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**Party Like It's 1999?**

By Michael Rosen on June 12, 2015 at 10:27 am

Some observers point to the eye-popping valuations for companies with little revenue (WhatsApp, e.g., bought by Facebook for $19 billion) as indicative of an equity market that is partying like it's 1999, and thus on the verge of imminent collapse.

I suppose that's possible, although I don't think so. But I do think that investors should show a little humility when extrapolating trends, particularly into the future (as Yogi Berra wisely noted), and especially in highly dynamic industries.

The table below, courtesy of Mary Meeker, reminded me of the precariousness of corporate longevity. Most of the largest internet companies of 1995 are gone today. And there is every reason to expect that 20 years from now this list will again be dramatically different than today's.

Investors in many of these 1995 companies lost their entire investments. But think how happy they would be if they had spread their money (equally or cap-weighted, it wouldn't matter) over these top 15 stocks. Even assuming 100% losses in 14 of them, the nearly 20,000% increase in Apple would put smiles on everyone's faces.

So while I don't think these valuations suggest a 1999-like market top, investors in each of these companies should think hard about which ones will even be around in 2035. I just hope I will be.

## Global Public Internet Companies, Ranked by Market Capitalization

As of December, 1995

| | Company | Home Country | Market Cap. ($MM) |
|---|---|---|---|
| 1 | Netscape | USA | $5,415 |
| 2 | Apple | USA | 3,918 |
| 3 | Axel Springer | Germany | 2,317 |
| 4 | RentPath | USA | 1,555 |
| 5 | Web.com | USA | 982 |
| 6 | PSINet | USA | 742 |
| 7 | Netcom On-Line | USA | 399 |
| 8 | IAC / Interactive | USA | 326 |
| 9 | Copart | USA | 325 |
| 10 | Wavo Corporation | USA | 203 |
| 11 | iStar Internet | Canada | 174 |
| 12 | Firefox Communications | USA | 158 |
| 13 | Storage Computer Corp. | USA | 95 |
| 14 | Live Microsystems | USA | 86 |
| 15 | iLive | USA | 57 |
| Total Market Cap of Top 15 | | | $16,752 |

As of May, 2015

| | Company | Home Country | Market Cap. ($MM) |
|---|---|---|---|
| 1 | Apple | USA | $763,567 |
| 2 | Google | USA | 373,437 |
| 3 | Alibaba | China | 232,755 |
| 4 | Facebook | USA | 226,009 |
| 5 | Amazon.com | USA | 199,139 |
| 6 | Tencent | China | 190,110 |
| 7 | eBay | USA | 72,549 |
| 8 | Baidu | China | 71,581 |
| 9 | Priceline Group | USA | 62,645 |
| 10 | Salesforce.com | USA | 49,173 |
| 11 | JD.com | China | 47,711 |
| 12 | Yahoo! | USA | 40,808 |
| 13 | Netflix | USA | 37,700 |
| 14 | LinkedIn | USA | 24,718 |
| 15 | Twitter | USA | 23,965 |
| Total Market Cap of Top 15 | | | $2,415,867 |

@KPCB Source: Morgan Stanley, Capital IQ, Bloomberg.
Note: Market capitalizations are as of May 22, 2015 and December 31, 1995, respectively