

# Behind the Markets: Why Dan Ives Sees the Tech Market Today as a “1995 Moment”

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## Key Takeaways

- Dan Ives, Managing Director and Senior Equity Research Analyst at Wedbush Securities, sees the current tech market as a “1995 moment” and believes that the fundamentals of tech companies in 2024, such as sales, cash flows and earnings, are significantly stronger than during the tech bubble in 1999.
- He predicts that over the next 5–6 years, there could be a trillion dollars of incremental spending based on the growth of the AI opportunity across the tech ecosystem.
- Ives highlights the potential for a strong return in the biotech sector in 2024 from its connections to AI, as companies in this industry believe they can make smaller or medium investments in AI and achieve significant returns within a short timeframe.

On a recent episode of the Behind the Markets podcast, we had the opportunity to speak with Dan Ives, Managing Director and Senior Equity Research Analyst covering the Technology sector at Wedbush Securities. We see his articles referenced frequently across all sorts of major financial publications.

## We Are in a “1995 Moment”

Dan is unique in that when we speak about the 1990s, he was an analyst covering technology stocks, so he has had some notable longevity for those seeking to think of what we see today in 2024 as a “potential bubble” in valuations.

Dan reminded us that in 1999, the stocks that he was covering in tech were trading at around 28 times revenues. There were, at least in many cases, no earnings. One bottom line detail to walk away from Dan’s framework in this conversation is that there is no comparison when one looks at the fundamentals—things like sales, cash flows, capital expenditures and [earnings](#)—of tech companies in 2024. Nvidia saw data center sales go from \$4 billion to \$18 billion in three quarters, an example of truly staggering growth. We are not making up fundamentals based on clicks or eyeballs.

Getting into his view on the “1995 moment”—Dan views what is happening now as something that you tend to see in growth investing only about once every 30 years. The 1995 moment is largely based on the

fact that we were learning as a society how to adopt the internet and how certain things were going to grow a lot based on internet adoption.

1995 is also four years from 1999 and five years from 2000, when we know with the benefit of history that the excitement peaked and the market correction—the “bursting” of the tech bubble—occurred. One thing that you’ll notice on listening is that Dan does not want people looking at tech and trying to think out only about one year. He kept referencing how if you try to use a one-year forward price-to-earnings (P/E) ratio, you can be at great risk of missing things. He indicated that you need to be thinking at least 2–3 years and possibly even 5 years out.

He made the statement that over the coming 5–6 years, there could be a trillion dollars of incremental spending based on the growth of the AI opportunity across the tech ecosystem.

## **Generating a Return on AI Investments**

We talked about how even though ChatGPT, a largely consumer application, generated a ton of attention, the next two years are really about the enterprise. The use cases for artificial intelligence are expanding all the time. Dan noted a few times how you have to think of the derivative cases beyond Nvidia. An example he cited several times was Salesforce.com, clearly a company that many businesses use frequently. If AI makes this everyday usage more productive, think of how many employees spend much of their day doing various things on that platform—and that is only one example. He also mentioned how cybersecurity companies could be beneficiaries of this megatrend.

Another informative statement from Dan regarded how he looks at Microsoft. Microsoft is at or near the top of the market capitalization heap, and the company is involved in many different areas of technology. However, Dan said that when it reports earnings, he is looking at 1) Azure, 2) Copilot and 3) margins. Everything else is fine, but those are, in his opinion, the main drivers. At WisdomTree, we are very interested in seeing if we will get more clarity from Microsoft in its first quarter 2024 report about Copilot subscriptions and users—something we did not see described in full during the most recent earnings release.

## **2024—A Year When Biotech Delivers a Strong Return?**

One of the last things we discussed with Dan was biotech. Jeremy and I published pieces at the start of 2024 indicating that maybe this area of the market would, after numerous years of underperformance, come back a bit by way of equity returns. While we are only one quarter of 2024 in, we can note that when Dan referenced the conversations he is having across technology about use cases, pharma, drugs and medical devices—there is a feeling that these companies believe they can make a smaller or medium investment and get a significant return within a fast timeframe. Jeremy and I will continue to monitor whether this anecdotal evidence translates more to equity returns.

For those following trends in technology or artificial intelligence in 2024, we believe this was a very informative discussion with an analyst who has been looking at these kinds of trends since all the way back in the 1990s.

To listen to the full podcast, click [here](#) or listen below.

*To learn more about the various stock market indexes, industry related terms, acronyms, and abbreviations mentioned in the podcast above, please visit the [glossary](#).*