



Generative Value's Eric Flaningam: Demystifying Tech for Investors

All right, folks. Welcome to Investing for Beginners podcast. Today. We have a great show. We have somebody a lot of fun that's going to talk to us about tech, something I'm a little weak in. And Eric is going to make me the expert by the end of the show. So we have Eric planning game generative value and he's here to talk to us about investing and.

00:00:50 Dave

Heck, so let's start off with the first easy question. So why stocks? Why do you pick stock? What about them get you excited and why? Is this something you've chosen to embrace as an investment style?

00:01:03 Andrew

I think the great thing about picking stocks is that it's really a big thought experiment and especially if you get the chance to do it full time, you essentially get paid to try to predict the future, which is a pretty incredible value proposition as a profession, which is why I think we've seen this incredible growth of people moving into the industry. You know, I think Charlie Munger, Warren Buffett talked about.

00:01:24 Andrew

Maybe 50 years ago, the smartest people went to go be businessmen and and whatever. And now a lot of them go on to be investment professionals and it's because it's a it's a fascinating challenge to take on.

00:01:34 Dave

It really is and it to me the thing I like about it is that there's never a dull moment and there's always something new to learn.

00:01:41 Andrew

Exactly. And I think the really interesting thing for me and and for listeners, I I work in venture capital and so it's I'm looking across private and public.

00:01:48 Andrew

Markets, but I.

00:01:49 Andrew

Think I get just excited about it in early stage startup as I do a public.

00:01:52 Andrew

Company or you?

00:01:53 Andrew

Know a plumbing company in Indiana? It's like the universality of investing is really what's fascinating to me.

00:01:59 Dave

Yeah, it really is. You and I met a while back and we met through the X or Twitter machine and we had a really good conversation a while back.

00:02:06 Dave

And you have an interesting background. So could you talk to people a little bit about how you got from, you know, where that there to where you?

00:02:13 Andrew

Are today.

00:02:15 Andrew

Sure. Maybe I'll go from the very beginning. I'm from a very small town in Indiana, kind of found investing early on throughout high school. I read all of Warren Buffett's letters. I've spent most of my time in.

00:02:25 Andrew

Class in high school.

00:02:26 Andrew

Reading about stocks, studying stocks and so I I kind of knew that was where my.

00:02:31 Andrew

In term goal would be, but I also love technology and so I ended up studying engineering at Purdue. I went and worked for Microsoft. After college, I wanted to see what it was like.

00:02:41 Andrew

To work in a.

00:02:41 Andrew

Big tech company, I thought in my mind, and I still do believe this, that they might be the best companies to ever exist and I wanted to see what it looked like from operating on the inside. And then a few months.

00:02:51 Andrew

Ago I decided to make the switch to investing.

00:02:53 Andrew

Full time, really through generative values. I met most of the people, the professional investors, and switched to the venture capital industry.

00:03:00 Andrew

Just a few months ago.

00:03:01 Dave

Yeah, that's awesome. So you just kind of mentioned it in passing. You were reading Warren Buffett's shareholder letters in high.

00:03:07 Dave

Cool. I was reading Sports Illustrated. So what got you interested in Buffett shareholder letters? As you know, a junior in high school for.

00:03:15 Andrew

God's sakes. Well, I think maybe when I was five, I figured out that for my parents to talk to me, I could charge him a nickel. And so that was really my first business it.

00:03:25 Andrew

Was called the answer me and and I would charge.

00:03:28 Andrew

Nickel.

00:03:28 Dave

And how successful was that?

00:03:31 Andrew

Well, they did support my entrepreneurial ambitions for a little bit, but surely realized it was a horrible proposition for them.

00:03:38 Andrew

And so I've always I say that to say I've always been interested in business for whatever reason. And so I started businesses in high school, so there was like some underpinning of interest in business through that. And you know I think studying from the grade is how you.

00:03:51 Andrew

Learn and I.

00:03:52 Andrew

Also, I think I've kind of always.

00:03:53 Andrew

Been an old man and the young man's body. And so Warren Buffett's the wisdom he had and.

00:03:58 Andrew

The the way he viewed things the way.

00:04:00 Andrew

He cut out all.

00:04:00 Andrew

The noise and the fact that he's, you know, from the Midwest, he's from Omaha, you know, being a from a small town in Indiana like that resonated with me. If you don't have to come from, you know, a billionaire family to go be really great.

00:04:13 Andrew

In this business, yeah, that's.

00:04:15 Dave

True. So do you remember your first investment?

00:04:19 Andrew

Yeah, I do. Definitely. I was trying to think of the few of the early ones. The first one was Amazon and that's been wonderful. So I maybe I bought that in 2014. I don't know the exact price, but it's it's probably 10X from there. No skill of.

00:04:31 Andrew

My own I.

00:04:32 Andrew

Invest in 10 cent that in Chinese.

00:04:34 Andrew

Gaming and social media.

00:04:36 Andrew

And Cloud Company shortly after that. And I also actually my best investment is a company called Optinose which from the time it was a biotech company from the time I bought it to now it's down about 99% and having that experience so early on of losing you know whatever it was \$1000 at.

00:04:54 Andrew

Age 15 was the most the.

00:04:56 Andrew

Best investment I've made because it taught me.

00:04:58 Andrew

So quickly that you can lose you.

00:05:01 Andrew

Can lose 99% of your money in this business and that you that you need to manage the downside much more than manage the upside, yeah.

00:05:03 Dave

It is possible.

00:05:09 Dave

So what about tech attracted?

00:05:12 Andrew

I think there's something maybe altruistic about it that tech moves the world forward, and that's a really I don't know that you see it that much in practice, a lot of the big tech companies are making hundreds of billions of dollars and it's not seeing that they're.

00:05:24 Andrew

Like a harbinger.

00:05:25 Andrew

For good in the world, but tech as a species, you know, technology is the best thing for humanity and and always has been. And so that idea is really interesting. And then the complexity of it too, there's something like.

00:05:36 Andrew

You know I.

00:05:37 Andrew

Am a mathematical engineering mind. It's the the technology of the task. It's the most complex stuff on the planet and the study that it's like the ultimate intellectual challenge.

00:05:46 Dave

Yeah, for sure. Well.

00:05:47 Dave

I mean, if you look at.

00:05:48 Dave

The Internet look how much that has moved the world. Look at the telephone. Look how much that has moved the world or radio. I mean, those are all tech and they've all moved the world tremendously.

00:06:00 Andrew

Exactly. And there's another piece of that. And that was when I first started investing, I was looking kind of building up these like foundational pillars of how I think about investing.

00:06:10 Andrew

If.

00:06:10 Andrew

I looked back.

00:06:10 Andrew

Over the last 20 years, technology was by far the best place to be, even if you invested at the peak of the .com bubble, which I wouldn't recommend if we saw another one like that. It's still outperformed. The NASDAQ still outperformed the S&P 500, and so I'm just looking at this and saying if I want to invest in the best companies in the world, it certainly seems that these are the technology.

00:06:30 Andrew

If you look at the competitive advantages of.

00:06:32 Andrew

Amazon and Microsoft.

00:06:33 Andrew

And Google these are the best companies in the world.

00:06:36 Andrew

And so it's like I I was taking.

00:06:38 Andrew

Warren Buffett's.

00:06:38 Andrew

Lessons, especially when I started saying I want to look for the companies with the deepest competitive advantages that can invest in incremental cash at higher rates of return. And you saw it.

00:06:46 Andrew

In these companies and.

00:06:47 Andrew

So it was more than just like the intellectual challenge. It was that as an investor, these are the best companies in the world. And I had the basic idea that if you can pick from the best pool of the best.

00:06:56 Andrew

Updates of the world. You can pick the best companies from that pool. Then you're going to do really unbelievably.

00:07:02 Andrew

Well, on this business.

00:07:03 Dave

Yeah, yeah, for sure.

00:07:05 Dave

So to me it's it's interesting that you have chose.

00:07:08 Dave

Then tech as your kind of you know niche, if you will. And one of your heroes, Buffett was, you know, famous for not investing in tech because he couldn't understand it. But I think you've, what's the word internalized his ideas and his thoughts really, really well.

00:07:24 Andrew

Yeah, I think a.

00:07:25 Andrew

Lot of it which was, you know, he.

00:07:26 Andrew

Sold some apple.

00:07:27 Andrew

But Apple is.

00:07:27 Andrew

Still, 50% of his portfolio so.

00:07:29 Andrew

So, but he has then, you know, I think he invests in HP and IBM and maybe they didn't do so well for him. But this idea of the circle of competence, I firmly believe in that. But I also believe in a rapidly expanding circle of confidence. And I think if you're gonna invest in technology, you have to believe that you can continue to expand that circle of confidence. So I'll say that like his actions.

00:07:49 Andrew

You know, 50% of his portfolio in Apple. So I think he did come to this.

00:07:53 Andrew

Conclusion as well.

00:07:54 Dave

Yeah, he did. I think he's he's determined that he could figure out this is, I guess, OK, I'm going to stumble over my words here for a second. My idea.

00:08:04 Dave

You could tell me if I'm right or wrong is. I think he determined that he knew enough of the tech to understand the customer behavior and that allowed him to determine what made Apple special.

00:08:14 Andrew

100% I think he could determine what the competitive advantages look like here, and I think generally I do follow that same principle. I think publicly I write mostly about tech and I study technology companies, venture capital, but I still am open to investing in a company in and so you know I enjoy studying tech a lot, but I I try not to.

00:08:35 Andrew

You know, limit my investment methodology more than I have.

00:08:40

So.

00:08:40 Speaker 5

Do you have a long term mindset searching for safe compounders? So am I and I'm investing my entire life savings with the picks from valuespotlight.com.

00:08:52 Dave

So as somebody that you know, I love tech, but maybe I can be a bit tech challenged, if you will, like what do you think investors need to focus on when they're kind of looking to invest in tech because there's you know there's semiconductors or cloud, there's infrastructure, there's cybersecurity, there's.

00:09:12 Dave

You know, just it goes on and on and on. And So what do you think investors should focus on when they're looking at this kind of sector?

00:09:20 Andrew

Yeah, I think the first thing is being OK with 99% of the work you do is not going to lead to an investment. And if you can't really determine what are they going to be the defining variables of success for this?

00:09:30 Andrew

Business and what?

00:09:31 Andrew

The competitive advantage is deteriorating of that company look like so being able to understand the upside and the downside of that if you don't deeply understand that it's best to pass on that.

00:09:40 Andrew

That's and that's.

00:09:41 Andrew

It's OK. So that's like the main thing is it's OK to pass on those things. And and being honest with yourself on, do I really understand this business or not? But then I think maybe it goes back.

00:09:50 Andrew

The every company which is you have to deeply understand the business and so it may be harder for technology businesses. Maybe it takes four weeks instead of two weeks to understand the business. But if you put in the work and you study everything you can out there, I think it might have been Peter Lynch that could be wrong. That said you.

00:10:10 Andrew

Should know more about a company.

00:10:11 Andrew

And everybody, that's not an insider, once you get to that understanding of any company, whether it's technology or not, then you.

00:10:18 Andrew

Can make an investment.

00:10:18 Andrew

Decisions. So I think probably for those not.

00:10:21 Andrew

Used to investing in.

00:10:22 Andrew

Technology just being a.

00:10:23 Andrew

Little more patient being OK with that, the fact that it's.

00:10:26 Andrew

Going to take a little longer to do your diligence.

00:10:28 Andrew

That's OK.

00:10:29 Dave

One of the things that I personally struggle with is wondering how much do I need to understand of the technology to understand the business. I'm going to throw out of, you know.

00:10:39 Dave

A couple of companies, a.

00:10:40 Dave

Company like Crowd Strike or cloud flare, like how much of that?

00:10:46 Dave

Industry do I need to understand the technology to be able to understand the business? Does that make sense?

00:10:52 Andrew

Yeah, I think it makes sense. I think if you can understand what is going to lead to a buyers decision making process, then you know enough about the technology.

00:11:03

And.

00:11:03

A lot of the.

00:11:03 Andrew

Times. That's hard. It's really hard with crowd.

00:11:05 Andrew

Strike. I mean crowd strikes.

00:11:07 Andrew

Done unbelievably well, but if you're a CIO sitting there, deciding between Microsoft Defender for endpoint and deciding between crowd strike, it's hard for me to say why I would.

00:11:17 Andrew

Choose crowd strike.

00:11:18 Andrew

I think there's the the general idea that like crowd strike has better technology which I think.

00:11:23 Andrew

Is probably true.

00:11:24 Andrew

But I don't know the details of exactly.

00:11:25 Andrew

Why and so?

00:11:26 Andrew

I just haven't done the diligence there to understand why for other examples. I don't know if I'm gonna have one that comes to mind. Maybe Google for example.

00:11:33 Andrew

Search like you can.

00:11:35 Andrew

Understand why that their distribution network, they have the ad network they have, they're building to monetize their integrations of Android.

00:11:42 Andrew

In Apple, the the competitive advantages, there are much easier to understand than some of the enterprise software businesses.

00:11:49 Dave

Yeah, yeah, for sure. I feel like I have a fairly decent understanding of semiconductors, but when I start to, you know, poke around in the cloud space or some of the other areas, cybersecurity and things like that, then I I feel, you know, my insecurities about the lack of knowledge start to kind of rear its ugly head. So I'm trying to.

00:12:09 Dave

Push my competitive advantage or not competitive my circle of competence. But I'm struggling because of I just don't feel like I know enough.

00:12:17 Andrew

Yeah, I think it just comes down to to reading more. I do think it's interesting that you feel that you have a strong understanding of sending doctors and software. I'd say that's mixed for that's reversed for 99% of other investors.

00:12:29 Dave

Right, right. For me, some of it is simply what you said during the pandemic. I was locked up in my house like everybody else, and I decided I wanted to learn how the payments.

00:12:41 Dave

System or ecosystem worked and I read and read and read and watched videos and looked at diagrams and finally one day the whole Visa, MasterCard kind of payment system just kind of clicked and I was.

00:12:54 Dave

Like.

00:12:54 Dave

Oh, I get it now. All right, I can do this. So it was exciting to me because then I could. Now I could start.

00:13:02 Dave

Investing in these kinds of companies and I really feel like, you know, to your point earlier, I feel like I really understand.

00:13:08 Dave

Those companies and what they do and how they work, and so I can make better decisions about what I'm investing in and I did the same thing with semiconductors. Unfortunately I I bought two companies. Well, three one did very, very, very badly. I bought Intel. That was a very, very poor choice. But I also bought Texas from it's in Taiwan Semiconductor. And those have both been pretty good investments. So.

00:13:28 Dave

But to me it makes sense. But when I look at something like cybersecurity.

00:13:32 Dave

Or, you know, the cloud, it's like, but I just, I don't think I've spent enough time.

00:13:37 Dave

On it yet?

00:13:38 Speaker 1

Sure.

00:13:39 Andrew

Yeah. No, I I think it makes a little sense. And I actually think there's probably something a little deeper there too that makes sense as well because semiconductors for how complex they are. The ecosystem is relatively simple in terms of the.

00:13:51 Andrew

Number of.

00:13:53 Andrew

For the GPUs, for example and.

00:13:55 Andrew

Media is basically the only data center GPU provider. This secondary company being AMD, which is recently over the last year developed a large business and you know \$4 billion or so in revenue, 4 1/2 billion.

00:14:07 Andrew

And then the cloud.

00:14:08 Andrew

Companies have their own AI accelerators, and Intel's doing a little bit, but it's like that's it. And then a few startups doing.

00:14:13 Andrew

It, but you can know every company.

00:14:15 Andrew

I mean, if you look at some of these enterprise software spaces, there's a hundred companies doing each thing. And so let's just add, I mean that competition is really hard to sustain in competitive.

00:14:25 Andrew

Advantage when you have 100 companies doing the same thing.

00:14:28 Dave

Yeah, exactly. So how do you?

00:14:31 Dave

Like if you come across maybe a sector or a type of technology that you don't understand, what are some sources?

00:14:39 Dave

That you use to help you try to.

00:14:41 Dave

Get a better understanding.

00:14:42 Andrew

I almost always start by just looking if anyone else has written primary type of articles. I think for any readers of generative value, a lot of what I've been writing is industry research primer type articles and so I see if anyone else has written those a lot of the times they have.

00:14:56 Andrew

That and then I just look at the largest companies by market CAP and read on what each one of those companies do. So I'll read the annual reports, the investor presentation read on the website, read what each one does and then I also I'll read a lot of like transcripts of interviews from people in the field to get a sense of like what experts in the field are saying and and kind of what you were saying you just read.

00:15:17 Andrew

And read and read. It's kind of like I I use the analogy of like you're reaching your arms around like a tree and like you can't see the other side. But you know, your fingers are gonna touch at something. That's how I think about you. Just keep reading and you're like, this is never an end. And then one day you're like, oh, my fingers touched. I get it now.

00:15:33 Andrew

And it's like then, and I almost feel like you should do the industry work before you study individual companies. Like it's fun to dive in individual companies, but you've got to do the industry work to understand what the competitive landscape looks like where you can.

00:15:44 Andrew

Dive into individual companies.

00:15:46 Andrew

So short answer is I just.

00:15:46 Speaker 6

Sure.

00:15:47 Andrew

Read everything I can.

00:15:48 Dave

Yeah, yeah, that's that's great. And that's one of the things that I love about what you're doing is you're creating those kind of primers or deeper dives into specific industries.

00:15:57 Dave

And it's very, very helpful. And I know that I find a lot of value from what you're doing because a lot of times you're showing and talking about companies. I have never heard of and it can really open up your eyes to what's possible out there.

00:16:12 Andrew

And and for me, I actually I.

00:16:14 Andrew

Think most people know.

00:16:15 Andrew

Generative value for like the market like?

00:16:18 Andrew

Value chains I make and I actually started that before I put them on the blog. I was just doing those as a way to show that.

00:16:24 Andrew

I understand the.

00:16:24 Andrew

Industry like once I could really map out.

00:16:26 Andrew

How like value flows through an?

00:16:28 Andrew

Industry then I.

00:16:28 Andrew

Have a pretty good idea of how the industry structure and I thought, well I might as well start including those in the in the blog and.

00:16:34 Andrew

The people you know enjoy those.

00:16:37 Dave

So of those, what was the hardest one for you to, you know, to get your arms around, to get to touch the on the other side of the tree?

00:16:46 Andrew

I think I I made.

00:16:47 Andrew

One about the semiconductor industry that was the most satisfying for me because I probably went through 15 iterations to get to the one that I I really liked because there's so many.

00:16:50

MHM.

00:16:55 Andrew

Trade-offs. Inevitably, I'm going to include.

00:16:58 Andrew

You know or I'm, I'm going to exclude companies that should be on there. I'm going to exclude segments that maybe are just a little too small to include on there because you're always trying to balance this simplicity of of viewing it versus comprehensiveness. Number one was one where I got pretty close to correct and there's segments that like aren't included.

00:17:11 Speaker 1

Then.

00:17:19 Andrew

That are still pretty big businesses, but I've got most of the major ones. It's like such a fascinating industry that's probably the one I'm most proud of.

00:17:26 Dave

Yeah, I love them. And I will admit I get a a chuckle.

00:17:29 Dave

That you have to put this little disclaimer at the end of like when you post it on Twitter that you know it's not comprehensive, it doesn't include all the companies because you always get you always get these you know these what about what about what about what about you know did you read my disclaimer guys I can't.

00:17:46 Andrew

I learned that lesson quickly.

00:17:49 Dave

I'm sure you did.

00:17:50 Andrew

People saying I didn't include these companies like, I mean and some of them are crazy too. Some of them are like.

00:17:56 Andrew

I don't think you know what, if anything, about this industry because you didn't include this, you know, \$300 million market cap, which is still like probably a great company, but it's like this is.

00:18:02 Dave

Right.

00:18:06 Dave

I can't do everything.

00:18:08 Speaker 1

But I don't.

00:18:08 Andrew

Really read comments anymore, so I'm sure there's plenty I'm missing that I don't know about.

00:18:13 Dave

Right. So if you had to put on your prediction hat for a second, if you had to pick out two sectors in the tech industry that you think?

00:18:21 Dave

Are going to be.

00:18:23 Dave

Winners or long term value creators over the next 1020 years, who would you?

00:18:33 Andrew

I think it's it's really hard right now with NVIDIA being doing as well as it has, but basically how I view it is for the last maybe 50 to 70 years we've been in the semiconductor age and as long as we're in the semiconductor age, the semiconductor industry.

00:18:51 Andrew

Will continue to.

00:18:52 Andrew

Do well and when I say semiconductor age.

00:18:54 Andrew

I mean that semiconductor is the base unit of compute which we use for automating human tasks and as long as that.

00:19:02 Andrew

Is the base for.

00:19:02 Andrew

Our technology semiconductors will continue to do well. There may be some companies that drop out. There may be some companies that do better than others, but the industry as a whole will do very well. I think when we start thinking past that.

00:19:14 Andrew

You know, I have no idea what that next.

00:19:16 Andrew

Wave is it's.

00:19:17 Andrew

Probably some sort of biological computing of us.

00:19:21 Andrew

Figuring out how to.

00:19:22 Andrew

Develop. You know biological systems like.

00:19:25 Andrew

Our brain that can do.

00:19:26 Andrew

Advanced computations, but I think we're.

00:19:29 Andrew

A long ways away from that.

00:19:31 Andrew

Will do well, the cloud will.

00:19:34 Andrew

Continue to do well.

00:19:36 Andrew

Until we see some wave of disruption, I don't know what timeline that comes along. We'll likely see some sort of distributed computing technology that kind of takes some of the power away from the hyperscalers, but I don't know.

00:19:48 Andrew

If that's a.

00:19:49 Andrew

Five year innovation or 10 year innovation.

00:19:53 Andrew

So I'd say.

00:19:53 Andrew

Semiconductors one, the cloud providers #2 and those those are the two main ones.

00:19:58 Andrew

And technol.

00:19:59 Dave

OK. Yeah. You will be held to those predictions.

00:20:03 Andrew

OK, depending those in five or ten years.

00:20:07 Dave

But I'm not going to hold you to. Oh, you know, Eric said. I guess one thing I'm curious about to kind of get your take on is.

00:20:09 Dave

Yeah.

00:20:18 Dave

We've talked about a little bit about innovation and disruption. Do the people in the tech world, do they spend a lot of time thinking about competitors or is it more about them just doing their thing and not worrying about what somebody across the street is doing?

00:20:35 Andrew

From my experience working with both big Tech actually, so I'll say this at big Tech. They spend an unbelievable amount of time thinking about their competitors and it's it's a little bit of a different situation because Microsoft.

00:20:44 Dave

OK.

00:20:48 Andrew

Competes with everybody.

00:20:50 Andrew

You have a product.

00:20:51 Speaker 1

For everybody.

00:20:53 Andrew

But really spending a.

00:20:54 Andrew

Lot of time thinking about competition.

00:20:56 Andrew

As they should it.

00:20:58 Andrew

When you're in that pole.

00:21:00 Andrew

Position of everyone trying to attack you. Like Microsoft, you kind of have to do that. You have to think about where are they attacking me? Where are my weaknesses?

00:21:08 Andrew

How do I?

00:21:08 Andrew

Improve them, I think when you look.

00:21:10 Andrew

At smaller companies more.

00:21:11 Andrew

Like the earlier stage, either early IPO companies or early stage startups, either one.

00:21:17 Andrew

I'd say it's a.

00:21:18 Andrew

More fun position to be in because you have.

00:21:20 Andrew

A very clear problem, you're.

00:21:21 Andrew

Attacking and it's like your goal is to solve.

00:21:23 Andrew

That problem for customers you don't really have.

00:21:24 Andrew

To think about.

00:21:25 Andrew

Competition. Inevitably, there is competition there and you.

00:21:28 Andrew

Have to do you have to solve that problem.

00:21:29 Andrew

Better than your competitors.

00:21:31 Andrew

But it just comes down to.

00:21:32 Andrew

Solving that problem, yeah.

00:21:34 Dave

OK, I like that. I think that's an interesting way to think about how the companies think about their competition, so.

00:21:40 Speaker 7

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00:22:01 Speaker 7

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00:22:11 Dave

What are your thoughts on like the innovators dilemma and kind of how that all interacts with potential investments?

00:22:17 Andrew

Sure. So you you had Giuliano on a few weeks ago, I saw we did a podcast, The Innovators Dilemma. And we actually recorded maybe a three hour episode that we didn't release before.

00:22:30 Dave

That sounds like juliano's conversation.

00:22:31

Yeah.

00:22:33 Andrew

I think that the innovators limit is the single most important idea in investing in technology and also the single most misunderstood idea. I think really diving into what the innovators dilemma says.

00:22:47 Andrew

Is fascinating, I.

00:22:48 Andrew

Think really kind of shatters most people's perception of what?

00:22:51 Andrew

Disruption looks like.

00:22:53 Andrew

And when you?

00:22:54 Andrew

Ask most people what disruption looks like. It's a new technology. It's quantum computing. It's some crazy technology that that changes the world.

00:23:04 Andrew

And when you look at the history of business, that's really not what disruption has been. Disruption is business model innovation, it's, it's the cloud coming in. The cloud did nothing unique except from a business model, innovation perspective, it significantly lowered the barrier of entry declared for example, had no real technical innovation, it was just the business model.

00:23:24 Andrew

Innovation. It came in that lowered the.

00:23:26 Andrew

Barrier of entry where companies no longer.

00:23:28 Andrew

Needed to build a data center or to rent out space in the data center to build software and so it it lowered the barrier of entry from building a data center to using a credit card to build software. So it's like that's a classic example of of how disruption occurs and then a company like IBM which provided all the the hardware and software and data centers really got hit very hard by that.

00:23:47 Dave

Yeah, yeah, they they really did. So how do you think do you think companies when they're thinking about?

00:23:55

Well.

00:23:55 Dave

It's probably a little different when you think about me, I guess so Microsoft versus a start up. The startup is probably they're trying to innovate, they're trying to disrupt. So it's probably just a different. It's a, it's a different mindset. So I guess how can investors, I guess, take that idea of innovation and disruption and build that into their.

00:24:15 Dave

Analysis of different companies.

00:24:17 Andrew

It's really hard I.

00:24:18 Andrew

Think the best thing investors.

00:24:20 Andrew

Can do is go back and study the history of technology.

00:24:22 Andrew

And see how the mainframe came about and then how many computers disrupted that, and then how PC's came in and and disrupted both of them.

00:24:31 Andrew

And it all is.

00:24:32 Andrew

Hinged on this idea of technological overperformance. So companies providing more services than a customer needs, and then another company comes in and provides.

00:24:43 Andrew

80% of the services for 20% of the cost.

00:24:46 Andrew

And so I think anytime you see.

00:24:47 Andrew

These huge examples of an over performance or sorry, an oversupply of performance if you will, and there's a chance for disruption to.

00:24:55 Andrew

Occur, but I think when we think the.

00:24:57 Andrew

Large next disruption.

00:24:59 Andrew

Is probably going to come in like I.

00:25:00 Andrew

Said in some sort of distributed computing. So right now computing is very.

00:25:03 Andrew

Centralized in the hands of.

00:25:04 Andrew

These three top.

00:25:05 Andrew

Providers and there's.

00:25:06 Andrew

Some innovation that comes along and distributes that power whatever.

00:25:09 Andrew

It looks like.

00:25:10 Andrew

And I think just being aware of that risk.

00:25:12 Andrew

And keeping your eyes out for it is important.

00:25:15 Andrew

But it's also it's very hard to do.

00:25:18 Andrew

You know that most companies can be disrupted and I think you have to be. You have to be aware of that chance and you should be watching for it. close. You should be a little paranoid about your investments.

00:25:18

Yeah.

00:25:28

Right, yeah.

00:25:30 Dave

You definitely should, right?

00:25:30 Andrew

Yeah.

00:25:32 Andrew

Yeah, there's the whole idea of.

00:25:33 Andrew

Like sleep, sleep well investing.

00:25:34 Andrew

Which I totally.

00:25:35 Andrew

Agree with you know, some companies that you can sleep well at night, but still there's like an element of paranoia that you need, especially in technology. I mean things change quickly and it's kind of the the harbinger of despair of people that that take, you know that criticize tech.

00:25:50 Dave

Yeah, right. And you know, as somebody that's probably maybe just a bit more of a general.

00:25:55 Dave

It's one of the things that always kind of, you know, to your point, makes me paranoid about trying to invest in tech when I think about a company like TSMC, I worry about what could disrupt that. You know, what could potentially disrupt a company? A company like Google, which I own, like, what could disrupt that? And like, how do you foresee, how do you foresee?

00:26:15 Dave

Apple coming for the iPhone, right? You know, for the the mobile phone. How do you think you can see that coming?

00:26:23 Andrew

Yeah, I think you have to have an imagination about it. I think it's easier with Google. Like you can see a world where chat Vt and and these like search interfaces disrupt Google it. It probably not like maybe you can see a world where it happens. TSMC I think it's.

00:26:39 Andrew

I think it's really.

00:26:39 Andrew

Hard to see a world where TSMC gets disrupted.

00:26:42 Andrew

It would come from some way.

00:26:44 Andrew

Of people needing less advanced or fewer semiconductors pretty hard.

00:26:49 Andrew

To see how it.

00:26:49 Andrew

Happens more advanced, more semiconductors, but it's possible.

00:26:50 Dave

Right, doesn't it?

00:26:55 Dave

Yeah, it totally is possible. So what are some?

00:26:57 Dave

Companies that you.

00:26:59 Dave

Like and admire and think would be good for people to study to get a good sense of the tech industry. And maybe what's out there and what could be good potential investments.

00:27:12 Andrew

I particularly admired the semi cap companies, the semiconductor capital equipment companies, they have maybe the deepest competitive advantages I've seen. ASL is the class example here which I'm sure most people have heard of, but there's the whole industry of semi cap.

00:27:27 Andrew

Behind that as well, well, has a.

00:27:29 Andrew

Complete monopoly on the critical technology to semiconductors and if you look at the other companies, the other Big 5 semi cap companies have Applied Materials and kate and Tokyo electron and lamb research. They all have similar market shares, not the S on the top end Dev machine share.

00:27:46 Andrew

They have similar.

00:27:48 Andrew

Each of their respective verticals and seeing.

00:27:50 Andrew

That market share.

00:27:51 Andrew

Sustained over many years over the last decade or two, they've had a 20 plus percent a.

00:27:56 Andrew

Year on total total shareholder.

00:27:57 Andrew

Terms huge amounts of dividends, I mean they Applied Materials I think is average 5% a year in shareholder returns over.

00:27:58 Andrew

Hey.

00:28:04 Andrew

The last decade.

00:28:05 Andrew

They pay out a a lot of money to shareholders. They have incredible competitive advantages. They have long term growth and they're really amazing companies. I think the only thing you could.

00:28:14 Andrew

Look at them.

00:28:14 Andrew

Now.

00:28:14 Andrew

And say there's a lot of risk from China.

00:28:17 Andrew

There's a risk that we're over investing in semiconductor capacity for the short term and other cyclical business, which if you're a professional investor and you've got to report to your investors every quarter, it's hard to own those.

00:28:29 Andrew

Companies because when it turns for semi cap it turns hard and if you're reporting to your LP's or.

00:28:36 Andrew

To your investors.

00:28:37 Andrew

You don't want to say.

00:28:38 Andrew

That you have a thought that dropped 30% in the quarter, but for individual investors if.

00:28:42 Andrew

You're focused on long term qualitative.

00:28:44 Andrew

Companies that are just going to be great companies in 10.

00:28:47 Andrew

Years you don't.

00:28:47 Andrew

Have to worry about that. That's the advantage that.

00:28:50 Andrew

Individual investors have over institutional ones and that's the semi cap. Companies are a perfect example of companies that are professional investor may not touch because of like these kind of psychological barriers they have that an individual investor may do wonderful.

00:29:05 Speaker 5

So can you?

00:29:06 Dave

Explain what ASML does. I mean, I know you and I know the company, but somebody listening. Make who?

00:29:13 Andrew

Yeah. So.

00:29:16 Andrew

Basically, when semiconductors are manufactured, they go through these processes of projecting a blueprint onto a silicon wafer.

00:29:27 Andrew

And that's what ASL does. So you go through you project, this blueprint onto the silicon wafer and then you deposit these materials onto the blueprint. And then you etch away everything that's not on the blueprint, leaving a pattern on the semiconductor. And then you go through and you Polish it, you clean it, and you do that, maybe, you know, 80 to 100 times for these top.

00:29:46 Andrew

Snake.

00:29:48 Andrew

And so the the most critical piece of that process is called lithography and the top in lithography is UV lithography or high NA EUV lithography and it's basically the ability to project increasingly small dimensions onto these patterns onto the silicon wafers and.

00:30:07 Andrew

The technology behind that, I think.

00:30:09 Andrew

I'll probably embarrass myself.

00:30:10 Andrew

If I if I really go try to go too deep.

00:30:13 Andrew

Into it, but essentially they drop these pieces.

00:30:15 Andrew

Of of metal, of Tin, I think.

00:30:17 Andrew

And they shoot them with lasers and that creates the light that they then project through like 7 mirrors. The thin projects, the pattern onto the silicon wafers. And these machines, they cost €400 million. It takes 2 shipping containers, I think, to ship each one to their end destination it takes.

00:30:33 Andrew

Of people to set them up and configure them, and then it takes another team of people to continually maintenance them and.

00:30:39 Andrew

So that's why that you.

00:30:40 Andrew

Know if you think about what it would take.

00:30:42 Andrew

To encroach on that company, it's it's both a technological marvel and an engineering marvel that that company can exist and the whole semiconductor industry has banded together behind them to create this company that's enabled the semiconductor improvements over the last decade. And hopefully the next. And so the competitive advantages there are.

00:31:03 Andrew

Unbelievable.

00:31:05 Dave

Yeah, they're huge. So I guess I'm curious why.

00:31:09 Dave

Maybe we could delve into some theory here. Why does a company like that kind of fly under the radar when it comes to monopolistic behavior? But Google and Microsoft seem to be getting smacked like every time you turn around.

00:31:23 Andrew

Well, I think it's because air smell.

00:31:25 Andrew

Isn't exhibiting monopolistic behavior. From my perspective, it's just that they're the only company that's been able to achieve these engineering breakthroughs. You know everything that Microsoft does can be replaced.

00:31:36 Andrew

But what really makes Microsoft such an incredible business is the fact that they integrate it all into platforms and have this distribution network of something like a million enterprises. I don't know the exact number, but something like a million enterprises and every time they have a new product, they can go and sell it to all of those hundreds of thousands of customers. And so that's like.

00:31:56 Andrew

When Microsoft gets a lot of the monopolistic.

00:31:59 Andrew

Screening or saying.

00:32:00 Andrew

With Google I don't know how long it would take.

00:32:02 Andrew

A really smart engineer to build another.

00:32:04 Andrew

Search engine, but I would speculate it.

00:32:05 Andrew

Wouldn't take that.

00:32:06 Andrew

Long. There's other search engines out there and it happens to be, you know, these integrations with Apple. They're integration with Android. That makes Google so monopolistic. So ASL lists, there's nothing stopping other companies from doing that except that it's.

00:32:20 Dave

It's hard.

00:32:22 Andrew

Really hard whereas.

00:32:23 Dave

Really hard.

00:32:24 Andrew

Google and Microsoft, actually, it's their other companies could replicate.

00:32:28 Dave

You know that is probably one of the better explanations I've heard of why those companies are getting in trouble compared to other ones that actually do have a monopoly but aren't, as you put it, aren't exhibiting the behavior, and that's why they're not getting in.

00:32:41 Dave

Trouble. I love that.

00:32:42 Andrew

Yeah, exactly. It's hard for investors, right?

00:32:44 Andrew

Because you want the best business as possible and.

00:32:46 Andrew

The best, the best.

00:32:48 Andrew

Company ever is going to be.

00:32:50 Andrew

That they are the only competitor in the.

00:32:51 Andrew

Market, sorry. So the only.

00:32:53 Andrew

Company in the market, no competitors. They can charge whatever price they want. That's the perfect business. So it's always.

00:32:58 Andrew

Just like fine line.

00:32:59 Andrew

You know, it's nice for me. I get to look at private and public companies. So you know, I can invest in Microsoft or I can say like, well, that's not fair. You know, we want startups to be.

00:33:07 Andrew

Able to have some of that money, you know.

00:33:11 Dave

So what? Like if you had to give a pitch, why would you suggest that people consider investing in tech versus, I don't know, oil or, you know, some sort of commodity or even something like retail?

00:33:25 Andrew

Well, I think I may, you know, do horrible at this. I'd say if you really know the retail space, you know the oil space and you see opportunities there that don't even touch tech, right, but.

00:33:34 Andrew

You know, I'll, I'll.

00:33:35 Andrew

Give my explanation at least why I do it. Like I said, I think the best.

00:33:38 Andrew

Companies in the world are.

00:33:39 Andrew

Technology businesses, I think my personal strengths I'm I'm good at long term qualitative.

00:33:45 Andrew

Thinking and I'm good at risk.

00:33:46 Andrew

Management. The nice thing about tech is that.

00:33:49 Andrew

Growth takes care of itself if you're.

00:33:51 Andrew

In the right space.

00:33:52 Andrew

So then a lot of it is thinking through risk management, thinking about, you know what, what are the real risks to this investment into this business? And so I say that technology as a whole, I think they have unbelievable businesses and technology, not all of them, but many of them really great businesses, high margins, high returns on incremental cash.

00:34:12 Andrew

And they have long term growth prospects. And if you can do the the work to really think through the risk management, then there's wonderful opportunities there for investment.

00:34:22 Andrew

But I also say that I think it's a lot like wandering through maybe a Rose Garden with thorns everywhere to be especially careful in technology, and I think it, you know, a level of humility is always important.

00:34:36 Dave

Always important, because as we both know, the market will humble you very, very quickly as soon as you think you got it nailed, it'll.

00:34:41 Andrew

Well.

00:34:44 Dave

Smack you in the ****.

00:34:46 Andrew

The other nice thing for me is.

00:34:47 Andrew

Like I think there's.

00:34:48 Andrew

More volatility in technology. I'm a hyper.

00:34:50 Andrew

Long term investor and so there's.

00:34:53 Andrew

If you look at Amazon.

00:34:54 Andrew

As being one of the largest.

00:34:55 Andrew

Companies in the world and.

00:34:56 Andrew

Only at the end of 20.

00:34:58 Andrew

22 they had dropped 60% from their.

00:35:01 Andrew

Highs. I mean that doesn't happen that.

00:35:03 Andrew

Frequently for these giant companies.

00:35:06 Speaker 5

Amazon.

00:35:06 Andrew

They happened to you?

00:35:07 Andrew

Know and one of the best businesses in.

00:35:09 Andrew

The world is 60% discount to its.

00:35:11 Andrew

Premium. That's an unbelievable opportunity.

00:35:13 Andrew

For invest, honestly, I don't know the statistics, but I speculate you don't get that with the Unilever's.

00:35:19 Andrew

And the the.

00:35:20 Andrew

Johnson and Johnson's that.

00:35:21 Andrew

They are going to drop by 60.

00:35:23 Andrew

Percent. But Amazon might you know, it did a Microsoft might. It's beta. Exactly. Meta might have been done more. So that's a really great thing if you're willing to stomach highs and lows.

00:35:36 Dave

Yeah, that's a great point. And one of the things about investing is people don't understand that you will not always go up to the right. Buffett has talked about he and Charlie both talked about two or three, 50% or greater drawdowns while they were held in Berkshire over the last 60 years.

00:35:53 Dave

And that takes a pretty strong stomach to to endure that once but three or two or three times. So yeah, the risk, it's there for any company.

00:36:01 Andrew

Totally. And it may just be because I started so early that it just completely, I'm completely unemotional about the drops. Whenever a company I own drops significantly. That's that's wonderful. And there's nothing I love more. I I spend so little time actually buying stocks because I spend all my time researching and waiting. And then when you have an incredible.

00:36:22 Andrew

Generational opportunity. Then you put all your chips on the table and and I think being able to concentrate in a great number of companies when they're at great price. This is how you outperform the.

00:36:31 Andrew

Markets over time.

00:36:32 Dave

Yeah, I totally agree. So let's talk about that for a second. So what are your thoughts on?

00:36:38 Dave

Like when is the right time to buy a company? What kind of price do you look for? Because it sometimes people can associate tech with crazy valuations, crazy prices and buy at any price. It doesn't matter. So I guess what are your thoughts on on that? How do you kind of try to balance that?

00:36:54 Andrew

Sure. So maybe I'll walk through real quick. My investment process, I think about it, I spend probably 95% of my time if I'm studying investment thinking about is this a wonderful business? So I'm just asking myself two questions. Is this a wonderful business and what price would I pay for that business? And maybe 95% is an under?

00:37:12 Andrew

Estimation of how much time I'm spending on just understanding the business, understanding it's wonderful business and and once I've decided that it is a wonderful business, the rest is pretty easy because it's truly a wonderful business. It's going to be worth more than 10 years in most situations, you know outside of crazy valuation spikes that we see once every decade. You know, I think that's the best risk mitigation.

00:37:33 Andrew

You can have on price as being a really great companies and then the second piece I look at my valuation methodology is pretty simple. I think if you study the grades, the conclusion that you come to is that value is obvious.

00:37:46 Andrew

At certain prices and that's the prices I tried to get to I and that's just totally company dependent.

00:37:52 Dave

But I think.

00:37:53 Andrew

The most important thing is is being in a great company and typically I'm buying companies when they've dropped 30 or 40% from their.

00:37:59 Andrew

Highs. But that's that's not a steadfast.

00:38:02 Andrew

Rule it just depends on.

00:38:03 Andrew

How I see the company playing out over there.

00:38:05 Dave

And do you feel like because you have a as you put it, a hyper extensive longer time horizon, do you feel like that gives you that advantage to be able to?

00:38:13 Dave

Wait for.

00:38:15 Dave

A company like Amazon to drop 50 or 60%.

00:38:18 Andrew

Huge advantage. Gigantic advantage, especially when interest rates are pretty high. You know, if you have your money in a money market fund, you can wait and collect 5% a year on that and that's pretty good and you just.

00:38:27 Andrew

Be patient and.

00:38:28 Andrew

Wait for a big drop and then invest it.

00:38:30 Andrew

And and that's.

00:38:31 Andrew

Just my methodology, I think there's probably.

00:38:34 Andrew

You know, a really smart methodology of every time you have money, you know, flowing into your account or however you manage it, you just immediately put an S&P 500 and you have that as your holding vehicle. So you get an upside benefit if you happen to be wrong. And if you're right that the market's gonna come down some, then you get the chance to.

00:38:50 Andrew

You know, transfer that over to individual stocks. There's probably some, you know, really smart strategy.

00:38:55 Andrew

Doing that as well.

00:38:56 Dave

Right. Yeah, I love that. All right, So what is the quintessential Eric's stock? It could be something you own or.

00:39:03 Dave

Could be something you don't own.

00:39:07 Andrew

Well, I think Amazon is a great one. It's the.

00:39:11 Andrew

First stock I.

00:39:12 Andrew

Bought so maybe I'm biased, but advantages of Amazon are unbelievable. If you look at the retail side of the business to compete with Amazon, you have to build out the distribution network that they built out over 20 years.

00:39:24 Andrew

That's unbelievably hard, unbelievably hard. And then you look at the other.

00:39:29 Andrew

Side of the business which?

00:39:30 Andrew

Is AWS which is an.

00:39:31 Andrew

Absolute cash pal. And once someone is on a cloud computing platform, it's it's very hard for them.

00:39:38 Andrew

To switch off.

00:39:39 Andrew

They may not have.

00:39:40 Andrew

The highest growth rates when compared to GCP and Azure, but they're still growing strongly.

00:39:45 Andrew

They're \$100 billion in annual run rate.

00:39:48 Andrew

And I think they grew at 18%.

00:39:51 Andrew

Year over year last quarter, that's pretty incredible if.

00:39:53 Andrew

That company's.

00:39:54 Andrew

Public they're probably getting AA10X price to sales, maybe more. That's a trillion dollar company on its own. You look at the retail side of the business, I don't remember the exact numbers, but they're doing maybe you know as well, 600.

00:40:08 Andrew

You know 600 billion in revenue or 500 billion in revenue.

00:40:12 Andrew

And so that company, if you look at you know across the retail spectrum, that's probably getting to 1.5 to 2X on.

00:40:18 Andrew

Sales. So that's.

00:40:19 Andrew

A trillion dollar company. You've got these and.

00:40:21 Andrew

Then you have all these other business units.

00:40:23 Andrew

Built on top of that of advertising and prime and these kind of just pure margin businesses that you get a layer.

00:40:28 Andrew

On top of that and you get a.

00:40:30 Andrew

Multi trillion dollar company and it.

00:40:32 Andrew

Even I would say it's still probably close to fairly valued now and maybe a little higher. I haven't had it, you know, in a little while, but exactly you know a company like Amazon really deep competitive advantages that seemingly will be around for a very long time.

00:40:47 Dave

I think that's a fantastic example and.

00:40:50 Dave

To your point, you know \$100 billion run rate may not sound like that much, but when you consider visas, total revenue for last year was I think around 30 billion or visa, which is one of the largest well known best known companies in the world and they only did 30 billion. I mean only it's still a lot of money. Yeah, the.

00:40:56

Yeah.

00:41:09 Dave

When an ancillary business of Amazon is doing 100 billion.

00:41:13 Dave

You know, and you know their their retail is doing 4 or 500 billion. Those are big boy numbers, so.

00:41:19 Andrew

Unbelievable numbers, incredible and growing 20% a year. That's hard to even fathom that that business can exist like maybe we talk about it in a future time, but like the history of technology, if you look at the cloud and and really these cloud companies that ended up being in software too.

00:41:35 Andrew

They, these three major waves of technology, all coincided at once, and I think that's a big reason we've seen the last 20 years be so incredible for tech investors. You had mobile, the Internet and the cloud all come together at once. You had a huge manager applications.

00:41:50 Andrew

You had a.

00:41:50 Andrew

Way for people.

00:41:51 Andrew

To access those applications and you had a new way to build software on it, and it really it's.

00:41:55 Andrew

So much of that value accumulated to the big tech companies that we call magnificent 7 now and and so it's it's a pretty interesting case study on on how technology evolves.

00:42:05 Dave

It really is. And to that point I read recently on Twitter somebody was talking about the kind of the adoption curve of some of these technologies.

00:42:15 Dave

And when the Internet first became a thing in 95 or somewhere around there, it wasn't as widely adopted as everybody thought it would be, and it took a little bit maybe 5-10 years before it became fully adopted. And they were kind of speculating that AI is going to be the same thing that it's unquestionably.

00:42:36 Dave

Revolutionary technology and it's going to do wonders for our society, but.

00:42:42 Dave

To try to predict who's going to be the winner, we might just be a.

00:42:45 Dave

Little bit early in all that.

00:42:47 Andrew

Completely agree. I think you always see these infrastructure build outs you know over the value of the applications come later and those never perfectly line up if you look if you're sitting there in 1995 for example, the Internet comes around as an investor, you're never going to think you know, wow, you know what this is going to be really great for.

00:43:08 Andrew

Meeting rides and other people.

00:43:09 Andrew

'S cars, right? You know what it's gonna be for?

00:43:12 Speaker 1

Got a great evening.

00:43:13 Andrew

Me sleeping in someone else's kitchen like that.

00:43:16 Andrew

That's just not gonna happen. And so, you know, we're early on in AI and we don't know what that value looks like, and that's OK. It's OK to be patient. Yeah. So yeah.

00:43:18 Dave

No.

00:43:27 Dave

It is it. You know, it's interesting. You know, when I was a kid, you didn't talk to strangers. You would have never dreamed of getting in a stranger's car, to have them take you across town. And now we act like that's a normal thing. Like we'll put our kids in a car with an Uber.

00:43:39 Dave

And not think twice about it.

00:43:42 Andrew

Exactly. I think I can confidently say that the world in 20 years will be significantly impacted by AI, and I can also confidently say that I don't know what that looks like and that it, you know, my investments may be terrible right now to predict those.

00:43:58 Dave

Right. Yeah. I think that's probably an appropriate way to think about investments in, in tech.

00:44:04 Dave

And just trying to predict to the future because none of us can see what's going.

00:44:07 Dave

To happen in the future.

00:44:09 Andrew

Exactly. And you know, I didn't study NVIDIA that much longer before it took off. You know, I wasn't, you know, in the 2000 tens, I wasn't studying it. But if you look at it, Jensen was saying these things about AI. And if you look at a point.

00:44:21 Andrew

Materials in 20.

00:44:22 Andrew

21 they have.

00:44:23 Andrew

This this chart that became semi famous of like AI as the next wave and.

00:44:27 Andrew

It has like.

00:44:28 Andrew

Doubling the semiconductor Pam over a decade. And so it's like these, these companies say that it was coming and.

00:44:35 Andrew

You still have to.

00:44:35 Andrew

Wait, you know, Jensen, I don't know when he first started talking about accelerated computing, but he built out this company for 15 years before.

00:44:43 Andrew

A I really took.

00:44:44 Andrew

Off. And so it's like you could have and those companies did really well, but it wasn't specifically because of AI. And so you can look at that and say, like, yeah, those companies, they were right and they were still 15 years early.

00:44:56 Dave

Yeah, yeah, exactly. You know, everybody always when they see the story of NVIDIA, they think, oh, this is a new company and they've been successful the whole time. And I was listening to a talk with Professor Oswald the motor and he was talking about, you know, NVIDIA has been on desk door 3 or 4 times in the last 10 years.

00:45:15 Speaker 1

Yes.

00:45:15 Dave

And so, you know, it's not like it was just some.

00:45:17 Dave

Overnight success story.

00:45:19 Andrew

Yeah, I remember seeing all the times in video.

00:45:22 Andrew

As I saw a chart and all.

00:45:23 Andrew

The Times in videos dropped by 50%.

00:45:25 Andrew

Or more and it was.

00:45:25 Dave

Right.

00:45:26 Andrew

Several times over the last few decades, so now their their story is incredible over.

00:45:28 Dave

Yeah.

00:45:31 Andrew

The last year, I don't know.

00:45:32 Andrew

They didn't like it, but.

00:45:35 Andrew

It'll be a.

00:45:35 Andrew

Case study. I think there'll be many great case studies coming out of the.

00:45:38 Andrew

Years of 2023 and 20.

00:45:40 Andrew

24 and AI investments.

00:45:42 Dave

Yeah, for sure. Well, I mean, the last four years has been a bit of a roller coaster, so there'll be lots of interesting conversation and studies about this, that and the other thing.

00:45:50 Andrew

It has and for any value in client tech investors been great few years.

00:45:56 Dave

Yeah. Yeah. All right. So, Eric, this has been a lot of fun. This has been a fantastic conversation. If people want to interact with you more, learn more about what you got going on, where could they go?

00:46:07 Andrew

You can go to generative value dot.

00:46:09 Andrew

Com you can.

00:46:10 Andrew

You know, feel free to shoot me a message on on Twitter or LinkedIn, you.

00:46:13 Andrew

Can find me anyway.

00:46:15 Dave

OK. Yeah. And I will put all those in the show notes for everybody so that they can reach out to you because I'm sure people like me will have lots of more questions for you.

00:46:24 Andrew

Awesome. Well, so great to talk to you, Dave.

00:46:26 Dave

You too. I appreciate it very much, Eric. All right, folks. Well, with that, we'll go ahead and sign us off. You guys go out there and invest with the margin of safety emphasis on the safety. Have a great.

00:46:34 Dave

Week and we'll talk to you next week.

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