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Business Innovation

Final Project Summary

5/2/2021

1. What did I learn?

There were two very big takeaways for me during this project. The first was that you could get fractional shares through companies like Robinhood. Owning stock is owning a fraction of a company. It is amazing to me that you can now own a fraction of a fractional share of a company. This could change the directions of my personal investments as I was not in the position to diversify my portfolio properly due to some of the larger cost per share of some companies. The second was the Market Capitalization/Number of Employees (MC-E) ratio that the professor came up with to determine how innovative a company is. I have never heard of a good solid metric that could capture this. I will also be using this in my future investment decisions.

1. Why did I pick what I did?

I used weighted quantitative-metrics to make my final decision. To get my short list of companies, I looked for three main qualities; innovative, technologically driven, and in a field that will benefit from the effects of COVID and Societal/Governmental Reactions to COVID (working at home, cloud technologies, robotics, disinfection, lockdowns, increase in cryptocurrency, etc.). My personal final pick was Salesforce which has benefited nicely from the increase of businesses doing business in the Cloud. For our team pick, I really liked Nvidia for the two reasons Nvidia is doing well today. Nvidia is enjoying increased revenue due to increased sales of graphics cards linked to an increase in gaming due to COVID. Nvidia is also the only company that sells dedicated cryptomining cards to supply the rise of crypto mining which is also linked to COVID.

1. What does my stock pick tell about me?

I believe that my stock picks show that I was able to recognize buying opportunities brought on by our current environment. More specifically I was able to correlate the shift in peoples and businesses lives due to COVID to how they would be shifting their spending, at least in the near term. So, I guess I would say that I have some insight into societal trends and their resulting actions and how these actions translate into dollars spent. For example, COVID caused a shift to working from home and inability to meet in groups. This led to an increase in demand for Cloud services for individuals and businesses. The most innovative companies in the Cloud space would therefore be the most likely companies to capitalize on this increase in demand. I believe that Salesforce fit the bill as being a leader of innovation in the cloud space.

Sarthak Agrawal

Business Innovation-582

Project Summary

5/4/21

1. What did I learn?

I already had knowledge of what stocks meant but which stock to put money in and ensure it will be profitable in future are the learnings I gained from this project. Also, to understand how the functioning of companies leads to change in the stock market. Dealing with the current situations which involves risks and sudden damage to the economy. Also, how innovative the company initiates a plan and how it manipulates the stock prices whether it be technical or non – technical aspect. Analyzing the market strategies and making predictions is another learning from the project. Moreover, started using Stocks based applications and invested in them.

1. Why did I pick what I did?

Airbnb fills a gap in the market that hotels and conventional travel establishments can't,

with things like cheaper rates and community living in places where hotels aren't available. It has become so well-known that it has given rise to an entire industry of local vacation rentals. It was also the most awaited of the NASDAQ group as it opened on the stock market at $146 after being priced at $68 for the IPO.

Prior to the pandemic 2019, the business was rapidly expanding country to country. The COVID-19 pandemic briefly halted travel, lowering Airbnb's revenue in 2020 and, as a result, raising its P/S ratio. However, now that coronavirus vaccines have been distributed, the economy is primed for a recovery, which would help Airbnb.

1. What does my stock tell about me?

Due to COVID-19 Airbnb has lost its command and investment in such a stock involves high risk. I think the understanding of current situations and making proper analysis and how it can grow tells that I believe in **Long term Investments**. It will involve the changes but also requires **patience** and understanding the competition(**risk tolerance**). Although the pandemic has affected lots of businesses, Airbnb is confident that it can return to high growth as the pandemic recedes for a number of reasons one being as people are eager to get back to travelling. Secondly, one new venture is that it has started to buy its own property which can grow into quite significant ,justifying why the stock is **dependable**.