BerkeleyLaw
UNIVERSITY OF CALIFORNIA
Berkeley Center for Law,
Business and the Economy

University of California, Berkeley
School of Law
2850 Telegraph Ave, Suite 500
Berkeley, CA 94705-7220

Ph: 510.642.0532 – Fax: 510.643.7095
E-mail: BCLBE@law.berkeley.edu
http://www.law.berkeley.edu/bclbe.htm

Lyft to Go Public in 2018

By Christina Desy, LL.M Candidate 2018 | October 27, 2017

On October 19, 2017, Lyft announced that it has managed to secure a $1 billion investment from CapitalG, a growth investment arm of Google's parent company, Alphabet. This latest round of funding is expected to help the San Francisco based company prepare for its IPO in 2018.

Before the investment was made, Reuters reported that Lyft was already close to hiring an IPO advisory firm to concretize its step of becoming publicly listed. The New York Times reported that the company has also had discussions with investment banks about becoming a public company, but hasn't decided which bank will lead the IPO.

As the second largest ride service company in the United States, Lyft's IPO could benefit a broad and diverse group of investors. Before CapitalG's investment came into play, Lyft had already raised more than $2.6 billion since its founding. Such investments came from numerous venture and corporate investors, including General Motors, Alibaba, and a Saudi Prince, Alwaleed Bin Talal.

Earlier this year, Uber had already expressed its intention on going public as well. Dara Khosrowshahi, Uber's new CEO, set a tentative timeline for Uber's IPO. The IPO is projected to take 18 to 36 months from when Khosrowshahi stated the new timeline last August. In the meantime, the CEO aims to focus more on recovering Uber's image from a range of scandals, as well as its $3 billion loss last year.

Since Lyft does not have to deal with those sorts of issues, it may find it simpler to list sooner than its larger competitor, Uber. Nonetheless, whichever company has its IPO first will set a benchmark for the valuation of a ride-hailing company and test the belief of many auto industry insiders that individual auto ownership will wane as people will sell their cars and rely on ride share services.