Ariba, Inc. (NASDAQ: ARBA)

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KEY CONSIDERATIONS

- Ariba has announced record earnings for 3Q Fiscal 2000. Total revenues were $80.7 million, a 578% increase from last years Q3 results. This indicates growing acceptance and demand for Ariba's business-to-business solutions.

- Recent acquisitions of SupplierMarket.com, TradingDynamics, and Tradex Technologies, have expanded the breadth of the Ariba Network Platform in offering complete B-to-B marketplace solutions.

- Ariba is still unprofitable and is expected to continue to incur substantial losses for the foreseeable future.

- Intense competition in the Business-to-Business solutions market will challenge Ariba's ability to attract new customers and retain market share.

Recent Price	$166.25
52WK Low	$29.97
52WK High	$183.34
P/E	N/A
P/Book	11.98
P/Sales	181.81
Market Capitalization	$40,002.24 M
Shares Outstanding	240.62 M
Float	134.70 M
Daily Volume (3-month Average)	6.52 M
EPS	
1998A	-$0.95
1999A	-$0.84
2000E	-$0.27
Current Ratio	1.30
Total Debt to Equity	0.00
LT Debt	0.00

ONE-YEAR PRICE AND VOLUME GRAPH

Courtesy of Yahoo-finance

COMPANY PROFILE

Ariba Inc. is a leading provider of Internet-based business-to-business electronic commerce solutions for operating resources. The Ariba Network is a single global business-to-business electronic commerce network that enables buyers and suppliers to automate business transactions on the Internet. The Ariba Operating Resource Management System (ORMS), enables organizations to automate the procurement cycle within their "intranets," internal computer networks which are based on the Internet protocol, lowering the costs associated with operating resources and other materials. The Ariba platform has been licensed by large, multinational industry leaders and public sector organizations. Ariba was incorporated in Delaware in September 1996 and its principal executive offices are located in Mountain View, California. Ariba Inc.'s Web site can be reached at www.ariba.com.

This report was prepared by Richard Choi and David R. Rivas, Ph.D.

THE BUSINESS-TO-BUSINESS INDUSTRY

The Internet has emerged as the fastest growing communication medium in history. With over 97 million users at the end of 1998, growing to 320 million users by 2002, as estimated by International Data Corporation, the Internet is dramatically changing how businesses and individuals communicate and share information. The Internet has created new opportunities for conducting commerce, such as business-to-consumer and person-to-person electronic commerce. Recently, the widespread adoption of intranets and the acceptance of the Internet as a business communications platform has created a foundation for business-to-business electronic commerce that will enable organizations to streamline complex processes, lower costs and improve productivity.

With this foundation, Internet-based business-to-business electronic commerce is poised for rapid growth and is expected to represent a significantly larger opportunity than business-to-consumer or person-to-person electronic commerce. According to Forrester Research, business-to-business electronic commerce is expected to grow from $43 billion in 1998 to $1.3 trillion in 2003, accounting for more than 90% of the dollar value of electronic commerce in the United States. This market is expected to create a substantial demand for Internet-based electronic commerce applications. According to International Data Corporation, the worldwide market for Internet-based electronic commerce procurement and order management applications alone is expected to experience tremendous growth, increasing from $187 million in 1998 to $8.5 billion in 2003.

THE ARIBA NETWORK PLATFORM

Ariba provides a comprehensive intranet- and Internet-based business-to-business electronic commerce solution for operating resources. This solution consists of two components, the Ariba Operating Resource Management System (ORMS) and the Ariba Network. Together, Ariba ORMS and the Ariba Network combine intranet-based network applications with an Internet-based network to create a business-to-business electronic commerce platform benefiting both buyers and suppliers.

ARIBA ORMS

Ariba ORMS is a robust, scalable and reliable network application that operates primarily within a buying organization's intranet. Ariba ORMS enables organizations to reduce processing costs and improve productivity by automating the procurement cycle, linking end-users throughout the organization with approvers and financial systems. Ariba ORMS also enables organizations to reduce the cost of operating resources by channeling purchases to preferred suppliers. Ariba ORMS is designed to connect large numbers of end-users, approvers and administrative personnel through web-based applications that automate procurement and finance processes. Ariba ORMS works with multiple enterprise systems simultaneously, in addition to providing real-time electronic access to important procurement information, such as supplier product specifications, price lists, web sites and order status. The primary characteristics of Ariba ORMS are:

- USER FRIENDLY, WEB-BASED INTERFACES: The browser-based user interface enables users throughout an organization to take full advantage of Ariba ORMS from their desktop and with minimal training. Wizards guide less experienced users through the acquisition process, while an advanced user interface makes the system more productive for experienced users.

- ELECTRONIC BUSINESS PROCESS AUTOMATION: Ariba ORMS provides flexible workflow capable of streamlining and automating even the most complex or unusual business processes of large, multinational organizations. This flexible workflow can be customized for the unique processes of an organization and can be tailored to respond to end-user input, system events or any extrinsic or intrinsic data in the procurement cycle.

- SIMULTANEOUS INTERACTION WITH MULTIPLE ENTERPRISE SYSTEMS: Ariba ORMS works with and connects to leading finance, human resource management and enterprise resource planning systems

from vendors such as PeopleSoft, SAP and Oracle. In addition, Ariba ORMS provides a comprehensive API (Application Programming Interface) to connect and work with other legacy systems through adapters that are sold as separate products. A single software installation can connect with multiple enterprise applications simultaneously through real-time or scheduled interfaces. These interfaces also enable the software to utilize standard user authentication and directory services such as LDAP (Lightweight Directory Access Protocol) and Microsoft's Active Directory.

- INFORMATION ACCESS: With powerful analytical and reporting tools, Ariba ORMS enables organizations to evaluate data collected throughout the process of acquiring, receiving and paying for operating resources. By employing these analytical tools, an organization can analyze purchasing patterns to streamline the procurement process, negotiate more favorable terms with preferred suppliers and gain insight into additional savings opportunities.

- INTERFACE WITH THE ARIBA NETWORK: Ariba ORMS allows organizations to automate commerce transactions with suppliers over the Internet and through the Ariba Network. By adhering to open standards, Ariba ORMS provides a variety of methods for suppliers to communicate electronically with buying organizations through the Ariba Network. Ariba ORMS also allows suppliers to take advantage of their existing web-based catalogs to provide product information to buyers.

- MULTI-PLATFORM ARCHITECTURE: The Ariba ORMS server currently supports industry-standard approaches to high-performance databases and multi-processor hardware. Ariba ORMS currently supports Microsoft Windows NT and Unix platforms including Hewlett-Packard HP-UX and Sun Solaris.

- ARIBA ORMS MODULES: Ariba ORMS modules are designed specifically for the procurement and management of different operating resources. Each module contains powerful reporting and data analysis tools that enable operations managers to monitor the requisition process and identify areas for cost reductions.

- ARIBA ORMS ENTERPRISE ADAPTERS: Ariba ORMS enterprise adapters are designed specifically to connect to or integrate with leading finance, human resource management and enterprise resource and planning systems. Integration refers to the ability of Ariba ORMS adapters to exchange information with an organization's enterprise systems, eliminating the need for manual transfer of critical information from Ariba ORMS to these systems. Ariba ORMS enterprise adapters can integrate with standard implementations of these systems or can be configured to integrate with custom installations of the enterprise system. These adapters enable a single Ariba ORMS installation to integrate with multiple enterprise applications simultaneously.

THE ARIBA NETWORK

   The Ariba Network is an Internet-based corporate resource commerce network designed to provide access to large amounts of supplier product information and to enable electronic commerce transactions over the Internet. The Ariba Network bridges buyer and supplier networks on the Internet and offers electronic payment, catalog and content management, order transaction routing and multi-protocol support for numerous electronic commerce standards.

   Ariba's multi-protocol network allows buyers to send transactions from Ariba ORMS in one standard format; it then converts the order into the supplier's preferred transaction format, such as CXML (Commerce eXtensible Markup Language), a format used on the Internet to describe commerce data and documents, or EDI (Electronic Data Interchange), a format used to exchange data and documents electronically. This feature eliminates the need for a single standard for electronic commerce and gives suppliers the freedom to transact in their preferred protocols.

   The Ariba Network also allows suppliers to utilize their existing electronic commerce systems to provide information about their products and services. Suppliers can send electronic catalogs through standard

formats such as CIF (Catalog Interchange Format) and CXML. In addition, buyers can link to a supplier's web site using a technology called CXML Punch-out. CXML Punch-out allows a buyer to select a product utilizing a supplier's web site while keeping the purchasing process within the Ariba ORMS system for internal approval, accounting and administrative controls. This feature is particularly useful for suppliers with robust web sites, electronic product configuration systems and large product catalogs.

The key components of the Ariba Network are:

- OPEN STANDARDS MULTI-PROTOCOL TRANSACTION NETWORK. The Ariba Network automatically routes and translates transactions between buyers and suppliers using most major electronic commerce standards, including: XML; CXML; Internet EDI; VAN EDI (Value Added Networks for EDI); a subset of the OBI standard (Open Buying on the Internet), a protocol for buying goods and services on the Internet; HTML (Hyper-Text Markup Language), a format commonly used to define content for web pages; e-mail; auto-fax and CIF. This enables buyers to conduct business with suppliers independent of the type of electronic commerce systems used by the supplier.

- WEB-BASED CONTENT ACCESS AND INDEXING. The Ariba Network uses a scalable approach for content management. This approach employs indexing, rather than content aggregation, to connect buying organizations using Ariba ORMS to suppliers' existing web-based catalogs. This indexing approach eliminates the need to aggregate content in a central repository, yet provides robust and comprehensive searching tools to buyers. In addition, the Ariba Network allows suppliers to take advantage of existing electronic commerce web-based catalogs through CIF, CXML and CXML Punch-out.

- SUPPLIER SELF-MANAGEMENT AND REGISTRATION. To conduct commerce with all buying organizations using Ariba ORMS, suppliers need only to register once and continue to manage their relationships online, in their preferred transaction standards and configurations without the need for additional software.

- NEWS, INFORMATION AND SERVICES. The Ariba Network provides news, information and services of interest to business buyers and suppliers such as sourcing, supplier, financial and industry information.

COMPETITION

Primary Competitors (9/4/00)				
	Ariba	**Clarus**	**Commerce One**	**Oracle**
Customer Base	Large	Average	Large	Largest
Suppliers	Growing rapidly	Average	Many large multinationals	Largest
Breadth of Products	Complete solutions	Less product offerings and features	Complete solutions	Least experienced in B-to-B solutions
Third Party Relationships	Growing, not yet established	Not yet established	Established Internationally	Well established

STRATEGIES FOR GROWTH

- **Strategic Alliances.** To ensure that they deliver a comprehensive solution to their customers, Ariba has established strategic relationships with organizations in four general categories: hardware platforms; software platforms; electronic commerce; and systems integrators.

- Hardware partners include Cisco Systems, Hewlett- Packard and Sun Microsystems. These relationships help ensure the reliability, scalability and performance of the Ariba solution on these platforms. Ariba has also entered into a relationship with a third party who has provided hardware for the Ariba Network. This network and platform infrastructure consists of the computer and communications equipment and software that allow buyers and suppliers to exchange information over the Ariba Network.

- Electronic commerce partners include American Express, Sterling Commerce and Visa International.

- System integrator relationships exist with Andersen Consulting, Chicago Consulting Partners, Deloitte & Touche, EC Soft, Ernst & Young, PricewaterhouseCoopers, Cambridge Technology Partners, Computer Sciences Corporation, Core Technologies, SRA International, Tier Technologies and TSA Associates. These system integrators implement Ariba's products and often assist with sales lead generation. Ariba has certified and trained consultants in these organizations for the implementation and operation of our products.

- Ariba also increasingly relies on a number of third parties to implement, support and recommend their products during the evaluation stage of a customer's purchase process.

- **Recent acquisitions.**

  - **SupplierMarket.com.** On August 30, 2000, Ariba completed its acquisition of SupplierMarket.com, Incorporated. SupplierMarket.com is a leading provider of online collaborative sourcing solutions. They bring to Ariba the technology to fully automate the sourcing process, matching buyers and suppliers, and negotiate price and value-added services through real-time reverse auctions. In addition, the acquisition brings over 8,000 registered buyers and more than 13,000 registered suppliers to the Ariba Network.

  - **TradingDynamics, Inc.** On January 20, 2000, Ariba completed its acquisition of TradingDynamics, Incorporated. Trading Dynamics brings to Ariba its suite of trading applications including business-to-business auction, request for quote ("RFQ"), reverse auction, and bid/ask-style exchange mechanisms. TradingDynamics also brings to Ariba a talented team of executives, economists, computer scientists and experienced managers. Former TradingDynamics president and CEO, Kirk Cruikshank, is assuming the role of executive vice president at Ariba and will run the marketing and mergers and acquisitions divisions.

  - **Tradex Technologies Corp.** On March 8, 2000, the Company completed its acquisition of Tradex Technologies, Inc. ("Tradex"). Tradex was a leading provider of solutions for net marketplaces. The TRADEX marketplace solution will joined with Ariba's Market Suite trade solution to provide comprehensive marketplace functionality. This includes trade capabilities such as auctions, reverse auctions, and negotiated prices. TRADEX also extends the expertise of the Ariba organization with an experienced, B2B marketplace-focused team of more than 250 employees.

- **Target large multinational buyers in a broad range of industries.** Ariba continues to target large, multinational corporations and public sector institutions. These buyers benefit from Ariba's first-mover advantage with many of these organizations. These organizations will be the most likely early beneficiaries of an automated, reliable, robust and scalable procurement solution and can provide strong customer references. Furthermore, the large spending power that these organizations can channel through the Ariba Network will attract suppliers to the network. Finally, these organizations have demanding requirements and rigorously test Ariba's products, assisting it in designing reliable and scalable solution.

- **Create a network effect by attracting the largest buyers and suppliers.** As Ariba ORMS is deployed to a critical mass of large buyers in numerous industries, Ariba intends to build upon the

buying power of these large organizations to attract suppliers to the Ariba Network. A growing number of suppliers in the Ariba Network will in turn draw more buyers to the network. This growth cycle will help create a network effect, where the value to each participant in the network increases with the addition of each new participant, increasing the overall value of the Ariba solution.

- **Extend and build upon the Ariba community of partners.** Ariba intends to build upon their strategic relationships with industry leaders in the areas of electronic commerce systems, information technology consulting, distribution and content aggregation. Ariba is working with these partners to accelerate the Ariba Network rollout, provide additional customer implementation capabilities, expand their customer base and increase the content available on the Ariba Network. These relationships allow Ariba to focus on its core area of expertise, while taking advantage of the strengths of complementary technologies and the influence of these industry leaders.

- **Provide superior customer satisfaction.** A significant competitive advantage for Ariba is their loyal base of reference customers. Therefore, Ariba intends to continue to focus significant resources on customer satisfaction programs. In order to foster a culture of customer satisfaction, all of Ariba's employees with variable compensation are paid in part based on customer satisfaction as measured by an independent third party organization. Other programs to promote superior customer satisfaction include a customer-driven development process and frequent customer advisory councils.

- **Expand global operations.** Ariba intends to aggressively grow its global presence by expanding its worldwide field sales, marketing and services organizations. To complement this strategy, it intends to continue to globalize its operations and expand its corporate and administrative organizations and systems. Ariba also intends to enter into a strategic relationship with a third party to expand the computer and communications equipment and software required to support the day-to-day operations of the Ariba Network on a global basis.

KEY RISK FACTORS

- Ariba is an early-stage company with limited operating history.

- The market for Ariba's solutions is at an early stage and a critical mass of large buying organizations and their suppliers is needed.

- Ariba has a history of losses and expects to incur losses into the foreseeable future.

- Ariba's quarterly operating results have varied significantly in the past and will likely vary significantly in the future. Failure to meet expectations of securities investors and analysts will likely adversely affect the market price of the company's common stock.

- Implementation of Ariba's products by large customers is complex, time consuming and expensive. The company frequently experiences long sales and implementation cycles.

- Business-to-business electronic commerce purchasing networks, including the Ariba Network, are at an early stage of development and market acceptance.

- Ariba relies on third parties to expand, manage and maintain the computer and communications equipment and software needed for the day-to-day operations of the Ariba Network.

- The business-to-business electronic commerce industry is very competitive.

- Revenues from Ariba ORMS is expected to be concentrated in a relatively small number of customers.

- The success of the Ariba Network is dependent upon suppliers joining the Network.

- Ariba depends in the introduction of new versions of Ariba ORMS and on enhancing the functionality and services offered through the Ariba Network.

- Ariba could be subject to potential product liability claims and third party liability claims related to products and services purchased through the Ariba Network.

- If the protection of Ariba's intellectual property is inadequate, its competitors may gain access to its technology, and they may lose customers.

- In order to manage its growth and expansion, Ariba will need to improve and implement new systems, procedures and controls.

- Ariba must integrate recent acquisitions or else their business could be adversely affected.

- Ariba is at risk of securities class action litigation due to its stock price volatility.

- Ariba has implemented certain anti-takeover provisions that could make it more difficult for a third party to acquire the company.

- Ariba depends on increasing use of the Internet and on the growth of electronic commerce. If the use of the Internet and electronic commerce do not grow as expected, the company will be seriously harmed.

- The Ariba Network may experience performance problems or delays as a result of high volumes of traffic.

- Increasing government regulations could limit the market for, or impose sales and other taxes on the sale of Ariba's products and services, or on the products and services purchased through the Ariba network.

FINANCIALS

Revenue. Ariba's revenues have been principally derived from licenses of its products, maintenance and support contracts, and the delivery of implementation consulting and training services. Ariba recorded better than estimated revenue growth during the third quarter of 2000, ended June 30. Ariba's revenues grew 578% compared to last year and 101% sequentially to $80.7 million. Also, Ariba signed 110 new deals during the quarter. As a result, revenues are expected to increase at a substantial rate as Ariba continues to grow its customer base while at the same time continuing to generate revenues from its existing customers.

Gross Margin. Ariba's gross margin has also outperformed concensus estimates for Q3 Fiscal 2000. With the rapidly growing customer base and the better cost of revenues obtained from recent acquisitions, Ariba is expected to continue to report gross margins in the 80% range. Intense competition, however, may lead to price wars and can contribute to a slight decline in gross margin.

Research and Development. With the acquisitions of TradingDynamics, Inc. and Tradex Technologies, Inc., Ariba has substantially increased the size of its R&D department. As a result of the new salaries in the department and increasing pressure from competition, Ariba's R&D expenses are expected to increase into the near future.

**Sales and Marketing.** In order to keep pace with its rapidly growing business, Ariba plans to follow aggressive marking strategies. Also, as a result of its rapid growth in sales, associated expenses including commissions, salaries, and travel costs are expected to increase.

General and Administrative. Increases in general and administrative expenses can be attributed to an increase in the number personnel from internal growth and acquisitions, an increase in fees paid to outside professional service providers, increased facility, information technology and depreciation costs related to the expansion of Ariba's corporate headquarters and also to increased communication costs. General and Administrative expenses are expected to show continued increase into the future.

Net Income. Net income has been negative since the company's inception and it is expected to remain negative into the foreseeable future.

VALUATION

Internet Sector. After having moved together with the Internet Index (IIX) for a short period, Ariba outperformed this index from December 1999 to April 2000. In June 2000, Ariba began to significantly outperform the Internet index. This is a result of the company's third quarter earning being significantly higher than the consensus estimates. Ariba's stock price has shown significant volatility, however, and is likely to be subject to extreme fluctuations in the future.
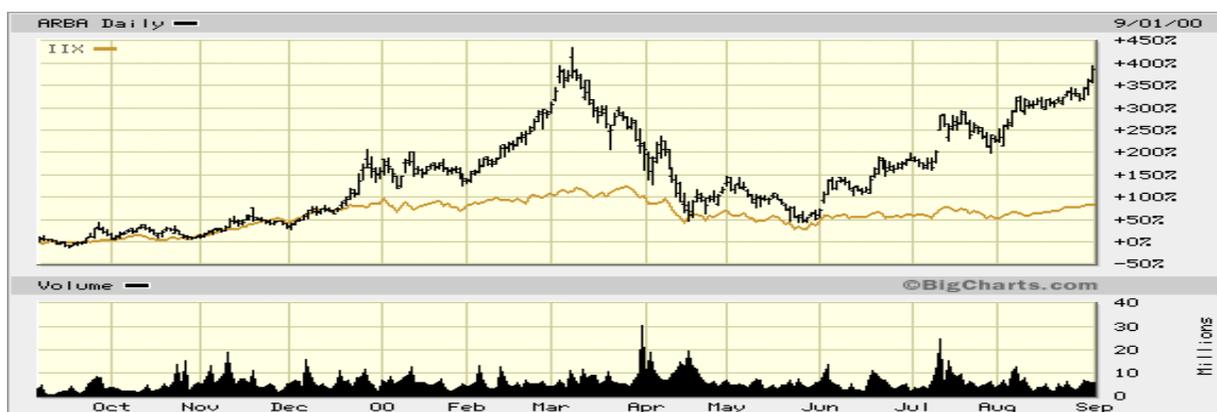
Comparative Analysis Table (9/4/00)							
	$ Price	Market Cap. In millions	Key Metric	P/S	Gross Margin	Relative Strengths	Relative Weaknesses
Ariba, Inc.	166.25	40,002.24	1,000+ supplier organizations	215.67	86.12	Strong customer reference base	Shorter operating history
Clarus, Corp.	62.25	955.16	N/A	23.47	70.25	Strategic alliances	Less product features/solutions
Commerce One, Inc.	66.00	10,692.13	12+ international trading webs	68.03	68.72	Large multinational customer base	
Oracle Corp.	92.625	260,731.69	N/A	24.58	74.02	Strong brand name, greater financial resources	New to the e-procurement field
America Online Inc.	57.75	132,674.10	23 million subscribers	21.86	49.66	23 million subscribers	Increasing competition

Margins. Ariba has the highest Gross Margin at 86.12% among its main competitors listed on the table above. Historically, its Gross Margin has been in the 80% range and we expect it to stay within that range over fiscal years 2000 and 2001. With the recent acquisitions and a rapidly growing customer base, Ariba's gross margin is expected to slightly increase into the near future. Intense competition, however, may cause the gross margin to decrease slightly in the future as well.

Price to Sales. In comparison with its competitors, Ariba has by far the highest P/S ratio at 215.67. We believe that this high value is justified by Ariba's aggressive strategy in establishing itself as the leader in business-to-business solutions. Ariba's high gross margin also points to the conclusion that the company is fairly valued. Also, Ariba's acquisition of SupplierMarket.com, TradingDynamics, and Tradex Technologies have given it a competitive advantage over its competitors, and thus warrants higher valuation.

Investment Opinion

We believe that Ariba has been extremely aggressive in its efforts to gain a competitive advantage in the business-to-business market. Despite its relative short operating history, Ariba has made key acquisitions and strategic alliances in order to provide the most complete business-to-business platform in the market. Furthermore, growing market acceptance for its products and a rapidly growing customer base point to strong growth potential in the future. Ariba has consistently beaten consensus estimates in the Fiscal Year 2000 and we believe that it will continue to do so. However, because of the expected volatility in the entire Internet sector we give ARBA a HOLD rating.

Consolidated Statement of Operations
(All values in thousands except per share data)

	YEARS ENDED SEPTEMBER 30,				
	1997A	**1998A**	**1999A**	**2000E**	**2001E**
Revenues:					
License	$ 630	$ 6,040	$ 26,768	$ 150,972	$ 354,780
Maintenance and service	130	2,323	18,604	80,183	188,430
Total revenues	760	8,363	45,372	231,155	543,214
Cost of revenues:					
License	13	165	724	8,958	23,119
Maintenance and service	927	1,373	8,089	31,032	80,091
Total cost of revenues	940	1,538	8,813	39,990	103,211
Gross profit (loss)	(180)	6,825	36,559	191,165	440,003
Operating expenses:					
Sales and marketing	2,235	10,311	33,859	194,632	385,139
Research and development	1,899	4,499	11,620	36,754	68,445
General and administrative	588	2,580	7,917	20,943	21,729
Amortization of stock-based compensation	50	956	14,584	15,565	15,750
Total operating expenses	4,772	18,346	67,980	267,894	491,062
Loss from operations	(4,952)	(11,521)	(31,421)	(76,729)	(51,059)
Other income, net	273	568	2,219	15,262	36,600
Net loss before taxes	(4,679)	(10,953)	(29,202)	(61,467)	(14,459)
Provision for income taxes	-	-	98	-	-
Net loss	(4,679)	(10,953)	(29,300)	(61,467)	(14,459)
Diluted net loss per share	(3.66)	(0.95)	(0.84)	(0.27)	(0.06)
Shares outstanding	1,279,174	11,523,824	35,031,804	226,000,000	257,894,000
Margin Analysis (%age of revenue)					
Gross Margin	-23.68%	81.61%	80.58%	82.70%	81.00%
Sales and Marketing	294.08%	123.29%	74.63%	84.20%	70.90%
Research and Development	249.87%	53.80%	25.61%	15.90%	12.60%
General and Administrative	77.37%	30.85%	17.45%	9.06%	4.00%
Operating Margin	-651.58%	-137.76%	-69.25%	-33.19%	-9.40%
Net Margin	-615.66%	-130.97%	-64.58%	-26.59%	-2.66%
Growth					
Total Revenue	0.00%	1000.39%	442.53%	409.47%	135%
Gross Profit	0.00%	-3891.67%	435.66%	422.89%	130.17%
Operating Expenses	0.00%	284.45%	270.54%	294.08%	83.30%
Operating Loss	0.00%	132.65%	172.73%	144.20%	-33.46%
Net Loss	0.00%	134.09%	167.51%	109.78%	-76.48%

Consolidated Balance Sheet
(In thousands, except per share data)

	SEPTEMBER 30, 1999	SEPTEMBER 30, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 50,284	$ 8,305
Short-term investments	47,868	3,603
Restricted cash	800	
Accounts receivable, net of allowance of doubtful accounts of 20 and 0 in 1999 and 1998	5,157	2,129
Prepaid expenses and other current assets	1,936	255
Total current assets	106,045	14,292
Property and equipment, net	9,402	2,217
Long-term investments	54,288	2,024
Other assets	286	238
Total assets	$ 170,021	$ 18,771
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,846	$ 962
Accrued compensation and related liabilities	6,959	1,704
Accrued liabilities	4,834	1,264
Deferred revenue	30,733	3,938
Current portion of long-term debt	685	297
Total current liabilities	47,057	8,165
Long-term debt, net of current portion	781	647
Total liabilities	47,838	8,812
Commitments		
Stockholders' equity:		
Convertible preferred stock, .002 par value; 20,000,000 shares authorized; 0 and 4,461,294 shares issued and outstanding as of September 30, 1999 and 1998		9
Common stock, .002 par value; 200,000,000 shares authorized; 90,878,132 and 38,184,080 shares issued and outstanding as of September 30, 1999 and 1998	182	76
Additional paid-in capital	191,332	28,180
Deferred stock-based compensation	-24,178	-2,735
Accumulated other comprehensive income (loss)	-221	61
Accumulated deficit	-44,932	-15,632
Total stockholders' equity	122,183	9,959
Total liabilities and stockholders' equity	$ 170,021	$ 18,771