Mobile Internet to shine despite dim Facebook IPO

May 31 2012, by Charlotte Raab

Linkedin founder Reid Garrett Hoffman (C) and CEO Jeff Weiner (2nd R) at the ringing of the opening bell of the New York Stock Exchange in 2011 during the initial public offering of the company. offman, an early investor in Facebook who sold some of his stake in the company when it went public, said that he seldom checks his own firm's stock price preferring to focus on building the business.

Silicon Valley stars on Wednesday argued that the mobile-focused Internet startups will shine despite the dim stock market debut by leading social network Facebook.

Facebook, which ended the trading day almost $10 below its Nasdaq debut price of $38 a share, has sparked worry that technology startups are overprice in risky scenario reminiscent of the dot-com bubble burst some 12 years ago.

However, high-profile entrepreneurs and investors taking part in the prestigious annual All Things Digital conference in the Southern California town of Rancho Palos Verdes proved cautiously optimistic.

The leaders of career-oriented online social network LinkedIn, which has seen its stock price double since its initial public offering (IPO) a year ago, in particular stressed that the success of failure of a startup's stock market debut means little to the viability of an enterprise.

"A lot of people can remember what the weather was like on their wedding day, but I don't think it has a lot of bearing on the success or health of the marriage," LinkedIn chief executive Jeff Weiner said during an on-stage chat.

LinkedIn executive chairman Reid Hoffman, an early investor in Facebook who sold some of his stake in the company when it went public, said that he seldom checks his own firm's stock price preferring to focus on building the business.

The fonder of social games powerhouse Zynga, which has seen its young stock price move in tune with Wall Street concerns about Facebook, was adamant that Internet companies today are different from those in the late 1990s.

"I think that the crop of companies that recently went public is awesome companies that have real revenues and profits; real products and services," said founding Zynga chief executive Mark Pincus.

"I'm optimistic about those companies and not really trying to figure out whether the market values them right."

Pincus also invested early in Facebook. His stake in the social networking giant reportedly amounted to about 5.3 million shares when it went public on May 18.

When asked about Facebook, Kleiner Perkins Caufield & Byers partner Mary Meeker noted that Facebook was hit with a "tsunami" when it went public on the Nasdaq exchange.

The renowned Silicon Valley venture capital firm bought into Facebook last year, spending millions of dollars on share claims sold by employees or early investor.

The number of transactions involving stock trading under the symbol "FB" on the opening day was about equal to the average daily total on the New York Stock Exchange, according to Meeker.

"I sympathize," she said, "but it's a great company that will work well over time."

Meeker pointed out that Facebook's stock, which slipped to $28.17 a share in aftermarket trading Wednesday, was still in the IPO price range of $28 to $35 proposed in early May.

She contended that the normal cycle for high-tech company stock is "hype -- disappointment -- realism -- growth."

Even more encouraging, she was convinced of the financial promise of the mobile Internet, currently considered the main weakness of Facebook.

"Monetization for the desktop (computer) took 10 to 15 years; I think (monetizing the mobile Internet) will go at least twice as fast," Meeker said.

"We think that the mobile monetization level in the US could surpass desktop in one to three years."

In New York, James Gorman, head of Morgan Stanley which handled the Facebook IPO, agreed the debut was "disappointing" and laid some of the blame on Nasdaq system trading problems which caused "confusion and bewilderment unprecedented, resulting in a difficult start."

He called for Facebook to be judged by the value of the stock not now, but within a year.

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