the faint of heart.

Craig requested three things from Paul. First, he asked to partner with his cable TV holdings. The possibilities of an Internet retailer joining forces with a cable-shopping network were too exciting not to explore. Allen agreed. Second, Craig asked to partner with Allen's PetSmart stores in facilitating our sales of pet supplies online. Allen agreed. Third, he asked Paul to lend us his technological expertise so we could develop our systems more expeditiously. "Pay us a visit in Charlottesville." Allen agreed to this as well.

For someone who had the reputation of rejecting a hundred deals for every one he accepted, Paul Allen was turning out to be one of the most agreeable fellows Craig had ever met. But there was something else brewing; something he couldn't quite put his finger on. He could see it in Allen's eyes.

After handshakes and cards were exchanged, Allen boarded one of his personal jets, perhaps his private Boeing 757, and flew off to watch his personal basketball team lose to the Lakers in Portland. Our team flew the red-eye back from Washington State to Washington, D.C., and then drove to Charlottesville, arriving around eight thirty the following morning.

It wasn't long before Frank Flowers called expressing his boss's wishes. Like the union before him, Allen wanted to buy a controlling interest in Value America, not just invest in it. As problems go, this was a pretty good one.

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"For your eyes only," the document said. "Do not copy or distribute. Please return after reading."

Oooo! Spy stuff. Craig had been right. There was something brewing. Paul Allen wanted more of Value America, much more. Flowers asked Craig to compose a document explaining how different Value America would look if it were the centerpiece of Allen's Wired World, "the Microsoft of e-commerce."

Craig cloaked everything in secrecy, not even having his response typed. He didn't share the contents of his handwritten memo with others on our team. There were things in it Craig didn't want made part of the public record, something that easily happened to documents from companies preparing to go public.

Goal: Swiftly execute a strategy that combines Value America's superior vendor relationships, pragmatic e-commerce capabilities, and direct response expertise with Vulcan's core Internet connectivity, bandwidth, and advanced technology to become the dominant business and consumer marketplace.

No point in being shy, Craig figured. The question was: what could Value America accomplish if we had unlimited capital and unlimited access to all things Allen?

Incremental Investment: The equity capital required to accelerate our execution from our current very aggressive mode to that needed to become the 'Microsoft of e-commerce' is outlined below. We would have to execute at near perfection to implement a plan that consumes an additional $50 million over the next year.

We were tightwads back then.

Allen had asked Winn to consider a large infusion of private capital rather than a public offering, suggesting that he would fund Value America himself. Craig was open to the idea, even supportive, but he wanted Paul to appreciate the pros and cons of this unusual path.

IPO: E-commerce is perhaps the only enterprise in which the company is easier to run public than it is private.

- A public company's credibility is enhanced in an environment where credibility is essential.
- It becomes easier for a public company to attract vendors and persuade them to fund product presentations. Both factors are essential to growth.
- The editorial coverage required to make us the dominant brand and to add credibility to our advertising is dramatically increased post-IPO….
- The market is currently very hot for e-commerce, and we have already done eighty percent of the work required for the IPO.
- Alliances are more readily initiated following an IPO. Cybershop and Shopping.com are vastly inferior solutions that have been able to gain mindshare as a result of being public. They were unknown when private.

If Vulcan's concern with an IPO in sixty days is 'cheap stock,' as Frank indicated, we should structure a deal that minimizes this risk.

The "cheap stock" issue loomed large for Vulcan. If a big investor bought stock in a rapidly developing company, the IRS could decide that the stock had really been worth more than they had paid for it, creating an immediate taxable gain.

Our current plan is to file the IPO at a $450 million valuation and use the road show to increase the value to between $500 and $575 million. We plan to issue only ten percent new shares for the IPO and thus raise about $50 million. We believe investors will recognize that our 1999 forecast is understated…at $140 million in revenue. In addition, our post-IPO multiple of forecasted revenue is five times—thus we would have a valuation of from $700 million to $1.25 billion by late summer to early fall. We currently plan a secondary stock offering at another ten percent to raise an additional $125 million. I cannot measure the increase in valuation Vulcan's participation adds….

No wonder Craig had wanted to keep these numbers under wraps. The company had been flat broke less than three months before. To be projecting a billion-plus dollar valuation now would have raised a few eyebrows. Yet his estimates would prove to be amazingly close. He knew his numbers. He knew what we were selling and how fast we were growing. In the context of the moment, these projections may have seemed ludicrously optimistic, but in the light of historical hindsight, they were perfectly rational, precisely accurate.

I would like to focus our discussion on what Vulcan specifically plans to bring to Value America [besides money, was the inference]. Your suggestion that it would be the centerpiece of Vulcan's Wired World sounds great, but to sell a controlling interest in the company forty percent below its IPO value—and at less than half of its late summer valuation—deserves some detail….

No kidding. The benefits of Paul Allen's vaunted synergy would have to be clearly spelled out. Craig followed this caveat with nine pages of charts, facts, and figures outlining, as promised, what would be required if we wanted to swiftly become the Microsoft of e-commerce—to give it the full-court press. It delineated how much more we would need to spend in technology, merchandising, marketing, direct response advertising, public relations, business development, customer care, sales, management, and finance.

The projected bottom line, the equity capital that could be required in the next twelve months to achieve market dominance, was $69 million—as a worst-case scenario. But the document was peppered with phrases like "If market conditions remain reasonably consistent," and "if we optimize this opportunity…." Nobody was suggesting this would be easy.

Winn ended the fourteen-page document with fourteen issues he felt needed to be addressed. I have included some of them:

IPO Timing: Value America must continue to move ahead between now and the time we reach a definitive agreement. We would prefer to postpone the IPO for only the minimum time required to resolve the 'cheap stock' and alliance issues.

Valuation: Valuation for an early May deal for common stock with a split of twenty percent for primary shares is $300 million…. The union option was one hundred percent primary shares at a March valuation of $300 million. While this option has expired…we approached Vulcan under its terms. My partner and I would prefer one hundred percent primary shares and a July IPO, but we are willing to compromise.

Whereas “secondary shares” are bought directly from the company’s founders, personally enriching them, “primary shares” are newly created shares that are bought from the company itself, providing working capital but diluting the founders.

Ownership:…We began our discussions with Vulcan in the five to ten percent range. Subsequently, at your request, we have increased this to 30% if Vulcan is prepared to bring very substantial long-term value to Value America. During our recent visit…I increased this to thirty-five percent. I recognize you want forty to fifty percent, but this means I would own less than Vulcan of a company into which I have invested twenty years in preparation and two and a half years in execution.

Board: Three board members out of nine is okay with us….

Mechanism: Common stock and simple agreement. I would like our ownership status to be the same, so our long-term goals are the same.

Employment Agreement: My partner and I are both willing to sign long-term employment agreements. The only thing we would like more than managing Value America is doing so with Vulcan as our partner.

Stock Options: Every employee has stock options, and we wish to continue this practice. Employees currently have options totaling twelve percent of the company.

Evaluation: We believe the more you know about us, the more you will value the company, its strategy, people, systems, and vendor relationships….

Vulcan Contribution: We would like to know specifically what Vulcan intends to bring to Value America, how you would like to work with us, and how your other companies would complement us. I would be pleased to create a plan for maximizing the value of Marcus Cable. I can create a Microsoft ‘wish list’ that you could favorably influence. I can list the benefits of aligning Value America with an ISP. You alone, however, are in a position to specify and commit.

Desire: We are very impressed with Vulcan and would love to build the ‘Microsoft of e-commerce’ together with you.

The confidential document outlined a program that had the potential to take Value America to the pinnacle of the dot-com world. It would take somewhere between $50 million and $70 million to pull it off, depending on whether you were talking aggregate numbers or net of incoming cash, and best case or worst case scenario. It was predicated on completing the transaction in early May ’98. It was also dependent on the development of synergistic relationships with other Vulcan companies.

Sadly, after making such a bold offer, and after asking Winn for his thoughts, Flowers and Allen faded into the woodwork. Craig would not talk to either of them again for many months. Their only response to the proposal they had asked him to prepare was silence. They got distracted, purchasing one of the nation’s largest cable companies. Pity. We would have made beautiful music together.

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“I’ve got to tell you, Rafe, I’m worried.” It was a little past seven o’clock on a Wednesday evening in late May. Craig was in his car, talking on his cell phone with

Durn, hoping to persuade him to use his influence to move things along with Vulcan Ventures.

The timing, after all, was critical. The due diligence for the initial public offering was complete, and the company was poised to file its S1 with the SEC. But we couldn't do that until the Allen investment was consummated. The reasons were technical in nature, but the implications were indisputable. The SEC would require several weeks to review the S1, and then our legal team would have to respond to their comments before our IPO could even be scheduled.

Looming on the horizon was the piña colada factor. Investment bankers didn't stagger their summer vacations. The industry virtually shut down every year, starting in late July. They returned to their offices when their children returned to school in September. No investment bankers meant no IPOs. If you weren't ready to roll in late June, you were out of luck until fall. Who knew if dot-com fever would last, if this euphoric bubble would survive the summer break?

"You wouldn't think an investment of this size could get lost in the shuffle, would you?" Rafe commiserated.

"No," Craig agreed. "But evidently one cable company wasn't enough. They've diverted their energies to other things. These are billion-dollar deals. Their lawyers can't seem to do three things at once."

"These things take time," Rafe said, trying to cool Craig down.

Craig pulled the big tan Suburban into his garage, threw it into park, and turned off the engine. He was not cooling down. "Rafe, just call 'em and see what you can do, okay? I've tried to reach Frank Flowers, but it seems he's always out. If we don't close this thing in the next couple of weeks, we're going to miss the summer IPO window. If we don't move right now, we're assuming a huge market risk. Waiting until September is incredibly dangerous. We're accepting far more risk than we should. And it's not necessary!"

"Just be patient," Rafe said evenly.

"Rafe, this is important. Make the call. Please!"

Craig didn't know it as he sat there in his car, fuming. But he had just had the single most important telephone conversation in the history of Value America. It had not gone well.