

Galloway, Scott – The Four

Portfolio/Penguin, 2017, [Business] Grade ★★★★★

The US FAANG-stocks and Chinese BAT-stocks have driven the current growth focused stock market cycle almost from the start in 2009 and their popularity among investors doesn't look to be fading just yet. Not all are enthralled though. Scott Galloway, a business professor at New York University and serial entrepreneur, plainly thinks that Facebook, Amazon, Apple and Google has become too big and powerful for the good of the economy. This is the story of the Four; their business models, how they became this dominant and the problems that follows from this.

In the introductory chapter Galloway lays out his thesis where a technology-optimistic society naively views big tech companies as inherently good and as a result the US government regulate the Four much more lightly than the companies they compete with, tech companies are allowed to pay very low taxes and investors supply capital to them almost for free. Big tech companies, in contrast to almost any other big company in other sectors, are seen as the good guys and given a free card to do as they please. Unfortunately, this and the ruthlessness and relentlessness of the companies has not only lead to arrogance and hubris from the side of tech companies with regards to their behavior but also to a market power that has grown so big that no one can effectively compete with them.

Then follows four chapters, each with more detail on all of the Four, or the four horsemen, as Galloway also calls them (he is a professor in marketing). The final section is five slightly unsorted chapters that slice the thesis of the book in a different way and among others go into detail on some of the sins of the companies; try to answer why their business models and products and services have such a tight grip of us as consumers; list the characteristics the companies share that have lead to their success;

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ask if there are other companies that could join their ranks and also a rather misplaced chapter giving students advice on how to succeed in their future work life.

I was given the book after listening to Galloway at a conference. I had actually previously refrained from buying it as its thesis, at least to some extent, plays too much on my confirmation biases. Now, I'm glad I read it. It is an easy, sometimes almost a bit lightweight, read that quickly puts the reader in the center of a very important discussion that will gain in prominence over the coming decade. The topic has clearly gained momentum during 2018. Still, Galloway isn't accusing the companies. They are profit-maximizing entities and do what they should do, albeit with a bit too much brutal zest, and a large part of their dominance is obviously down to great products.

He's instead partly dissatisfied with consumers but mainly with the US competition authorities that he thinks play by a pre-Internet playbook and don't see that the monopoly power of each of these companies is similar to that of for example AT&T or Standard Oil when they were broken up in pieces. With reference to the classic Apple 1984 commercial, picturing Microsoft as the intrusive dictator, Apple and the others have simply taken the previous ruler's place and done a much better job of controlling all our lives. Competition is broken. One oft commented issue with the book is that Galloway observes and analyzes a problem but he doesn't present any solutions. However, in later presentations he comes to the conclusion that the Four should be broken up into twelve separate companies and that this should rejuvenate competition.

If you don't come away terrified after reading *The Four* you might already be a Borg in the empire of the four horsemen.