"Another tech bubble could be about to burst" by Rana Foroohar, *Financial Times,* January 27, 2019

https://www.ft.com/content/43d5e972-2098-11e9-b2f7-97e4dbd3580d?accessToken=zwAAAWirVAXIkc9D1elyIJgR6dOy95fk29NYDQ.MEYCIQDeN6zjlA_RJ2eTUDEX0VC9vhwY4RuT_pXoMoEg44NziAIhAL1W36F2-HLcfDrfGYR_nvQQa1UuZmcKVta-IthrcvsI&sharetype=gift?token=630cf789-9ef5-4524-a574-dd578f4c7679

Summary: The coming IPOs of tech Unicorns is starting to look shaky as Uber, Lyft and a host of other large, still-private tech companies such as Slack and Airbnb, are likely to try to go public sooner rather than later. These companies have grown so fat in valuation on private funding that there are considerable questions on whether public markets will be able to sustain their valuations if and when they go public. Just like during the dotcom boom and bust we are at the late stages of a credit cycle, with too much money chasing too little value. The number of new start-ups has proliferated and yet, the number of IPOs has fallen. This is because while technology has made starting a company cheaper, becoming a successful one is now more expensive. Over the past five or so years, there's been a massive growth in the number of venture-capital-backed unicorns. Companies such as Uber, Lyft, Spotify, and Dropbox can lose money hand over fist, and yet still continue to grow in valuation. Indeed, it is all part of the new business dynamic. Low barriers to entry have also resulted in many competitors and a race to spend as much as possible to grab market share. This recent development may be good for some of the VCs who can use the inflated values of unicorns on their books to raise more money and charge more management fees, but it can't be good for economic value overall.

LS Comment: *Venture capital investors are beginning to expect their investments to operate at a profit (eventually). While many of these unicorn companies will go public or be bought, it may be at a significant discount to their stated value at their last financing round. Whenever too much money chases a theme…eventually* ***someone loses.***