

Uber Valued at \$18.2 Billion

by Roxana Guidero, J.D. Candidate 2016

Uber, the taxi-like app, was recently valued at \$18.2 billion. [The company](#), only four years old, is worth more than Tiffany, Whole Foods, and Hertz Global Holdings and is almost equal in value to Twitter and LinkedIn, for example. Many were shocked by the high valuation, [calling](#) it “nuts,” “insane,” “[absurd](#),” and an “idiocy.” Some, on the other hand, believe even the \$18.2 billion figure undervalues Uber. Note that Uber’s [previous valuation](#) at \$3.5 billion in 2013 was called “breathtaking.” The company has come a long way in the year since then, with an even more breathtaking valuation this time.

Although Uber [began](#) as a service for professional chauffeurs in Town Cars and S.U.V.s, it reached new heights with UberX, a more affordable taxi-like service where drivers use their own cars. Uber now runs in 128 cities in 37 countries around the world and continues to expand. According to the company, they are doubling revenue every six months. [TechCrunch](#) reported Uber’s revenue last year as \$213 million on more than \$1 billion of bookings (Uber splits profits on bookings 20/80 with each driver). According to [The New York Times](#), “if Uber were to take just half of the taxi market in the United States – and nowhere else – it would generate more than \$1 billion in revenue a year. New investors pouring a lot of money into Uber may also be just what the company needs to shake [competitors](#) like Lyft.

Uber is still facing a lot of regulatory hurdles, however, as taxi drivers are fighting to protect their turf. In many cities across the world, taxi drivers are beginning to form unions to protect against competition from Uber. To overcome such challenges, Uber [hired](#) a top official from New York City’s Taxi and Limousine Commission as its first “head of policy development and community creation.”

There has been some speculation as to whether the company, currently privately held, will choose to go public anytime soon. In 2013, Uber CEO Travis Kalanick, clearly [stated](#): “we have no interest in taking the company public anytime in the near future.” Would Kalanick change his mind in the wake of the recent valuation? Probably not, most agree. Semil Shah, writer and investor, [tweeted](#), for example: “Uber could most certainly go public yesterday – but why would they want to? No incentive. \$100B potential company.”

Uber is likely to continue to grow. From its ease of use, the convenience it offers, and the benefits it creates (such as 20,000 new jobs per month), Uber seems to be a winner all around. And the even bigger winners? The [“smart money”](#) that invested \$1.2 billion into the company before its recent valuation and are now seeing huge returns on their investment, such as Fidelity Investments, BlackRock, Kleiner Perkins Caufield & Byers, Google Ventures, Menlo Ventures, and Summit Partners.