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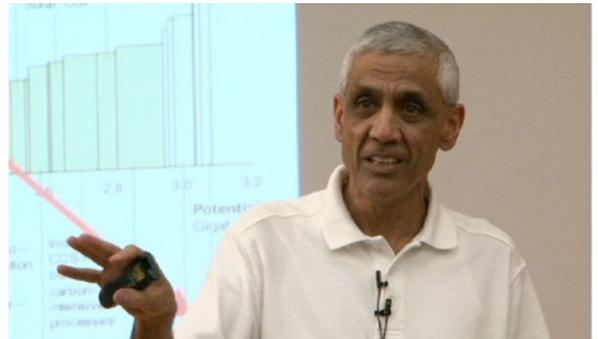
Stock Prices Are Irrelevant

Vinod Khosla, *Khosla Ventures*

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Video URL: <http://ecorner.stanford.edu/videos/2084/Stock-Prices-Are-Irrelevant>

The market is an unimportant, artificial system, says Vinod Khosla, founder of Khosla Ventures, and he encourages entrepreneurs and thinkers to stop paying attention to its crests and troughs. Though the Dow may be down, what's far more important is the flow of user demand, which historically, says Khosla, always remains constant, and is a far greater indicator of long-term success.



Transcript

The other side of this, people sort of say, "Hey, what about stock bubbles and all this?" I want to give you an important message. This was the dot.com bubble in 2000. This is what Morgan Stanley High-Technology Index. But again, I want to tell you stock prices and bubbles are irrelevant. Why do I say they were irrelevant in the dot.com world? Because what's not - you know, stock prices in Wall Street are this artificial thing people trade on. They're not important. Please stop paying attention to them. That's the actual usage of the internet. There was no bubble. It didn't slow down.

Why does this sort of fluctuation in stock prices matter? What really matters are what people are doing day-to-day, and that's internet traffic. It never slowed down. There was no bubble. Stock price bubbles happen the whole time. The first one happened in 1930's. When you could get permission to build a railroad between two cities in England, you can offer scripts on the market, a modern day equivalent of going public. And of course there was a stock price bubble. You see that right there. And then stock prices collapsed. But through this period, rail building didn't stop and we didn't stop using railways.

We saw bubbles in broadcasting. We saw them in the internet. We'll see it in every area. But what's important is that we look at the reality behind it, not at artificial things like stock prices. That's why, personally, I never pay attention to stock prices. If you do the right thing, build the right business, something that people want to use, the rest will take care of itself.