



Rodney's Take

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Will Facebook Own the World?

Months ago, I heard a DJ on the radio say that while he's glad people love their kids and want them to have happy birthdays, he has no interest in reading gushy birthday wishes from parents to children, especially to infants and toddlers who have no idea what day it is. The DJ said that if you wouldn't call to tell him something, don't post it on Facebook (NYSE: FB). That makes sense to me, and it explains why I'm not a frequent user of the platform. I don't care that much about the daily happenings in my own life, so sharing them with others seems out of place. I use Facebook to keep up with friends and family, but that's about it.

But that doesn't mean I'm blind to the appeal. I understand enough about socialization to see how the connectivity, even if ephemeral, can be intoxicating and how Facebook specifically designs algorithms to draw us in and keep us there with things like nudges and photo posting alerts. It's sort of creepy but definitely drives digital advertising and revenue and is what makes Facebook a money-printing machine.

Now the company is preparing to launch a digital currency, Diem, which will be a stablecoin tied to basket of currencies. Central bankers and government regulators are right to be concerned. While around \$70 billion worth of Tether, currently the big dog among stablecoins, trades hands every day, that's just a drop in the bucket of the \$5 trillion currency market and daily financial transactions around the world. The first day that Facebook's currency is operational, it will be available to almost two billion

daily active users, who will be able to take some of their transactions out of the banking system, denying governments some level of control over their currency and constituents and handing that power to Facebook.

The combination of the social platform and the currency platform recently led John Carter of Simpler Trading to identify Facebook as one of the stocks to own for the next decade. It will be part of the metaverse, the intersection of the digital and physical realms.

When I heard this, I wasn't so sure it would work, because I think central banks and governments will be fearful of losing monetary control to Facebook's new currency and will place severe restrictions on it or, worse, regulate away the benefits. But now Facebook has unveiled a new offering that puts them right back in the center of the metaverse conversation, Horizon Workrooms.

The Horizon Workrooms app offers virtual reality meeting spaces that use Oculus Quest 2 headsets. While using the headset and the app, you can enter a virtual meeting where you seemingly share physical space with other participants. You appear as an avatar sitting at a table along with the other meeting participants, also avatars, and your desk appears in the app as well. Your virtual interactions with everyone have a three-dimensional feel, which is a far cry from watching other people in small squares on Zoom and other video apps.

Facebook claims it has no interest in being an enterprise company, but clearly this app brings a lot of value to virtual meetings, because it can dramatically enhance collaboration beyond what's possible with Zoom. And then there are the educational and personal applications. If Horizon Workrooms eventually creates a personal version that's attached to Facebook, which seems obvious, then billions of people around the world could instantly share digital space. This could be much less contentious for governments than Diem and also could drive the company's valuation from \$1 trillion to several trillion dollars.

Still, it's sort of creepy.

Facebook claims that data shared in virtual meetings are stored locally and thus are not at risk of being mined for advertising or any other purposes. Raise your “virtual” hand if you buy this. I don’t have to be a conspiracy theorist to think that anything I say/write/type into an online app could and one day likely will be scooped up by bad actors.

If such meetings take off, all the data will have to be stored somewhere, which bolsters the case not just for Facebook but also for Amazon, which operates Amazon Web Services (AWS). As we move through the 2020s, it looks like some of the biggest companies on the planet, firms that already are woven into our daily lives, will only get bigger.

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Got a question or comment? You can contact us at info@hsdent.com.