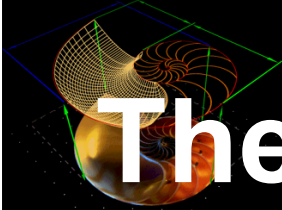


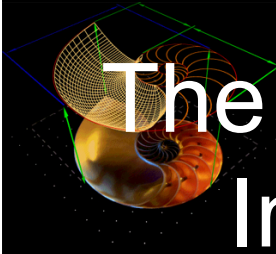
# Some thoughts on Valuation in Technology Setting

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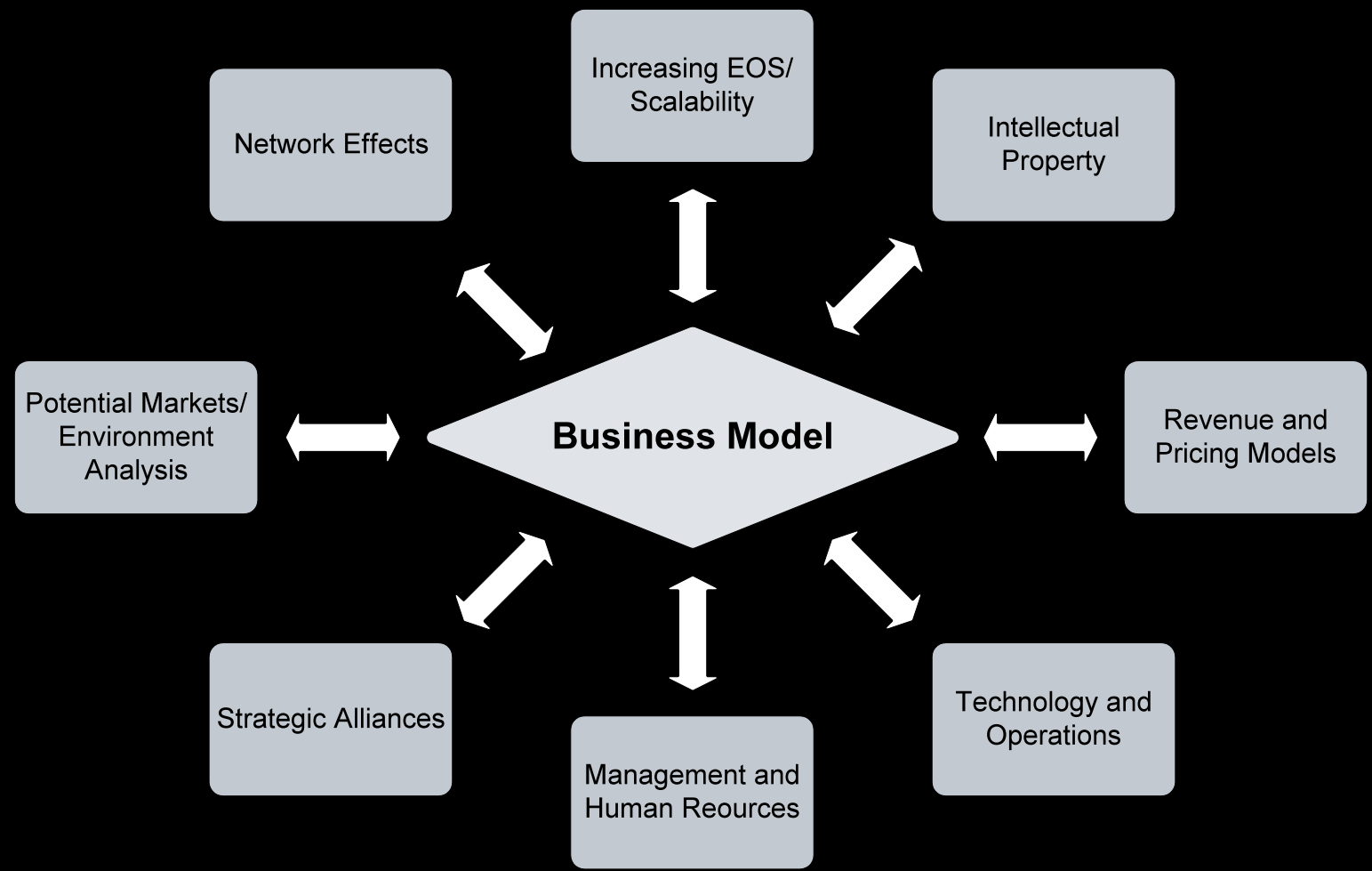


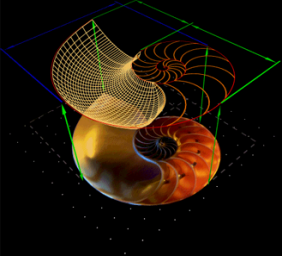
# The Price [of used furniture] is Nothing But a Viewpoint (Arthur Miller, The Price)

- Independent Business
- Intra-Business Unit
- Active or Passive Investor
- Fad of the Day (LT vs. ST)
  
- “.....and if you wouldn't understand the viewpoint, it is impossible to understand the price.” (The Price)



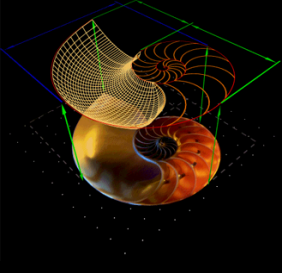
# The Fuerst-Melumad 8- Factor Analysis: In Search of an “Unfair Advantage”





# Valuation Methods

- It is ALL about viewpoint/ assumptions
- Plain and Adjusted Comparables/ Multiples
- Earnings –driven Models
  - Discounted Free Cash Flow (DCF/FCF)
  - Discounted Adjusted Residual Income (ARI)
- Simulations and Real Options
- The Elephant in the room: Non Linear Growth and Change Patterns



## Some Behavioral Issues

- A “good company” need not be a good investment
- An Innovative company need not be a good investment
- Wealth created need not mean wealth to investors
- Information Cascades
- Optimism in Estimating Probabilities of events