



### April 2016

It wasn't too long ago that being an investor or employee at a private company referred to as a "unicorn" was a good thing – it meant you were part of something very special – a growing private company valued at \$1 billion or more.

The unicorn that we know from myth was a rare animal, but over the last few years in Silicon Valley there were literally hundreds of them. As it turns out, there was something not quite right about that picture. At a recent tech conference in San Francisco, legendary (but not mythical) venture capitalist John Doerr of Kleiner Perkins said, "Being a unicorn is really an albatross."

The point that John and others are now making is that markets and investors have been taking a hard look at unicorns in recent days and finding that temporary market values notwithstanding there is no substitute for sound financials and long term viability. The question is the financial market equivalent of the old Wendy's ad "Where's the beef?" In today's economy the question being asked of company executives is "Where are the profits?"

In the same vein, my Womble Carlyle colleague [Mark Newberg](#), Director of Impact Strategies, has an article in the Huffington Post, "[I want a horse, not a unicorn](#)." Mark makes the point that investors would be better served to pursue "horses" – companies with a solid, stable business model that are designed to be profitable for the long haul. According to Mark, "A horse is real and tangible and, when it grows up, it can run for a very long time. As opposed to a unicorn, which is basically a figment of the imagination."

I'm with Mark. There are still plenty of great opportunities in today's Silicon Valley economy, but it's time to be paying attention to the essentials.

Back at you next month.

Best, Steve



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