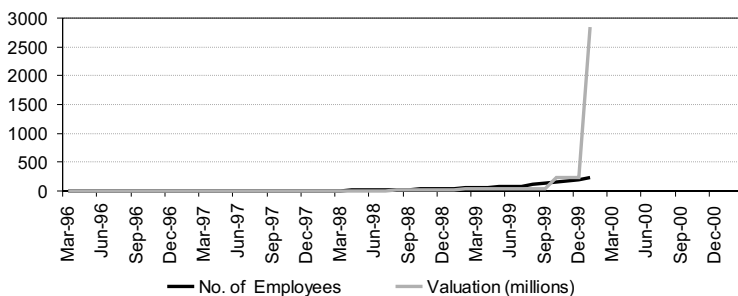


# January 2000



## Neoforma.com IPO Takes Off

While many stocks were sold off on Monday, the initial public offering of Neoforma.com (NASDAQ: NEOF) performed like a typical high-flying, shot-from-a-cannon, business-to-business IPO . . .

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January 25, 2000



Market close on day of Neoforma IPO at NASDAQ headquarters on New York's Times Square. From left: Chris Bing, Wayne McVicker, Fred Ruegsegger, Bob Zollars, Jeff Kleck, Kali Coffman and Amanda Mogin.

Photo: Alan Perlman

# The Premiere



I was sitting in my office, futilely trying to focus on the business unit plan I was editing, when Stephen—who had a tendency to boast about the important, successful people he knew—walked into my office, sat down in a chair, leaned forward and said, “Hey! I just realized that, in a few weeks, you’ll be the richest person I have ever known!”

What an odd thing to hear someone say!

Bob and Frank, meanwhile, were out on the Road Show.

This rite of passage is among the most revered of experiences in the start-up world. It is a kind of fraternity initiation ceremony. Just before a company goes public, the management team ventures out on a grueling two-week trek to the financial centers across the U.S. and Europe.

The purpose of this trip is to drum up interest in a company’s upcoming initial stock offering and to create buzz. At the same time, the team tries to get an idea of how many shares of the company’s stock are going to trade hands on the first day of sales. This assessment of the level of interest helps determine what the offering price should be on the day of the IPO.

An investment bank’s reputation rests on its ability to realize high returns to its clients. The bank’s objective, during an IPO, is to ensure that their clients benefit from as large a portion of a stock’s first-day gain as possible. So, the initial offering price is often set at a level lower than they think the stock will bring on the market. That way, the investors who get to buy the first shares of the company stock can benefit from large gains with little risk. The banker gets a substantial amount of control in allocating who gets to buy those shares. This is how friends are made in the IPO game.

Actually, there are several investment bankers on a typical deal.