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## IPOs

### **Technology IPOs Likely to Rebound in 2017, Deal Lawyers Say**

More technology companies are gearing up to go public in the second half of 2017, after a quiet start to the year, deal attorneys say.

Only nine tech companies have gone public as of July 6, according to a Bloomberg BNA analysis. This is in line with the past two years—18 tech companies started publicly trading in each of 2016 and 2015.

Attorneys based in Silicon Valley told Bloomberg BNA that the number of tech initial public offerings in 2017 likely will surpass that of prior years.

“We have an awful lot of tech IPOs in the queue,” Tad Freese, managing partner at Latham & Watkins LLP in Menlo Park, Calif., told Bloomberg BNA.

“The IPO market continues to remain strong across the board,” Freese said. “For good tech companies going out, there’s a lot of demand.”

Dropbox Inc. is one company that may file for an IPO this year, according to Bloomberg News.

“I wouldn’t be surprised if we got at or above the 18” deals that 2015 and 2016 had, said Richard Kline, a San Francisco-based partner in Goodwin Procter LLP’s Technology Companies and Capital Markets Practice Group.

Tech companies delayed their IPOs because of concerns over market uncertainty after the 2016 U.S. elections, Freese said. “There was a lot of anticipation that post-election, the markets were going to be a lot chop-

pier than they ended up being,” so some companies scrambled to go public at the end of 2016 or chose to wait until the markets stabilized.

Those that issued IPOs this year have had mixed results, Kline told Bloomberg BNA. “The tech IPO market has had some good successes this year and then it’s had some deals that are trading below their IPO price.”

In the broader market, shares of Snap Inc. and Blue Apron Holdings Inc.—two of the highest-profile IPOs in 2017—have fallen well below their debut prices.

**Challenges to Going Public** Companies in the technology sector tend to stay private longer than those in other industries because of the availability of cash from private fundraising, liquidity from secondary sales, and merger and acquisition activity, Tony Jeffries, a partner in the Corporate Practice Group at Wilson Sonsini Goodrich & Rosati in Palo Alto, Calif., told Bloomberg BNA.

Tech companies also are more focused on profitability before they go public, Kline said. The current market wants these companies to be cash-flow positive or to project that they will be within four to six quarters, he said.

Tech IPOs are challenging because the market wants to see stability in gross revenue growth, Brian Cuneo, a partner at Latham & Watkins in Menlo Park, told Bloomberg BNA.

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