

Innovation and Demand, by Annie Emerson

I will attempt to explain this quickly because the FIFA World Cup is on TV and I want to watch the last few minutes of the game. By the way, I was just watching horse racing on the TV. I liked horse number 2 in one race, but it didn't even show. On the next race, horse number 2 won. How about that! It was a different horse, (same number, different horse) so I didn't pick a winner. The TV fed me what it thought I wanted to see. (But I am too savvy to respond to ads on TV shows – I think – so they didn't actually make any money from doing that to me.)

With regard to new and wonderful products (innovations), “we” can make them cheaper and better; “we” can make more of them more quickly, and they will help “you” do all sorts of things cheaper and better. Let's think of something real-world now - a data center on the moon. Yes, it will probably be cheaper and better than the last one. (If it's the first one, that doesn't apply; but if it's the second one, yes, very likely it will be cheaper and better than the first one. And the third one will be cheaper and better than that one. And so on.)

That was an extreme example. Let us think of something else – the Smart Phone. I am not sure that they get cheaper and better. They MIGHT get more functionality; they might be designed better to avoid known cyber-threats; I am not sure whether the price you pay for a newer one is less than what you paid for the older one.

Okay. Let's think of something that DOES get cheaper and better. A light bulb, right? Umm. An automobile. Umm. A jet engine. Umm. Artificial Intelligence. Okay. That is getting cheaper, better, and ubiquitous, even if we didn't want it.

Consider now the big picture, regarding innovation. Several huge computer companies are competing to be the first to develop an A.I. business model that will dominate the market for intelligent computers, and intelligent machine assistance. For example, we are told that self-driving cars are safer than human-driven cars. I am not sure that all the bugs have been removed from these types of cars, nor that systems are in place to allow them to operate at their best, nor that EVERY human being is worse than they are at driving.

But be that as it may, the main issue with “lots more of whatever, cheaper and better” is that, whatever-it-is, if people don't buy it (“demand” it), “we” have wasted our money. It sits in the warehouse or on the shelf, and we don't recoup our

investment. Moreover, if we are first across the finish line for this product, our competitors will probably make the second version of it, cheaper and better, and consumers will prefer the competitor's product to ours. We can't allow that, because we have spent billions developing our system and our product. So, we might sabotage the competition so that their better product never gets to market.

That might be a fun game, for billionaires, but does it serve the consumer? What if consumers get wise to the idea that this competitive shark-game is "all about us," and not about them at all?

Let me state it more clearly: When there is competition, there is a winner. In business, the larger the stakes, the more money must be spent even to have a chance. When the stakes are billions, the game gets ugly. When a lot of money is spent on trying to win an ugly game, resources are spent that could have been used more wisely. The best players "win some, lose some," but, however it shakes out, the ones that lose this round have lost a lot of money. No-one buys data, or inventions, from the company that came in second, even though they may be very good inventions, and data centers that didn't work out lie unused.

If a business wins this game of "promise of future benefit," and develops the best invention and associated business model, then even after its competition has been demolished, it still has to sell the invention.

The better a business is at producing the invention (data processing, say), the more it is going to need to sell the data in order to recoup costs. So, there is an incentive to sell people things they don't really want; or to devise a method of hooking them so that they can't avoid buying. If it's addictive food or pills or devices, that may guarantee a market. But, even as the young people buy the stuff, what will their parents think? (Or is that the point? Defy the adults in the room?)

Let us remember that this essay is serious, despite its tone, and "You can fool some of the people all of the time, and all of the people some of the time, but you can't fool all of the people all of the time."

If a billionaire cares about money and reputation, he or she might want to use them for good rather than allow them to be frittered away carelessly. This probably requires slowing down a bit, and working with others a bit.