

# Andreessen says no new high tech bubble

June 2 2011

---



LinkedIn CEO Jeff Weiner (centre) walks to the trading post at the New York Stock Exchange during the initial public offering of the company last month. LinkedIn's share value more than doubled on its first day of trading.

Netscape co-founder turned Silicon Valley venture capitalist Marc Andreessen on Wednesday rejected recent speculation about a new high-tech bubble.

"There's a very large number of people who think there is a bubble, (but) the key characteristic of a bubble is that everybody is convinced there isn't a bubble, which means there isn't a bubble," he said.

"Generally, if everybody is upset, that's a good sign... I hope people will think there is a bubble because it will price it down," he added, during an address at the All Things Digital conference here.

He went on to note that the price-to-earnings ratio of industry giants like Apple, Microsoft, Google and Cisco is exceptionally low, indicating they are undervalued, which would be the opposite of a bubble.

"It is absolutely unprecedented to have companies that are this important... making this much money. These are unbelievably successful companies," said Andreessen, who launched [venture capital firm Andreessen Horowitz](#) last year.

When asked about the recent [initial public offering](#) (IPO) of professional social network LinkedIn, which saw its share value more than double on its first day of trading -- he said it reflected investor interest, not a bubble.

"It's only one company. Number two, it only just went public. Number three, there's very little float. Number four, the public market is starved for growth .. and [LinkedIn](#) is growing very fast," Andreessen said.

He went on to argue that a clutch of companies like the bargain site Groupon and social network Facebook -- expected to eventually launch IPOs of their own -- have a combined price-to-earning ratio less than that of Google.

"Take all the later-stage companies that everybody is talking about... Collectively the entire (theoretical) valuation is less than Google, when [Google](#) has a price-to-earnings ratio of 10," which is low, he said.

(c) 2011 AFP

Citation: Andreessen says no new high tech bubble (2011, June 2) retrieved 6 July 2024 from <https://phys.org/news/2011-06-andreessen-high-tech.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.