

## What if there isn't another 10x?



"I had the whale dream again."

What if Dropbox is just an awesome file-sharing and backup service but not a universal key/value storage API and native document format?

What if OpenTable is the perfect reservation system but nothing else?

What if Yelp has ratings but can't solve the logistics of food delivery?

What if Facebook can make \$20b/yr in advertising, but since the teens and social media elite have left, it will never make \$200b/yr?

What if Twitter will never 10x its user-base but remains a critical world-wide communication, sharing, and news system for the next decade?\*

In the tech industry we're constantly told that "growth" the prime determinant of the value of a business. Valuations are most often described as a multiple of revenue, with the notion that higher growth rates beget higher multiples. If your growth dips below the level of "rivets rattling out

of the plane," revenue multiples plummet, and you're written off by the press as a has-been ripe for disruption by startups 1/1000th your size but "growing exponentially."<sup>2</sup>

Nevermind that Microsoft created more cash profit in 2015 than Facebook made in revenue. It's only worth 12% more (in Enterprise Value), because maybe Facebook can keep tossing ads at people or invent their own virtual currency, or monetize chat users.\*

"How do we 10x" is a great question<sup>4</sup> when a startup is young. Does it always remain the right question?

At some point it cannot be the right question. No company 10x's forever. Not even Google. They know this, which is why they're now a Berkshire

\* *Editor's Note from 2024:* Written in 2016, we can check my predictions. Indeed, the Dropbox prediction came true, as it continued to be a popular file-sharing and backup service, but none of its other products ever took off. The OpenTable and Yelp predictions proved true. Meta projects \$160B for 2024, with Facebook alone being \$100B of that. So this was half-right: 5x over 8 years, not 10x, but impressive. The Twitter prediction proved true, even before the Elon takeover.

\* All of which they tried, and all of which failed. Their acquisitions of Instagram and WhatsApp were critically important for growth. As of this update in 2024, their efforts in the Metaverse and AI have burned tens of billions of dollars but no substantial results. Which demonstrates yet again just how difficult it is to "10x forever."

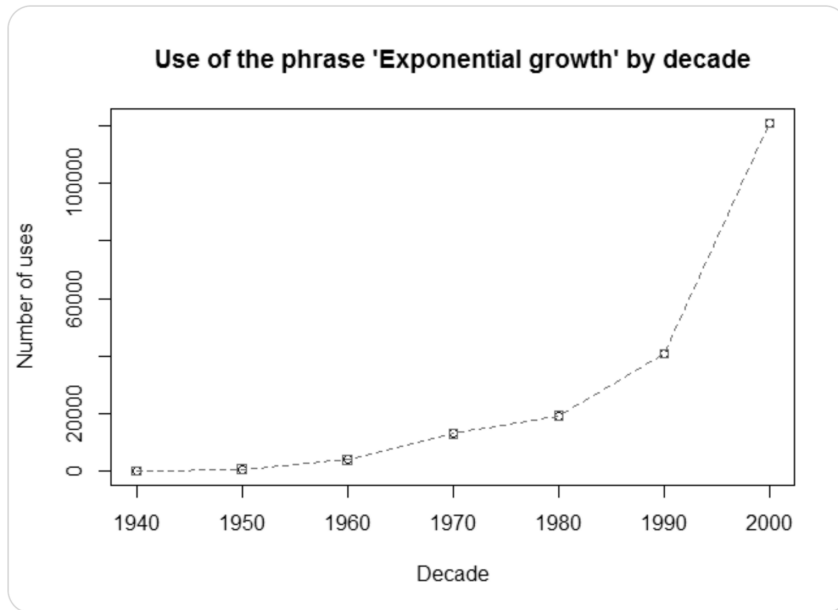


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Use of the phrase 'exponential growth' by decade



12:21 PM · Oct 12, 2015

credit<sup>3</sup>

136

6.5K

5.9K

9



Hathaway-style conglomerate of individual companies which themselves could potentially 10x.

You can't know right now whether you're done 10x'ing,<sup>5</sup> but if indeed that's not a plausible result, how could you be redirecting your attention to other important things, like creating more jobs and better working conditions, to be a catalyst for employee's personal growth, to give back to relevant communities, to use your logistics and technology and infrastructure and cost-savings to do something important with this success you've earned?

At some point, “just ploughing back into a 10x growth objective” is not the optimal strategy for making your so-called “dent in the universe.”

In fact, it is at that moment, when a company is applied to betterment instead of (only) biggerment, that the nature of a company's true dent in the universe<sup>6</sup> is determined.

What will be your legacy?<sup>7</sup>

*Current version of this article:*

<https://longform.asmartbear.com/another-10x/>

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