

## What has Changed in Investing & Why You Can't Afford to Ignore It

"Technology is becoming crucial for investment decisions not because it's now available or fashionable, but because the investing playing field has changed. A completely new skill set is now required to succeed," Devina Mehra Founder, Chairperson and Managing Director, First Global

By [Devina Mehra](#) Mar 24, 2025



Ever wondered why hockey is India's national game, even though we've just begun to win bronze medals after half a century?

India, and later the subcontinent, dominated hockey from 1920-70's. There were two Olympics where India did not cede a single goal all through the competition!

### **Then How Did We Go From Hero to Zero?**

The playing field literally changed, from natural grass to artificial grass or Astroturf. The great dribbling and stick work of Major Dhyan Chand became obsolete. A very different skill set was required: being very fast, extremely fit etc. At all levels of the game, from training to nutrition, deep science and tech took away the edge that the "traditional" players enjoyed.

It has been the same story in businesses like automobiles where no automaker can survive without alternatives to the internal combustion engine. Advanced tech is doing to investment management, what it did to sport. Traditionally, investment decisions were made by humans. There was only one way to do things.

People analysed information & data, then made decisions. Today almost all investment management practices, remain frozen in a 1940s 1990s time warp.

It's all touchy-feely old school...still. But there is seismic change afoot. The most important fact: technology is becoming crucial for investment decisions not because it's now available or fashionable, but because the investing playing field has changed. A completely new skill set is now required to succeed.

One, a large part of what made the traditional model work was getting additional or differential information from companies. Even in the US, fund managers could sit in a closed room with a company and get information. I've personally done plenty of meetings with company managements for decades, literally around the countryside.

However, this edge has been regulated away everywhere. Information availability has been made uniform. All call transcripts, for instance, have to be on the website. Now the problem is something quite different - a surfeit of data which is humanly unmanageable.

Advanced computing power comes in here, making extreme data crunching prowess accessible. Plus it can do this consistently, without bias or random noise, which is impossible for human beings. Not only do human beings have known biases, from storification to loss aversion, the same person's decisions vary according to their mood, the weather and the time of the day. Machines can do the thinking for you. Machines "learn", quicker and better than humans ever can.

An expertly constructed Quant ML model can do bewildering things: read innumerable research papers, balance sheets, conference call transcripts, social media feeds.

### **Analyse Auditor's Reports & Management Commentary**

Granularly analyse ratios, in time series as well as cross section, across thousands of companies. Plus the more the data fed into machines, the better their predictions - exactly opposite of humans! Most human brains decline in capabilities, with age and load.

As humans can process only limited data, they build more concentrated, clustered portfolios, largely around their comfort zones, euphemistically called 'circle of competence'.

This increases correlation in the portfolio, leading to volatile returns.

The bottomline: The Investment Playing Field is changing.

Don't become obsolete like the combustion engine in an era of Electric Vehicles.