

The Horrific Death Of Uber Heralds The Fall Of All Silicon Valley Frat Boy companies

The current nearly unstoppable “chain reaction” type event happening in the once unfathomable business unicorn known as (Obama's) Uber™.

ZEROHEDGE

This slow motion train wreck of what was once *The* unicorn of all unicorns in the current stable seems to be not only imploding – its once argued defense shield worthy of DARPA against any and all criticism seems to not only have been assailed, but appears to be all but destroyed by Uber itself with the latest headline that its head of communications (i.e., PR) Rachel Whetstone has now joined the growing list of high level executives to “dive out the door” of this still moving investment vehicle.

Regardless of the reasons, or innuendos circling about with this latest staff change, one element is undeniable, and it is this:

When a company's head “PR” person quits smack dab in the middle of what can only be recounted as one of the most disastrous yearly beginnings in Uber's short history (i.e., scandals, senior management leaving, CEO melt down caught on video with a driver, and more) and that company just so happens to be the most valuable start-up (e.g. a unicorn said to be worth some \$68 BILLION), while also claiming the title of “disruptor of the disrupters”, and, is a cash burn machine with no concrete date for IPO? It's the equivalent of a harnessed team of (e.g., all of The Valley's) unicorns running smack dab, and full stride – into a concrete abutment. The resulting carnage will be legend.

The last couple of months have been a constant PR battle for the CEO Travis Kalanick (via Axios).

1. Another tale of **sexism and unacceptable workplace behavior** in Silicon Valley company has emerged. This time it's at Uber, according to [an explosive blog post](#) published on Sunday by a former company engineer named Susan Fowler Riggett.
2. Uber's newly-hired VP of engineering [Amit Singhal was asked to, and did, resign](#) on Monday after the company learned from [Recode](#) that he was **accused of sexual harassment** shortly before leaving Google a year ago. [Here's more](#) on the difficult position of former employers in this case.
3. A **video showing Uber CEO Travis Kalanick rudely arguing with a long-time driver** at the end of his ride was published by Bloomberg. "I need leadership help," [Kalanick said in an apology](#) he issued shortly after.
4. Susan Fowler Rigetti, the former Uber engineer who **wrote of discrimination, said she's hired attorneys** after a new law firm began to investigate her claims. Uber confirmed it has hired Perkins Coie, which reports to former A.G. Eric Holder, who's leading the investigation.

5. Uber said on Thursday that [it will finally apply for a DMV permit to test self-driving cars in California](#) after its cars' registrations were revoked in December because it **refused to get the permit.**
6. Charlie Miller, one of the two famous car hackers who joined Uber's Advanced Technology Center in August 2015, [announced he's leaving the company.](#)
7. The [New York Times](#) uncovered a **secret Uber program called Greyball**, through which the company uses software and data to **evade law enforcement in cities.**
8. Keala Lusk, a former Uber engineer, published a blog post detailing [how her female manager mistreated her](#), signaling that the company's problematic culture isn't limited to the men who work there.
9. Ed Baker, [Uber's head of product and growth, resigned.](#) Though the reason is unclear, he was allegedly seen kissing another employee three years ago, which was anonymously communicated to board member Arianna Huffington, [according to Recode.](#)
10. [A report](#) outlines a trip by a **group of Uber employees to a Seoul karaoke-escort bar in 2014**, which included company CEO Travis Kalanick and his girlfriend, Gabi Holzwarth. After arriving, several male employees picked escorts to sit with, and went to sing karaoke. Uncomfortable, a female marketing manager, who was part of the group, left after a couple of minutes, while Holzwarth and Kalanick left after an hour.
11. **California regulators have recommended that Uber be fined \$1.13 million for failing to investigate and/or suspend drivers who are reported by a passenger to be intoxicated.** The state requires ride-hailing companies to have a zero-tolerance policy for driving under the influence of alcohol or drugs.
12. A new report says **Uber used a secret program dubbed "Hell" to track Lyft drivers** to see if they were driving for both ride-hailing services and otherwise stifle competition. Only a small group of Uber employees, including CEO Travis Kalanick, knew about the program, [according to a story in The Information](#), which was based on an anonymous source who was not authorized to speak publicly.

But, Uber, [according to The Wall Street Journal's Unicorn tracking database](#), remains **the most valuable private company in the world.**

All Companies as of April 2017
Select a company to read a full profile.

Company	Latest Valuation ▼	Total Equity Funding	Last Valuation
Uber	\$68.0 billion	\$12.9 billion	June 2016
Xiaomi	\$46.0 billion	\$1.4 billion	December 2014
Didi Chuxing	\$33.0 billion	\$8.6 billion	September 2016
Airbnb	\$31.0 billion	\$3.3 billion	March 2017
Palantir	\$20.0 billion	\$1.9 billion	October 2015
Lufax	\$18.5 billion	\$1.7 billion	December 2015
Meituan-Dianping	\$18.3 billion	\$3.3 billion	January 2016
WeWork	\$17.2 billion	\$300 million	March 2017
SpaceX	\$12.0 billion	\$1.1 billion	January 2015
Flipkart	\$11.6 billion	\$4.4 billion	April 2017
Pinterest	\$11.0 billion	\$1.3 billion	February 2015
Dropbox	\$10.0 billion	\$607 million	January 2014
DJI	\$10.0 billion	\$576 million	September 2016
Stripe	\$9.2 billion	\$460 million	November 2016
Theranos	\$9.0 billion	\$750 million	February 2014
Spotify	\$8.5 billion	\$1.0 billion	April 2015
Zhong An Online	\$8.0 billion	\$934 million	June 2015
Lyft	\$7.5 billion	\$2.6 billion	April 2017
Snapdeal	\$6.5 billion	\$1.7 billion	February 2016

Unicorns everywhere (primarily the ones whose sole goal was for the explicit reason to disrupt, regardless of profitable business metrics, fundamentals, or even laws, get funded, IPO, and cash out, rinse repeat) have hitched their dreams to the likes of Uber ever since it entered the marketplace.

Many held this company up as “the role model” for how to run, how to fight, and how to play by your own rules regardless if those rules may turn out to be in violation of known laws. i.e., “It’s all about disrupting and the Benjamins – screw everything else.” (i.e., AirBnB™ and it’s now legal issues as one example)

That works when it’s all “free money” supplied by an ever complacent Federal Reserve. But when that complacency is over (which now it clearly is) business fundamentals such as cash on hand, cash burn, net profits, management team, business metrics, execution, et cetera which were shunned in the “go-go” period come back with a vengeance.

So much so anything to do with “funding” seems more like being hailed to the executioner’s block rather than being invited to the all night parties which transpired after drooling V.C.’s threw money at their heads.

Suddenly, here’s where “funding round excitement” takes on a whole different connotation.

2016 was supposed to be the “rebirth year” of the IPO. Hint: It wasn’t. 2017 was also supposed to be *the* make up year for all prior sins with the announcement and fanfare of Snapchat™. Again, hint: It’s been anything but an unequivocal disaster in terms of stock price swings from gains to now losses on nearly everyone who’s purchased since the opening quotes, but that’s just my view. If you were one of those who did purchase? You have my condolences.

And, I’m sorry to say, “It appears to be getting worse.” Why? Because it’s (once again) sliding back into “teenager” territory, threatening to even make those early coveted \$17 pre opening bell holders into losers as well. Only time will tell, after all, it’s only been 45 days or so to wipe out nearly all the gains prior. And if there’s any solace in the old adage “Misery loves company?” Cheer up, for I’m betting you’re far from going to be alone in the not so distant future.

If – and I do mean just that, Uber needs to go back to the “funding” rounds (and it’s easy to speculate it will need to with its self verified cash burn woes) with all the exposed dirty laundry, and excess baggage now exposed to the entire investing world and “Valley”, coupled with its extraordinary cash burning metrics and collapse in “growth ” story (i.e., China being just one) where the last funding round (June of 2016) [was made via the Saudi Arabia’s Public Investment Fund](#).

Who’ll want to step in after it’s assumed that this company has now also burned through \$3.5 Million of Saudi dollars – and now needs more?

[Bueller?](#)...

And what will it take to entice? If it’s a “down round?” (insert hair-band ending Europe’s [Final Countdown](#) song here in sympathy)

This is what is now creating the fear and loathing in not only the current V.C. cadre with investments sunk so deep into the remaining unicorns awaiting IPO pastures, any (if not most) returns are appearing to be all but lost. That’s bad enough – but that’s not all.

It’s also manifesting in much the same ways for any of those remaining “Valley” models looking, and still believing, they can just launch another funding round to survive. All I’ll say after looking at the current turmoil growing ever-the-worse by the day with its star unicorn, is this: “Good luck with that.”

In my opinion: They are all teetering on the edge of extinction if (or when) Uber has to do the near unconscionable act and hit the button and launch – a down round.

This I’m quite confident (just like when I stated [most IPO’s were dead already but just didn’t know it](#) a year ago) if it happens will force many in the current “unicorn stable” to tell their current investors: “After careful consideration it seems making a true net profit is once again a business fundamental

which they can no longer circumvent, and will now liquidate in an effort to conserve any (if there is) possible cash or value.” Rather than face the executioner’s V.C.’s newly found funding wrath.

And with that here’s what may be a small window into what future “funding rounds” may look like after the glitz and glamor of the past where “metrics to nowhere” or “who cares about customers, investors, or profits – we’ve got a party to throw!” and more have been the norm, only to be dispatched (as they should) to the trash bin of investing history. To wit:

“Are there any takers to invest in this once in a lifetime opportunity to disrupt _____?” (fill in the blank.)

[“Anyone?”](#)