

# Snap IPO may lead pack of tech 'unicorns'

March 1 2017, by Sophie Estienne

---



The IPO of Snap, the parent of Snapchat could presage a wave of listings from the sector's so-called "unicorns", such as Uber and Airbnb

After a dearth of technology listings in 2016, Snapchat parent Snap is set for its market debut as early as this week.

The [initial public offering](#) (IPO) if successful could presage a wave of listings from the sector's so-called "unicorns"—those with a valuation of at least \$1 billion based on private funding sources.

Here are some of the likely tech IPO candidates:

## **Uber: estimated valuation \$68 billion**

Ridesharing giant Uber is the heavyweight in the unicorn herd, having already raised billions to fuel its expansion to over 500 cities on multiple continents.

But Uber has downplayed any talk of an immediate IPO, even amid reports of big losses during its expansion phase. While Uber is the largest of the privately financed "sharing economy" startups, it has faced a range of controversies, ranging from problems with regulators to accusations of sexism.

"I feel like we maybe just entered high school. It's the ninth grade. It's not time to go to prom yet," Uber founder and chief executive Travis Kalanick told Vanity Fair recently.

## **Airbnb: \$30 billion**

Airbnb is to homesharing what Uber is to ridesharing, with operations in 191 countries, with a potentially major impact on the global hospitality industry.

While Airbnb has faced some of the same regulatory complaints as Uber, it has made profits as it has expanded. It is moving beyond its core service of lodging to services such as restaurant bookings and plane tickets in an effort to become a one-stop travel service.

CEO Brian Chesky said Airbnb is working to become "IPO-ready," but is not in a hurry to hit Wall Street.

"We're pretty aligned with our investors, they're very happy for us to stay private," Chesky told Wired.

"And we agree that when it's best for the business we're going to do it. So we don't have any intentions to go public in the near-term."

## **Palantir: \$20 billion**

The secretive startup Palantir Technologies whose data-crunching software is used for everything from counterterrorism to hedge-fund investing has done its best to stay out of the spotlight.

But the Silicon Valley firm, whose early investors included a CIA venture fund, has been widely reported to have helped the US military find and capture Osama bin Laden.

The company named after the "seeing stone" in the JRR Tolkien series "Lord of the Rings" counts as clients intelligence agencies from the US and other countries, and others in law enforcement and the financial sector.

One of its founders is Peter Thiel, a prominent tech investor who was among the few big names in the sector to support the candidacy of Donald Trump.

CEO Alex Karp told a Wall Street Journal conference last year that an IPO was a "possibility," and could be a way to help employees profit from some of their equity compensation.

"The people who create the value of production, the workers at Palantir, they need to know that they have liquidity at a fair price and this has raised a lot of questions," Karp said.

"We're now positioning the company so we could go public."

## **Dropbox: up to \$10 billion**

The cloud computing group Dropbox claims to have some 500 million users and growing revenues that could be nearly \$1 billion annually.

Reports of a Dropbox IPO have been circulating for some time, but the lackluster performance of rival Box after its 2015 IPO has raised questions about how Dropbox would be received.

Its latest funding round valued Dropbox at some \$10 billion, but since then some investment companies have marked down the value of their holdings in the software firm.

## **Spotify: \$8.5 billion**

The Swedish-based streaming music giant has long opposed a stock market listing, but thinking has changed since co-founder Martin Lorentzon turned over the top management role to his fellow founder Daniel Ek.

Spotify has some 100 million customers including 40 million with paid subscriptions, well ahead of rivals such as Apple Music with around 20 million paying customers.

The news website TechCrunch reported recently that Spotify had been looking at a 2017 IPO, but was now considering a delay to 2018 with its valuation in question.

## **Vice Media: \$4 billion**

Among the fastest-growing digital media groups, Vice has been able to attract the coveted 18-to-34-year-old demographic for its news websites and video programs.

It has garnered investments from established media groups like Disney and 21st Century Fox as it grows internationally.

Co-founder and CEO Shane Smith has indicated an IPO is likely this year as Vice aims at further growth.

"We're talking to some banks and we're getting ready," he told Variety last year.

"Next year (2017) is going to be a banner year and now is the time to do it."

© 2017 AFP

Citation: Snap IPO may lead pack of tech 'unicorns' (2017, March 1) retrieved 14 May 2024 from <https://phys.org/news/2017-03-snap-ipo-tech-unicorns.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.