

## Module 2 Initial Public Offering

<i>Learning objective</i>	To introduce students to IPOs and the unique problems associated with valuing rapidly growing high-technology companies.
<i>Topics covered</i>	IPO process; road show; underpricing and hot issues; new industry
<i>Case analysis</i>	Netscape's Initial Public Offering
<i>Case summary</i>	In August 1995, Netscape's board of directors was confronted with a decision about what price to offer the company's shares in its initial public offering (IPO). Preliminary demand for shares was high, but the company had not generated any positive earnings at the time of the offering.
<i>Assignment (Individual)</i>	Please write your views ( <b>opinion article not exceeding 400 words</b> ) on recent Fintech IPOs in light of your readings into Netscape. Your role is either that of academic critique or financial analyst as an author.
<i>Discussion questions (broad)</i>	Why has Netscape been so successful to date? What appears to be its strategy? Does Netscape need to go public to satisfy its capital needs? What sources other than the public equity market could be tapped to satisfy the needs? Is going public always advantageous? Why IPOs are underpriced in your opinion? Should Netscape be concerned about it?  <b>No need to do any calculations.</b>
<i>Submission (pre-session)</i>	Opinion article on assignment question.