

Is there a Unicorn Bubble?

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Source: Fortune Magazine

Today, it seems that everybody is working on a start-up. The word 'unicorn' denotes a start-up company that has been valued at more than \$1 billion while a new buzzword 'decacorn' is now used for companies valued over \$10 billion.

Billionaire entrepreneur Mark Cuban strongly believes that today's start-up bubble is worse than the tech bubble of 2000. According to Cuban,

"In a bubble there is always someone with a 'great' idea pitching an investor the dream of a billion dollar payout with a comparison to an existing success story. In the tech bubble it was Broadcast.com, AOL, Netscape, etc. Today it's, Uber, Twitter, Facebook, etc.

To the investor, it's the hope of a huge payout. But there is one critical difference. Back then the companies the general public was investing in were public companies. They may have been horrible companies, but being public meant that investors had liquidity to sell their stocks.

The bubble today comes from private investors who are investing in apps and small tech companies."

