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Webvan's IPO could raise \$325 million

By [Dawn Kawamoto](#)

Staff Writer, CNET News.com

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As Webvan rolls down the path toward an IPO this week, market watchers expect the online grocer to generate strong demand and avoid the pitfalls of its competitors.

Webvan, which is expected to price its shares Thursday and begin trading publicly Friday under the ticker symbol "WBVN", has displayed staying power as it embarks on the final leg of its initial public offering and is anticipated to perform well in the market.

Such has not been the case for two of its competitors. NetGrocer pulled its plans for an IPO last fall, citing market conditions, and Peapod's shares are trading about 35 percent below their offering price.

Webvan's initial pricing range is \$11 to \$13 a share, but one portfolio manager predicted demand may push up that range in the next couple of days.

Webvan plans to raise up to \$325 million, based on the high end of its pricing range and the 25 million shares it plans to float. If those numbers hold up through Friday, the young company would start with a market capitalization of \$4.1 billion—nearly a quarter of the value of supermarket giant Safeway.

Webvan, which began delivering groceries in June, posted revenues of \$395,000 for the six months ended June 30, compared with zero a year ago. The company lost \$35.1 million during that period, compared with a loss of \$3.26 million a year ago.

One portfolio manager, who did not want to be named, said Webvan's business model provides a greater opportunity for profits than Peapod and some of the brick-and-mortar chains.

"Webvan has managed to take a low-margin business and go for higher margins by automating its distribution system and taking away the need for a lot of real estate and employees," he said, adding that the company is likely to perform well when public trading begins.

Webvan raised eyebrows last month when it [hired](#) George Shaheen as the company's new CEO, luring him away from his job as chief executive of Andersen Consulting.

Shaheen is set to be paid a base salary of \$500,000 a year and stands to receive up to a 5 percent stake in Webvan.

According to company filings with the Securities and Exchange Commission, Shaheen was granted 1.25 million shares of common stock with the option to buy an additional 15 million shares at an exercise price of \$8 a share.

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Richard Peterson, an IPO analyst with [Securities Data](#), said he would not be surprised to see Webvan rise more than 50 percent above its target price on the first day of trading.

Webvan will be the latest company to contribute to a banner year for Internet IPOs, Peterson said. Of the 373 IPOs this year, 140 have been Net-related.

"It's been a record year for Net IPOs and proceeds," Peterson said. "Net IPOs have raised nearly \$13 billion this year, or \$1 for every \$3 in [total] IPO proceeds."

And although it pulled its IPO plans last year, a NetGrocer representative said the company plans to test the public markets in another 12 to 18 months.

Upcoming offerings

Other companies scheduled to go public this week include online pharmacy [PlanetRx](#), which is seeking to raise roughly \$78 million. The company, which plans to float 6 million shares and currently has a pricing range of \$12 to \$14 a share, sells prescription medicine and beauty items.

Research firm Jupiter Communications plans to raise about \$50 million. The firm is planning to issue 3.13 million shares and has a range of \$15 to \$17 a share.

Financial site PCQuote.com is looking to raise about \$48 million, based on the 4 million shares it plans to sell. The shares currently have a range of \$11 to \$13 a share.

And [BSquare](#), a software and solutions provider for embedded devices, is hoping to raise around \$52 million, based on selling 4 million shares and its pricing range of \$12 to \$14 a share.

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