

Preface

When you sit back and go through all the amazing changes in technology and society that have occurred through the beginning of the twenty-first century it becomes clear what an incredible time of innovation we are living in and how it is dramatically changing every aspect of life. With such massive transformations at all levels of the economy, you must question how valuable it is to base investments on historical economic data and relationships. Investing really requires rethinking about what theories and data are applicable for today. Notably, historical data has become less valuable to use in analysis because so many rapid dramatic changes have occurred that in many instances past experiences are not applicable to the current environment. Additionally, there appears to be increasing differences in how the macroeconomy is going to act in this environment when compared to the micro and mid-levels of the economy. The macrorends are behaving very well as they broadly benefit from innovation. However, at selective microlevels there are competitive disruptions, shifts in revenue models, changes to industry, and regional dynamics, which are sending asset valuations in varied directions and causing some types of jobs to disappear and others to emerge.

This book is not about broad financial economics, but specifically investment economics. It is based, in part, on the concept that you understand things better if you question them. This book should make you reconsider typical theories in textbooks, not necessarily to reject all these concepts, but to know that it is okay to throw them out if you need to or develop new ways to use them better. The book attempts to address some of the impact on the economy due to technology-driven transformational developments. It tries to outline how these factors are impacting the value of data that is regularly used in making investment decisions. It discusses how the economics for industries and individual companies are transitioning. Hopefully, the book gives some guidance on how to apply these changes in your decision making process.

The book covers a fair number of topics and moves through them quickly—a bit like a series of conversations you might get circulating through a cocktail party of economic geeks. While hopefully some people will read the whole book, each chapter should be able to stand well on its own. It can be read in order, cherry-picked, or you can skip around. The goal is that the reader comes away rethinking and talking about the value and usage of traditional investment tools in today's economic context and about how asset valuations are increasingly and rapidly being reshaped by innovation.

Thank you,
Robert S. Kricheff
:()

