

THE NEW BILLION DOLLAR DYNAMICS OF THE DIGITAL LANDSCAPE

UNICORNS, STARTUPS & GIANTS



ONE BILLION DOLLARS

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SILICON VALLEY

**WhatsApp
\$19B??**

ONE BILLION DOLLARS



A Unicorn is...

a young company that has received a valuation of \$1 billion or more from private investors, public markets, or a corporate acquisition. They are commonly made in markets that are **adjacent** to or completely different from the dominant incumbents but that represent a very large market opportunity for private investors.



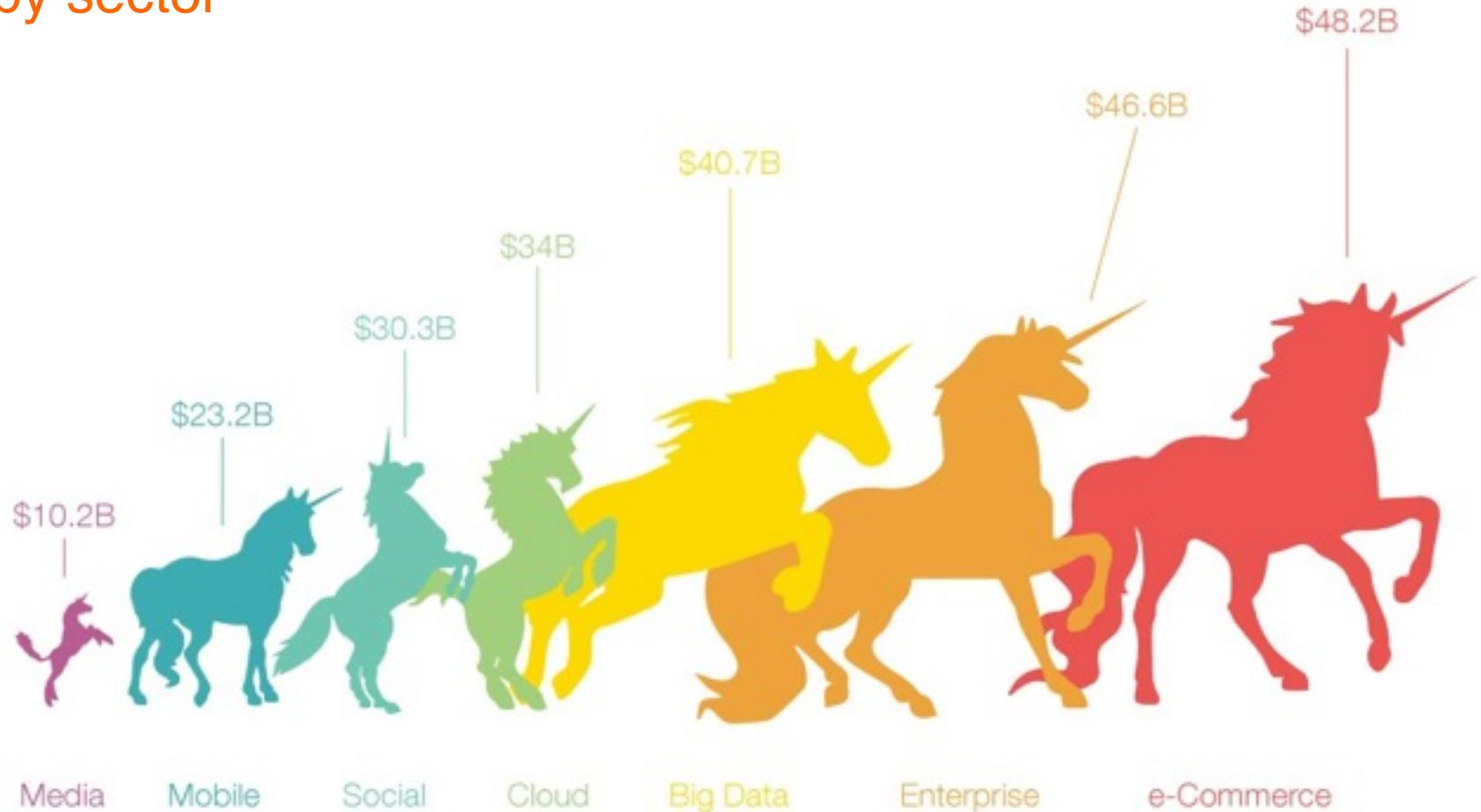
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60 technology Unicorns with a total valuation of over \$230 billion.

*as of April 10, 2014

Valuation of tech Unicorns by sector



*as of April 10, 2014

Key Findings

67%

The increase in the number of billion-dollar startups from 2012 to 2013.

47%

Percentage of Unicorns that are pre-IPO.

\$232B

The total market cap of our 60 Unicorns.

\$36B

Total value of corporate acquisitions.

\$74.5B

Total value of private investments.



Unicorns are not a fad or a bubble. They're a new class of market actor adept at reshaping the competitive landscape.



For comfortable Incumbents, Unicorns move from meaningless to disruptive very quickly.

But for wealthy Giants, Unicorns represent great opportunities.

\$32.5B

The amount of SMS revenues carriers lost to OTT messaging services, in 2013.

\$54B

The amount they are projected to lose in 2016.

\$32.5B

The amount of revenues carriers lost to WhatsApp in 2013.

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The amount of revenues carriers lost to WhatsApp in 2016.

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Now, they do it with private money.



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“More deals were done at \$1 billion-plus valuations in the first half of 2014 than in any other full year on record.” - [WSJ VentureWire](#)

24

Number of companies granted billion-dollar-plus valuations [by private investors](#) in H1 of 2014

6

Number of companies granted billion-dollar-plus valuations [by IPO](#) in H1 of 2014

Everything is clouded by distortion and information asymmetry.

\$10B Snapchat valuation after latest round

\$180M Total private funding for Snapchat

\$0 Total Snapchat revenue



For Giants & Incumbents, what's the price of disruption?

\$19B

Facebook buys WhatsApp

\$3B

Google buys Nest

\$2B

Facebook buys Oculus VR

\$1.5B

VMware buys Airwatch

\$1.0B

Amazon buys Twitch.tv

Q3 2014 Quarter to Date Top 10 US Technology M&A

\$34.7 B restructuring of positions in Digital Economy

Target	Deal	Acquirer
	\$8.3B	
	6.4B	
	5.1B	
	3.5B	
	2.7B	
	2.5B	
	2.4B	
	2B	
	970M	
	890M	

“In the last 15 years the number of public companies in the US has dropped from 8800 to 4200. The public market is collapsing.”

— Marc Andreessen

What does \$1 billion buy?

Strong founding teams.

Intellectual property and talent.

Aggressive growth curves.

Large audiences and valuable networks.

An early position on deep trends and emerging market **adjacencies**.

Adjacencies are opportunities that sit outside of the core business but align with the deeper currents of technology. **They are naturally disruptive.**

Google's acquisition of Nest (smart home).

Facebook's purchase of WhatsApp (messaging).

Amazon's purchase of Twitch (gaming).

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The price of a viable adjacency now starts at \$1B.



if you don't happen to have a few billion\$ lying around

- Corporate accelerators provide a window into what's next
- They push your teams to internalize adjacency as a methodology
- They can also serve to engage you with peers in new ways

Orange Fab



want growth? we've got you covered...

now **joining forces with other major corporations** for more growth and distribution opportunities



ASSOCIATIVE LEARNING MODEL #1: **ORANGE FAB FORCE**, COLLABORATIVE ACCELERATOR PLATFORM, **WIN/WIN/WIN** FOR STARTUPS AND CORPORATES





ASSOCIATIVE LEARNING MODEL #2: **ORANGE INSTITUTE**,
COLLABORATIVE, MULTI-DISCIPLINARY LEARNING
IMMERSIONS IN DIGITAL ECONOMY CREATIVE CAPITALS

Unicorns disrupt, Incumbents consolidate

Disruption and consolidation are two fundamental currents working in parallel.

Together, they shape the technology ecosystem.

(We're tracking and charting this dynamic...)

Key Takeaways:

A shift to private valuations.

Distortion & information asymmetry cloud the planning horizon.

The power – and cost - of viable adjacencies for Giants.
Consolidation as the response for Incumbents.

Accelerators as the offset, and a window on platform economics.

Unicorns are guides to the deeper currents in technology and behavior.

Rules have been rewritten by new authors,
engage with the next wave of platform
companies.



mark plakias

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