

Dear All

Big Tech is a hot topic right now. There is no much debate about regulating Google, Facebook, Twitter, Amazon etc. At the heart of the debate is issues of privacy, issues of not doing enough to guard citizens vs fake news and profiting from it by turning a blind eye.

Two things boiled over last week.

One was a David vs Goliath on wall street and the second will follow after this narrative.

1. GameStop is a Texas based chain of computer stores. It started the year at a share price of \$ 19. By January 26, its share price had moved 1700 % to be \$ 347.
2. This was a David vs Goliath, 5 million members of wall street bets were taking on the fat cats – the big hedge funds.
3. Hedge funds use their muscle and fake news or negative news to short a stock. They short sell a stock in the hope that it will collapse and they make money because they got the prediction right.
4. This time their tactic misfired badly. The more the hedge funds shorted the GameStop stocks, the more retail investors bought GameStop, forcing hedge funds to buy back GameStop stock at higher prices. And also, to go liquid quickly in this stretch.
5. Hedge funds lost \$ 6 billion so far in three weeks. A lot of people blame the 2008 global financial crisis on the hedge funds.
6. What will hedge funds do? They have to sell other stocks in order to go liquid and meet their obligations.
7. The point is that the retail investor is far better-informed today, the retail investors were pulling out hourly bulletins on what needs to be done vs the hedge funds. The digital Robinhood base was 500,000 in 2014, today the same base is 13 million. The might of wall street is falling to technology and the common man.
8. This case has brought out a fresh challenge – what's the role of the regulator? The wall street folks have stopped retail investors from trading in GameStop but haven't stopped the hedge funds. This will play out soon.
9. Do read about GameStop, hedge Funds and Robinhood, a fascinating story, and it's still on ..

Now for the reverse , a goliath vs David, again in tech.

10. Last week apple and Facebook declared their quarterly results. Apple revenue was \$ 111 billion for the last quarter and Facebook revenue was \$ 28 billion for the same quarter. At this rate Apple will cross \$ 400 Billion next year, a simply phenomenal feat and it will go well past the \$ 2 Trillion market cap consistently.
11. Apple has consistently maintained that its user privacy comes first and they have never handed over the password of an apple phone when the police asked for that in America.
12. Apple did something unique last week. Apple decided to go after Facebook. Apple is now coming up with IDFA – Identifier for Advertisers, making it an explicit opt in for the next iOS software upgrade. This means that it will put an end to ad effectiveness and device tracking without the permission of the user. This means that for Google and Facebook, unless large numbers of consumers opt in, they can no longer target ads for you based on your unique interest, hobbies etc. If 10 % of consumers do not opt in, that's a loss of \$ 25 billion in the next 12 months to Google and Facebook.
13. So, the issue is, are you comfortable with a closed eco system that Apple will run and you are happy getting. Some personalized messages for giving up your privacy.

14. I believe the Big Tech players have got this on themselves, the recent Facebook,-what's app changes were a trigger.

I predict that Big Tech will be regulated, what Apple is doing is self- regulation which is good.

Feedback welcome

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