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**Healtheon/WebMD (NASDAQ: HLTH)**

**Increasing competition and recent strategic alliances**

**Rating: Strong Buy**

January 19, 2000

**KEY CONSIDERATIONS**

- Healtheon/WebMD continues to lead the e-health revolution by providing a variety of products and services to healthcare providers, payers, suppliers, and consumers. We believe that the company possesses one of the best business models for e-health and a unique position in the sector.
- CareInsite (NASDAQ: CARI), is a rapidly growing Internet start-up and may prove to be a challenge for Healtheon/WebMD in the long term. The company is developing a similar Web-based e-commerce system to be used by physicians, payers, suppliers and patients, linking the key participants in the healthcare industry over the Internet. CareInsite is backed up and 72% owned by Medical Manager Corporation (NASDAQ: MMGR).
- The realization of profits by Healtheon/WebMD should in a large part be determined by the healthcare community's rate of acceptance of the Internet. With the increasing number of strategic relationships established by Healtheon/WebMD, we believe that Healtheon's platform will continue to gain market share.
- Revenue could grow to over 1.8x current levels as an increase in the number of transaction volume and customer base should help drive the company closer towards positive earnings by the end of 2001.

Recent Price	\$44.50
52WK Low	\$21.75
52WK High	\$126.19
P/E	N/A
P/Book	43.67
P/Sales	31.23
Market Capitalization	\$6.04 B
Shares Outstanding	146.75M
Float	96.90M
Daily Volume (3-month Average)	2.40M
<b>EPS (\$)</b>	
1998	(1.07)
1999E	(1.21)
2000E	(1.16)
Current Ratio	1.76
Total Debt / Equity	0.06
LT Debt/ Equity	0.03
Total Cash	\$56.4M

**ONE-YEAR PRICE AND VOLUME GRAPH**



**COMPANY PROFILE**

Healtheon/WebMD is the leading provider of online healthcare transaction and information services. The Healtheon/WebMD Platform has helped establish Virtual Healthcare Networks capable of simplifying and expediting the various healthcare interactions and necessary transactions among participants including enrollment, eligibility determination, referrals, lab test ordering, data retrieval, and claims processing. Healtheon/WebMD's business model incorporates the Internet as a means to combat the increase in healthcare costs and improve the quality of care administered by healthcare providers.

This report was prepared by Bhupinder Singh, Jenny Damin Zhang and David R. Rivas, Ph.D.

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## THE COMPANY

Healtheon/WebMD is the first end-to-end Internet healthcare company connecting physicians and consumers to the entire healthcare industry. Healtheon/WebMD is using the Internet to facilitate a new system for the delivery of healthcare, resulting in a single, secure environment for all communications and transactions that will enable a more efficient and cost effective healthcare system. With corporate headquarters in Atlanta and technology headquarters in Silicon Valley, the company was formed in November 1999 as a result of the merger of Healtheon Corporation, WebMD Inc., MEDE America and Medcast. The combined company brings together the Internet-based information and transaction platform of Healtheon, the brand awareness, marketing strategy and strategic relationships of WebMD, the connectivity to over 650 payers of MEDE America and the daily medical news content of Medcast. Currently, Healtheon/WebMD has over 70 health systems and is actively deploying services to 280,000 physicians, 11,000 dentists, 1,100 hospitals, 46,000 pharmacies and providing millions of consumers coming to the site for trusted healthcare information with more than 510,000 consumers enrolled in one of the company's support communities. The Company earns revenue from services and services to related parties, which include providing access to its network-based services, including fixed fee and transaction-based services, and performing development and consulting services, and from licensing software. Customers may purchase some or all of the Company's applications and services and the customer relationship may evolve from utilizing development and consulting services to utilizing transaction and subscription-based services.

Healtheon was founded in 1996 and is based in Santa Clara, Calif. It is a pioneer in providing Internet-based, business-to-business and consumer-to-business electronic commerce services that link doctors and consumers with healthcare institutions, enabling them to efficiently and conveniently manage their business and personal healthcare needs. WebMD, founded in 1998, offered a comprehensive suite of Internet-based services and information for physicians as well as healthcare information services and online communities for consumers, enabling healthcare professionals to efficiently manage their business and consumers to become equal partners in taking care of their personal healthcare needs. Mede AMERICA was a leading provider of healthcare transaction solutions to a broad range of providers and payers in the healthcare industry. The company offers an integrated suite of electronic transaction solutions that allows hospitals, pharmacies, physicians, dentists and other healthcare providers and provider groups to electronically edit, process and transmit claims, eligibility and enrollment data, track claims submissions throughout the claims payment process and obtain faster reimbursement for their services. Medcast provided breaking medical news, education and other vital information electronically every morning to physicians throughout the United States.

The Internet's open architecture, universal accessibility and growing acceptance make it an increasingly important environment for business-to-business and business-to-consumer interaction. Healtheon/WebMD is a leader in providing secure, open, universally accessible network services that connect participants and automate workflows throughout the healthcare delivery process. The internet-based suite of solutions has the potential to create significant improvements in the way information is used by the healthcare system, enabling improved workflows, better decision-making and, ultimately, higher quality care at a lower cost.

## INDUSTRY OUTLOOK AND COMPETITION

**Internet Health care industry boomed** last year with more than 100 electronic-health-care companies and some of which commanded hefty market caps the day of the Initial Public Offering. Sixteen high-profile initial public offerings and two successful secondary offerings have amassed more than \$1 billion in new capital [BusinessWeek January 10, 2000]. It may appear that **competition is on the rise** with the explosion of IPO activity and with several large healthcare Internet sites, however, there is **still not one strong competitor** that incorporates a greater mix of services to a larger variety of healthcare participants. Since the e-health industry is relatively new and is currently in a growth stage, many Internet startup companies may start to emerge and challenge Healtheon/WebMD as the potential to make an economic profit becomes stronger for its competitors. However, its important to remember Healtheon/WebMD is a clear-cut leader in this industry and we believe with its brand name and strong management team it will continue to be the dominate leader.

- **Healtheon/WebMD targets all participants in the healthcare industry**, including providers, payers, suppliers and consumers. Currently, only 3 billion (10%) of the 30 billion transactions in the healthcare industry are electronic. More than 500 million (16%) of the electronic transactions are processed by

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Healtheon/WebMD annually. Through the merger and strategic partnerships, Healtheon/WebMD will dominate the market share of the e-health transactional volume, expand the company's base of physician users and enhance the breadth and functionality of offerings. The rapid growth demonstrates continued and growing acceptance of Healtheon/WebMD Internet-based suite of solutions to connect all participants in the \$1.4 trillion U.S. healthcare industry.

- **Healthcare information exchange and transaction processing** is a relatively new and evolving market. The pace of change in the market is rapid and there are frequent new product introduction and evolving industry standards; Healtheon/WebMD has been responding successfully to technological developments and changing customer needs. In addition, the company is in a healthy stage for its applications and services division.
- **Government regulations and higher medical costs** have plagued the traditional brick and mortar health-care companies, resulting in net margins of approximately 2-3 percent. According to Credit Suisse First Boston, at least 18 cents of every health-care dollar is eaten up by administration costs. This is exactly where e-health-care companies play a significant role in making it more efficient and profitable for existing Brick & Mortar companies to outsource to the Internet as result cutting overhead costs substantially. A recent study by Northwest Healthcare Networks shows how the Internet can streamline such inefficiencies: It found that electronic referrals cost health-care companies one-tenth as much as paper referrals [BusinessWeek, Jan. 10, 2000].
- The healthcare industry is quickly consolidating and **Healtheon/WebMD should face intensified competition for acquisitions**, especially from larger, better-funded organizations. If the company fails to execute the acquisition strategy successfully for any reason, the business will suffer considerably. Healtheon/WebMD faces competitive risks from large information integrators, traditional healthcare companies and Internet start-ups.
- **Strategic relationships may prove to be complicated** because some of its current and future partners may decide to compete with the company and some strategic relationships may put Healtheon in competition with existing strategic partner or customers. Conflict of interest may occur if Healtheon/WebMD's clients implement a similar Internet infrastructure or if it takes a significant share holding in its competitors company.
- Thus far, Healtheon/WebMD has been able to **aggressively penetrate the market with the help of its brand equity** and its early leadership role in the Internet healthcare industry. No other company comes close to boasting about their customer base as Healtheon/WebMD. The company links almost 1,100 hospitals, 300,000 physicians, 46,000 pharmacies, 11,000 dentists, and over 70 integrated healthcare delivery networks through its Internet portal. The four companies (UnitedHealth Group, SmithKline Labs, Brown & Toland, and Beech Street) each accounted for over 10% of the total revenue in the nine months ended September 30, 1999 and together accounted for approximately 70% of Healtheon/WebMD's revenues for the same period. If competition spurs or if any of the following companies switch to Healtheon/WebMD's competitors, it will have a negative effect on future earnings.
- Unlike most e-health companies which rely mostly on advertising, **Healtheon/WebMD has diverse revenue streams** (transaction revenues, subscription fees, and software development fees) which should help build a strong foundation for the company to have optimal growth and build up defense against its competitors. It dominates the important e-health transaction and software sector, its initial core business.
- **CareInsite (NASDAQ: CARI), is a rapidly growing Internet start-up, it may posts a formidable challenge to Healtheon/WebMD**. The company is developing a similar Web-based e-commerce system to be used by physicians, payers, suppliers and patients, linking the key participants in the healthcare industry over the Internet. CareInsite has a customer base and also has exclusive relationships with big payer groups, particularly in the New York area. It is also important to remember that CareInsite is backed up and 72% owned by Medical Manager Corporation (NASDAQ: MMGR). This company may prove to be a challenge for Healtheon/WebMD in the long term.
- It is important remember most competitors such as Koop and OnHealth Network Company are an Internet-based provider of high quality health and medical information and applications to a broad base of consumers.

For example, OnHealth's consumer-oriented website, rated the 82<sup>nd</sup> most frequently visited site on the web with 3 million unique users in November, is a content provider. Unlike Healtheon/WebMD, its major revenue comes from advertisements.

Even though there are many health-related companies on the Internet, **Healtheon is still the dominant leader in providing end-to-end Internet healthcare and e-commerce** to all members of the healthcare community. Healtheon/WebMD is by far a proactive leader in the health-net revolution and controls the biggest chunk of the e-health-care market share. However post Y2K, Healtheon/WebMD may have to compete with traditional cash-cow companies which will spend most of their technology budget on Internet upgrades. This should spur competition in this industry; consequently, market share for Healtheon/WebMD may decline.

**Publicly Traded Competitors 1/14/00**

	<b>Healtheon/ WebMD</b>	<b>CareInsite</b>	<b>drKoop.com</b>	<b>Onhealth</b>	<b>McKesson HBOC</b>	<b>Shared Medical</b>
<b>Symbol</b>	HLTH	CARI	KOOP	ONHN	MCK	SMS
<b>Products/ Services</b>	Internet-based information and transaction platform for streamlines interactions among the myriad participant	Internet-based healthcare e-commerce network for interactive use by the key participants	Internet-based consumer healthcare network, healthcare content provider	Internet-based provider of health and medical information and application.	Healthcare software and applications	Information service and system solutions for health industry
<b>Strengths</b>	A B2B and B2C model; services dedicated to all participants	Has a customer base, e-commerce business model.	AOL supported medical information services	500 different sites drive traffic to OnHealth; consumer-oriented website is appeal and ease of use	Brand name, healthcare software, diversified set of products	Worldwide position, provide service in 20 countries
<b>Weaknesses</b>	70% revenue generated from 4 big customers	Still under development.	Not diversified, limited transaction services	Not yet diversified, major revenue comes from advertises	Weak internet exposure	Only market to physicians and health institutes

**STRATEGY FOR GROWTH**

The company's core business strategy is to pioneer the use of the Internet to simplify workflow, decrease costs and improve the quality of patients care throughout the healthcare industry. The company plans to grow its market capitalization and future earnings by investing heavily in acquisitions, infrastructure development, applications development and sales and marketing. This proposition will negatively affect the company's profits in the short term, but it should make Healtheon/WebMD an early leader in its industry.

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The recent partnerships with EDS and Lilly clearly support the company's strategy of building relationships with both physicians and consumers by providing trusted and credible healthcare content under the WebMD brand and translating those relationships into electronic transactions. Healtheon/WebMD is effectively implementing its growth strategy by building long-term relationships and agreements. This should help the company's bottomline in the long run. For example, revenue from the agreements with UnitedHealth and SmithKline Labs increased to \$7.9 million and \$28.2 million in the three and nine months ended September 30, 1999, compared to \$5.0 million and \$14.3 million in the three and months ended September 30, 1998. Increased transaction-based services under the UnitedHealth Group Agreement, and additional revenue from the January 1999 services agreement with SmithKline Labs, which was phased in during the first quarter of 1999, contributed to the significant increase in revenue.

The competition for customers will become more intense and the importance of acquiring each customer will become greater, but Healtheon/WebMD should be able to avoid the negative externalities due to its brand name. In the E-health care market, Healtheon/WebMD stands for security and reliability; the company should continue to grow with the help of its brand name. It is with the increase in security which will allow the consumers to trust the Internet and electronic information exchange to place in the first place.

The company's growth is mostly dependent upon its ability to introduce new applications in several healthcare markets in a relatively short period of time; we believe the company has done a good job last year by penetrating the market with new applications and services. Healtheon/WebMD has redefined how the healthcare industry will transact and interact with each other via the Internet as the medium of choice.

#### **STRATEGIC ALLANCES AND PARTERNSHIPS**

Healtheon/WebMD continued to aggressively expand its customer base and service offerings to enable integrated, end-to-end solutions by developing strategic alliances with hospitals, labs, physicians, government/associations, employers, pharmaceuticals and payers. To date, it provides administrative and clinical connectivity services to over 65,000 physicians and 450 payors and processes over 5 million transactions per month. The management is taking a proactive role in deal making in order to saturate the rest of the nation with these Internet-based services. In last quarter, Healtheon/WebMD renewed its strategic partnership with Beech Street for another 5 years and UnitedHealth Group also renewed its agreement and will also expand the number of transactions processed electronically each month. Alliances such as these will enhance the application portfolio, provide the company with important specialized industry expertise, increase market penetration, generate revenue and should give itself a head start from its competitors. Since August 1999, Healtheon has established the following relationships:

- **WebMD, Mede, and Medcast** - On November 11, 1999, Healtheon Corporation, WebMD, Inc., MEDE America Corporation (MEDE) and Medcast (Greenberg News Networks, Inc.) completed the merger of the four companies to form Healtheon/WebMD. The combined company brings together the Internet-based information and transaction platform of Healtheon, the brand awareness, marketing strategy and strategic relationships of WebMD, the connectivity to more than 650 payors of MEDE America and the daily medical news content of Medcast. As of today, Healtheon/WebMD is actively deploying services to 280,000 physicians, 11,000 dentists, 1,100 hospitals, 46,000 pharmacies and providing millions of consumers coming to the site for trusted healthcare information with more than 510,000 consumers enrolled in one of the company's support communities.
- **CVS/pharmacy, Inc.** - On January 10, 2000, Healtheon announced a long-term alliance that creates a comprehensive e-pharmacy for healthcare information, prescription and over-the-counter medications, vitamins, herbal products and beauty items. Under terms of the agreement, prescriptions and other transactions can now be facilitated completely electronically - from the doctor's office to CVS Pharmacies to the patient and from CVS' benefit managers to third-party payors and pharmacy benefit managers (PBMs). During the next six months, approximately 50 million electronic pharmacy transactions will be moved to the Healtheon/WebMD network. Healtheon/WebMD will receive revenue from the connectivity transaction fees and click through impressions.

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- **HNC SOFTWARE, Inc.** - Healthon/WebMd announced on January 5, 1999 to provide a first internet processing system for property and causality medical claims, including workers compensation. The partnership will enable payors and physicians to conduct medical transactions on the Internet, replacing the costly, traditional paper-based system. Companies can select the applications they want and pay on a per-click basis. By processing medical claims on the Internet, Healthon/WebMD and HNC estimate that the average cost could drop dramatically, from \$15 to less than \$2 per bill. The first applications are expected to be integrated into the Healthon/WebMD offering by mid-summer 2000, and will be expanded to include bill review, PPO repricing, utilization review and case management triage.
  - **Kinetra** - On December 21, 1999, Healthon/WebMD agreed to acquire Kinetra, a joint venture between EDS and Lilly. Coincident with the acquisition, Lilly has agreed to utilize Healthon/WebMD's Internet content and services. the value of the combined transactions was approximately \$300 million
  - **News Corporation, Inc.** - One of the world's largest media companies and Healthon/WebMD announced on December 7, 1999 an exclusive global partnership in unique programming, integrated marketing opportunities, equity and assets. The strategic partnership between News Corporation and Healthon/WebMD will converge the two companies' highly complementary assets to focus on healthcare, the largest vertical market in the world. The deal was designed to create Healthon/WebMd into a dominant brand in healthcare information trusted by consumers, physicians and the healthcare industry, this partnership makes it possible to create and distribute health information worldwide with cross-promoted programming through integrated media vehicles including broadcast, cable, print, online, physician's office and in-store.
  - **Arup Laboratories** - Healthon agreed to provide online diagnostic test ordering and results reporting for Arup Laboratories hospital clients on December 2, 1999. This agreement expands breadth and depth of Healthon. ARUP Laboratories' customers include more than 600 hospitals worldwide. As part of the agreement, ARUP Laboratories will also promote WebMD Dx to its clients as an efficient, cost-effective, online solution for the physicians who use the hospital laboratory.
  - **UroCor, Inc.** - On October 22, 1999, Healthon announced an agreement with UroCor Inc. a leader in providing solutions for the clinical management of urological disorders, to administer UroCor's electronic test requisitioning and diagnostic reporting via Healthon's flagship Internet service product, Healthon™ Practice. Under this agreement, the 2,600 urologists that contract with UroCor can use Healthon Dx and Healthon Clinical Reports to obtain images of the kidney stone, historical results and other diagnostic findings to help in the management of prostate, bladder and kidney stone diseases.
  - **Alternative Technology Resources, Inc.** - On September 28, 1999, Healthon announced an agreement with ATR to provide an e-commerce solution for uninsured and underinsured consumers seeking discounted medical services. Under the three-year agreement, Alternative Technology Solutions will use Healthon's Internet services to allow consumers to register for the Internet Medical Provider Network through Healthon's consumer portal and pay for the service using an authenticated credit card.

Healthon/WebMD has established more than 70 strategic partnerships and will continue to establish strategic healthcare, technology and media partnerships and create mechanisms to combine the unique strengths of each partner, building upon the strategic relationships. In the last quarter, Healthon/WebMD has made significant efforts in solidifying and strengthening its growth strategy through acquisitions and strategic alliances. We believe this trend will continue through out rest of this year because Internet companies in general will need to form synergies to consolidate efforts and cut cost. The synergies Healthon/WebMd have engaged thus far will prove to be virtuous in the long term and it should have a positive effect on future cash flows and earnings.

#### **KEY RISK FACTORS**

- Healthon/WebMD has incurred substantial losses since it began operations in January 1996. It has incurred net losses from operations in each fiscal period since its inception. The company currently intends to invest heavily in acquisitions, infrastructure development, applications development and sales and marketing in order to extend the services to a growing number of potential customers and partners. While integrating newly acquired organizations and technologies could be expensive and time consuming. It is expected that the loss will continue through 2000.

- The healthcare industry is slow in change due to strict regulations and government-funded operations. It may take time for Healtheon/WebMD to be accepted as a solution to current inefficient methods of transaction in the healthcare arena. Also, medical records will be transmitted over the internet and consumers may worry about their confidentiality and record security. Therefore, providers and patients want to be assured of the secure nature of Healtheon/WebMD's Internet-based transactions and services before adapting to it.
- The healthcare industry is subject to changing political, economic and regulatory influences. These factors affect the purchasing practices and operation of healthcare organizations.

## FINANCIAL MODEL

**Revenue** -- The Company earns revenue from services and services to related parties, which include providing access to its network-based services, including fixed fee and transaction-based services, and performing development and consulting services, and from licensing software. In the past, United HealthCare, SmithKline labs, Beech Street, and Brown & Toland each made up more than 10% of total revenue posing a large amount of financial risk. This risk will be diversified away as the company continues to partner with number of other healthcare companies. Revenues for the third quarter grew 26% to \$28.7 million, compared to revenues of \$22.7 million for the second quarter of 1999 (see Income statement below).

**Operating Expenses** - Total operating expense will rise in absolute terms in the next several quarters due to increased spending on R&D, sales and administrative expense and amortizing intangible assets from the purchases.

**Net Loss** - Net loss will continue for the next several quarters due to increasing development, advertising, and acquisition expenses. However, net loss should decrease with an increase in number of online transactions. In 2001, Healtheon/WebMD should move closer to reporting positive earnings.

**Cash** — The company has \$56.4 million in available cash, this should be sufficient in funding future acquisitions.

## VALUATION



### Comparative Analysis

Stock	Price	Market Capitalization Mil.	Key Metric	Price to Sales ratio	Gross Margin	Relative Strengths	Relative Weakness
<b>Healthon/ WebMD</b>	41.19	6,044.38	171,000 physician/ 180,000 customers	31.23	29.2%	B2B and B2C leader	Still developing
<b>CareInsite</b>	74.00	5,210.34	Medical Manager owns 72% of CareInsite's stock and offers a solid customer base	1,594.4	84.7%	Business model	Still developing
<b>DrKoop</b>	11.63	352.28	5.5 million unique users	48.10	NA	Healthcare content	Major revenue from adv.
<b>Onhealth</b>	7.44	143.72	3 million unique users in Nov. 99, up 108% from Oct.; 15.9 million page view in Nov., up 22% from Oct. 99	44.04	91.2%	User-friendly website	Not diversified

**Internet Sector** - The stock price soared in May after the announcement of Healthon and WebMD merger. Since then, the stock has fallen considerably from its 52-week high of \$126 and has underperformed the AMEX Internet Index. The decline was a result of concerns of increasing competition and technical analysis corrections.

**Gross Margins** – The above table shows that the content provider companies, which depend mostly on advertising, have a high gross margin. On the other hand, Healthon/WebMD has diverse sources of revenues and thus a lower gross margin. We expect a significant increase of its gross margin as customer base and transaction volume increases and average fixed costs decline due to economies of scale.

**Price to Sales Ratio** - Currently, Healthon/WebMD's price to sales ratio is 31.23 while its competitors (CareInsite, Onhealth and Dr.Koop) have a higher P/S ratio, partly because of their higher gross margins. Healthon/WebMD appears to be fairly valued. If we look towards the future, the stock is trading at a roughly 16X the estimated year 2000 revenues, leading us to believe the stock has a strong potential for appreciation.

**Investment Opinion** -- Healthon/WebMD's B2B and B2C models have an excellent growth potential and along with its strong brand name, and aggressive partnership/merger strategy, we expect the company to succeed. As of last two weeks, the company's stock finally broke out of its trading range and accelerated higher on a very heavy volume. The technicals are bullish for the company in the short and long term. Furthermore, given our expectations for growth and our current estimate of the stock as being fairly valued, we give Healthon/WebMD a Strong Buy rating.



Healtheon									
Statements of Operations (In thousand, except per share data)									
	2Q	FY98	1Q99	2Q99	3Q99	4Q99E	FY99E	1Q00E	FY00E
<b>Revenue</b>		\$48,838	\$17,555	\$22,698	\$28,653	\$31,861	\$100,767	\$38,023	\$190,839
<b>Total cost of revenue</b>		47,194	16,860	17,914	20,282	24,466	79,522	26,991	131,797
<b>Gross Profit</b>		1,644	695	4,784	8,371	7,395	21,245	11,032	59,042
<b>Operating Expenses:</b>									
Development and engineering		19,884	7,341	7,220	6,612	10,970	32,143	10,553	35,496
Sales, general and administrative		24,231	9,022	10,886	14,113	19,305	53,326	21,402	75,855
Amortization of intangible assets		9,857	3,459	4,867	5,119	8,239	21,684	7,129	34,276
<b>Total operating expenses:</b>		53,972	19,822	22,973	25,844	38,514	107,153	39,084	145,627
<b>Total operating costs and expenses</b>		102,786	36,682	40,887	46,126	62,980	186,675	65,075	277,424
<b>Income (loss) from operations</b>		(53,948)	(19,127)	(18,189)	(17,473)	(31,119)	(85,908)	(27,052)	(86,585)
<b>Net interest income (expense)</b>		(100)	558	624	364	686	2,232	530	2,316
<b>Net interest income (expense)</b>		(100)	558	624	364	686	2,232	530	2,316
<b>Net loss</b>		(54,048)	(18,569)	(17,565)	(17,109)	(30,433)	(83,676)	(26,522)	(84,069)
Basic and diluted net loss per share		(1.07)	(0.30)	(0.25)	(0.24)	(0.43)	(1.21)	(0.37)	(1.16)
Shares Outstanding		50,358	62,665	69,907	70,596	71,283	69,153	71,682	72,473
<b>Margin Analysis (% of Sale)</b>									
Gross Margin		3.4%	4.0%	21.1%	29.2%	23.2%	21.1%	29.0%	30.9%
Operating Margin		-110.5%	-109.0%	-80.1%	-61.0%	-97.7%	-85.3%	-71.1%	-45.4%
Development and engineering exper		40.7%	41.8%	31.8%	23.1%	34.4%	31.9%	27.75%	18.60%
Sales, general and admin expense		49.6%	51.4%	48.0%	49.3%	60.6%	52.92%	56.29%	39.75%
Net Income		-110.7%	-105.8%	-77.4%	-59.7%	-95.5%	-83.0%	-69.8%	-44.05%
<b>Growth</b>									
Total Revenue		264.7%	80.0%	108.3%	127.8%	104.1%	106.33%	116.6%	89.39%
Gross Profit		-42.2%	-61.5%	529.5%	781.1%	2308.8%	1192.3%	1487.3%	1134.2%
Operating Expense		90.9%	83.0%	69.4%	108.6%	124.0%	98.5%	97.2%	533.9%
Loss from operation		112.2%	111.9%	42.1%	28.3%	68.2%	59.2%	41.4%	376.0%
Net loss		93.0%	91.9%	38.8%	26.5%	67.3%	54.8%	42.8%	378.6%
Basic and diluted net loss per share		-60.3%	-74.8%	-46.8%	-7.7%	25.6%	13.1%	23.3%	-4.1%