

Macro Roundup Article

Headline: [Big Tech's Biggest Bets \(Or What It Takes to Build a Billion User Platform\)](#)

Article Link: <https://www.matthewball.vc/all/bigtechbiggestbets>

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Tweet: According to @ballmatthew's estimate, Meta has lost at least \$49B on its metaverse effort, Reality Labs, in an attempt to establish leadership in AR/VR. This investment exceeds the scale of the biggest efforts of Apple/Amazon/Google to date.

Summary: More than ever, our economy runs on ecosystems. Not just broad partnerships, large commercial deals, or expansive networks, but ecosystems. It's to our collective interest that there's maximum competition at the foundational platform layer and every application and service layer, too. But the cost of competition is now in the tens of billions, if not more. In a weird way, Google Cloud is cheap at \$35B, but most can't spend that much, let alone wait fifteen years for losses to end and another decade or more to generate a net return. In fact, it's likely Google couldn't have invested as heavily were it not for near-zero interest rates over the past decade. And that the investment wouldn't have worked at all were it not for Google's own ecosystem, including the consumer-facing (and Android-integrated) Google Photos, Gmail, and Drive, as well as its enterprise offerings such as Workspace. The prohibitive cost of entry has led to phenomenal profits. Apple, Microsoft, Alphabet, and Amazon are now 21% of the S&P (Apple and Microsoft are so large that alone, they would be the second largest sector of the S&P, behind the rest of big tech, and ahead of energy and healthcare).

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