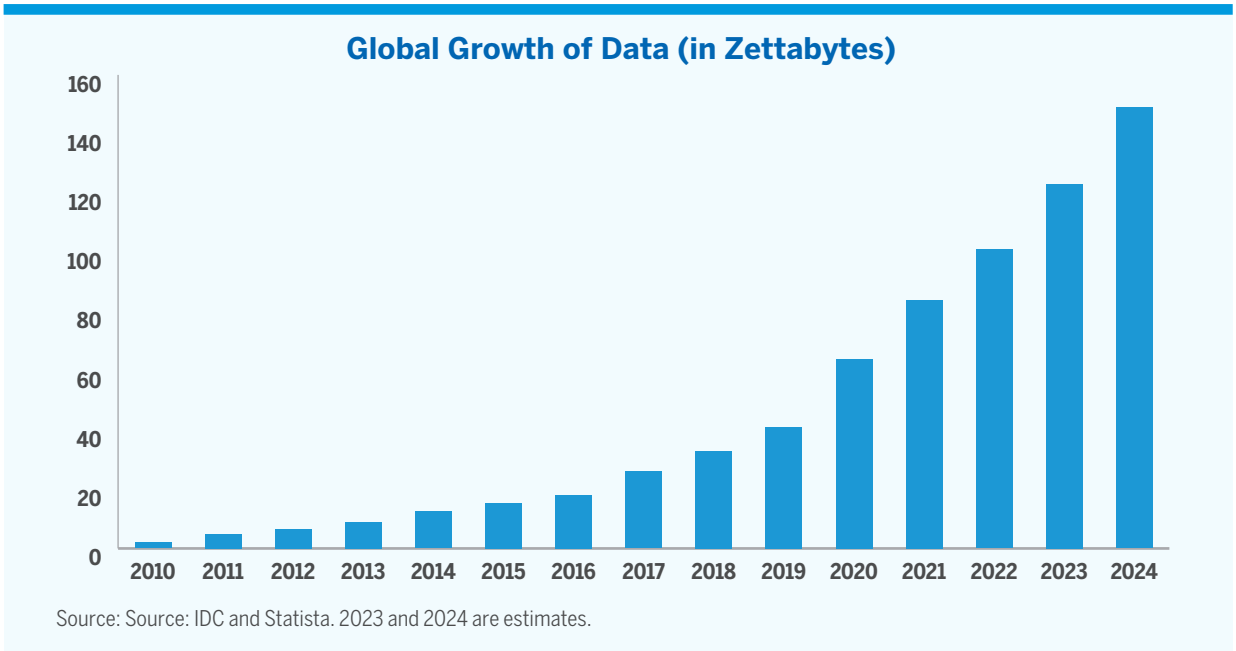
ALGER

Alger On the Money

The Big Data Revolution

In today's economy, we believe data has become the new oil—an essential raw material fueling digital transformation. Businesses increasingly need to digitize and organize their data to automate processes and improve efficiency. How might investors potentially benefit from the exponential growth of global data?



Source: Source: IDC and Statista. 2023 and 2024 are estimates.

- The sheer amount of data being generated around the world is astounding. By the time you finish this sentence, approximately 50 million emails will have been sent, 1.3 billion Google searches performed, and 145,000 Instagram Reels will have been shared.[1] As shown in the chart above, data creation, consumption, and storage have grown 75-fold since 2010. This surge has been driven by several factors such as the widespread adoption of smartphones, the rise of the Internet of Things, cloud computing, and increasing engagement with video streaming, social media, and e-commerce platforms. At the same time, the costs of hardware and software supporting this data explosion have fallen significantly on a quality-adjusted basis.[2]
- According to IDC, the volume of global data is expected to more than double by 2028.[3] In addition to the previously discussed drivers, we believe synthetic data could emerge as a key contributor to this trend. Generated by artificial intelligence (AI) to mimic real-world datasets, synthetic data enables machine learning models to be trained and tested without relying on sensitive or limited information. By replicating scenarios like self-driving car simulations, AI algorithms learn by identifying patterns and improving performance through iterative training and testing (see Reflections of Reality: Digital Twin Technology). In some cases, synthetic data could be even better than real world data for training AI models.[4]
- As advancements in AI training continue to drive progress in our interconnected world (see Scaling Up Intelligence), we believe the pace of data generation could potentially accelerate going forward. In our view, companies providing the infrastructure to support this growth (see AI Enablers) and those businesses specifically leveraged to the expansion of data (see Data Driven) may present compelling opportunities for long-term investors..

[1] Domo, Inc. 2023: Data Never Sleeps 11.0 and Alger estimates.
[2] U.S. Bureau of Labor Statistics.
[3] IDC and Statista estimates.
[4] Radford, A., Wu, J., Child, R., Luan, D., Amodei, D., & Sutskever, I. (2019). Language models are unsupervised multitask learners.

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The following positions represent firm wide assets under management as of October 31, 2024: Alphabet Inc. 1.9%, Meta Platforms Inc. 5.01%., Domo, Inc. 0.0%.

Domo, Inc. is a cloud-based business intelligence platform that integrates data from various sources to provide real-time insights, visualizations, and analytics.

IDC (International Data Corporation) is a global market intelligence and advisory firm.

Statista is a German company specializing in market and consumer data.

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