

Tech's latest stars have it all - except a path to high profits

Investors often describe the world of business in terms of animals. Right now, mere ponies are being presented as **unicorns**: privately held tech firms worth over \$1bn that are supposedly strong and world-beating — **miraculous** almost.

unicorn 独角兽

miraculous 不可思议的; 奇迹的

There is, however, a problem with the unicorns: their business models.

As we report this week, a dozen unicorns that have **listed**, or are likely to, posted combined losses of \$14bn last year. Their **cumulative** losses are \$47bn. Their services, from **ride-hailing** to office rental, are often deeply discounted in order to **supercharge** revenue growth. The justification for this is the Silicon Valley **doctrine** of “**blitzscaling**” in order to conquer “winner-takes-all” markets — or in plain English, conducting a high-speed land grab in the hope of finding gold.

listed 上市的

cumulative 累积的

ride-hailing 叫车

supercharge 超负荷

doctrine 主义; 信条

blitzscaling 闪电扩张

The big worry is that the unicorns' losses reflect not temporary growing pains but markets which are **contested** and customers who are **promiscuous**. Despite subsidies, ride-sharing customers are not locked in to one firm. No wonder Lyft's shares have fallen by over 20% below their IPO price. Anyone can lease an office and rent out desks, not just WeWork.

contest 比赛; 争论

promiscuous 混乱的; 杂乱的

External forces will make blitzscaling harder, too. Compared with the earlier generation of firms, today a reaction is in full swing, including over digital taxes and data and content laws.

All this is good for consumers. Investors, meanwhile, need to hold their nerve. It is **tempting** to **extrapolate** the triumph of Google and Alibaba to an entire new group of firms.

tempting 吸引人的

extrapolate 外推

The blitzscale philosophy of buying customers at any price is peaking. After the unicorns, a new and more convincing species of startup will have to be engineered.