

## Analysts fret over new Internet 'bubble'

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Steadily rising levels of venture capital have some tech analysts worried that a second risky Internet bubble has developed.

The Los Angeles Times reported Sunday that some Silicon Valley observers believe speculative capital is once again chasing technically unsound ideas and that another shakeout like the disaster of 2000 could occur.

"The market has capacity for a certain number of successful winners," Mike Hirshland, a general partner with Polaris Venture Partners, told the newspaper. "Whether it's one, two or, if it's really exciting, three, is debatable ... but eight?"

Hirshland was speaking in general of the scores of blog and social-networking sites that have been absorbing significant amounts of investment capital. The Times said such companies racked up \$255 million in the first half of 2006, more than in all of 2005.

Others, however, are not so alarmed and point out that Internet investment is at a much lower rate than in 2000, and there is far greater caution in evaluating initial public offerings in fledgling Internet companies.

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