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There's More Than One Way to be a Unicorn

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4-6 minutes

In startup world, a "unicorn" is a company that's achieved a $1B valuation in public or private markets (thanks to Cowboy Ventures for the definition).

But this definition of unicorn is more favorable to investors, not the people who use the product. Among consumer-facing products, one could also define a unicorn as one of the most heavily-trafficked websites on the Internet - something that's used by millions of people every day. (Or, as Foursquare's Benjy Weinberger put it, *"You know what's cooler than a billion dollars? A billion users."*)

Let's take a look at the top 25 websites in the United States according to Alexa. As of May 2014, they are: Google, Facebook, YouTube, Yahoo, Amazon, Wikipedia, LinkedIn, Ebay, Twitter, Craigslist, Pinterest, Blogger, Instagram, Tumblr, PayPal, Imgur, Wordpress, Reddit, Huffington Post, and Netflix.

(There are only 20 listed here; I limited my list to those that aren't part of an existing corporation, such as CNN or ESPN, but built their web presence themselves.)

It's hard to do a comparative analysis of these companies because the circumstances under which they were founded varies widely. Amazon, for example, which did $74B in revenue last year, had a $54M IPO, but that was 1997.

I'll forego the quantitative analysis by pointing out a couple of qualitative examples of non-traditional unicorns on this list.

Wikipedia is the #6 most heavily-trafficked site in the US but has never received financing. The project was initially funded through Jimmy Wales' other venture, Bomis, a web portal for user-generated webrings. Two years later, he formed the Wikimedia Foundation to house Wikipedia and other related projects. Wikipedia is structured as a nonprofit. It has less than 50 employees.

Craigslist, the #10 site in the US, remained independent for nearly ten years after its founding until 2004, when it sold a 25% company stake to eBay for $13.5M. They have otherwise remained private but profitable, with an estimated $167M in revenue last year and 80% profits. Their main source of revenue are paid job ads. Craigslist has roughly 40 employees.

Imgur, founded in 2009, is the #20 site in the US, but only raised money for the first time last month. Founder Alan Schaaf likes to say that the only money he spent out-of-pocket on the business was $7 to register the domain name. Imgur met with many potential investors over the last five years, but didn't accept any money until they clicked with Andreessen Horowitz. The $40M Series A is intended to help Imgur in its natural evolution from an image-hosting site to a social community. Imgur currently has less than 15 employees.

Reddit, the #22 site in the US, grew with only an initial $100K financing from YCombinator. They sold to Conde Nast in 2006, a year after their founding, but became operationally independent in 2011, now a separate subsidiary of parent company Advance Publications. Reddit is an open source project and is financed mostly through a combination of advertising and reddit gold (paid subscriptions). Reddit CEO Yishan Wong emphasized last year that although they are not yet profitable, it's because they are strict about advertiser quality and not abusing their users' trust. They are focusing on other ways to monetize the site that better leverage the community. Reddit has less than 30 employees.

You're an outlier no matter what

It's not impossible to take an unconventional path as a founder; it just requires a strong commitment to one's beliefs. Buffer cofounder Joel Gascoigne recently wrote a post about how the values Buffer is known for now (such as transparency) didn't come about because they were trying to game their way to success, but because they couldn't have imagined doing things any other way. Yes, the companies I

described are outliers. So are Facebook and Google. Yet somehow the expectation is that the Facebook and Google outliers are more worth emulating than the Wikipedia and Craigslist outliers, perhaps because their stories are more glamorous.

One thing that most people can agree upon is that some of the biggest billion-dollar successes in tech defied contemporary pattern-matching. No matter what anyone says, we don't know whether taking VC money, hiring the top engineers in the Valley, or structuring your company as a for-profit are requirements for success. All you can do is create a company you believe in.