

TikTok is the new PG&E

Daniel

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Railroads were once viewed as a technology. Then oil refineries. Then television. Is Netflix a “technology” business or a media business? What are “technology companies”, actually?”

“Technology”, in my opinion, is just a phase on the continuum. Over time, all markets go through three categories:

1. **Frontier.** Something is new, hidden from the eyes of the media, the regulators, and most people. In 2001 that's Internet forms. These companies often don't produce much cashflows, and the users of these products are always the same early adopters. Modern equivalents of this would be 3rd-gen gene sequencing, satellites, or augmented reality. These markets are interesting to engage in as they predict the next phase 5-10 years out.
2. **Technology.** This is the most interesting era to invest or build in. You'll often see multiple companies with similar products: {Standard Oil, Royal Dutch Shell, British Petroleum} or {Facebook, MySpace, Friendster}. All selling products to a base that's rapidly growing. Value is accrued to the winning companies. Regulator attention starts to shine.
3. **Utility.** Most people, investors, and regulators know about it. The main moat becomes either regulatory or scale.

When viewed through this lens, much of the world becomes clear:

1. **Utilities are regulated.** Social networking used to be “tech”, but it's now media. You should think of Facebook and Twitter as CNBC and CNN. Media has regulations, and I presume they'll happen for Facebook, too. I'm not for or against it, I'm suggesting this happens as a sort of final Newton's law.
2. **Utilities are nationalized.** [India banned TikTok and WeChat.](#) [Australia might ban TikTok.](#) US politicians are [avoiding the platform](#), and the US military has banned it. While this might seem alarming, think about it this way: would the US allow a Chinese company to run the electricity grid? Social networks are becoming utilities, just like electricity and water.
3. **Video conferencing became an overnight utility.** Video conferencing would have likely had another 3-5 years in the technology era, but Covid-19 changed things. It's now *necessary*, and as such it's a utility. JioMeet, the Indian Zoom is [an almost perfect clone](#) of it's Chinese/American counterpart. As of this writing is a Top 10 app in India. Just like every country has it's own power grid, every country will have it's own Zoom Grid. A utility for it's citizens.

Bad Time to Buy a Stadium

Many of these dynamics are truly mostly for consumer companies, not enterprise. For example: the US might allow a Chinese company to provide a *component* in the power grid, but certainly not be PG&E itself.

When we say “consumer” I don't just mean those that *sell* to users, I mean any company that's in the consumer's orbit – Intel and Unilever count. This brings us to my final point. If a business is in deep-outer-space-enterprise, it might remain the giant elephant hidden in plain sight. Who is complaining about TransDigm or Oracle? You don't engage with the brand, you don't know about it. While many of those CEOs lust after the brand moat, I think it's an incredibly risky activity in the Progressive Era we're currently re-living. Capitalism is *not* the spirit animal of the majority right now, so a bad time to be in the consumers eye. (But a great time to buckle down and focus on the business.)