



ChatPDF Summary:

1. The episode features Jeff, an expert in AI and technology who has worked with companies in Brazil and China.
2. Jeff discusses the potential of AI to transform businesses and create new opportunities for growth and innovation.
3. He emphasizes the importance of understanding the specific needs and goals of each business when implementing AI.
4. Jeff also highlights the need for a strong data infrastructure and a skilled workforce to successfully implement AI.
5. Ethical considerations, such as privacy and bias, must be taken into account when developing and deploying AI systems.
6. The regulatory landscape for AI is still evolving, and businesses must stay up-to-date on the latest developments.
7. Collaboration between businesses, governments, and academia is essential for advancing the development and adoption of AI.
8. Jeff provides examples of Brazilian companies that are using AI to improve their operations and customer experiences.
9. The future of AI is exciting, but also uncertain, and businesses must be prepared to adapt to new developments and challenges.
10. The key to success with AI is to approach it as a strategic investment that aligns with the overall goals and values of the business.

Renato

Hello everybody. Welcome to the fourth and last episode of AI 360, a special, special series about artificial intelligence by market makers and Aster Capital, in which we explore the key topics of what is happening in this new frontier of technology and how it affects business and investors. Since this is the 4th episode, first a little recap. We started with a broader context of AI and important definitions around it with Everton Cherman. Then we had Magalu's VP of platforms, Andrea Fatale, explaining how Magalu is incorporating AI into its operations. We then had Cesar Gone, the founder of CI&T, which helps other companies with implementation of new technologies. And now we end our series with a discussion centered around business models and how this disruptive technology may impact them. Throughout this series, we have worked with the co founders of Aster Capital. This time we have with us Marcello Silva, who is co founder and CIO of Aster Capital, an equity investment firm that is a reference in Brazil when it comes to investment in technology. We're privileged to be joined today by Jeff Townson, a consultant, author and podcaster who is very knowledgeable at the intersection of each tech and business models in US.

Renato

And Asia. So first, Marcello, thank you for joining us.

Marcello

It's an honor to be here and let's do it

Renato

excellent. So would you introduce Jeff to us?

Marcello

Sure.

Marcello

So Jeff, it's a pleasure to have you here.

Jeff

Thanks.

Marcello

An expert in the field. So I think Renato has already introduced a bit of you. So why don't you tell us a bit more about yourself and the work you do.

Jeff

Yeah, I mean, I kind of wear, I guess, two related hats. One is boutique consulting firm that really focuses on digital, the intersection of digital and business models, which tends to play out over the longer term. So we're trying to figure out who's going to win of these five companies, which is most likely to win, and just as important, who's in trouble? So consulting with firms, often coming in and giving them a second opinion, you're in more trouble than you think, or, hey, you're doing 20 things, but these are the three that are going to determine everything.

Jeff

Right.

Jeff

That's kind of our area. And then related to that, I do a lot of sort of let's call it like the influencer business professor, whatever you want to call that hat. So, podcasting, videos, articles, books, spent a lot of time on the ground in China, basically anywhere there's top tech firms. Brazil has several. I've spent quite a lot of time. I've been over at Magalu with Mercado Libre and hanging out there. But China is really China. And now Greater Asia. There are tech companies everywhere now. So it's kind of my stomping ground.

Renato

So, Jeff, the first material that you have published about Chat GPT was in December 2022.

Renato

Right.

Renato

How has your understanding been evolving since then?

Jeff

Yeah, I'm clearly not struggling, but it's evolving.

Jeff

Right.

Jeff

Like, Chad GPT of December is not much like today.

Jeff

Right.

Jeff

So this is a pretty fast moving situation. I think it's easier to tell who's in trouble than who's going to win. I've sort of come down to the fact that I think we can tell who's in trouble. And I think there's a short list of clear winners that I'm willing to sort of put a stake in the ground on. But, yeah, we're watching a technology emerge and evolve in real time. The capabilities every week. Every week. Oh, by the way, it does this now. Oh my God. I'm probably spending one to 2 hours a day just trying out new apps, trying to stay on top of it. How has it changed? I don't know if there's an easy answer to that question. That's probably a long answer. Do you want me to go into that? Or we can go to the next one. We'll have to go into every step of what's been December versus February versus March versus now.

Marcello

Okay.

Marcello

And one other thing that really got us thinking, which is if GenAI is really a kind of Internet moment in terms of technology, what are the key mental models you think we should use to judge this? And even if there are any kind of reference you may use from the Internet era, for instance, for us to kind of go back in time and see if it's following the same steps. So how should we kind of monitor the evolution of this?

Jeff

Yeah, I mean, there are certain things that are I guess you can make the analogy look it's obviously a bunch of new I mean, these things going. We have a new technology. Everyone's now developing new tools. That's usually the first couple of steps, right? Oh, now I don't need to hire a graphic designer. I can just do graphic design on mid journey, which you pretty much can. Okay, that's technology to tools. But then what we're going to start to see is business models that we've never seen before, right?

Jeff

Google search. Well, actually, it's kind of like the Yellow Pages, but a lot of these business models are very new. We haven't quite seen that yet. Most people are just taking the tech and incorporating it into their existing business. And then we've got a bunch of apps, right, and most of those will get commoditized and go away. So that's kind of how I'm thinking about it right now. We're still in the early stages. That would be typical to what we saw with smartphones and when mobile apps emerged. That would be similar to what we saw when the Internet emerged, when we saw PCs emerge. Not that different. I think you can take this one further. I think you can say, okay, it's a new technology tool. Humans are going to use it.

Jeff

Okay.

Jeff

We can take it to the next level, which is this looks I'm viewing digital agents now. I'm thinking about digital agents. Instead of a human agent, do I build a company with 20 employees, or do I build a company with ten employees and ten digital agents that effectively act like humans? I tell them what to do and they do it. Okay, we've never seen anything like that before. I mean, I can go on auto GPT, agent GBT, and tell it basically like a personal assistant. Find me a pizza that meets these parameters, order and have it delivered, and it'll just do it, and a pizza will show up. It's not unlike having an assistant.

Jeff

Well, digital agent as an assistant, digital.

Jeff

Agent as a girlfriend, digital agent as a mentor. Let's digitize everything Warren Buffett ever wrote and create a chat bot.

Jeff

And we can just chat with him.

Jeff

And he can advise us on anything we want. Digital agent as mentor. Let's recreate historical figures from all their writing and bring them back as a digital version that we can talk to.

Jeff

Then we get further.

Jeff

What about a company based entirely on digital agents that goes out and just sells stuff, and I just sit here and watch the money come in. So that's all new. And that's a little spooky because more and more, these digital agents kind of looking a lot like humans in what they can do if you give them specific tasks. So I don't know what you make an analogy for that for. I don't know. There's an analogy to that. The notion of what a business is might be changing, probably.

Renato

How do you define a digital agent? Like, is chat GPT a digital wage. Mid journey is another digital agent. How do you define that?

Jeff

It's a bit of a sliding scale. The analogy I like is generative AI. Large language models, image generation. You can consider them copilots or autopilots. Copilot. They sit next to you in the chair. They help you fly the plane. Okay, I'm writing it's, editing what I write. It's coming up with tweets. It's creating images for what I write. It's copilot. Autopilot I just tell it to go out there and start selling pizzas on the street. Well, not on the street. That's a bad analogy.

Jeff

Let's say I tell it to create an account on YouTube, create videos all the time. There's no human involved. It's a content creator making videos all the time up on YouTube, making ad money. Maybe it's got a link to some ecommerce. That's autopilot. We don't have a human involved anymore. Now, within, it's easier to deploy a digital agent in the online world than it is in the physical world. You could create someone who writes code and just have it play on GitHub all day. You could create a content creator. I think it's only fans woman who created a digital version of herself that dudes can just chat with and pay for. Okay, that's a replacement. But you can start to do it in the real world. And once they stick this stuff in robots walking around the street making pizza. I don't know why I keep thinking of pizza, but let's say robotaxis. Robotaxi could be a digital agent. Turn it on, it goes out. It never comes home. It just cruises the street, picks up passengers, takes them where they want. If it needs to charge, it does that, too.

Jeff

You deploy 10,000 of these in your city and just sit, and they never sleep. They take care of digital agents instead of taxi driver, human agent. This is one of those ones where you got to hit the panic button.

Renato

How close are we of this reality?

Jeff

We're halfway there. I've been playing with personal agents, content creators. Clearly, that can happen. It's a little bit like when AI drives your car. It's a matter of how often do you have to intervene? Now, you might have a content creation agent that's making, let's say videos are a little more complicated. Let's say blogs, marketing material for your product, right? It's always creating content. It's always scanning traffic. It's scanning SEO, and it's creating content for your product. That's always being placed out in the world. Instagram posts, tweets. Whatever. Does it come back to me every hour and say, I have 25 tweets. Please approve these. That would be like Tesla. Every now and then, you got to put your hand on the wheel. Or are we getting to the point where you can let that thing run for weeks? Now, a lot of the stuff I do, which is sort of I do marketing and content creation and consulting, I'm always this is a good email. This is a good piece of content to send out. Fine. I'm checking. So it's more like copilot but basic utilities in life that are pretty standardized. Taxis? Yeah, why not?

Jeff

We're pretty close, I think months, not years.

Marcello

So, Jeff, on your business model now expertise, could you please just briefly define the concept of the competitive defensibility to our audience and then kind of discuss where you already see businesses ready to strengthen their position using Generative AI, and businesses that will be kind of weakened by the adoption of Gen AI from this competitive defensibility standpoint.

Jeff

Yeah. Okay. So generally, if you're an analyst or a manager or entrepreneur, business models come in certain types. Right?

Jeff

The analogy I always use is, like, animals. There's birds, there's fish, there's big cats. Right.

Jeff

We kind of know what they are. That one has teeth. That one has wings. Business models kind of come into the same sort of buckets. Within those buckets, they can change. But we know that this is a marketplace platform. This is a content creation business, whether it's video, music, whatever. This is a retail. We kind of know the basic structures, and within those, then we can start to take apart the next level, which is okay, usually investors and CEOs, and they're looking at growth. How big can it become? How fast will it grow? What is its competitive defensibility? And then what are the unit economics? Those three things? People often think they go together, but they don't always. If you have a nice house on the beach, you have very good competitive defensibility because there ain't that many spots on the beach, but you can't really ten x the revenue if you're renting it out. I mean, you're going to run out of rooms. So you have competitive defensibility, but no growth. Some businesses, like Uber, everyone thought Uber had network effects. Not really true that much. Lots of growth, kind of weak competitive defensibility.

Jeff

And as a net result, the unit economics are not good. They're okay.

Jeff

But most of these ride hailing platforms, they're either losing money or they're close to break even. So those three factors are kind of linked, but people tend to put them all together. I always tell people, businesses, let's talk about competitive defensibility first, because it's the one that's most under your control. You can build competitive mechanisms into your business. Growth is number two. But you don't always have control of growth. You got to do it. Sometimes it works. So let's do number one. And then I break competitive defensibility down into four levels barriers to entry, competitive advantages, digital marathons, operating basics, and then tactics, which is I wrote, like, six books on this subject. Nobody's ever wanted to read six books on competitive defensibility but me, but I thought it was cool. They're short, actually, so I'm joking. They're actually pretty short, called moats and marathons. But we basically mapped out structures, and that's kind of what I do, and if I do this sort of systematically, and then I look at how every level is being impacted by digital tools that are always emerging. Often you can get a good solid read on who's going to win or who's in trouble.

Jeff

So who's in trouble? One thing we can say for sure is generative AI language models, image generation, they are changing what it means to create content. Videos, music, animated movies, text, poetry. If you want to be a rapper, you can be a rapper now. Just go to Chat GPT. It will write the raps. You can have someone do it. If you want to be a painter, forget going to art school. There's no ten years of training you can do mid journey. So it is dramatically lowering it's, letting everyone do this stuff. And we've seen this in other areas. It used to be if you wanted to write books I write books. I like writing books. I think they're quite powerful, but they're a terrible business because anyone with a laptop can do it. Now, in 1970, authors used to make money. Printing, press, blah, blah, blah. Distribution, retail stores, very controlled environment. Now anyone with a PC can write books. So there's a Gazillion books going up on Amazon every year. Net Net, nobody makes any money, and the 95% of people get no traction. Democratization of publishing. Amazing for consumers. Very good for authors in terms of we can all play, which is important.

Jeff

In terms of profitability, no bad. Okay, this is the same thing, like for video, for making music, for making art and design for a lot of things. Anybody can do it now. So book publishers got pretty hammered. Half of them went under in the last ten years because you can't make any money publishing books. A lot of people who are in the business of creating content, that's your core business. Everybody can do what you do now. And I think the first ones to go, probably animation. Walt Disney was built on animation. Generative AI is really good at making animated movies. Like already you can do it. Humans, a little bit more difficult. But animated movies, if you have an iPhone, you can make an animated movie now. So I think a lot of Hollywood is in deep trouble because

Hollywood is in the content creation business, and the only real strength they've ever had is specialization and scale. Well, this is wiping out any advantages you had by being bigger than anyone else. It used to be. We're Walt Disney. We're Netflix. We can create content at scale. We have a lot of expertise you don't have.

Jeff

We can do it cheaper than you now. Anybody with a laptop in a dorm room can create an Avengers movie. Well, you need the IP. So devastating for content creators who are doing that business model. Hollywood, YouTube. Flip side of the conversation. YouTube is a two sided platform. Consumers on one side, content creators on another. There's going to be a sea of content creators coming online, posting on YouTube. So the supply side of YouTube is going to go through the roof.

Jeff

Now for YouTube. That's great.

Jeff

Instead of having one to 2 million people making videos, you're going to have 100 million. I know I'm making that up, but you're going to have a huge now anyone can make anything now. Great for consumers, great for YouTube. They're going to get disrupted a little bit. But in terms of their core platform, the supply side, that's not unlike Amazon and let's say Alibaba, they're a two sided platform. Merchants on one side, consumers on another. When they gave people tools like logistics and payment, anyone could start selling from a warehouse to the whole country. It used to be had to open stores.

Jeff

Same thing.

Jeff

They empowered small merchants that's Amazon generative AI is empowering small content creators to go head to head with Hollywood. Bad for Hollywood, great for us.

Renato

Jeff, you mentioned the amount of content that's going to be created Hollywood style, right? We know this AI can generate stuff, but can it be really creative? Will the AI be innovative? Can they create the new Avengers? I know they could create one Avengers, another Avengers movie, but could they make the new franchise? Will they AI replace the creative side. The creative people out there?

Jeff

Right so let's say it's a platform business model. Two sides, content creators on one side. The content creators go from being human agents to a mix of human and digital agents, right? What percentage? Now, if we're watching sports, I think it's all going to be humans playing on the field. Nobody wants to watch AI generated basketball games, right? It's very human activity. So mostly humans. What about only fans? It looks like only Fans is going to be 100% digital. Because if you ever look at I have to do research on this stuff, right? So I did create an only fans account on one day, and it was horrific. I spent about 2 hours playing it. But if you ever think about what only fans is most, in most cases, it's an attractive woman taking photos and videos and a team around that person writing the text and doing it. She's doing very little beyond just smiling and taking photo. Well, AI can do that. So that field, I think it's going I think it's

going all digital. I think models and all of that stuff going to get replaced. So you can kind of look at a spectrum here of what is replaceable and what is not.

Jeff

But there's another level to this which is, okay if there is a sea of content. Now, if people start making forget the intellectual property part. If people start making Avengers content like crazy, and suddenly there's a million Avengers cartoons on YouTube, which would not be allowed. But you get the point. That's better for me because I have more because I like The Avengers. Okay, there's another level to this, which is this YouTube and Amazon are about having the biggest library, right? That's why YouTube is better than a small platform, has more content so everybody can find what they want. Well, there's another level beyond that, which is what if the AI can create personalized content just for me? Forget the isn't that better than a library? Instead of a library with every type of movie I'd ever might want to see or not? What if the AI agent just creates Avengers movies for Jeff in real time that are not just Avengers? Because it knows I like The Avengers, but also it knows I like revenge movies because I like Korean revenge movies also. So it's hyper tailored to me and everything I've ever watched already.

Jeff

So it's making an episode that builds on yesterday. An AI personalized service is a better service than a big library.

Jeff

Now, to do that, do you do that with people or you do that with AI? So this idea of what is better is a little bit different when you think about it. Like personalized content creation. I can go on Chat GPT right now and say, I am going to Beijing tomorrow. I'm going to have a free day. Please suggest an itinerary for me to have fun right. Now if I go on YouTube, I can look up Vlogs. Well, here's what you do in Beijing. Big library and hunt. The AI knows what I like. It knows I like coffee shops. It knows I like museums. It knows I like science. It can create a tailored itinerary for me. So that's better than we're seeing a new business model start to emerge. So that question of what is better and is it going to be human versus digital, copilot versus autopilot?

Jeff

I don't know. It's kind of changing.

Marcello

But if we're going to double click on that emergence of this new business model, who would be better positioned to kind of explore this? The newcomers two guys in the basement ? Or maybe the incumbents plugging this capabilities. Into their existing platform,

Jeff

Right so this is where you kind of break it down into two questions. First you got to ask like, okay, who's got the killer app? Who's got the ten X product? You got to have something great, right? So first you compete on how good is your service? Then you compete on who has competitive defensibility. So that you're one of the few people that can do that. You can have a great service like a restaurant. Your restaurant can be awesome. But I'm going out in Sao Paulo. There's great restaurants on every block. So even though you're great, hard to make money, right? Same thing. Okay, so we look at who's doing the Ten X service first. That comes first. Then we look at who can build competitive defensibility. My sort of writing has been most apps that are there's like thousands of AI apps out there now, right? Most of them aren't going to have any competitive defensibility. One, it's a gold rush, so a lot of them will fade away. Of those that survive, most of those aren't going to make money because most software companies don't make money.

Jeff

Most apps on your phone you don't pay for, right? It's just the economics of software. So who within this new wave is going to have enough competitive defensibility to make money, right? Okay. On my iPhone, I've got a bunch of apps I don't pay for. There's the clock, there's the Notes, blah, blah, blah. But I do pay for, I don't know, let's say TikTok, although it's indirect or advertisers, so most apps probably not my sort of stake in the ground has been, look for businesses that already have strong competitive defensibility that are launching these new products on top of what they already got.

Jeff

Doing this as a standalone new app is much more difficult than just saying, hey, look, you're Microsoft, you've got the mother of all business models. You're indestructible, oh, and now you've got an AI app on top that's going to get you a lot more usage. Adobe, Microsoft clearly going to and we saw this with Adobe this last week, right, a month ago. Everyone's like, oh, Adobe is in trouble because you can make all these photos on mid journey or stable diffusion. You don't need to make stuff on Adobe Photoshop.

Jeff

And then Adobe, which has a good business model, a lot of strength. They've been around for 30 years. You're a software company around for 30 years, you've got some competitive fortress thing going on. They just slap generative fill on top, and now everyone's like, oh, they're in good shape. That one was pretty predictable. So incumbents with existing competitive strength, who can adapt this? They're in the best shape. Some apps who survive the culling might break out and be something new, and then the infrastructure players are obviously going to do well. Nvidia is going to do beautifully, right? Everyone's buying AI chips. Everyone's buying GPUs, right? So they win no matter what.

Renato

Jeff so you explained a lot of business models and how things are going to happen with generative AI from now on, but I would like you to wrap up who are going to be the winners and who are going to be the losers from now on?.

Jeff

Yeah, it's hard to know because. There's a rate of adoption, right? A new tech comes out. It takes time for it to be adopted, but at the same time, the tech is evolving. Right?

Jeff

Someone figures out that you can do image generation over here, and then you can do Chat GPT, large language here. You put them together, which Bing AI did, and now you can tell Bing to write an article and put in Photos, and it creates the Photos too. Right?

Jeff

This whole thing is evolving in real time. So it's kind of hard to see too far down the road. Right?.

Jeff

We're in the mother of all technological disruptions. That said, obviously optimistic about Microsoft. They appear to have played this beautifully. They're already deep into companies on the enterprise side. They've got the only investment into OpenAI. They're the only group that has the access to the model. They're incorporating everything. They're just doing incredibly well. They could get disrupted, you never know, but looks pretty good right now. Adobe. Adobe has been built. I like Adobe as a business. I think they have been

building a suite of tools for creators since 1990 with nice network effect, integrated bundle, significant economies of scale. So I've always liked Adobe and they look like they were a little bit slow off the mark on this one. I would have expected them to be way out front on this stuff because they're in the content creation business. Right?

Jeff

But they've got Generative fill in Photoshop. Fine.

Jeff

Their Premiere Pro is definitely going to get disrupted if they don't move on to this. But I suspect they're doing that right now and they're going to announce something. So I'm pretty optimistic about Adobe. I don't know. There's this idea that we look at the tools today. Fine. We've talked about those. You can take it to the next level digital agents and business models beyond digital agents. And then you can kind of get to this idea of like, is this a new interface between humans and technology across the board? Like, is every user interface going to get fundamentally transformed? No more mice, no more clicking on computers, no more tapping on our smartphones. If that happens, then a lot of existing businesses, I don't know, pretty much everybody is responding. So anyways, certain platform business models I think are in good shape. GitHub, YouTube is looking good. TikTok looks good.

Marcello

Meta?,

Jeff

I don't know.

Jeff

I'm I've never I mean, I love Meta. No, I shouldn't love I mean, I. Think Meta is like they're not terribly innovative and they haven't been for a good ten to 15 years. They've got a very powerful business model, which is why you can get away with having the same product for so long. I don't know. I'm smarter. I'm more knowledgeable about Asia, China than I am about Facebook, with some exceptions like Adobe and Microsoft and YouTube and TikTok.

Jeff

Amazon looks pretty good because it's an adaptive value, but it doesn't disrupt. You can break this into parts. Is your business entirely digital or is it a combination of digital and physical? Amazon's biggest strength in many ways is its warehouses and its logistics, which is incredibly difficult to replicate. Well, at least expensive to replicate, right? So you're not going to get as disrupted when you're sort of in the real world and the physical world. Anyone who wants to do what they do has to build warehouses that can cover all of America, Mexico, Brazil, Europe. Right?

Jeff

But if you're a purely digital entity like TikTok, things can happen faster. So that's that in terms of who's going to get in trouble?. I think traditional businesses that are in the content creation business are in trouble because they don't have a lot of digital capabilities. Like, Hollywood's not real good at tech, right? I mean, they've never been terribly good at tech. They got cameras and warehouses, and Steve Jobs came in with Pixar, and Walt Disney basically had to buy him because it could make animated films better than his people with pencils. I think Hollywood's really exposed and then content. Anyone who's a standalone content creator, I would be worried

about, like, I like businesses where you create content and you do a service, you create content, but you're a platform. But if you're standalone, all we do is create content and charge for it. Well..

Jeff

it's hard to do that when everybody can create content. That's Hollywood level quality. So, yeah, that space is pretty bad. They were already in trouble anyways. Like, it's newspapers, book publishers. They've been having a rough decade to begin with. And this is like the Hollywood writer strike is happening right now. It's just like the hits keep coming, but I don't know, it keeps changing.

Marcello

Our next one then, I think in a recent leak, there was a Google Insider commencing that they thought Google Nora would have moats in this new GenAI wave. And you seem to disagree from your material. Could you please elaborate on that? And also explain to our audience your concept of the innovation platforms and how does this concept fit into the Google / OpenAI possible business model?

Jeff

Yeah.

Jeff

Silicon Valley looks at the world a bit differently. They look at technology. They don't look long term. Right?

Jeff

They look for new things. They go IPO, they cash out. If you're an equity analyst, you're thinking, okay, when the dust settles, who's going to stay and who's gone? Right?

Jeff

So you think more about defensibility later than the early stages. Most competitive defense, they use the word moats. But the guys who are writing that article, I don't think they really understand it that well, which you wouldn't expect them to. They're technologists. They understand tech. Most moats don't come from technology. In most cases, technology gets dispersed out in the world. Everybody knows it. Most of the value passes on to customers, most of it gets commoditized. Right?

Jeff

Moats don't usually come from tech very rarely. Mostly they come from business models. So, okay, chat, GPT, large language model. Google Bard. Fine, llama.

Jeff

Okay, that's a new technology. It's going to be created, it's going to be adapted. It's going to go into businesses everywhere. That doesn't mean it's going to create any sort of moat. The people that created ATMs, that didn't create some powerful moat, it's, oh, all the banks have ATMs now. Right?

Jeff

So they looked at it that way, which I don't think was accurate, but they did raise a good point, which is like, look, it looks like it's easier to replicate what these large language models can do than we thought. It turns out if you use open source, which it got leaked out of Facebook. So people have the open source and you have a pretty good laptop, one person with the open source model and a laptop can replicate a lot of what GPT does surprisingly quickly.

Jeff

Okay, that's probably true. I don't know, we've seen that before. Okay, so people can copy your tech fine. You think people couldn't copy Microsoft Windows? Nobody really liked Microsoft Windows. You could create another operating system, right, and it would be better. But you couldn't get people to do it because you couldn't be able to use it because the business model was so powerful. Right?

Jeff

Most of the apps you use, the software is not that hard. So that idea and if you look at open source, well, there's been open source alternatives to Microsoft Windows in Enterprise for 20 years. Red Hat. People have been using Red Hat forever. So this idea that like, oh, there's an open so no, it's it's the business model that matters. Now in some cases, the tech really does give you some long term strength. That does happen. It's proprietary technology. Yes, but most times that's not usually what happens with tech. Technological advancement tends to be a gift to the world. Everybody gets it after a while.

Jeff

Now, I'm not sure about the open source thing, but I didn't see what they said as being anything new. I would have expected there to be open source, large language models. Why wouldn't there be? It's the business model. I think that matters. Now if you're Nvidia okay, you have technological proprietary tech. That's your biggest strength. Plus scales, plus but that's semiconductors. They're a very unique technology that require an enormous amount of money and expertise that most people don't have. Exception.

Jeff

Most software is pretty simple. Not simple, but Replicable.

Marcello

Could just follow up and expand the idea of innovation platforms. And how can that kind of shape Google or Open AI? Business model?

Jeff

Yeah. So, okay, within all of this, are there business models we recognize? Is that a bird? Is that a cat? Is that a fish? Right, okay.

Jeff

Innovation platforms. This is a very well known business model. It was Microsoft. This is what made Bill Gates bill Gates innovation platform. Two sided platform. You're helping one group interact with another group. One group is people that use PCs, click, could click with your phones. The other group is developers who create software that run on PCs. The more people that network effects, the more people that write for Microsoft, the more valuable Microsoft becomes. That business model has been a powerhouse since the early 80s, and we saw the same thing with Android, iOS, Google Play Store. We know this model well.

Jeff

Okay, so we can look at something like chat GPT. Now, chat GPT was a service, it was a user interface for GPT four, right? But when they added plugins, which is lots and lots of companies creating little interfaces with their app, Expedia, Kayak Zapier, that then run within chat GPT, that starts to look like an innovation platform. The more people that use chat GPT, the more valuable it is to all the companies that have created plugins that go into it. The more plugins that are created for chat GPT, there's like 150 now.

Jeff

Like 200 of them now keeps going up every the more plugins that are built specifically for chat GPT, the more valuable it is for users. Network effect innovation platform. We know that model. Same thing WeChat did in China when they added mini programs where people create mini versions of their apps that live within WeChat innovation platform. We know that model. So when they started doing that, it's like, okay, that's a model I can understand. I think let's call that a big cat. It's got claws, it's a predator, it hunts in pride. Okay, this is starting to look like a lion or a tiger or something like, I kind of know what we're talking about. Might be a new type of cat, might not be a lion, might not be a tiger, might be a cat we ain't seen book, but it looks like a big cat, right? So I can start to take apart the dynamics and look at the metrics and kind of see how it's playing out. So, yeah, I think we can see a couple of business models that are clearly going to be innovation platforms based on incorporating intelligence into other apps.

Jeff

I would love to plug chat GPT into my own website and digitize all my content. And instead of going to my website and looking through my 600 articles, you can just chat with a little bot that's called Ask Jeff and you can have a conversation with everything I've ever written. Now, the best way to do that would be to just have a plugin from GPT, which I'm looking for. There's a company called Ask AI where you can do that.

Renato

Jeff we spend a lot of time with entrepreneurs and C Level executives, these kind of people. How do you analyze if a company is at least building the capabilities to maximize the probability that GenAI will be a net positive for their businesses?

Jeff

There's net positive in the sense of some things you have to do for strategic imperatives. You've got to do this right?

Jeff

So I have frameworks I use and this is what we do. There's a reason I can write six books about how to do this, because forever analyzing thousands of companies. So there's no simple playbook, a lot of it's just expertise. So that's why we kind of do that as consulting. And generally you're asking a couple of questions. An established company, not an entrepreneur, not a startup, that's a little bit different established company. They are generally worried about disruption first. Where are we getting disrupted? Okay.

Jeff

At one level, you could look at the service. Look, you have a service that does photo editing. This is a better service. Okay?

Jeff

That would be one type of disruption. The other disruption is, look, your business model has strengths coming from three main areas. This new tool is going to hit number one. That's Hollywood's problem. What is Hollywood's? Real strength. Scale. Scale and specialization. They don't have any hold on the customers. They don't have their customers locked into subscription models. People what'd you make. So their biggest strength has been scale and specialization that comes with that.

Jeff

Well, chat, GPT and image generation. And now video generation directly hit that strength because now people can do what you do without scale. So that would be their biggest point of disruption, is like, your business model is going to take a body blow. No way around it. So that would be one level of thinking. Let's look at established businesses. Where are you? Okay, then the next question is, what does the winning business model look like for you? That's often when we're doing engagements with clients, that's the question. Look, you have ten to 15 digital initiatives you're running at your company right now. You're doing AI. You're building a new app. You're trying to most, you know, and the tech vendors are coming to you every week saying, you've got to do this. You've got a long list of tech initiatives all the time. That's just what they do. Your average CEO, I will come in and say, look, this is what winning looks like for you in one to two years. Draw you a picture.

Jeff

This is the model you got to get to. It's your strongest position based on this. Of the ten to 15 digital initiatives you're doing, numbers one, two and seven are critical. If you do all the rest and you don't do one, two and seven, you're in trouble. You got to do those. So it gives them a strategic path. It's like you're in town and there's a flood and there's waters rising. And I say, look, that's the mountain you have to get to. Here's the path. Walk that way. Do the other stuff too. Get to that hill, right? And it tends out to be nice engagements because that's really what they want to know. And the flip side to that is you've got to get away from here. If you stay here, life is going to get worse and worse every year. That's a little bit of Hollywood's problem. Hollywood should have been building platform business models a long time ago or get into services, content plus services. But you need to not be where you are. So one of the things I say a lot is digital things are happening so fast, and that's just the pace of business now.

Jeff

It just is. Customers change fast. Tech changes fast. Rivals appear quickly. Right.

Jeff

The net net of all of that. In my opinion, is the stakes.

Jeff

You can win bigger now than you've ever won before. If you win, you win huge. But if you lose, you're going to lose fast. Like, the distribution of winning and losing is more difficult than it's been before. It used to be. You could be a mediocre business and stay in your part of the world and think the distribution of winning and losing is harsher than it used to be. So you've got to be moving quickly towards winning and avoiding that. The penalties for getting it wrong are worse than they've been, but the rewards are getting it right bigger than they've ever been. But it depends on your business. If this was Starbucks, I'd be like, yeah, you're fine. Don't worry about it.

Jeff

What about digital?

Jeff

You're fine, you're good. So if you're a retailer, sometimes it's like, yeah, you got to move.

Marcello

And then if we could kind of expand that a little bit from all these interactions we have with executives and entrepreneurs, is there some kind of traits you identify in the leadership that should be mindful of? Because you mentioned Microsoft, and it's just so hard to think about everything they're doing now and not think about this leadership kind of change they've had.

Jeff

Yeah. That is almost always, okay, let's say we work on a strategy. Here's your strategy. This is what winning is going to look like. This is the area you got to get away from this tool. Don't worry about it. Don't worry about it. Don't worry about it. That tool is the problem. Okay, fine. You got your plan. How do you execute if you don't have the people? I've spent a lot of time in Brazil. I don't know how many talks I gave in Brazil last year? 30. Companies like Magalu Magazine Luiza well, they've got tons of software people, right? But if you're working with a retailer in Brazil, okay, you've got the CTO, you've got a tech team there. You've got the chief marketing officer, who's usually pretty detailed as happy, but most of your staff are opening stores and managing merchandise. So this idea of, we're going to go digital, your biggest bottleneck is going to be people culture. And often it's the leadership who may not understand this stuff. They may understand it at a certain point, but when it comes down to writing significant checks and then writing significant checks and then something goes wrong, they don't have the same confidence in their if they open a bunch of stores and something goes wrong, they know what to do.

Jeff

They've got that inner confidence because they've been doing this. If you're doing a digital initiative and something goes wrong, oftentimes it's the leadership that pulls back because they quite know it to the same level. Now, in some cases, you can hire people that's difficult. My general solution for them is you have to do training, and we will often sell them training. We'll say, look, we teach at business schools. We'll come in, and you've got to get your leadership up to a certain level of expertise. There's no way around it. You can try and hire, you can use external expertise, and you should do that. But ultimately, if you're a retailer in Brazil, you've got to understand ecommerce you just have to

Jeff

it would be like being a retailer and saying, yeah, we do retail, but we don't understand stores. Kind of got to know that one. And so one, you have to do training. It's not as hard as you think. If you put in a plan to do six months, one year, Friday afternoons, you can actually get your core team up to a solid level of expertise faster. It's a little bit like learning a language. You think it's daunting? I can't learn Japanese. I don't know judge. But if you actually study once a week, twice a week, you look back in a year and you're like, hey, I kind of know Japanese. It happens faster than you think, but people get intimidated by it. So that's kind of what we do, is we do a combination of consulting and then training, because that's almost always the issue in legacy incumbent companies. Now, digital natives, they have that the big famous tech companies who are fun to talk about. That's not most people's situation. Not really.

Renato

Sorry, I interrupt you.

Jeff

Go ahead. Yeah, please.

Renato

Jeff, you mentioned already Microsoft and Adobe as companies that are doing good right?, with AI. But can you share some examples of other companies that are really leveraging AI to reinforce their competitive defensibility?

Jeff

It's hard to know what people are doing. It's pretty early in the game. So the big ones we know because they make announcements. I'm not totally sure what companies are doing internally.

Jeff

Who else?

Jeff

Let me think of some Brazilian companies, if I can give you some examples. I know a lot of what companies are doing digitally. I'm not sure what they're doing with GenAI. We're only five months into this. I've spoken with a lot of companies in Brazil about healthcare and retail in general. They're pretty good at digital, generally speaking. Brazil is interesting. It's a leader in certain things, like payments, and it's a very interesting scenario that to see them do so well ahead of most everyone, really. But no, I don't have any real great examples for Genai. I'm not getting a lot of visibility into it. When they release their next annual reports in their 10 K, they'll detail what they're doing, but I haven't seen it yet.

Marcello

Jeff, you mentioned Nvidia from the infrastructure layer, so to say. And what about the cloud players? How do you see them doing in this new Genai wave?

Jeff

The which players? Cloud. Oh, cloud.

Jeff

Yeah. Cloud is a great business model. I mean, a lot of this is when we see tech emerge. It's can I identify what business model we're building here? Okay.

Jeff

That doesn't mean we know the economics. We can look at a Marketplace model like Uber. It's a Marketplace platform, local services. We knew the model very early on, but we didn't know its economics for quite a while, and it turns out it's not that great. So what I like about Cloud is we know the business model and we've seen the revenue. We can look at AWS and we can look at Azure, and we can see the profits. So this one's proven, right? We kind of know what this is. Yeah, cloud is pretty spectacular. Google's not. We see Google, we see Azure, we see AWS coming out of the US. When you're in Asia and China, we're looking at Alibaba Cloud. We're looking at Huawei Cloud. Tencent, maybe. So the players are a little bit different, and when you go to somewhere like, let's say, Malaysia or Thailand, we actually see combinations. We might see Huawei and we might see Amazon. So that part is kind of interesting. There's a lot of politics involved in Cloud, depending what you're doing. Yeah, it's hard not to be enthusiastic about Cloud. It looks like a dominant business model so far, but I mean, it's changing, but yeah, I'd put a stake in the ground on that one too.

Jeff

If they would spin out AWS, please spin these out, please. Absolutely. You know what's interesting is Alibaba is doing a reorganization, right? Pretty big announcement that people didn't pay attention to too much. They're breaking into six business units, and they're each going to be separate in terms of dealing with capital markets. So Alibaba cloud looks like it's going to IPO. That might be the first of these major ones where we're going to see the numbers. There's a company called Kingsoft, which is Kingsoft was the company that Lei Jun was CEO before he started Xiaomi, and he's still on the board. So Kingsoft has something called Kingsoft Cloud, which is their cloud business, which does the cloud for Xiaomi and for Kingsoft, it's actually public and you can see the numbers, but that's kind of a uniquely China story in terms of outside of that. No.

Jeff

Alibaba Cloud might be I don't think. The others disclose their numbers very much. Right.

Jeff

But yeah, I'm dying to see the numbers. Everyone kind of knows it's going to be a winner.

Jeff

That would be on the short list of business models. Arm Nvidia Cloud TSMC. Huge winners. Right.

Renato

So, Jeff, we already established that AI is a very powerful tool for companies.

Renato

Right.

Renato

So how do you think smaller companies could use AI or GenAI to really challenge the biggest and incumbent competitors?

Jeff

Yeah, I mean, there's disruption. It's hard to disrupt the digital giants because they're really good at this stuff. CIT was easier for Amazon to disrupt Barnes and Noble because Barnes and Noble didn't really understand it. And even if they wanted to understand it. They didn't have the people, and it's much more difficult to respond. Yeah. These companies, they're really good at what they do. So if you're going to disrupt the big boys, you probably need a major technological change to create an opening. It's not clear that this is going to be that it's easier to make. Like when Nvidia launched, they were a major tech change from CPUs.

Jeff

Right.

Jeff

Graphical processing units were a different technology. So they came in at the right moment and offered something different.

Jeff

Okay.

Jeff

Large language models kind of look like software. And these companies are really good at software. It's not something they don't understand, so they may not get disrupted very easily. The big boys, the incumbents. Yeah. They're going to have a harder time responding. I think it was Chamoth, the interesting Facebook guy, he had some all in podcast joke where he said he would just tell people, if you're good at AI, just look at existing businesses that aren't digital and just do what they do cheaper. That's your business plan. Pick a regular business, redo what they do with AI, with digital agents with no staff. Just do what they do and do it cheaper. There's your plate. As opposed to going after Google or Facebook or Magalu or Mercado Libre, they're all real good at this stuff. But a lot of second or third tier banks, well, they got regulations that's a little different.

Jeff

But yeah.

Jeff

The whole disruption thing is interesting. My favorite joke is, what's your winning strategy for tennis? Like, the best single strategy you can do for winning at tennis? Play people who suck. What's your best strategy? Forget training, just play people who suck.

Jeff

Right.

Jeff

So technological disruption. People talk about SpaceX and Tesla. I think a lot of that is that the rocket companies were not innovative at all, and he just took them down with SpaceX. Turns out Toyota and Volkswagen are pretty good at what they do. So the competition is much fiercer there than SpaceX play. They still can't land rockets. It's been 15 years. That would be my play. Like, look who's good at AI and who's taking on someone who's not very good at this stuff for whatever reason.

Marcello

And Jeff, being a content creator yourself, how are you incorporating AI on top of what you already mentioned, of putting the API on your website? And how are you leveraging it to improve what you do?

Jeff

Yeah, I did a little video about this the other day. I asked Bill, okay, this is all cool. You're running a company or content creator. I do services with content. That's a different business model. The number one thing you can do is you got to start using this stuff every day.

Jeff

Every day.

Jeff

And all your staff have to start using it, too. I have small teams, but let's say I had 500 people. I would put a test in one to two months and say, everyone has to start using all these. I give them five or ten tools. We're going to have a big test in two months on how to use these tools. Anyone who's not good, you're gone. Like, we all have to be good at this stuff now. And I'd get them all incorporating it into their workflows. And I'd have online chat rooms at the company. Hey, I've written really good prompts for what we do. Let's all create a library of good prompts, right? I would force everyone to start being.

Jeff

Good at this now.

Jeff

It depends what you do if you're Starbucks. Okay, who cares? So, yeah, that's what I do. I use it for everything. I can read them to you. I have them open on my computer all day long. I'll tell you what it's like. I got a bunch of tabs. There's Chat GPT. There's Google Bard. There's Bing AI. There's Mid Journey. I've switched over from Mid Journey to Leonardo AI, which is open source version of Mid Journey. Mid journey is image generation. It's unbelievably fun. I love using Mid Journey. Leonardo AI is just a free one now. I use that one. Those are probably the ones I'm using most. Second to that, I basically mapped out on a spreadsheet all the steps to everything I do. Like, everything. Let's say for content idea generation, first draft, copy editing, let's say fact checking, crushing my I have a step where like, take down my argument, prove me wrong, creating tweets, trading videos, creating memes, doing images, doing JPEGs, tweeting out LinkedIn every step, right? And I just have columns. Me, autopilot, Copilot, and okay, this step I only do it myself. This step Copilot, which tool do I use?

Jeff

That tool, this step Autopilot, which pilot do I use? That tool? And I'm always trying out new apps to replace them and a lot of them I use, and then I try it and it doesn't work that well and I look for something new. I do a lot of translation, like stuff I'll be doing for sure. I do a lot of digital marketing that is effectively being done by the AI now. And that wasn't the case two months ago. I would have people, someone good at digital marketing. It's pretty much AI now. Image generation, copy editing. I haven't hired a copy editor anymore, so that's kind of how I'm doing it. But I'm still experimenting videos, doing more videos now. I probably put up ten videos per week. I wasn't doing that a month ago. So, yeah, I'm just trying and translation. I'm translating everything to different languages now, which I didn't used to do. I'll turn it into different videos. I do podcasts, I'll have all those translated into other languages and spoken with my voice. That's doable now, so I could do a Portuguese version. I transcribed all 163 hours of podcasts that I have, so it's very easy to digest by a large language model.

Jeff

But I could also then put these in to a voice creator like Eleven Labs, and I could do it in my voice in Portuguese.

Renato

Use this process to translate this podcast.

Jeff

I'm still playing with them. So some of these I'm just trying, but definitely the language one is going to be easy. Like when they tell you, oh, you can create an AI avatar of yourself, and GPT can write the text based on reading all my content, could create a five minute video, put it in my voice, have it with the AR avatar, and put it up online without me being involved. I could do that. I could put up a five minute video every day that I didn't have any hand in creating. I don't think that's a really good idea, but I could do it. It's changing. It's crazy.

Marcello

And Jeff, one other thing that we ask ourselves a lot, which is once this new technology comes in and start being adopted by you and your competitors, how can we really see additional economic profit arising from that adoption? And then when you would look, let's say at banks, you're familiar with banks.

Marcello

In Brazil and you're looking at new.

Marcello

Bank and let's say one of the incumbents here, how would you look at them and kind of judge who's better prepared for the evolution on business models that this may bring? Even that we do not know how this evolution will materialize. But you're able to it's actually a question. How are you coming up with an opinion on who's better prepared?

Jeff

Yeah, that's kind of what I do for about ten years. Major technological dislocation. Forget about economics for a while. Profits just defend what you have.

Jeff

Right.

Jeff

You're going to have to adopt all these tools just to keep what you got. And even to keep what you got, it may wipe out your price point.

Jeff

Right.

Jeff

Just might. Now, second to that, you should think.

Jeff

About how to win, how do we.

Jeff

Make profits, how do we create a stronger and stronger business model that we get stronger over time.

Jeff

Right.

Jeff

But right now it's a lot of like, look, is someone going to come out with a service that's better than mine either? It's better and it's cheaper. I got to be ready for that.

Jeff

Right.

Jeff

So that's how I think about first passive disruption. Now, what was your part about banks? I didn't quite get the question on that one.

Marcello

Let's say you're looking at Nubank and one of the incumbents Nubank. And who's better prepared for this new age that may come?

Jeff

Yeah.

Jeff

I mean Financial Services. Let's say financial services. It's weird. Like certain sectors move slow, healthcare and financial services move slow. They're more protected against technological change because of the licensure and regulatory issue. It just slows the process. If you're in media and entertainment, things move really fast with new tech. Now, Brazil is a little bit interesting, like. Financial service is a little bit weird because decentralized finance DFI web three moves very quickly, right? But most traditional banks no the regulations slows things, so you get more warning, which is good. Now, obviously, Brazil is a bit of an exception to what we've seen in most countries where the payment regulations picks Nubank, Nubank got more adoption faster. As a digital bank. I don't know if any other digital native banks. Does anyone have their numbers? Like, they got to be in the top three. Very good business model, very well done in terms of strategy. Stone Co, obviously more of a mixed picture. Interesting position in the market with what they do. Itau is obviously moving fast. You go to the others, bank of Brazil, not as fast.

Jeff

Right.

Jeff

So you can kind of take that apart. Payment processors obviously facing a major disruption. Let's assume the central bank goes from payment to credit. If they make that into a nationwide utility like they did for payment, well, that's an issue for credit cards. That's an issue for debit cards, right? And that's been a cash cow for a lot of companies. So Brazil is a really interesting picture. Now, Nubank, I wrote a lot about them a year ago. They're pretty much doing, in my opinion, the Ant financial playbook, which came out of China before the government, sort of they had a lot of political issues, but when they were going to go public, a very cool playbook. Looks a lot like Nubank, what they were doing. You have your product that gets you digital wallets, get you people into accounts out of China. That was payment, that was Alipay, that was Wechat out of Brazil. It was more savings accounts and checking accounts. And here's your first credit card. Right?

Jeff

It was a little different, but same basic idea. You build a payment platform, and then you build on top of that a marketplace platform for credit, wealth products, mutual funds. You basically go from a payment platform to a marketplace of lots of wealth management products you can do. And then what Ant did after that is they moved into finance. They did in local services like food delivery. So they kind of did three platform models together. When you look at Nubank, they did platform, they did payment platform, they did marketplace for wealth management products. I don't know if they're going to go into services. That would be a bit of a surprise. They appear to be sticking with their core model and doing geographic expansion. So they went into Mexico quick. They went into Colombia, the major markets.

Jeff

Right.

Jeff

And now I'd expect them in Chile and Peru, the smaller ones after that.

Jeff

Right.

Jeff

So they seem to be moving pretty fast. One of the interesting things about that model, which I think you see with StoneCo and you see with Alipay in Southeast Asia, is when you do financial services, you can start to add more and more services, wealth management, payment, credit, all of that. You can also go into merchant services. It's like a half step.

Jeff

Right.

Jeff

It's very easy to start doing merchant services for companies, which gets you closer to the Stone model. And that's what Alipay is doing in Southeast Asia, is they're doing payment and merchant services. We haven't seen Nubank move out of financial services yet. They could be an interesting move. So, no, it's really pretty significant. The companies I was looking at, I haven't looked at this in about nine months was Nubank versus Mercado Pago. That was the question I thought was really compelling. Right. Let's say we have digital banks, okay? So that would be one player. And then you could look at something like Itau the more sort of, let's call it aggressive commercial banks and see what they're doing. And I sat down with them and chatted a little bit. I didn't get a great read on.

Jeff

What they were doing.

Jeff

But that would be kind of who I'd be keeping an eye on. It's pretty cool. Well, I shouldn't say I think it's cool if you're being disrupted, it's not cool. So that's me being flippant. I think it's cool as a strategist. But if you're being disrupted I've been there. It's not pleasant, but yeah, it's a pretty exciting space.

Marcello

But within the space, do you see these guys well positioned to actually benefit from this new AI wave?

Jeff

AI is hitting the generative AI thing. I mean, AI is great for fraud checks. It's great for that.

Jeff

Right?

Jeff

So there's a lot of aspects of banks that AI has been going into for a long time. Fraud checks, payment approvals, things like that. Okay, those are important, but they're not game changers. Generative AI and content is a game changer for Hollywood.

Jeff

Right.

Jeff

But it's not going to change your payment account. It's not going to change your credit account, your savings account.

Jeff

Right.

Marcello

Credit perspective. You start seeing kind of credit hyper personalization in terms of offering.

Jeff

Yeah. What you'd expect them to be doing is a lot of credit security issues because those are important. You'd expect them to be doing personalization at the user interface, which could be on the merchant side and the personal side.

Jeff

Right.

Jeff

But you can personalize content. We've called this the long tail. You can hyper personalize content. That's why TikTok is so addictive, because it shows you personally what you want to watch.

Jeff

Right.

Jeff

When you move into something like payment, you're getting closer to a utility. Do I really want 10,000 different types of checking accounts to personalize? There's not as many dimensions to the consumer experience that you can tailor fashion, there's a ton. Entertainment, there's a ton. Retail, which is why Magalu is well positioned. There's a ton. But when you move closer to things that are utilities look, just pay for my coffee. I don't need to see a video about just pay the coffee. There's not as much to do in that regard. People have tried this where they're like, we're going to have personalized credit for everybody. It's not clear that consumers really like that having 100 types of checking accounts is better than having ten. Having 100,000 checking accounts isn't necessarily a benefit.

Jeff

Right.

Jeff

So these things don't land with as much.

Jeff

Yeah.

Jeff

I would expect them to be focused on the user experience. We get back to this question of, okay, it's a better service versus who. If you have a good digital wallet, digital checking account on your phone in Brazil, people took to that very quickly because they weren't satisfied with going down to the local bank and doing stuff.

Jeff

Right.

Jeff

So they were here, you were here.

Jeff

That's enough. Right.

Jeff

So you don't have to necessarily be on the frontier to do well. I've been down and opened a bank account in Sao Paulo.

Jeff

It's really difficult.

Jeff

It was not the highlight of my day. No. That's a certain bank, not the ones I've mentioned. So I often argue that, like, I'm talking about Brazil, but you could say a lot of this about Latin America. There is so much pent up frustration in many areas of the consumer experience that making something pleasant on a smartphone is enough, and everybody comes over. Thank you. Thank you. That's a great space, but you don't have to amazon going after Walmart. It's a different digital strategy because Walmart's already really good at what they do.

Jeff

Okay.

Jeff

A digital bank. There's a lot of frustration there in retail in Brazil, Mexico, Colombia, a lot of these places, a little different dynamic.

Renato

So, Jeff, we are approaching to an end to our podcast, but lastly, I'd like you to make a recommendation to the younger generations that are still studying at the university, that are getting ready to work out in the market. What are the skills to do with this new technology and the AI stuff they will need to work.

Jeff

Yeah, I mean, the answer to that question two years ago was, oh, you.

Jeff

Should learn to code turns out Generative AI is really good at coding. Like, really good. So that's a problem. The first thing is to be optimistic.

Jeff

Right.

Jeff

If you're just starting out, you are going to be in the greatest advancement in human civilization we've ever seen. It's going to be bigger than anything ever. And you're right there, and you're going to see it. All right? So you should be excited about life in 2040 is not going to look anything like this.

Jeff

Right.

Jeff

So, one, be excited.

Jeff

Okay.

Jeff

Two, recognize that a lot of the pathways that people are used to are going away. When I was growing up, if you want to do well, you go to medical school, right?

Jeff

It's good that well, not so clear anymore. So a lot of the pathways are going away. If it was me, I would be doing engineering. I think that's what I'd be doing one. I already like the stuff, right? I'd be doing engineering. I'd be doing computer science. I'd be in that space. Not because there's not going to be some disruption. There will be, but every company in the world needs these people now. Every company is having to become a tech company. So there is such a demand for software people everywhere.

Jeff

You can write your ticket, right?

Jeff

Even if software can do kind of what you do now. So those people are in demand no matter what. That's a good space to be. And I would get myself into the workforce. I try and get one of these leading companies that's like the best. You'd be in the cat bird seat.

Jeff

If you're working at Google, any of.

Jeff

These companies, you're going to see everything. Right. And you're going to know what's what. So I try and get myself into it. That's like an internship, basically. That's a pretty good idea, but yeah, you should be optimistic. It's gonna be you're gonna basically be you're gonna have superpowers. You want to write code that can create products just like Nike. You're going to be able to do it. You want to make a movie like The Avengers. You can do it. It's like crazy. So that's all pretty awesome.

Jeff

Yeah, it's pretty amazing.

Jeff

I'm glad I'm getting to see it. I would be really angry if this all happened after like, 20 years, after my time. I just missed it, really, the great turning point. And I was just I'm really excited that, like, we're all sort of here right now. I tell people all the time, I have a lot of

students, MBAs, stay out of debt, avoid debt. Because whatever you're doing, there's a decent chance you're going to have to change your career.

Jeff

Right.

Jeff

So get ready. Be financially set up, where if your job gets wiped out and you have to redo something totally different, that's harder if you're a medical doctor with two hundred k of loans. Yeah. So stay flexible. Maybe don't buy the big house.

Jeff

Right.

Jeff

When you get out of college and you get the job. Right. That's probably a good idea.

Jeff

Right?

Renato

So, Jeff, we appreciate a lot your time and your insights today. Like to thank you for being with us. It's been really thoughtful. It's been really nice to have you here.