

## **The Three Edges of Investing: Does Time Arbitrage Work in Tech?**

- 1. Finding information others don't have**
- 2. Thinking about the same information differently than most**
- 3. Having a time horizon longer than most**

- To beat the market, which means beating each other, investors need an edge. John Huber of Saber Capital Management outlines three possible advantages. He argues that most investors emphasize the first despite discovering previously unknown information being the most difficult. Its heyday in tech analysis was hunting for data points, such as quizzing VARs or visiting Asia supply chain vendors. Those still can be valuable but largely have been commoditized. The new approach is leveraging big data, whether buyer surveys, satellite pictures of fab construction and parking lots, or credit card data. Increasing resources are required to gather value-added info.
- A second edge is taking a non-consensus view of information available to all. We tend to lean on this approach, particularly through frameworks, such as Clay Christensen's theory of disruptive innovation and job to be done; Marshall Van Alstyne's platform economics ([link](#)); and Alex Danco's scarcity theory ([link](#)). These mental models can help interpret the implications of competitive actions. Even analyst meetings and earnings calls can be fodder for the insightful, who may be more adept at reading numbers and management tones than their brethren.
- Huber, however, like Bill Miller ([link](#)) thinks that taking a longer view is a growing edge. He considers it sustainable because (1) information overload encourages action; (2) people want quick gratification, more typically provided by an information advantage; and (3) incentives like job security favor a short-term outlook. Being patient may be especially hard in tech given stock volatility and hedge funds facing near-term performance pressure. But tech is thematic—an Intel, Microsoft, or Google can provide years of outperformance in their prime. The weighing machine will win out.

Source: [Investing Talk at Google](#)

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