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Today the Internet, tomorrow the world, and after that, let's make some profit, this is the reality beyond the dot.com bubble but here in-lies the problem. Can we now ignore all the fuss about the Internet and get on with business as usual? Well, no We have recently seen a time of intense volatility in both the US and European stock markets, particularly in technology stocks, and with strong pressure on Internet companies nearly all of the Internet IPOs last year are currently trading below issue value.

Many Internet companies have finally come under the long-predicted cash pressure as a result of making unending losses, and it is now a toss-up as to who will run out of cash and disappear first. Investors are now looking at the facts and figures. Unlike before when they were living a dream through the press releases of internet companies (B2B and B2C) that were desperate to get to their IPO. Anylysis So the gravy train is bearing down on the buffers. Has the anticipated time of Internet bubble deflation arrived? This is a difficult question to answer.

In the United States, the drop in value of almost all technology stocks, originally fuelled by uncertainty over Microsoft's future, has been dramatic. The leading shares lost most of their value since the end of last February. Internet stocks fared no better (and some considerably worse), with leading stocks well off their highs. In Europe, there are fewer TMT stocks to make direct comparisons, but the better-known Internet stocks have done little to encourage positive investor sentiment, led by the two great disappointments of lastminute.com in the UK and World Online in the Netherlands.

Being as generous as possible, both have been victims of bad advice, with the World Online float hamstrung by revelations of pre-float stock selling by Nina Brink, and the lastminute float price set far too high (at the last minute!) to cash in on an unsuspecting market. Regardless of the cause, however, these stocks and others have shown that Europe is not immune from the problem. In fact, as a younger market in Internet stocks, Europe has a much greater problem bolstering the sapped confidence of a newly unenthusiastic market.

Peak Price Price Now Percentage Fall Lastminute. com 487. 5 58 844%
Kingston Communication 1600. 0 144. 5 1107% The continuing turbulence in technology stocks in general has created severe problems for those companies hoping to come to market, with many IPOs cancelled, including companies that should be and would have been regarded as 'safe', such as AltaVista in the US (a CMGI company). So is it the long-awaited bursting of the bubble? Well, not quite. The bubble bursting was supposed to be like the Wall Street crash, and it's hardly been that; the burst was supposed to sink all the 'crazy' unprofitable Internet companies out there.

Bring over-priced technology companies to their knees though some 'new economy' stocks are still trading on very high P/E ratios a traditional sign that the stock is overvalued investors do though still hold out hope for this sector. The reality is though, after a difficult period of a couple of years, most of the leading tech stocks have not even started recovering The answer is that although there clearly has been a great deal of over-hype in some areas of the market, this is really localised bubbling, and many other areas of the 'new economy' are much less vulnerable.

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In general, b2c companies are now seen as trading in difficult conditions, with fewer companies likely to make a profit in the foreseeable future, and are therefore under more pressure. The b2b market has also been hit. It can at least though claim the possibility of a semblance of foreseeable profits. These companies are more dependant on a smaller number of larger contracts, and while this does not mean that they have the large cash burn due to advertising like the b2c companies it means only a handful of contracts could mean the difference between calling in the receivers or not.

In fact, to look closely at Internet company prospects, you have to look at individual sectors of activity, with whole industries (Aerospace, Automotive, Retail, Pharmaceutical, etc.) getting together to create on-line supply chains from which all can benefit from reduced costs and increased efficiencies. As a result, all b2b supply chain or procurement companies have attracted a lot of attention although they though still have to compete with their more old fashioned counterparts. This has been the first shiver around the world which has questioned the wisdom of gravity-defying Internet stocks; it will not be the last.

What it represents is the setting-up of a few more hurdles for companies wishing to come to market, and the birth of the second-generation of Internet companies - those that have a sustainable business and plan to make a profit. If the first generation was all about gaining customer share and brand recognition, the second generation must be about making real money and building a business that will last longer than next week. There has unquestionably been a movement to throw up any old storefront, float it

and become another dotcom millionaire/billionaire statistic. This stage is now over.

That style of entrepreneurial activity is not over however, and the next stage is for short-term companies to be born with the aim of being bought out by 'traditional' technology or old economy companies, an easier escape route but not as lucrative as a public offer. This stage will live out its life, and then largely disappear. The final stage, a model that those more serious entrepreneurs have always been attempting to create, is the sustainable business model built on or using the Internet, but the move towards the demand for ultimate profitability from investors will only increase over the coming months.

Conclusion Whatever this shakeout should be called - crash, correction, bubble, whatever - it can only be good news in the long term for investors, markets, and ultimately, the companies and individuals involved. It has given us a chance to reflect and realise that the future is important and that we should always base decisions on facts and figures. So, has the hi-tech bubble finally burst? No, the process has started though the remains of the bubble will only be finally washed away when the companies are taken over, start returning a profit or call in the receivers.