

P e t e r E i s e n b u r g e r

Website Pros

Web.com

1999 – 2009

Essays. Reviews.

Website Pros / Web.com

Internet company

An overview (1999–2009) by Peter Eisenburger

Web.com (NASDAQ ticker WWWW) was a company founded as Website Pros (WSP; NASDAQ ticker WSPI) in 1999, offering web services and software. As Website Pros it was known for the eWorks! web design service and the NetObjects Fusion webdesign software bought from NetObjects, Inc. in 2001 and sold again in 2009. Services and products were targeted at small and medium-sized businesses.

Website Pros reached profitability in 2006 and 2007 (GAAP, non-GAAP: from 2004 on).¹ The revenue growth that the company reported (from \$23 million in 2004 to \$38 million in 2005, \$52 million in 2006, \$82.5 million in 2007,² and \$122.5 million in 2008³) derived mainly from acquisitions.

The company made its biggest step in its strategy of mergers and acquisitions with the purchase of Web.com in 2007. This merger had high impact on revenue but also on related costs.⁴ However, Motley Fool analyst Rick Aristotle was modestly positive about the merger but sees a possible takeover of the merged companies by even a big player like Yahoo on the horizon.⁵

On June 9, 2008, Website Pros took over the name of the acquired competitor: Web.com,⁶ a process that seemed to be more complicated than thought. The company reported that as of August 2008, the name change had not been “finalized” and the company was “officially

¹ Website Pros Annual Report 2006, pg. 25. URL: <http://files.shareholder.com/downloads/WSPI/88056325x0x109780/A645B4AF-A31C-4F64-89CC-71D71F7CA7B2/Website%20Pros%20Annual%20Report.pdf>
Securities and Exchange Commission, Washington, D.C.: SEC Info - Website Pros Inc - 8-K - For 2/7/07 - EX-99.1. URL: <http://www.secinfo.com/d14D5a.uM16.d.htm>

² Website Pros Reports Fourth Quarter and Full-Year 2007 Financial Results.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=293601>

³ Web.com Reports Fourth Quarter and Full Year 2008 Financial Results.
URL: <http://ir.web.com/releasedetail.cfm?ReleaseID=364546>

⁴ Jacksonville Business Journal: Merger costs drag down earnings for Website Pros.
URL: <http://www.bizjournals.com/jacksonville/stories/2008/02/11/daily16.html>

⁵ Rick Aristotle Munarritz: The Pros Take Over the Web.com. The Motley Fool.
URL: <http://www.fool.com/investing/high-growth/2007/06/28/the-pros-take-over-the-webcom.aspx>

⁶ Website Pros Announces Intention to Change Name to Web.com.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=294927>
Website Pros, Inc. (WWW) Chairman and President to Ring the NASDAQ Stock Market Closing Bell.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=315048>

incorporated in Delaware as Website Pros, Inc.”⁷ On October 30, 2008, the change of name to Web.com could be reported as “effective”.⁸

Under the merged Web.com, the first annual report for 2008 indicated a non-GAAP income of \$21.8 million but a high GAAP loss of \$97 million on a revenue of \$122.5 million.⁹ The company saw the negative GAAP numbers “as a result of a \$103 million goodwill and asset impairment charge resulting from a combination of factors including a change in the Company’s market capitalization”.¹⁰

Company history from 1999 to 2005 (IPO)

Website Pros was founded in 1999 by Darin Brannan. From the foundation until 2004, venture capital partners invested \$65 million into the company,¹¹ including \$10 million from Insight Venture Partners in 2003¹² and \$7 million from Insight and Norwest Venture Partners in 2004.¹³ In 2007, the largest institutional holder was Artis Capital Management, LLC, with a stock share of 6%.¹⁴

As opposed to mere software vendors, at this time around 2010, the company saw its market not in selling web design applications but hiring designers to build websites for customers (“Do-It-For-Me” Web services).

A year after the foundation the first business model – just building websites – was extended by implementing additional functionalities like online promotion and search engine optimization (SEO).¹⁵ The basic business of WSP was selling their online services with a monthly fee for small businesses.

⁷ Yahoo!: August 7, 2008 Form 10-Q for WEBSITE PROS, INC. Quarterly Report.
URL: <http://biz.yahoo.com/e/080807/www10-q.html>

⁸ Yahoo!: Amendments to Articles of Inc. or Bylaws; Change in Fiscal Year, Other Events.
URL: <http://biz.yahoo.com/e/081030/www8-k.html>

⁹ Web.com Reports Fourth Quarter and Full Year 2008 Financial Results.
URL: <http://ir.web.com/releasedetail.cfm?ReleaseID=364546>

¹⁰ Ibid.

¹¹ Investor News Alerts. URL: http://www.investornewsalerts.com/digital_post.html

¹² Website Pros Secures \$10 Million in Funding from Insight Venture Partners.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=175111>

¹³ Website Pros Increases Series A Funding Round to \$17 Million from Insight Venture Partners and Norwest Venture Partner. URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=175110>

¹⁴ Yahoo!: WSPI. Major Holders for WEBSITE PROS, INC. URL: <http://finance.yahoo.com/q/mh?s=WSPI>

¹⁵ The Florida Times Union: Serving the SMB community, one Web site at a time.
URL: http://www.websitepros.com/html/feb_06_2006.html
Website Pros Annual Report 2006, pg. 9. URL:
<http://files.shareholder.com/downloads/WSPI/88056325x0x109780/A645B4AF-A31C-4F64-89CC-71D71F7CA7B2/Website%20Pros%20Annual%20Report.pdf>

In 2001, Website Pros acquired NetObjects Fusion, a web design application, along with other applications and assets from the defunct NetObjects, Inc.¹⁶ Building their projects with NetObjects products, it seemed suitable to WSP to buy the whole technology – if only to not have a competitor who puts his hands on it. License revenue from the retail version of NetObjects Fusion stayed less than a tenth of the total revenue until 2006,¹⁷ and even less after the merger with Web.com in 2007.¹⁸

Website Pros since IPO in 2005

In November 2005, Website Pros went public with Initial Public Offering on NASDAQ (ticker symbol: WSPI), raising \$68 million.¹⁹

With the cash earned by Initial Public Offering, Website Pros expanded their acquisition strategy. The following companies were purchased by WSP between 2005 and 2007:

- LEADS.com, a provider of subscription based online advertising (2005),²⁰
- eBoz, a provider of web marketing (2005),²¹
- 1ShoppingCart.com, which offers an e-commerce-engine (2006),²²
- Renovation Experts.com, a network of contractors for house renovation (2006),²³
- Submitawebsite, Inc., a search engine optimization company (2007).²⁴

All these product lines targeted the small and medium-sized online enterprise market and all acquisitions were allowed to operate with their own brands. Website Pros' strategy was to strengthen the bottom line with other profitable business units and accomplish their own

¹⁶ Securities and Exchange Commission, Washington, D.C.: Netobjects Inc · PRE 14C · For 9/30/01.
URL: <http://www.secinfo.com/dsvNq.4f8q2.htm>

¹⁷ Website Pros Reports Fourth Quarter and Full Year 2006 Financial Results.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=229060>

¹⁸ Website Pros Reports Fourth Quarter and Full-Year 2007 Financial Results.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=293601>

¹⁹ Website Pros Announces Initial Public Offering of Common Stock.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=178484>
Renaissance Capital: IPO Company Profile for Website Pros (WSPI).
URL: <http://www.ipohome.com/common/ipoprofile.asp?ticker=WSPI>

²⁰ Website Pros Acquires LEADS.com and eBoz, Inc..
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=175103>

²¹ Ibid.

²² Website Pros Acquires 1ShoppingCart.com
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=213107>

²³ Website Pros Acquires Renovation Experts.com.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=213109>

²⁴ Website Pros To Acquire Submitawebsite.com.
URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=234377>.

offerings with appropriate single buys. On the other hand the integration of so many acquired companies as well as the achievement of synergy and cost effects can be a complex task.

Merger with Web.com

As its largest deal at that time, Website Pros merged with Atlanta-based Web.com on October 1, 2007.²⁵ Similar to WSP, Web.com offered a variety of web hosting and design services. Looking at the financial details, Website Pros in fact bought Web.com for a total of \$129 million, consisting of \$25 million in cash and the rest in stock.²⁶

As part of the merger, Web.com representatives Jeff Stibel and Gonzalo Troncoso accomplished the board of Website Pros, Vikas Rijsinghani served as the new Chief Technology Officer.²⁷

Web.com too had acquired many smaller companies but struggled to reach profitability and had to face tough declines in revenue (\$103 million in 2004 to \$49 million in 2006) as well as fading cash reserves.²⁸

The old Web.com managed to reduce losses to \$1.822 million in the first quarter through heavy cost cuts, lay-offs and the disposal of their server business - a must-have for the merger with Website Pros.²⁹

A WSP press release declares that a merged company will have “over 234,000 paying subscribers and over \$117 million annualized revenue”.³⁰ At the end of 2006, WSP alone had 74,000 subscribers and an annual revenue of \$52 million.

²⁵ Website Pros Completes Transaction With Web.com.

URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=266631>

²⁶ Website Pros and Web.com Sign Definitive Merger Agreement.

URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=251134>

AP: Website Pros to Buy Web.com.

URL: http://biz.yahoo.com/ap/070627/website_pros_web_com.html

²⁷ Management Team. URL: <http://www.websitepros.com/html/leadership.html>

²⁸ Yahoo! Finance: Web.com Reports Fourth Quarter and Fiscal 2006 Results.

URL: <http://biz.yahoo.com/pz/070313/115326.html>

Yahoo! Finance: WWW. Income Statement for WEB.COM INC.

URL: <http://finance.yahoo.com/q/is?s=WWW&annual>

²⁹ Yahoo! Finance: Summary of WEB.COM, INC.

URL: <http://biz.yahoo.com/e/070510/www10-q.html>

³⁰ Website Pros and Web.com Sign Definitive Merger Agreement.

URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=251134>

Main product lines and NetObjects MatrixBuilder

More than 90% of the revenue of Website Pros were generated from subscription-based services with monthly fees. The basic product line was “eWorks!XL”.³¹ This service offered the building of websites by Website Pros’ designers. A typical customer was charged between \$60 and \$100 a month.³² eWorks!XL could be extended by a service called “Signature”. Both services offered websites based on a wide and steadily updated collection of templates that got customized. Unique solutions were also available.

These services were extended by hosting, web directory submission,³³ search engine optimization, online promoting, pay-per-click-campaigns,³⁴ and visitor tracking as well as e-commerce or local lead generation. For instance, WSP marketed a service called “SmartClicks”, which for an extra fee and depending on industry-type and location, offered guaranteed traffic from major search engines. The SmartClicks service was basically working with Google’s pay-per-click campaign.³⁵

Also, Website Pros partnered with Microsoft to provide Office Live customers an \$80 package for design and hosting services.³⁶

The Website Pros and Web.com services were sold through partner channels and directly over the website. Some add-on services like lead generation could be booked separately over the business units mentioned in the list of the acquired companies.

From the 2001 acquisition, NetObjects Fusion was the only packaged software that WSP had offered. License revenue from direct sales of NetObjects Fusion to end-customers

³¹ CorpAmerica: Business Website Design. URL: http://www.corpamerica.com/Website_Design.html;jsessionid=GTQDpj01xZ91QJJty0lpQ5KnhHcQCvDJYPLTK9fLdGRBMWWF8rMK!745940865!-1477209966

³² Website Pros Annual Report 2006, pg. 2. URL: <http://files.shareholder.com/downloads/WSPI/88056325x0x109780/A645B4AF-A31C-4F64-89CC-71D71F7CA7B2/Website%20Pros%20Annual%20Report.pdf>

³³ IEntry: Microsoft Office Live Teams with Website Pros. URL: <http://www.webpronews.com/blogtalk/2007/06/06/microsoft-office-live-teams-with-website-pros-to-offer-web-design-sem-services>

³⁴ Website Pros Annual Report 2006, pg. 5. Ibid.

³⁵ Website Pros Annual Report 2006, pg. 5. URL: <http://files.shareholder.com/downloads/WSPI/88056325x0x109780/A645B4AF-A31C-4F64-89CC-71D71F7CA7B2/Website%20Pros%20Annual%20Report.pdf>

³⁶ IEntry: Microsoft Office Live Teams with Website Pros. URL: <http://www.webpronews.com/blogtalk/2007/06/06/microsoft-office-live-teams-with-website-pros-to-offer-web-design-sem-services>

CNET: Office Live partners for Web design service.

URL: http://news.com.com/8301-10784_3-9726122-7.html?tag=bl

reached nearly \$3.58 million in 2006³⁷ and went down to nearly \$2.5 million in 2008.³⁸ The latest version before the sale of NetObjects was Release 11 from 2008.

The NetObjects technology was important for WSP / Web.com because the production process of the websites was based on a product called NetObjects MatrixBuilder, once belonging to the assets of NetObjects, Inc.³⁹

NetObjects Builder was an environment that allowed company staff to design customer websites in a flexible, style- and browser-based process. Designers and end-customers could seamlessly integrate additional online services like e-commerce.⁴⁰

The Matrix platform was also marketed by Web.com.⁴¹

In March 2009, Web.com announced that “the Company is evaluating strategic alternatives for the NetObjects Fusion license software as the Company no longer considers the NetObjects Fusion license software product core to its predominantly subscription business model”.⁴² The words “looking for strategic alternatives” usually describe the search for a buyer.

In May 2009, Web.com sold the NetObjects Fusion product line for “approximately \$4.0 million” to a group around former Web.com manager Steve Raubenstine, which re-established the company NetObjects in a privately held form. A smaller part of the amount was transferred instantly, while \$3.0 million remained payable from future revenue from NetObjects Fusion sales until 2013.⁴³

³⁷ Website Pros Reports Fourth Quarter and Full Year 2006 Financial Results.

URL: <http://ir.websitepros.com/releasedetail.cfm?ReleaseID=229060>

³⁸ Web.com Annual Report 2009. URL: <http://ir.web.com/secfiling.cfm?filingID=1144204-09-12695>

³⁹ Creativepro.com: NetObjects Launches NetObjects Matrix, Next-Generation Online Services for Small Business. URL: <http://www.creativepro.com/story/news/10780.html>

NetObjects, Inc.: Learning More About NetObjects Matrix Builder.

URL: <http://www.netobjects.com/products/assets/applets/LearnMore.pdf>

PR Newswire Association LLC: Leading Companies Integrate Small Business Web Services Into NetObjects Matrix Platform. URL:

<http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/06-04-2001/0001506536&EDATE=>

⁴⁰ Website Pros Annual Report 2006, pg. 9. URL:

<http://files.shareholder.com/downloads/WSPI/88056325x0x109780/A645B4AF-A31C-4F64-89CC-71D71F7CA7B2/Website%20Pros%20Annual%20Report.pdf>

Website Pros Annual Report 2007, pgs. 15, 21. UL:

<http://files.shareholder.com/downloads/WSPI/351433097x0x189105/BED273D3-F558-48EF-9A1B-4248CFBE8BEF8/Annual%20Report%20for%20Web.pdf>

⁴¹ Matrix Online Web Authoring. URL: <http://www.websiteprosdesign.com/WebsitePros/Matrix.asp>

NetObjects MatrixBuilder Program. URL: <http://partners.websitepros.com>

⁴² Web.com Annual Report 2009. URL: <http://ir.web.com/secfiling.cfm?filingID=1144204-09-12695>

⁴³ Web.com Quarterly Report for the quarterly period ended June 30, 2009.

URL: <http://ir.web.com/secfiling.cfm?filingID=1144204-09-40519>

Addendum I: History of the name “Web.com”

“Web.com” is a name that was held by several different companies since the 1990s.

Initially the domain name Web.com was used by Redondo Beach, California-based “Web Service Company”, which was a laundry service provider.⁴⁴

Since 1998, Web Internet, LLC, founded in December 1997 and also with headquarters in Redondo Beach, California used the domain web.com as a web directory,⁴⁵ followed by offering hosting, mail and other web services.⁴⁶

Web hosting company Interland acquired Web Internet, LLC, in December 2005, for \$4.8 million, and, out of branding purposes, changed its own name to Web.com in 2006.⁴⁷

In 2007, the new Web.com was acquired by Website Pros, which, since June 9, 2008, holds the name “Web.com”.

Addendum II: Further Fate of Web.com

In October 2018, Web.com was acquired by Siris Capital Group for \$2 billion. In 2021, Web.com merged with Endurance Web Presence and formed a new company called Newfold Digital. At the same time, Endurance had been bought by Clearlake Capital Group.

Further reading

Peter Eisenburger: Samir Arora. Rae Technology. Rae Assist. NetObjects, Inc. NetObjects Fusion. 5 Articles. (PDF)

⁴⁴ Web Service Company Home Page. URL: <http://web.com/>
Smart Laundry Equipment Supplier & Common Area Laundry Room Management Company. Managed Laundry Services. URL: <http://www.weblaundry.com/about.html>

⁴⁵ Web.com. URL: <http://web.com/>

⁴⁶ CNET Networks, Inc.: Web.com Offers the Easiest Domain Names And E-Mail Addresses on the Net for Free - Company Business and Marketing.
URL: http://findarticles.com/p/articles/mi_m0WUB/is_1999_August_16/ai_55465730
What is Web.com? URL: <http://web.com/nm/abo/aboutweb.html>

⁴⁷ Interland to Become Web.com.
URL: <http://www.ecommerceguide.com/news/news/article.php/3574326>
Jupitermedia Corporation: Ecommerceguide.com.
Netcraft: Interland Will Change Its Name to Web.com.
URL: http://news.netcraft.com/archives/2005/12/29/interland_will_change_its_name_to_webcom.html

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