

Posted to the Gilder forum - December 16, 2000

GG's Magic

>>>It is clear that some subscribers do aspire to own a telecosmic entity that performs like the heroes of the Microcosm. Perhaps there will not be anything like MSFT, CSCO, and INTEL.

Gene:

The Microcosm had a unique feature that is hard to find elsewhere: proprietary systems that made switching very expensive and difficult. Once you start using a brand name mainframe or any microcomputer, you lock yourself in to that brand's or platform's operating system. This seldom happens elsewhere. No big deal changing brands of soda pop, automobiles, telephones, clothes, food, cameras. In communications, wireless (CDMA, TDMA, GSM) seems to be the only area where a platform locks you in. What this means in practice is that you will not find many gorillas like Intel, Microsoft and Oracle in the Telecosm. You will find some very smart operators that got into some area or other ahead of the pack and who will create huge riches for their shareholders. But you find this kind of execution based excellence in many areas: retailing, hotels, soda pop, funeral homes.

I think the misconception owes to the fact that the GTR came out during the second half of our last 8 year bull market. GG named some stocks and they, as well as others, shot sky high, not necessarily on performance but on market exuberance, witness the dot-coms which are no longer with us. Despite the current bear market, people still expect GG to pull rabbits out of a hat, Well, it never did happen and it never will happen.

GG has a different kind of magic. GG understands technology and GG knows how to explain technology but that is just the starting point, lots of school teachers can do that. GG understands the implications of technology and GG understands the implications of economics and how to tie these two together. Plenty and scarcity are not technological terms, they are economic terms. But GG applies them to technology and thereby produces the magic. Here are some of GG's profound pronouncements (I paraphrase):

- Chips are made out of the most abundant substances on earth: sand,

aluminum and oxygen.

- The two ultimate limits are the speed of light and the span of life.
- Waste that which is abundant.
- Conserve that which is scarce.

You don't hear these ideas when you turn on the TV, scan web pages or read the newspaper. You find these ideas in GG's writing in the GTR and in his books. These are the defining ideas behind the Telecosm and behind every technological or economic activity of Man. These are the ideas that shape page 8. Not all page 8 companies work out. Some are removed and replaced as technology moves on. If you can improve on page 8, fine. But all you need to do to certify that page 8 is an excellent investment strategy is to visit [Dick Sears's GTI](#) web page.

Do not ask GG for the best performer of 2001. Even if he dares to make such a pronouncement, he is as likely to be as wrong as he was in 1999 and in 2000. Instead, enjoy what GG is giving us, the GTR, the insights and page 8.

Denny

"Demand creates queues. Supply gets rid of them."