

STUDYBLUE PART A

*I am telling you, if we pull this off, it will revolutionize the way that kids study. We will change the face of education.*¹

—Steve Wallman, Chairman of StudyBlue

INTRODUCTION

Becky Splitt, CEO of StudyBlue, was on a plane returning home after a number of introductory meetings with some of Silicon Valley's best known venture capitalists (VCs). As soon as the plane reached cruising altitude, she flipped open her laptop and got to work. It was July of 2009 and Splitt faced a series of big decisions within the coming few weeks. Although she had originally signed on to be CEO of the online study site for only six months, she was entering her seventh month on the job and was now fully committed to lead the company for as long as it took to reach success. The start-up's growth, since its inception under founders Klündt and Wallman in 2006, had been impressive—yet there was still so much to be done. Splitt and her team were debating several critical decisions that would dictate the company's future: What was the appropriate business model to monetize the site? Which customer segment should the young venture target? Should StudyBlue raise more capital and if so, how much should it raise and from whom?

¹ Interview with StudyBlue investor and Board Chairman Steven Wallman, January 7, 2010. Subsequent quotations are from the author's interview unless otherwise noted.

Claire Magat Raffaelli prepared this case under the supervision of Lecturer John Morgridge and Professor Charles A. Holloway as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Copyright © 2010 by the Board of Trustees of the Leland Stanford Junior University. All rights reserved. To order copies or request permission to reproduce materials, e-mail the Case Writing Office at: cwo@gsb.stanford.edu or write: Case Writing Office, Stanford Graduate School of Business, 518 Memorial Way, Stanford University, Stanford, CA 94305-5015. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means — electronic, mechanical, photocopying, recording, or otherwise — without the permission of the Stanford Graduate School of Business. Every effort has been made to respect copyright and to contact copyright holders as appropriate. If you are a copyright holder and have concerns about any material appearing in this case study, please contact the Case Writing Office at cwo@gsb.stanford.edu.

BACKGROUND

Idea and Team Formation

After graduating from the University of Wisconsin-Madison (UW-Madison) with a degree in Computer Science and Biomedical Engineering in June of 2005, Chris Klündt began working at a small hedge fund in Madison, Wisconsin. The fund was started and run by Steve Wallman, a successful investor and Klündt family friend. (See **Exhibit 1** for biographies.) After nearly a year of working together, Klündt approached Wallman with a business idea. He had been inspired by Wallman's recent discussions with an entrepreneur who was looking for money to start an Internet business that connected individuals with expertise in a specific subject to others looking for that knowledge. Klündt believed that there was a parallel opportunity to develop an online study group company, in which students could pair up with other students trying to learn the same subjects. He recalled having been frustrated by the online course management platforms that he was required to use while a student in college and envisioned a concept driven by students who wanted to study more effectively with one another's help.

Klündt's boss was initially skeptical. An entrepreneur himself, Wallman was in his mid-fifties and knew from experience just how hard it was to start a business. He questioned whether Klündt understood the work it would entail to get such a concept off the ground, let alone achieve success. He also was not sure that there was a market for such a service. Recognizing that he could not pursue the idea wholeheartedly without Wallman's support, Klündt recruited a former classmate and friend, Dave Sargent, to help flesh out the idea and test the market. Sargent was approaching his own graduation that spring and was slated to go to law school in the fall. The pair conducted a survey with students at the nearby university and found resounding interest in an online study group service. Klündt recalled:

We ran the survey at the library, right before final exams. We asked three questions: Do you study in groups? Do you find it difficult to find a group? Would you like to do it online? The responses were overwhelming: 80-90 percent of the students studied in groups and more than two-thirds said they would try to do so online if they had the option.²

At the time, the competitive landscape was minimal; there were a small number of course management systems, such as BlackBoard and Desire2Learn, which were run by school administrators, as well as a couple of stand-alone flashcard and note-sharing sites. In addition, the social networking phenomenon was starting to take off. Klündt and Sargent believed that if these web services were able to meet the social needs of students, the same technology could be applied to help students study more effectively. Despite having no experience in educational software, the two recent graduates were confident that they could develop an academic network to help students share ideas and information.³

² Interview with StudyBlue Cofounder and President Christopher Klündt, January 7, 2010. Subsequent quotations are from the author's interviews unless otherwise noted.

³ This section draws on Dave Sargent's original case study on StudyBlue.

Klündt and Sargent then presented their idea to Wallman: the world's largest study hall where students would go to study, collaborate, and review. Against his initial instinct, Wallman became intrigued and agreed to pay the pair to pursue the venture through the summer. Klündt would work on the venture as a side project, and Sargent would be hired as a contractor, paid by Wallman's firm. A computer science graduate student, Josh Yanchar, was also hired as a contractor to round out the team and help build the product. Wallman assured the group that he would provide the monetary support to give the venture a fair shot, at least through the end of summer.

Early Interest Builds Momentum

In late summer of 2006, the team attended freshman orientation at UW-Madison. They presented a hand-drawn sketch of their proposed study group site, which they named theClassConnection (this would eventually change to StudyBlue). (See **Exhibit 2** for the prototype.) To their surprise, 3,000 freshman students signed up for the spring 2007 pilot. Armed with clear interest in the product, Klündt approached Wallman once more. Although he would lose Sargent to law school in a matter of weeks, Yanchar had agreed to take a leave of absence from graduate school to continue pursuing the venture. Wallman recognized that theClassConnection had grown beyond a summer project, yet he was intrigued by its potential. He agreed to fund the venture out of pocket through the rest of 2006, taking care of Klündt and Yanchar's salaries and all related project costs. He set a limit of \$100,000 to test its viability.

From Side Project to Full-Time Venture

After three months spent developing the start-up from the classrooms of UW-Madison, it became clear that theClassConnection was not going to meet its deadline for the spring beta. It had evolved organically from a side project to a legitimate start-up, but lacked any sense of structure. Klündt felt strongly that he needed to commit fully to the venture—he was still supporting Wallman's hedge fund part-time—and that after doing so, the team should move into a legitimate working space. In February 2007, Klündt and Yanchar moved the business into a basement office on the main drag of Madison. The team recommitted to a more reasonable target for the pilot, pushing back until fall of 2007. theClassConnection now had the trappings of a prototypical start-up, although it had yet to embark on discussions around ownership or future financings. Wallman, as the sole funder, felt it was unnecessary to slow things down with paperwork around founders' shares and equity until the theClassConnection was a sure thing. Klündt recalled:

We had no titles or formal discussions around equity. It was clear that Steve was the money man and had the control, and that I was directing the product. Steve didn't want to get into the process of allocating shares until we knew where things were going to lead. We had an understanding and were comfortable with a handshake deal. Looking back, the topic of founders' shares was cloudy and not well discussed. I think even Steve would admit that we should have set that in stone right away.

However, Wallman was happy to provide the group with funding as was needed, as long as it was justified. Klündt explained:

In terms of fundraising, we had to keep going back to Steve. It was like a game of pinball: he would give us a month or two of funding and then after that I would have to convince him of whatever expense was coming up next. Things were moving in a positive direction and he was getting more and more excited about the business. As long as we didn't hit any major pot holes, the next time I went to the well, if you will, he was pretty generous.

That being said, Klündt sometimes grew frustrated by the slow pace of progress that resulted from this system of piecemeal funding. "We were being held back and starving each piece of the business. We had just enough to meet the bare minimum to succeed. If we didn't hit our milestone, we wouldn't get the next check." The cautious and diligent approach to growth was deliberate on Wallman's part; he wanted the team focused on the most essential tasks (at the lowest cost) to get the site launched. Although Wallman did not play an official operating role at theClassConnection, his involvement stemmed far beyond bank-rolling the project. He was a key early advisor, offering a wealth of experience and business insight as the venture grew.

Building the Pilot Product

Once the team moved into office space, the product began to evolve quickly. It grew larger in scope than anticipated, with new features being added on an almost weekly basis. theClassConnection would now include online study groups and tutoring, plus a course management system including calendaring, messaging, file sharing, and unique study tools such as flash cards. "We just kept throwing things into the bucket," Klündt said. The idea was to replace the course management systems built for the administrator with a website that was "for the student and by the student."

The team also began to discuss a potential business model. At the time, advertising online was a viable option for many start-ups, and Klündt was confident that his site could also support itself in this manner. He knew that it was going to take a long time until the site generated revenue, and even longer before it generated a profit, but he was not concerned. His early focus would be on generating traction. Klündt explained, "We believed if we hit a certain number of users, we could stay afloat. The rule was: get to a million users and the revenue will follow."

A Successful Beta

theClassConnection beta was launched in the fall of 2007 at the 40,000 student campus of UW-Madison. Sargent rejoined the team, having decided to take a year off law school, and helped launch a grassroots marketing campaign. He launched email campaigns and participated in resource fairs and campus events, helping to build theClassConnection's brand identity at the school. Sargent also sought the help of student organizations such as education clubs and Greek organizations to grow the site's user base. One outreach strategy that generated substantial interest and content on the site was the hiring of "note takers." Students in the largest courses were hired for \$100 a semester to post their notes for the class. Lastly, Sargent began contacting professors directly to promote the site. Faculty from various fields started to use the site to disseminate digital flashcard decks and lecture notes. This faculty support helped the user base grow to over 5,000 students in the first semester of operations.⁴ The focus of the next semester would be on expanding to half a dozen Big Ten schools. Note takers would again be used on the

⁴ Ibid.

new campuses to expand theClassConnection's presence in the absence of on-the-ground marketing.

Product Evolution

As it turned out, users were not making use of the site features as expected. Early focus groups had suggested that online study groups and tutoring would be the most popular. Later feedback convinced Klündt and his team to explore building chatting features into the study groups. They were also encouraged to set up an eBay model for tutoring, allowing individuals to set their own price. However, when the product finally launched, users were often bypassing these features. As Klündt reflected, "When it came to study groups or tutoring, students just weren't ready to give up face-to-face contact."

On the other hand, notes and flashcards were proving immensely popular. Without any rewards system to encourage content uploading, StudyBlue began to see substantial organic growth of content in the first semester of beta. Flashcard creation had pockets of instant success. For example, one student from the University of Minnesota created over 3,000 flashcards in one semester. She was not alone; soon hundreds of students had created substantial collections of flashcards for their classes. This organic growth was the first positive affirmation that StudyBlue had indeed created a viable study network.⁵

The Sole Proprietorship

In January of 2008, Yanchar returned to graduate school. (See **Exhibit 3** for evolution of the StudyBlue team.) It was at this time that the start-up became an official LLC. Having contributed \$1 million to the venture thus far (well exceeding his original \$100,000 limit), Wallman became the sole proprietor of theClassConnection. Looking back on it, Klündt recognized the risks to this approach:

We should have formalized at the end of 2006 or early 2007, when we decided that we were going to give this a real go and release a beta. We should have split up the stack then, but we didn't do it. Instead, we spent all of 2007 working for the Wallman Investment Council. When we formed the theClassConnection LLC in 2008 with Steve as sole proprietor, it was risky. We had four or five guys relying on a handshake that if it succeeded they would get a fair cut.

A Wake-Up Call

During a summer 2008 meeting with two of Wisconsin's most successful tech entrepreneurs, Klündt and Wallman received a loud wake-up call. After recounting the evolution of theClassConnection—which by then boasted 25,000 users—they were surprised when the entrepreneurs balked at their approach. One of them turned to Wallman, urging: "Stop taking all the risk. Spread the wealth and spread the risk by obtaining outside funding." He then went on to say:

What are you waiting for? You've already put in a bunch of money and done the beta. If you think it's going to work, you can't keep putting nickels and dimes

⁵ Ibid.

into the slot machine and starving the company. You need to get after this thing. Get the right people on board, fill all of your holes, and get some cash going into this beast.

Klündt and Wallman knew that they did not have the expertise between them to take theClassConnection to the next level. They needed to fill holes in the areas of technology, marketing, and management. To ensure that the site was optimized and stayed abreast of the most current technologies, StudyBlue hired Hicham Bouabdallah, a veteran programmer from the area who had been doing some contract work with Klündt on the side, as its new chief technology officer. Next, the company transitioned part time contractor Eric Wuebben, a local graphics and web designer, to contract full time as creative director. To handle the increased marketing responsibilities of growing the user base, the company named Ben Jedd, a technology sales expert from Madison, Wisconsin, as the new chief communications officer. Jedd would go on to develop a campus representative program that created a direct presence for StudyBlue on major campuses across the U.S. He stressed the vital nature of this program reasoning, “Campus reps speak directly to the students and can relate to our users on a peer level. There is no better technique for targeting student populations.”⁶

Perhaps most important, StudyBlue needed an Internet-savvy CEO to work alongside Klündt and help bring in outside investors. They also needed to formalize the company further, starting with assembling a board of directors. Klündt and Wallman spent the next six months meeting with any Madison-based executive who appeared interested in the CEO role. Ultimately, they were introduced to a former Microsoft executive, Becky Splitt, who had gained significant experience in both start-ups and software before recently moving back to her hometown of Madison. Splitt was in fact just starting her own job search when theClassConnection came across her radar. She met with the team and found immediate ways to contribute. Although at first she was not sold on the CEO role, she agreed to consult for the team for the next few months. Klündt recalled, “It was very obvious that Becky got the space, the clientele, what we needed, and where we needed to go. Steve made it his mission to get her on board.”

Over the next few months, Splitt and the team brainstormed around where the company was headed. At this stage, theClassConnection had solid adoption rates, but there was still no clear business model in place. The team proposed several different directions for the future, including entering the learning management space (LMS) and competing against the BlackBoards of the world, or becoming a note sharing platform, creating a market for students to share their own content. Splitt was quick to turn down the LMS space, advising: “If you try to be an enterprise solution, you’ll be selling into universities with long lead times. Given the need to do pilots to gain credibility, you’re never going to get the cash you need.”⁷ Even in the absence of consensus around the site’s direction or a clear business model, Splitt was convinced that the team was onto something. She agreed to commit to six months as CEO and see what they could accomplish together. She recalled:

⁶ Ibid.

⁷ Interview with StudyBlue CEO Becky Splitt, January 7, 2010. Subsequent quotations are from the author’s interviews unless otherwise noted.

I had a gut feeling that there was something there. This team was going to provide a platform that was more than just sharing lecture notes—which to me was a very thin veneer for a business that would never be sustainable from a large business standpoint. If you could really write software that used adaptive technologies to improve at an individual and group level how people learn and retain information—that made a lot of sense to me.

LAUNCH OF STUDYBLUE

Splitt's first priority as CEO was to put the underpinnings of a business in place. First, the company changed its name to StudyBlue and transitioned from an LLC to a C corp. Next, Splitt began putting together a stock option plan and an offering memorandum in order to raise outside funding. She then turned to building a board of directors. Splitt knew that the team needed a group of seasoned, experienced people around them as advisors. The first director to be brought on was Eric Apfelbach, a seasoned executive and technology entrepreneur with deep networks in the Madison community. Next to join was John D. Wiley, the former chancellor of the University of Wisconsin. Wiley had spent considerable time while chancellor implementing projects that encouraged learning through peers teaching peers and was immediately intrigued by the potential of StudyBlue. Several academic studies had shown that students study better in pairs and groups than they do alone. Wiley was frustrated that students were now "spending their lives online," yet 80 percent still studied alone. He saw a great opportunity to marry a proven learning technique with the new online platform.⁸

The Equity Discussion

One of the most difficult tasks Splitt faced was getting consensus on a stock option plan this late into the life of the business. Wallman had seen a number of company founders fail to receive rewards commensurate to their contributions, so he promised StudyBlue's team a better than average allocation. Looking back, he reflected: "We were making it up as we went along. I figured we would cross that bridge when we got to it." Splitt recalled:

Steve was one of the smartest guys I'd ever met, but he had never created a stock option pool. He had set an expectation with the founding team that they were going to get a lot of skin in the game, that this was their company, and that he was going to take care of them.

Splitt presented her recommendations, which included a four year-vesting clause, for approval by the board and then went to the founding team. Initially believing that they would be excited by their ownership shares, she was blindsided by their reactions:

To me, this was something to celebrate. But upon hearing the news, they were really bummed out. They got what they thought was a relatively small percentage of the company. I don't think they had specific figures in mind, but when they heard the number, it just felt small.

⁸ Ibid.

Splitt spent considerable time discussing the issue with the team over the ensuing weeks. In response, she offered to reward yearly performance with additional options vesting over four years and tried to put the percentages in perspective. Things would only grow more complicated once outside investors joined the conversation.

The First Angel Round

Once the board and equity shares were established, Splitt began fundraising. She hoped that by raising an initial small bridge loan offering from angel investors, StudyBlue could continue to grow its users and generate more data points before a valuation was set and a more significant sum was raised. She set a goal of \$1.2 million for the early round.

StudyBlue's first meeting with a group of local investors attracted considerable attention. In fact, one investor offered to contribute that day. He told Splitt: "I really don't want anything to do with a bridge offering. But if you make this a new round of \$1.2 million and a common stock offering with a \$5 million dollar pre-money valuation, I'm in." Upon floating this option to the rest of the group, Splitt recognized that she was dealing with relatively unsophisticated angels who wanted stock ownership and trusted her to set an appropriate valuation. She also realized that they did not all fully understand the consequences of owning a convertible note versus common stock versus preferred stock, which could have an impact on the employee stock option pool. It took relatively little time to raise the target amount with a \$5 million pre-money valuation. By May 2009, \$1.2 million had been raised and there was still considerable appetite amongst the group. Splitt expanded the round and did a second closing in June at the same valuation, raising a total of \$2.2 million. Although the high valuation looked good to the founding team, as the value of their stock had just gone up on paper, Splitt knew it would impact the feasibility of institutional capital down the road, as well as the option price in the employee pool going forward.

DECISIONS IN THE FALL OF 2009

Business Model Changes

By this time it had become clear that advertising revenue would not come along soon enough to sustain StudyBlue. The company would have to expand much more broadly in order to gain enough market share to generate sufficient advertising revenue, which would take time. In the past, investors might have had the patience for this process, investing on the promise of growing market share and anticipated advertising dollars. Gaining market share had been seen as a competitive deterrent. These days, investors were more gun-shy; many insisted on seeing a proven revenue model with existing users before committing large amounts of funding. Plus, the growth of online advertising had slowed considerably.

The team began to discuss charging users for services in the form of a subscription. In order not to alienate existing users, StudyBlue would have to offer new premium features for subscribing users. The team debated how to price the model, how to market it, and when to turn it on. They felt confident that their most loyal users would not be dismayed at seeing the change, given satisfaction with the product thus far. They were worried, however, about new users at new schools who might dismiss StudyBlue after seeing a price tag on the landing page. That said, if

StudyBlue hoped to raise venture funding down the road, it would have to show a proven and replicable method for generating revenue. Subscription pricing seemed to be the best option, but it also felt fraught with risk.

Where to Focus

By the fall of 2009, StudyBlue had 82,000 users. (See **Exhibit 4** for user growth.) Most were in the college market, although there was a growing contingent of high school students who had discovered the site. Splitt and her team understood the importance of focus and the risks of expanding too quickly to other customer segments; StudyBlue had to deploy its scarce resources efficiently. At the same time, competition was heating up and the company had the opportunity for a first-mover advantage in several additional markets. (See **Exhibit 5** for market size.) If it hoped to raise venture funds, it would be critical that StudyBlue prove its applicability and appeal with different types of users. Understanding that the cost and revenue implications of each market segment would be different, the team debated which to target going forward.

Traditional college students

StudyBlue had considerable momentum in the college market and was quickly spreading across campuses nationwide. Although the one-on-one approach to gaining users was challenging, active college users tended to be evangelists on campus. Given that college students were opinion leaders in the space, they appeared to be an appropriate starting point. However, making the subscription sale in this segment might prove more difficult than gaining early adoption had been.

High School students

This segment was attractive in that the payer was the parent, not the student. Parents had a higher willingness to pay, especially for educational tools. Ten percent of current StudyBlue users were high school students, even with no marketing spend, and there was considerable room to expand in this category. While product changes would be required, these were likely to be relatively minor. One potential concern was how to market to this group. Another was around student privacy: no one at StudyBlue had experience with the governance issues that apply when minors are creating and sharing information online. Although it might not require substantial changes to StudyBlue's existing policies and procedures, it would take time to vet.

For profit and online universities

This market segment was facing increased scrutiny to improve its educational tools and showed considerable interest in StudyBlue. However, this channel would require a different sales model; selling to the enterprise was very different from selling directly to the student. StudyBlue would have to approach the administrator with a bulk product that provided account access to all students. StudyBlue would also have to provide extensive training tools, as well as make significant changes to the product to make it accessible for administrators. Beyond changes to the product and the business, some team members were worried about the backlash from current users if StudyBlue partnered with administrators. Part of StudyBlue's original appeal to students was that it was their platform, on which to generate content, build relationships, and study without oversight. Becky explained, "Students loved feeling that this was their place online to study together. We often said that StudyBlue was 'of the students, by the students, and for the

students,' and we had gone out of our way not to solicit direct participation from professors." If the site targeted the enterprise, it might lose its foothold with its original audience.

Textbook industry

There was a huge opportunity for a B2B partnership with online textbook publishers. As more educational content shifted online, StudyBlue was in an excellent position to capitalize on the trend. This would require a major overhaul to the product, as well as a significant capital infusion. If StudyBlue did not explore this opportunity, there was little doubt that a competitor would do so. One example of what the textbook publishers were pursuing was McGraw-Hill's Connect, a web-based assignment and assessment platform that enriched the student learning experience by integrating textbook material into an easy-to-use web interface.

LOOKING FORWARD

Splitt began speaking with potential investors on the West Coast to explore StudyBlue's options. Although not sold on a VC round, she wanted to at least gauge interest in the StudyBlue concept. The website certainly had reach: it was currently serving students from 2,000 colleges across more than 50 countries around the world. In addition, the market opportunity appeared to be substantial: \$375 million per year (see **Exhibit 5**). However, the company's lack of revenue and increasing costs was unsustainable. At the time, StudyBlue's monthly burn was just shy of \$100,000 and would likely exceed \$150,000 in 2010, as the company further expanded its management team and hired several new developers.

Splitt began to hear the same thing repeated over and over: StudyBlue needed to generate revenue before VC fundraising conversations could get serious. Splitt started to get concerned that even the Madison angels would grow impatient without a proven business model. On the one hand, StudyBlue was still far from hitting its 1 million user goal—there was ample opportunity to grow the user base and establish traction in new schools. On the other hand, time was running out and the competitive landscape was starting to heat up—in fact, several new start-ups were raising large sums of capital (see **Exhibit 6**). After returning from an exploratory trip to Sand Hill Road in Menlo Park, California, Splitt and Klüdt sat down in her office and agreed to give subscription pricing a try. Starting in August 2009, they would begin to charge for access to new product features. Users could choose either a monthly (\$9.99) or annual (\$59.99) subscription. (See **Exhibit 7**.) As she counted down the days until the new site went live, Splitt tried to stay optimistic. She knew the results could make or break StudyBlue.

Exhibit 1 Executive Biographies

Becky Splitt, CEO

Prior to leading StudyBlue, Becky was Director of MSN International at Microsoft in Seattle, Washington, where she worked for seven years. Prior to that, Becky was an early employee at Brite Voice Systems, a pioneer in computer voice technology based in Wichita, Kansas, where she climbed the ranks to become VP of Managed Services and the company executed a successful IPO. Becky has an MBA from Wichita State University and a BA in communications from UW-Madison. She and her husband, Kelly Splitt, have two children.

Chris Klündt, President & Founder


Prior to founding StudyBlue, Chris obtained his BS in Computer Science and Biomedical Engineering from UW-Madison, where he was a Hilldale Fellow. He was also in the Iron Cross Society. Chris wrote all of the initial front end code for StudyBlue, continues to lead the product development and product strategy, and is the voice of college student reason behind all business decisions.

Steve Wallman, Chairman of the Board

Steve is a securities analyst with Wallman Investment Counsel and is the General Partner for Wallman Limited Partnership. He was an early angel of StudyBlue and currently is Chairman of the Board.

Source: Company material.

Exhibit 2 Prototype of theClassConnection


theClassConnection

T
H
E

C
L
A
S
S

C
O
N
N
E
C
T
I
O
N

Welcome to The Class Connection: University of Wisconsin
(Sponsored by The UW Class Coordinating Club)

This is your one stop center for everything you need to make your classes run smoothly and ensure that you aren't at the bottom of the curve.

The Class Connection will allow you to take advantage of the following opportunities that are essential to any college experience and ONLY available at www.TheClassConnection.com


Are you worried about classes with hundreds of students:
Chemistry 103? Com Arts 100? English 100? Biology 101?

Are you worried about specialized and/or advanced classes:
Bacteriology 370? Comp. Sci 354? Mech. Engr. 409? African Languages 451?

It doesn't matter! The following is available for EVERY class.

- **Information:** Get access to all your class information (syllabus, assignments, etc)
- **People:** Meet people from your class
- **Tutoring:** Find a tutor or become one yourself
- **Class Notes:** Post and exchange class notes online
- **Study Groups:** Form or join a study group
- **Class Calendar:** Keep a personalized class calendar with all class details (due dates, test dates, etc)
- **Flashcards:** Make flashcards online and share with others

Best of all --- It's **FREE, EASY** to use, and sponsored by UW's very own Class Coordinating Club



Did someone say 4.0?

■ Home

■ About Us

■ Register

■ Contact Us

■ Tell a Friend

Source: Company material.

Exhibit 3 Evolution of the StudyBlue Team (December 2007 – July 2009)

tCC beta
launched: ↓

SB, Inc C
Corp formed: ↓

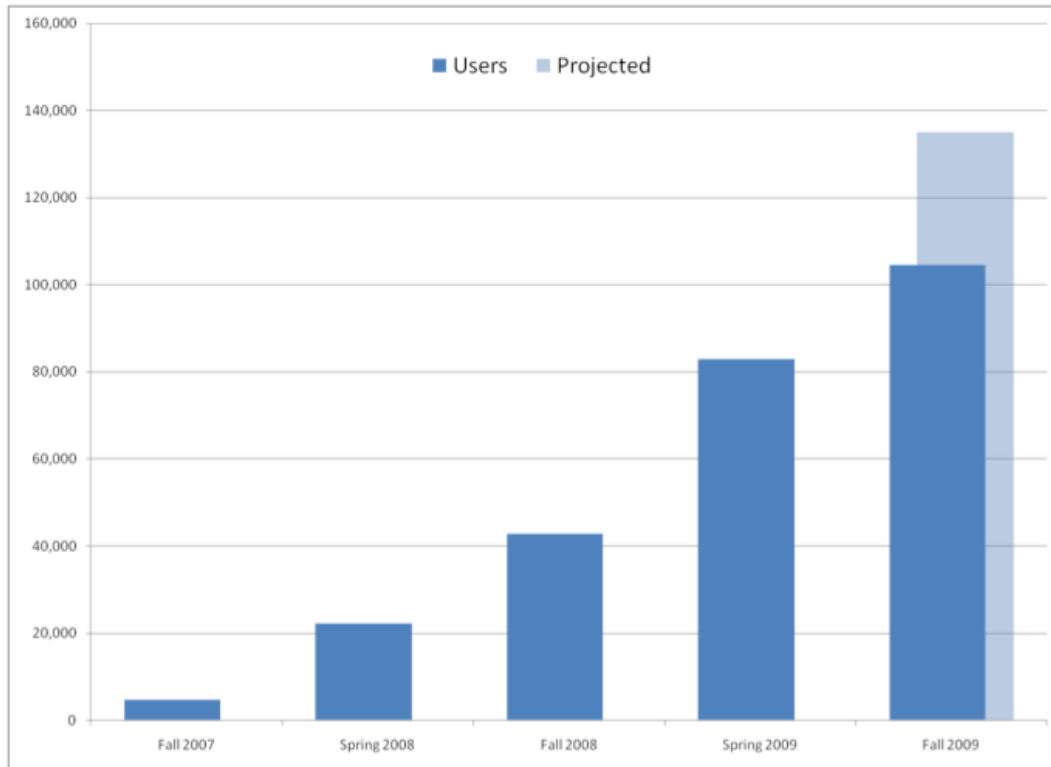
Employee	Function	2007				2008				2009		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2*	Q3		
Chris Klündt	front end dev	F	F	F	F	F	F	F	F	F	F	
Dave Sargent	marketing	F	F	F	F	F	F	F	F	F	F	
Josh Yanchar	back end dev	F contract	F contract	F contract	F contract	F contract	F contract	F contract	F contract	F contract	F contract	
Hicham Bouabdallah	back end dev	P contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	
Eric Wuebben	UI design/contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	P contract	
Ben Jedd	marketing					F	F	F	F	F	F	
Sam Fredland	back end dev					F	F	F	F	F	F	
Kevin Hagel	back end dev					F	F	F	F	F	F	
Becky Splitt	biz mgt/biz dev									contract FT		
Jenny Bradley	analytics							F	F	F	F	
Michelle Pribyl	business admin							P	P	P	P	
Frank LaRosa	back end dev										F	
employees - full time equivalent		2	2	3	3	3	3	4.5	5.5	7		
contract - full time equivalent		2	2	0.5	0.5	0.5	1.5	1.5				
total full time equivalent		4	4	3.5	3.5	3.5	4.5	6	5.5	7	7	

* Began employing contract CFO, consulting on as-needed basis.

Note: P = part time, F = full time

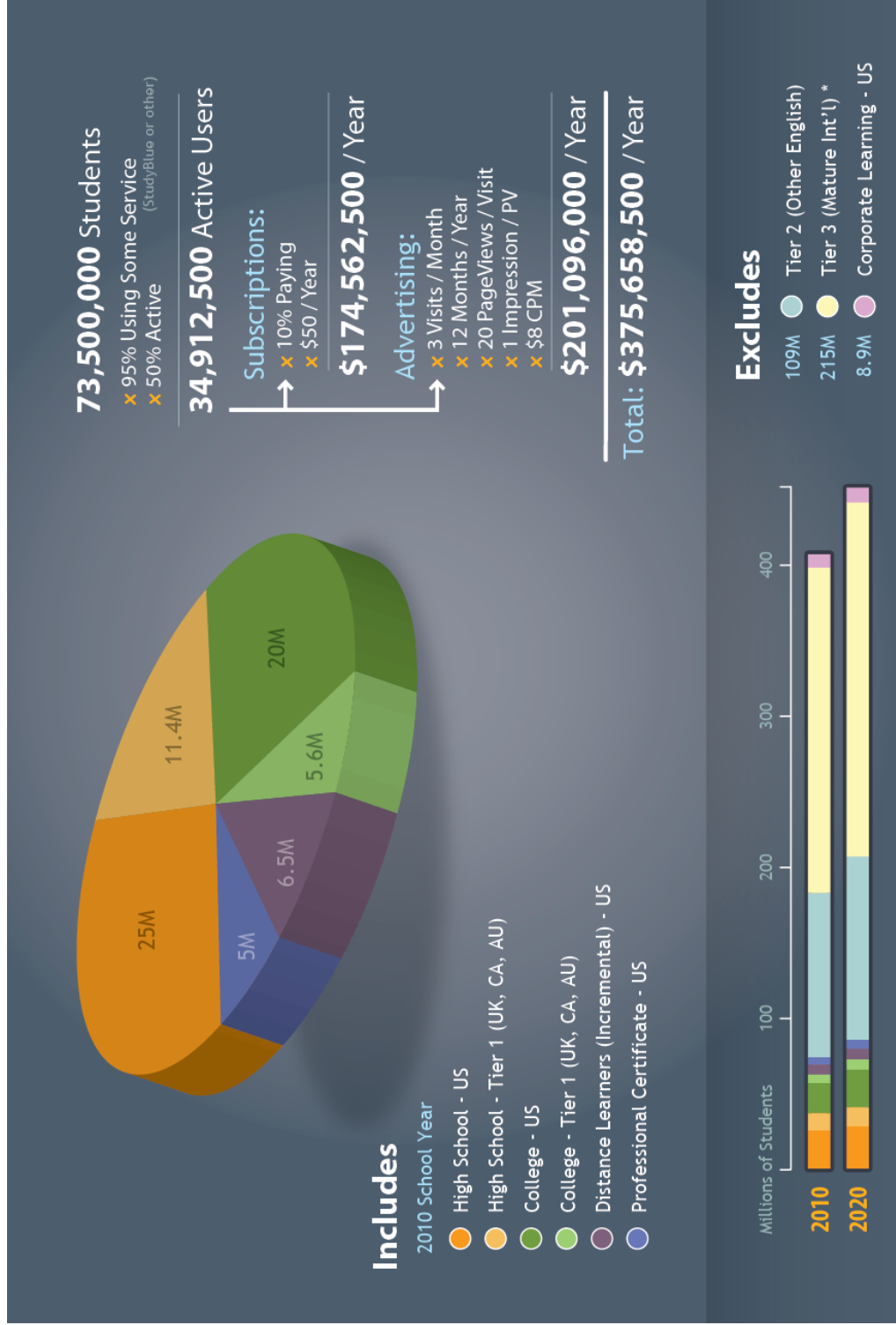
Source: Company material.

Exhibit 4 StudyBlue User Growth (2007-2009)




Source: Company material.

Exhibit 5 Market Potential: 34.9 Active Users, \$375M in Revenue / Year



Source: Company material.

Exhibit 6 StudyBlue's Competition


	Started	Size	Funding	Notes	Flashcards	Textbooks	Collaborate	Sharing	Chunking*
SparkNotes	1999	2M	3.55M Barnes&Noble			●			
Cramster	2003	.5M	3M Private	●		●	●	●	
Quizlet	2005	.5M	N/A Private		●			●	
Course Hero	2006	50-75K	5M VC	●		●	●	●	
Koofers	2007	25-50K	2.5M VC	●			●	●	
Smart.fm 	2007	.5M	20M Private		●		●	●	
Flatworld	2007	25-50k	10M VC			●			
StudyBlue	2007	100k	3M Private	●	●	●	●	●	●

*** Chunking** - Aggregate, organize, share and compare custom study sets.


Source: Company material.

Exhibit 7 StudyBlue Premium Features

Some of the things Premium Service has to offer:

 **Go Mobile!**

Utilize the iPhone & iPod Touch App. Also receive text message reminders.

 **Study Scheduling**

Let us tell you when to study with convenient reminders.

 **Get More Access**

More than searching & viewing. Download, print and study all content.

Let us help you make up your mind:	Free	<div style="background-color: #4CAF50; color: white; padding: 5px; border-radius: 3px; display: inline-block;">Sign Up</div> \$4.99 a day \$9.99 a month \$59.99 a year
Search and view all Notes and Flashcards	✓	✓
Study with flashcards, quizzes, and brain games	with your content	with all public content
Export and print Flashcards	your decks	all public flashcards
Print/Download Notes	your notes	all public notes
Use the iPhone & iPod Touch App	with your content	with all public content
Schedule study routine reminders	-	✓
Merge multiple Flashcard Decks	-	✓
Get personal site support help	-	✓
Eliminate Advertising	-	✓
Create Flashcards with text, audio, or images	✓	✓
Record audio and video Notes	✓	✓
Take Notes Online	✓	✓
Upload/organize multiple Notes at once	✓	✓
Password protect Notes and Flashcards	✓	✓
Connect with classmates automatically	✓	✓
Find/become a tutor for your classes	✓	✓
View textbook outlines	✓	✓

Source: Company material.