

Miles Everson

The Great Realization: Investing & the Human Capital Megatrend

First trend: The rate of change is accelerating. That includes the rate of innovations.

AI was invented in 1956, and the first adoption was in the 1980s in electronic trading. 20 years later... it's now used in smartphones.

Progress is deflationary when it has societal impact... A cellphone would have been a billion-dollar computer 30 years ago.

The most innovative techs are coming from open-source tech. That's the power of knowledge flows.

Look at company GitHub... GitHub works for every large tech company in the world.

Protectionism rarely works in the long term... Fractionalization of everything.

Think about the first "shares" issued by the East India Trading Company. They lowered and then dispersed risk. Today, we're looking to fractionalize everything.

The pandemic accelerated workforce trends, and now companies need to fractionalize their workforce. There is a high correlation between societal acceptance of remote work and the use of independent professionals.

The pandemic as it relates to the workforce has only accelerated the remote work push by five to 10 years. The constraint was acceptance by society.

In the U.S., we're at the lowest growth of population since the 1700s. EMSI data and an economics firm report titled Demographic Drought states that labor shortage in the U.S. is somewhere between 6 million and 7 million people.

And now we're at the lowest participation rates in decades. We don't have an issue of tech taking away jobs... The issue is not enough people.

Tech amplifies humanity -- It doesn't replace it. The employer-employee bond is broken. People under 35 change jobs every three years. The full-time employee model is dead.

Application for EIN (new business applications) by people who have a low propensity to hire employees are at record highs. Now 87% of independents say they are happier, 77% say they're healthier, and 2/3 said they're more financially secure.

Five Predictions for the Workforce:

- 1: We will see further fractionation of the "human capital class"
- 2: Global wage scales will normalize for many white-collar workers

3: Politicians will pursue protectionist and tax-revenue policies

4: Balance of power accelerates to the worker

5: By 2025, at least 54% of U.S. workers will have worked as independents in their careers

Stock picks

Cognizant Technology Solutions (CTSH)

Unlocking the power of outsourcing.

ExlService Holdings (EXLS)

Doing the same thing for insurance companies.

Korn Ferry (KFY)

Helping other companies deal with leadership and recruiting.