

## Business English News 35 – Tech Unicorns

### Discussion Questions:

1. In your view, is it a risk or an opportunity for tech companies to have such large valuations?
2. Do you expect the 'unicorn' trend to continue, or will the 'bubble' burst?
3. Would you consider investing in a 'unicorn'?

### Transcript

Originally named for their **rarity**, technology “**unicorns**” are now as common as cats and dogs. As the number of companies **hitting** the \$1bn valuation **mark** that defines a unicorn **skyrockets**, it's easy for investors to be **giddy with excitement**. But, as City AM points out, these magical creatures may be **too good to be true**:

The so-called “unicorns” are being **targeted** by traders betting their **share prices** will fall. Named because of their **mythical, elusive** status, the number of unicorns **running around** has been enough to **garner speculation** that many of these firms are **overvalued**.

The number of unicorns in **Silicon Valley** has **exploded** over the past 7 years. According to Credit Suisse, there were only 4 unicorns in 2009. That number grew to 124 by July 2015, reaching a total valuation of \$468 billion. This could just be the start though, as the New York Times explains:

An analysis of these unusual companies **prompted** the **venture capitalist** Aileen Lee **to dub** them “unicorns” in 2013 blog post. This new **species** became the perfect **totem** for a tech **boom**, rising to greater heights each month. The unicorn itself was soon **overshadowed** by the \$10 billion 'decacorn' and the \$100 billion 'super unicorn'.

The tech industry hasn't seen this kind of money in 15 years, and it's caused some investors to go back to the **history books** to see the outcome. Given the **extreme** valuations, it's easy to understand why there's concern. From the Guardian:

There are a lot of people in Silicon Valley and New York **betting on** unicorns. Not since the last **dotcom boom** has so much money been **poured into** so many **hyped** companies. As startup **founders** and their investors hope to turn their **paper** unicorn **fortunes** into **cold hard cash**, some of Silicon Valley's most successful investors are warning a **reckoning** is coming.

As is the case with any investment, there's always a **risk-reward tradeoff**. It's acceptable to take a loss if you know that you're about to **hit the jackpot**. Network Land explains:

All the **VCs** want is for a **handful** of them to **pay off** – and pay off big. As for the rest? Well, they can go to unicorn **la-la land**. The **nature** of venture capital and venture investment is that some companies are going to work and some aren't. All it takes is for a couple of them to "**take off**" and they'll **recoup** their investments.

The **billion-dollar question** then is, are we in a **bubble**? Well that depends on who you ask. As Business Insider points out, although the tech sector is seeing development **like never before**, many investors are willing to do anything they can to reach the status of unicorn:

Some argue that we're in one of the most **robust** periods of innovation ever, and that there's **plenty** of room for even more billion-dollar-plus tech giants. Critics argue that we're **in store for** some **dead unicorns** as VCs are too **eager** to make it to that one billion dollar mark and that it has become more of a **status symbol** than a **fair measure** of value.

Boom or bust, these are **eye-popping** numbers that even the most **well-established** companies could only **dream of**. But as the New York Times reports, the fact that some of these companies have such **breathtaking** valuations is a sign that the technology industry is living in a **fantasy world**:

Founders and investors are **disconnected from reality**, **conjuring** numbers **out of thin air**. When the current tech bubble **inevitably** bursts and the illusion is **dispelled**, the unicorn will be revealed as nothing more than a donkey with a cardboard tube **taped** to its **forehead**.

As investors continue their **pursuit** of the unicorn, there are sure to be winners and losers. As the New York Times concludes, **at its core**, the goal is to do something much more than make money:

Silicon Valley's search for unicorns **underscores** that making as much money as possible with computers is something more than a business; it is an **epic** struggle to change the world, where the **victors soar** to **unimaginable heights**, becoming not just successful companies but **legends**.

## Vocabulary

**Rarity:** Something that is valuable because there are few like it; "In many companies, female executives are still a bit of a rarity, but hopefully that will change in the near future."

**Unicorn:** Historically, a fictional or rare animal that resembles a white horse with a single horn protruding from its head; recently it has come to refer to a company (generally tech) with a valuation of \$1 billion dollars.

**To hit a mark:** To be accurate, or reach a goal, objective, or target; "The new Oneplus mobile phones really hit the mark for customers who want a great mid-range smartphone."

**To skyrocket:** To increase or rise at a very fast speed/rate, like a rocket; "Interest in our Android app has skyrocketed since we were featured on the national news last month."

**To be giddy with excitement:** Very happy or excited for something.

**Too good to be true:** So good that it is hard to believe, or seeming very good but not real; "I'm not surprised the offer wasn't accepted, it sounded too good to be true."

**To launch:** To start or set in motion an activity or product; "The government is planning to launch a £1.25 million campaign for companies to move to green energy."

**To be targeted (by):** To be selected or chosen; "After a lot of consideration, we've targeted the 24-30 year male for this new smartwatch."

**Share price:** The price of a single share in a company.

**Mythical:** Magical, untrue, or imaginary; "The benefits of the new sales strategy proved to be mythical."

**Elusive:** Something that is difficult to acquire, find, or obtain; "Dean did everything possible to keep the shop open, but sales were always elusive."

**To run around:** To be very busy or active; "I've been running around the office all morning helping people with the new email system; I'm exhausted!"

**To garner:** To collect, gather, or cause to happen; "Our CEO has spent a lot of time garnering financial support for the construction of our new office tower in Shanghai."

**Speculation:** Investment decisions based on the hope and expectation there will be a profit, but no firm evidence that this will be the case; "Speculation in the real estate market was one of the causes of the financial crisis."

**To be overvalued:** To give too much importance or monetary value to something; "The research clearly shows that the housing market in Europe is significantly overvalued."

**Silicon Valley:** The area in southern San Francisco with a significant number of large technology companies including the headquarters of Facebook, Apple, and Google.

**To explode:** To increase very suddenly; "The demand for English speakers in our company exploded after we merged with an Australian company."

**To prompt:** To cause to act; "News of the change in interest rates prompted the stock market to drop nearly 2%."

**Venture capitalist (VC):** A person or group who provides money for investment purposes, usually for a start-up business.

**To dub:** To give an unofficial name or nickname to (someone or something); "The labor reforms in Italy, dubbed the Jobs Act, will hopefully create more stable jobs for new graduates."

**Species:** A particular group of things or people that have some shared quality.

**Totem:** A natural object or animal that is believed to have spiritual significance.

**Tech boom:** A period of rapid growth, development, or success (opposite: bust); "The energy boom in Canada is finished now that the price of oil is under \$40."

**To overshadow:** To appear more prominent or important than others; "Stefano's competitive nature often overshadows his other qualities."

**History books:** To check or understand what happened in the past; "If we check the history books, we can see that many companies failed because they tried to expand too quickly. We need to be patient."

**Extreme:** Significant or substantial; "The extreme level of unemployment in Finland has led the government to consider giving all citizens a 'guaranteed basic income', which is a fixed amount of money every month."

**To bet on:** To place a wager, usually an amount of money, that something will happen; "You can bet on Apple releasing a new MacBook Pro in the first part of 2016."

**To pour money into (something):** To supply in large amount or quantity; "We've poured thousands of dollars into our children's university education, and now the twins are nearly finished high school!"

**Hyped:** Highly promoted or publicized; "We've spent a lot of time and energy hyping our new products, so I hope will see an increase in market share."

**Founder:** The person who creates, builds, or develops a company or organization.

**Paper fortune:** An individual or company's wealth 'on paper', or non-physical money.

**Cold hard cash:** Physical money as opposed to credit or checks.

**Reckoning:** The time when your actions are judged as good or bad and you are rewarded or punished; "If we're not able to increase our profits soon, the shareholders will have a day of reckoning, and we could all be out of work!"

**Risk-reward tradeoff:** The balance an investor must decide on between the desire for the lowest possible risk for the highest possible returns.

**To hit the jackpot:** To win or receive a big and often unexpected success or reward.

**Handful:** A quantity that fills the hands, a small number or amount; "The HR team will be interviewing a handful of candidates for the sales position this afternoon."

**To pay off:** To see positive effects or success as a result of hard work or effort; "All of David's efforts paid off when he received his MBA."

**La-la-land:** A dreamlike mental state detached from the difficult realities of life; "Jules looked like he's in la-la-land during the entire meeting. Do you think I should talk to him about it?"

**Nature:** The essence, core, or reality; "The nature of the restaurant business requires the owners and managers to work a lot of hours."

**To take off:** To become successful or prosperous; "It may be a year before sales really take off, but I think we've got a great new product."

**To recoup:** To recover, regain, or reacquire; "After a slow summer, we hope to recoup a lot of our sales with a strong holiday season."

**Billion-dollar question:** A question that is difficult to answer; also 'million-dollar question'.

**Bubble:** An economic cycle characterized by rapid expansion followed by a contraction.

**Like never before:** In a way that has never happened or been seen in the past; "Using 3D print technology, we can develop products like never before."

**Robust:** Solid, strong, or fundamentally sound; "Thanks to the changes in the visa application, our tourism industry has seen robust growth in the last 6 months."

**Plenty:** A sufficient, ample, or abundant amount; "After 20 years, I feel that Fabio has plenty of expertise in IT, operations, and HR and would make an excellent GM."

**In store:** Coming in the future or about to happen; "With oil prices so low, Johnny didn't know what was in store for his business and 35 staff."

**Dead unicorns:** Tech unicorns that have failed or lost a significant portion of their valuation.

**(to be) Eager:** Strongly want to do or have something; "Luca is eager to improve his presentation skills, but he's still quite shy when he's in front of large groups."

**Status symbol:** Something that is considered to give someone prestige in society, especially a possession; "The new Tesla is the ultimate status symbol for people who want to protect the environment."

**Fair measure:** An unbiased, accurate, or reasonable assessment of something.

**Eye-popping:** Astonishing or strikingly impressive; "The company has doubled its assets to an eye-popping \$113 billion."

**Well-established:** Well-known, proven, or validated; "It's a well-established fact that global warming could cause irreversible damage to the Earth."

**(could only) dream of:** To wish or hope for something to occur; "I worked hard for the opportunity to work overseas, and this job offer is something I could only dream."

**Breathtaking:** Something that is shocking, surprising, or amazing; "The views from the top of the Great Wall of China are absolutely breathtaking."

**Fantasy world:** Something that exists only in a person's imagination; "You're living in a fantasy world if you think that you can become the CEO within 5 years of graduating from university."

**(to be) disconnected from reality:** Confused, incoherent, or not rationally connected.

**To conjure something out of thin air:** To fabricate, create, or construct something without any proof or evidence.

**Inevitably:** Unavoidable or certain to occur; "We must inevitably make some sacrifices if we are going to save money."

**To dispel:** To prove wrong, incorrect, or untrue; "This report should dispel any hesitations you have about investing in Canada."

**To tape:** To attach with an adhesive tape; "When you decorate the booth at the trade show, just use this Scotch tape to hang up the signs with the company logo."

**Forehead:** The frontal area of the head between the eyes and the hairline.

**Pursuit:** The search, quest, or hunt for a goal or objective; "Zhang's pursuit of a good paying position in his firm caused him too much stress."

**At its core:** The basic, fundamental, or essential truth of something; "At its core, customer experience should be the key value of any company. If the customers aren't happy, they won't give you their money."

**To underscore:** To emphasize, reinforce, or stress an idea or concept; "Her eyes moved around the room as if to underscore the importance of her statement at the end of the presentation."

**Epic:** A very long and difficult task or activity; "The competition for market share between iOS and Android has become an epic battle for both Apple and Google."

**Victor:** The person who wins a competition; "To the victor goes the spoils/rewards."

**To soar:** To rise very quickly and succeed at a high level; "Adele's new album has absolutely soared to the top of every record chart around the world. It's been amazingly successful."

**Unimaginable heights:** Incredibly high level of success.

**Legend:** Extremely famous or well-known, especially in a particular field; "For his success in developing fantastic computers and building and building a technology enterprise, Steve Jobs is absolutely a business legend."

## Language Review

### A. Collocations

Match words from each column to make collocations found in the article.

1. Eye-	A. Fortune	
2. Fair	B. Symbol	
3. Unimaginable	C. To be true	
4. History	D. Popping	
5. Status	E. Cash	
6. Too good	F. Books	
7. Cold hard	G. Heights	
8. Paper	H. Measure	

### B. Vocabulary Quiz

1. "Consumer demand for smart devices has really \_\_\_\_\_ in the past years. It's easier than every to stay connected to the Internet."
  - a. Traded off
  - b. Taken off
  - c. Paid off
  - d. Been on
2. "With all of the \_\_\_\_\_ surrounding the new Star Wars film, it should easily break the record for ticket sales."
  - a. Elusion
  - b. Myth
  - c. Hype
  - d. Epic
3. "That economics lecture was so difficult. My head feels like it's \_\_\_\_\_!"
  - a. Explodes
  - b. Explosion
  - c. Exploded
  - d. Exploding
4. "For the oral component of this computerized test, you may begin speaking after you hear the \_\_\_\_\_."
  - a. Prompt
  - b. Prompting
  - c. Promptly
  - d. Prompted



5. "Everyone is expecting their stock to \_\_\_\_\_, but I don't think their business model will be effective."
- Recoup
  - Garner
  - Skyrocket
  - Dub
6. "The effects of the crisis are still quite severe, and I'm afraid that cutting staff is \_\_\_\_\_."
- Robust
  - Breathtaking
  - Legendary
  - Inevitable
7. "Maybe it's just me, and I'm \_\_\_\_\_ when I say this, but I have a feeling that the board is going to replace the CEO next week."
- Speculate
  - Speculating
  - Speculation
  - Speculative
8. "My mother always told me that if something seems \_\_\_\_\_, then it probably is."
- Hit the jackpot
  - Like never before
  - Too good to be true
  - Giddy with excitement
9. "I worked in sales for about a month, and I was hopeless. It's just not in my \_\_\_\_\_ to push people to spend money."
- Nature
  - Rarity
  - Pursuit
  - Species
10. "Some analysts suggest the technology market \_\_\_\_\_ by as much as 250%!"
- is eager
  - is in store
  - is targeted
  - is overvalued

## **Answers**

### **A. Collocations**

1. Eye-	A. Fortune	<b>1. Eye-Popping</b>
2. Fair	B. Symbol	<b>2. Fair Measure</b>
3. Unimaginable	C. To be true	<b>3. Unimaginable Heights</b>
4. History	D. Popping	<b>4. History Books</b>
5. Status	E. Cash	<b>5. Status Symbol</b>
6. Too good	F. Books	<b>6. Too good to be true</b>
7. Cold hard	G. Heights	<b>7. Cold hard Cash</b>
8. Paper	H. Measure	<b>8. Paper Fortune</b>

### **B. Vocabulary Quiz**

**1/b, 2/c, 3/d, 4/a, 5/c, 6/d, 7/b, 8/c, 9/a, 10/d**