**Economic Challenges and Opportunities of Snap’s business model**

Challenges:

1. Cash flow is not healthy in both the short run and long run. Currently the company is still burning cash and whether its advertisement in the long run is stable enough to pay off investment is doubtful.
2. Internal management does not seem to be supportive and collaborative enough.
3. Competitors are strong in the market, including Facebook and Twitter.

Opportunities:

1. Snapchat has low current ad load (0.6) compared with Facebook and Twitter. It has strong potential to increase ad load and ad revenue.
2. Snapchat has a very competitive customer base below age 25, and can expand to elder categories

**Costs & Benefits of going public. Why snap go public? Is the timing right?**

One direct benefit of going public is raising additional capital to fund research, investment, operation, or retiring bond. Going public is also a chance to increase public awareness of the company and the products to increase customer base. After IPO, both the access and the exit of capital are easier for investors, which will benefit and attract more shareholders and investments. However, the IPO is costly to meet regulatory requirements with a typical spread of 5% to 7% as commission fee. Sometimes the disclosure itself is also not ideal for managers to reveal information to market and competitors.

We believe the timing is right. Snapchat has done five rounds of investment and the valuation is high enough to attract approximated proceeds of $2.1 billion from the offering. Considering all the merits of going public mentioned above, it will benefit both the Snap company and its investors.

**What is the cost of issuing non-voting shares only and who bears it?**