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Data, *not magic*

How to NOT Make a Good Tech Decision

When making tech decisions, like anything else, it's important to know what *not* to do. That way, you can just do the opposite. And be right. Right? Right.

DO THE FOLLOWING THINGS IF YOU WANT TO FAIL.

1. Listen to CEOs/big corporate execs.

They may be smart, but that doesn't mean they're smart about what's emerging. In most cases, their knowledge proves quite the contrary (or they're spouting some trash in an attempt to manipulate the news for their own personal gain).

Amazon.com is a very interesting retail concept, but wait till you see what Wal-Mart is gearing up to do.

IBM Chairman Louis V. Gerstner Jr.

We honestly don't see a world where Amazon would be a competitor to FedEx.

FedEx SVP Patrick Fitzgerald

Google's not a real company. It's a house of cards.

Microsoft CEO Steve Ballmer

The subscription model of buying music is bankrupt.
I think you could make available the Second Coming
in a subscription model and it might not be successful.

Steve Jobs

There's just not that many videos I want to watch.

Steve Chen, co-founder of YouTube

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2. Google.

According to New York Magazine, over 40% of the internet is fake. In another study, MIT researchers found that falsehoods are 70% more likely to be retweeted on Twitter and reach their first 1,500 people six times faster. So can the world wide web be relied upon? Not really at all.

And even when you land on data that you believe you can trust, the chance of it being tailored to your very specific needs is extraordinarily slim.

"We review twice as many companies now with the confidence that we have a full view of the market."

That's a quote from someone on the team at Cedars-Sinai Accelerator.
By eschewing Google and instead using a proprietary search, they're able
to filter their narrow requirements and find companies that they need to meet.

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3. Heed the hype.

Let's face it, a lot of companies fall short of it. And going on instinct isn't going to magically give you the answer of whether a company is worthy of their buzz.

Thankfully, there's a tool called Mosaic that takes thousands of data points and answers this ultimate question: will a company succeed, or not?

Thinki of it as a FICO score for private companies.

How does Mosaic work?

Developed over the course of a decade with grants from the National Science Foundation, Mosaic aggregates and synthesizes publicly available information and non-traditional signals about private companies and gives them a score that comprises four models.

It's what we call the 4 Ms.

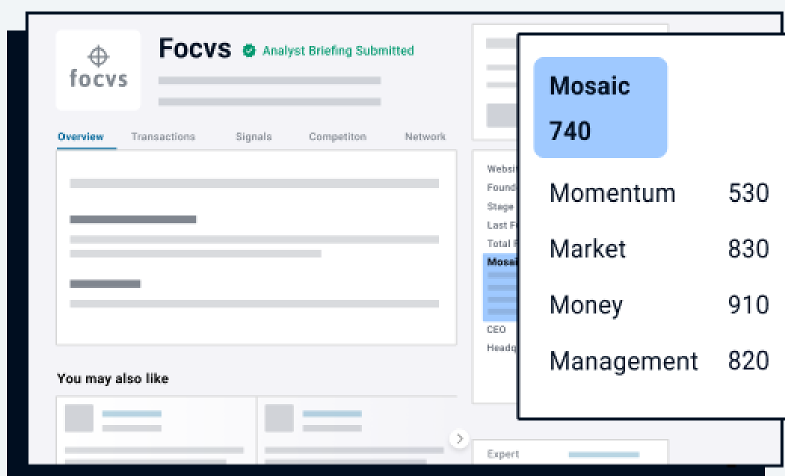
Momentum. How much traction does the company have?

Market. How healthy is the industry the company is in?

Money. What is the financial health of the company?

Management. Who are the leaders of the company?

Take it for a spin yourself and look up any startup's score.



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4. Ignore your competitors.

Keep your friends close but your enemies closer, right? Well, not enemies but, yeah. Competitors.

But it's more than this. Knowing your competition's business relationships allows you to accurately predict what they're going to do next. And this goes for any industry.

It's proven over and over again.

Heading into **2022**, we knew that **one of Walmart's primary areas of focus was faster delivery.**

How did we know this? Because **in 2021, half of its investments were autonomous delivery companies:** DroneUp and Cruise Automation being two of them.

It can also **predict future M&A transactions**. In **October 2019**, Lululemon invested $34M in Mirror, a Peloton competitor. Less than a year later, **they acquired them.**

Walmart again – in late May of this year, in an effort to keep up with Amazon, they partnered with Symbiotic – a Massachusetts-based automation company that makes warehouse robots. A month later, **they invested in them.**

In fintech, this same relationship data uncovers **Visa** and a distinct **"try before you buy" strategy,** i.e. partner, and then acquire.

Currency Cloud. YellowPepper. Payworks. Rambus. Fraedom.

The payments giant clearly liked what they saw, because after each trial (the period varied from a few months to nearly a decade) **they bought each one.**

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5. Ignore the smart money.

It's called "smart" for a reason. Remember, VC follows the Pareto principle: 80% of the wins come from 20% of the deals.

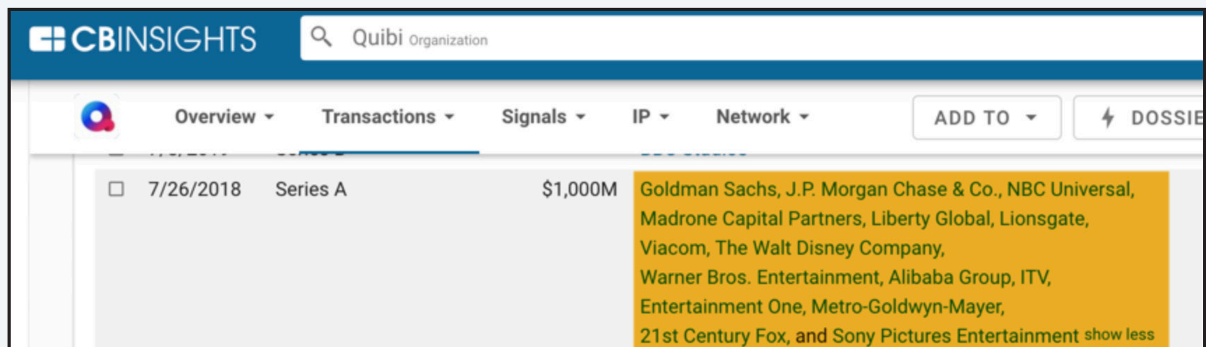
Or what Andreeson Horowitz calls the "Babe Ruth effect."

But don't assume, either. Just because there's an astronomical sum of money. Boatloads of dough doesn't necessarily mean it's from VC or CVC these days.

For example, there was Quibi in 2020.

Launching in April and quickly collapsing in December after failing miserably to meet subscriber projections, the public was quick to dunk on VCs for one big ugly and incredibly costly bet (raised $1.75B, eventually sold its content library to Roku for pennies on the dollar).

But then you look at the receipts:



Well would you look at that! It was CVCs all along.

Of course, even when it is VCs drowning a startup in capital, beware of the dastardly foie-gras'ing mirage.

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6. Put the wrong tech, first

Because you're missing the right tech.

Ex.: let's say you're in e-commerce and you're trying to find a solution to manage your content. You tap consultants, the old familiar firms, reference the MQ for the space and jot down a few companies and continue on with your strategy.

It might seem fine at first, until a few months down the road when you realize your competitors are presenting content that not only drives more value, but they're publishing a ton of it, and at dizzying speeds.

It's because the Gartner Magic Quadrant (which is "a graphical competitive positioning of four types of technology providers, in markets where growth is high and provider differentiation is distinct") somehow left out the space's most promising leader: Salsify.

Next time, reference assets that include every solution that's available – i.e. what's emerging.

Things are moving too fast – research either keeps up or it instantly becomes worthless: outdated information that's lethal to a tech strategy.

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7. Reach out awkwardly

You robocall you.

When you're trying to start a conversation with a company, it's easy to come off like a stalker. Or at the very least, like an annoyance. A solicitor. A stranger.

It's better when you're introduced by a mutual party. That's what this new tool is all about (plus you literally press a button and boom: you're connected).

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8. Listen to the echo chamber.

Or outdated research drivel. Or consultants. Or anything that references "magic."

Abracadabra? Nah. The game you're playing is won with the right data.

Which means avoiding analysis generated from "pay to play" traps.

This from The Information:

Five former Garter analysts interviewed for this story said that tech companies that talk regularly with its analysts-which tend to be the ones that purchase subscriptions to Gartner's research and consulting services--are better positioned to place well in Magic Quadrants than those that don't.

At the same time, Magic Quadrants-which Garter began publishing in reports in the mid-1990s-have become a source of unending controversy throughout the tech industry.

Gartner says companies don't have to be paying customers to do well in the Magic Quadrant. But since Gartner analysts will only give in-depth feedback on products to paying customers, that has fueled a perception among some tech companies that it's possible to pay the firm for better placement. Gaining access to Garter analysts by subscribing to its research starts at around $75,000, according to a Garter customer and former Garter salesperson.

And in January 2021, a few months after Gartner included IBM in one of the less desirable parts of that year's Magic Quadrant for cloud services, as it had in prior years, the company's cloud chief, Howard Boville, called Garter's charts "paid-for advertising, by all the companies that play into it." in an interview with tech publication The Stack.

Some longtime tech entrepreneurs whose companies have been included in Magic Quadrants also defend the integrity of Garter's methods. "It's a legit thing," said Evan Kaplan, CEO of database company InfluxData. "It's not a protection racket."

Conversely, keep your antennae up for stuff like this: analyst briefings and insights.

They give you access to a tech company's proprietary company information, from details regarding their business operations, product capabilities, pricing, customers, and much more.

Ready to make better tech decisions?

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