

Google vs.... Everybody? Analyzing the Potential Threats

Dan Rohinton, Vice-President, Portfolio Manager, Global Dividend

DISCLAIMER: The portfolios managed by iAGAM do have holdings of the company type discussed below.

Google has built over the past three decades one of the most dominant business models of all time. At the core of this dominance was the 90%+ market share in core search across the open internet. But times are changing...so let's put our risk management hats on and dive in!

Threat #1 – Meta Platforms: As an equal participant in the digital advertising duopoly, we have historically seen both Google and Meta compete with each other for dominance. As a “top-of-funnel” platform Google dominates the general inquires while Meta is broadly viewed as “down-funnel” originator of advertising leads. The holy grail for both companies has always been to “close the loop” on advertising spending to directly link initial impression with the final purchase decision. The advent of AI enabled capabilities adds more fuel to this race between both companies as new technological tools allow both companies to directly target each others market positions.

Threat #2 – Walled Gardens: It's been a gradual process, but we have moved away from the open internet to series of fenced in data ecosystems. Take for example in retail, as more market share has shifted towards Amazon and Walmart. These two companies make no effort to share their proprietary data to Google or any other player which is happening across the internet, one vertical at a time. The value of generalized search which Google has mastered is progressively losing value as more of the open internet is being gated by each successful retailer, audio platform, video platform and online travel agency. I expect this trend to continue slowly but surely as the internet matures. China has already seen this risk come to its logical conclusion as Tencent and Alibaba have impaired the Baidu (The Google of China) business model.

Threat #3 – Regulations: Regulators have finally taken note of Googles search dominance and have begun a concerted campaign to force modification changes. Its ironic that the lawsuits coming from regulators are being filed almost a decade or more after these competitive dynamics have stabilized. As with most other actions on the regulatory side I expect these to ebb and flow with the political environment and take years of court debates to finally be settled. However, the direction of travel is clear, regulations are a headwind for Google, that will slow down the culture of learning through risk taking.

There is every reason to believe given its incumbency, scale, and technological expertise that a brighter future is ahead for Google. In fact, the astute purchases of Youtube, DoubleClick and especially Android have proven that Google at its best can look around the corner years before its competition to grow its dominance. The next generational shift in technology is upon us, the picture is becoming clearer, it's now time for Google to prove itself once again.

Good luck Google, we're cheering for you.

Have a great weekend!

We're All Living Like Royalty: The Power of Scale

Dan Rohinton, Vice-President, Portfolio Manager, Global Dividend

DISCLAIMER: The portfolios managed by iAGAM do have holdings of the company type discussed below.

Living in the era of social media, it is common for most CEOs and leaders to actively engage and share their lives in a public setting. So, when Facebook CEO Mark Zuckerberg recently posted about his visit to West Coast Customs (from the 90s show hosted by Xzibit, 'Pimp My Ride') to transform his Porsche SUV into a minivan, he inadvertently highlighted a point that warrants further attention: the convergence of living standards driven by technology.

The world has converged in unprecedented ways over the past few decades, even if it might not always feel that way.

Zuckerburg, with a worth of \$205 billion, certainly leads a life that we can all agree is charmed and plentiful. Yet, many elements of his day to day are inherently familiar: a mass-produced car or minivan, a mass-produced smartphone, mass-produced TVs, Netflix, and Spotify.

Take the smartphone as an example. The difference between the highest specification Apple phone and the lowest is a mere \$300, with the entry-level model priced around \$800. Smartphone ownership is also widespread, with billions of devices active around the world. Even as the head of a giant technology firm he is stuck with the same phones we use and the same app ecosystem.

Consider cars. Even the luxury SUV featured in Zuckerberg's post is mass-produced. There are only ~300,000 versions of this Porsche (thanks ChatGPT!), making it a high luxury product. However, it is worth noting that Porsche and its former parent company Volkswagen have significantly interwoven supply chains. Porsche shares approximately 70% of the same parts as the equivalent mass-produced Volkswagen SUV. All I see in the photo is an expensive Volkswagen.

As we're living in an era defined by scaled technology solutions, more of our lives will be shaped by the decisions made by not just ourselves but hundreds of millions of users worldwide. Each of us, through our purchases is voting for the types of features in cars, phones, TVs, and entertainment services. Surprisingly, even some of the richest people throughout human history, with seemingly unlimited wealth, are only able to add a few bells and whistles to an overpriced Volkswagen.

Our ancestors couldn't have even fathomed the world we inhabit today and the news from here on out is only better. The future is likely heading towards the convergence of lifestyles, the democratization of technology, and a world where we are all living like royalty. A testament to human ingenuity.

Have a great Thanksgiving weekend!

US Presidential Election: The Medium Is The Message

Dan Rohinton, Vice-President, Portfolio Manager, Global Dividend

DISCLAIMER: The portfolios managed by iAGAM do have holdings of the company type discussed below.

As we enter the final stretch of the US presidential election one of the most peculiar betting markets that has caught fire recently has been: "What are the odds Kamala Harris or Donald Trump will go on Joe Rogan's podcast"...how weird? or is it?

One of the underappreciated parts of the last century of US elections has been the evolving role of the media especially at critical pivot points in technological history. I believe we are living this one of these rare moments in this 2024 election cycle. It's important to look back at other famous pivot points to appreciate how important the medium of communication has been a contributing factor in tipping the balance in favor of one candidate.

Radio: In the golden age of radio Franklin D. Roosevelt (Dem) won a sweeping landslide victory over Herbert Hoover by becoming a regular feature on the radio including direct addresses to the US population through his "Fireside Chats" before and during his presidential term. Back then 40% of households owned a radio making it possible to reach millions when the next best option was to catch the train.

TV: As radio gave way to television a new generation of politicians took advantage of the richer medium to approach voters in a whole new way. In 1952, Dwight D Eisenhower (Rep) also won a sweeping landslide in part by effectively leveraging the TV format. He in a similar flavor as Roosevelt would host "Eisenhower Answers America" to build a direct relationship with the US electorate. Back then the market share shift was swiftly moving in favor of TV with almost 30% of households having this innovative new technology in their living rooms.

So here we are in 2024 and ironically we are seeing another tectonic shift in consumer consumption behavior. It's clear both campaigns are recognizing that a comprehensive podcast interview might have the greatest impact especially Joe Rogan which draws around 11 million in views per episode.

The Trump/Elon interview on Twitter has estimated engagement levels of 1 million concurrent views to 95 million indirect engagements. Compare this to the Fox/Harris interview yesterday which has reached 7 million concurrent views and 4.4 million engagements as measured by YouTube and Nielsen. All these figures are impressive but measured on pure reach, linear TV is a shadow of its former scale.

There is a lot more noise ahead of us in this election cycle but I'm convinced of one thing. We have crossed the Rubicon on "new media" vs. "legacy media" especially in such a tight election. The candidate that can most effectively communicate through the podcasting format will have the edge. Marketing 101 teaches you, the medium is the message... today's medium is podcasting & social media.

Have a great weekend!