

## J. Michael Locke

### Musings

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#### #105: Musing December 18, 2020

Lots of technology this week.

Internet is the new utility. Amazing how dependent we have become on internet access in our personal and professional lives. I made the mistake of ordering faster Comcast service at home which was supposed to be just “plug in the new router” and of course that didn’t work (does anybody have worse customer service than Comcast?) An unhappy Locke household as kids couldn’t do their online learning without internet access and Wifi. Many schools also had this experience on Monday as Google had a major outage. I don’t know the nuances of the FCC decisions on “net neutrality” and deeming the internet as a public utility. Certainly seems like a utility – certainly during this Covid period.

We are beginning to see the market changes in web firms as privacy gets more attention. Apple will be changing the “opt out” process for users to stop allowing apps to track their behavior. [apples-seismic-change-to-the-mobile-ad-industry-draws-near](#). Potentially some significant effects on digital advertising.

Huge hack of federal government disclosed last week. Actually a hack of the “supply chain” as Russians had put some bad code in an update of Orion software from a company called Solarwinds which people use to manage their networks. [solarwinds-at-center-of-massive-us-government-hack](#) A couple interesting items. First, it was the supply chain that was broken into. You are only as good as your vendors. This is what happened with Target a couple years ago. It was their HVAC company that got hacked. Second, it is estimated that 18,000 clients downloaded the hacked software (i.e. it wasn’t just a government hack). Finally, it happened back in March!! Just now being uncovered. In an earlier musing, I commented on the third “pandemic” likely going on with little visibility – cybersecurity. More will be coming.

Sometimes it takes a while to see how bad a decision was. In 2006, the CEO of Intel turned down a request by Steve Jobs to build an affordable chip for the iPhone. Apple was forced to build a chip around Arm Holding which is now taking share from Intel especially around mobile. Intel took a “proprietary/ closed” approach to business where Arm took an open architecture approach. Anyone can license the Arm instruction set which allows it to leverage all chip designers across the globe and clients can build custom chips. Intel stayed closed. Bad decision.

I am an open architecture guy in general. Build the power of your “platform” by letting others plug into it. Think of the Apple App Store. A different approach is the big EMR company in Wisconsin called Epic. They dominate the space but there time will come as they are notoriously difficult to work with and don’t facilitate integrations where others can “plug into” their EMR. They will eventually lose for this approach. This “collaborative” vs “proprietary” approach to software can be applied to people as well. Be a collaborative person who leverages others through relationships and learning. Take meetings with anyone you can learn from.

New videogame called Cyberpunk 2077 had 8 million pre-orders when it came out recently. A couple good moves. They leveraged an influencer by having Keanu Reeves in the game. They also built it to run on all platforms – xbox, playstation, PC etc.

If there ever was a good example on why you must move as quickly as possible, look at Moderna. We spent the last week lauding the rollout of the Pfizer vaccine. Unbelievable amounts of non-paid advertising (“earned media”) this past week as every news organization reported from Pfizer plant in Michigan. Bet the CEO of Moderna wished they moved a couple weeks faster. I also personally experienced the challenge with not moving as fast as possible as an acquisition prospect we had identified announced it was being acquired by someone else. You simply need to act with urgency. Calls on weekend mornings, emails at night.

One area we don’t need speed is government regulation. The next PPP program being discussed has a much better design to ensure the right small businesses get the money. It requires a lower employee size and proven revenue declines. The first one was done too hastily.

The system of states in US provides a great example of competition. I love that Peter Thiel, Keith Rabois, Tony Stark☺ and Oracle have announced they are leaving California for Florida and Texas. J.P. Morgan and Goldman Sachs are looking at moving to Florida ([jamie-dimon-open-to-relocating-chunks-of-jpmorgan-chase](#)) You don’t have to agree with me but great that we have some states that prioritize business-friendliness and others government control. Individuals and businesses can decide which they prefer with where they locate. My bet is on Texas, Florida, Carolinas and Tennessee. Migration out of California, New York and Illinois. This will create a vicious cycle of declining state revenue with high cost structures. Under U.S. bankruptcy law, states can’t go bankrupt (cities can as we saw in Detroit) so will be a painful adjustment cycle.

Wouldn’t you like a job with guaranteed lifetime employment and no performance review? Tenure for faculty is an anachronistic concept which needs to go. It is a big part of the cost issue of higher education. Some college presidents are looking to “void” tenure with the Covid crisis. [hit-by-covid-19-colleges-do-the-unthinkable-and-cut-tenure](#)

On the positive side in education, you have to love creativity. Bennett Day has launched an app for families to do project-based learning activities at home. Turn off Minecraft and Fortnite and get some good educational programming on your android phone (apple coming). <https://bennettlive.com/>

Companies are becoming the new major player in education. Good article on how McDonald’s is leaning into the issue (kudos to friend Lisa Schumacher who leads this effort) [restaurant-workers-education-remains-essential](#). Amazon also tired of waiting on schools so they are going to teach cloud computing. [amazon-wants-to-train-29-million-people-to-work-in-the-cloud](#)

Be safe.

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