

Twitter flying high

Earlier this month, the social media site Twitter was floated on the New York Stock Exchange. On the first day of trading, the share price instantly soared. Shares were initially offered at \$26 each, but as they went on sale the share price shot up to around \$45. The company at the end of that first day was valued at \$30 billion.

Twitter founder and director Evan Williams became a paper billionaire; other directors became millionaires instantly. This IPO (Initial public offering) was hugely different to the last big flotation of a technology company – Facebook. On that day last year, the share price only rose slightly.

Twitter was created in 2006. It has come a long way since Jack Dorsey sent the first tweet: “Just setting up my twttr”. There are now over 230 million active users of Twitter. An incredible 500 million tweets are sent every day. While a tweet still only contains 140 characters, users can now attach links to websites and videos.

Opinions on the significance Twitter are split. For many, it has become an essential ‘social barometer’ of what’s happening right now. Others view it as a complete waste of time, with users clogging the ‘Twitterverse’ with such mundane tweets as “I’m making a pizza”. Whatever your view, ‘tweets’ are rarely out of the news: the latest celebrity tweets; angry tweets; libellous tweets.

One amazing paradox is the fact that Twitter does not yet make a profit. There is a lot of speculation going on as to how exactly the company will generate revenue. It is expected that it will increase sales through advertising, like Google – but just how many adverts will users tolerate?

This IPO is expected to start a new wave of flotations. However, speculators and financial analysts who remember the dot.com bubble bursting continue to ask the question: do technology companies have any real worth and value?

Questions you may ask your students:

Do you use Twitter? If so, why? If not, why not?
If you use Twitter, who do you follow?
Would you invest in tech shares? Why / why not?

Useful sites for you and your students to explore:

<http://en.wikipedia.org/wiki/Twitter>
<http://www.bbc.co.uk/news/business-24851054>
<http://www.bbc.co.uk/news/technology-24802766>