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THIS WEEK'S TOPIC

Should Big Tech be split up – or even regulated?

The big breakup conversation

BT ILLUSTRATION: SIMON ANG

Dileep Nair
Independent Director
Thakral Corporation Limited

"Break up Big Tech" is a catchy political slogan – but not a proper solution. Good policy would be to promote innovation, encourage competition and benefit consumers. Digital markets naturally lend themselves to economies of scale and network effects. This leads to rapid growth of the first movers. What is needed is effective regulation to curb anti-competitive practices, such as restrictive clauses that ensure exclusivity and tie-ups, or bias that favours own brands, or predatory pricing. Rules that stipulate mandatory interconnectivity can defeat protective network effects of incumbents.

Insisting on portability of customer data can also help level the playing field between incumbents and new entrants. To add bite to the regulatory framework, there should be heavy penalties for non-compliance. The ultimate aim should be to improve the welfare of the consumer.

Charles H Ferguson
General Manager, Asia Pacific
Globalization Partners

Technology is a great enabler of business and globalisation. Harnessed for the greater good, technology can promote human empowerment and social inclusion, global interconnectedness, and economic and environmental sustainability. I am in favour of regulating Big Tech companies and putting in place a set of comprehensive and stringent antitrust laws to protect consumer welfare, restore fair competition, and incentivise innovation from all players, big or small. With the escalating US-China rift creating a bipolar tech sector, the rapid development and rise of artificial intelligence (AI), as well as the advent of national "splinternets", it is worth reviewing how the same regulatory framework could apply to broad clusters of technologies and countries. As splitting up these big tech companies inevitably affect users' tech-centred lifestyle, consumer-targeted education campaigns will have to be considered and put in place as well.

Lawrence Loh
Director, Centre for Governance, Institutions and Organisations
NUS Business School

The possible market dominance of Big Tech is a critical social issue, especially if these companies abuse their positions at the expense of consumers. Yet often, there may be tendencies by national authorities to break up Big Tech for reasons beyond the promotion of healthy competition. Never before have sovereignties been really threatened by the techies such as they now are. Splitting up Big Tech may result in the unintended outcome of technology fragmentation. This goes against the grain of good standards and conveniences for users. Let us be clear in our objectives of dealing with the Big Tech – while fighting the "Big", do not forget that we need the "Tech".

Cheryl Ng
CEO and Founder
Lemi

Big Tech companies are so dominant in the market they have essentially created their own ecosystem. This places them far out of reach from the rest of their competitors, effectively enabling them to monopolise innovation and stifling the growth of smaller, more creative companies. Regulation is necessary – but how?

Measuring, controlling, and adopting technology in a free economy is difficult because it is progressing so fast, and does remain necessary for growth. Big Tech giants should be encouraged – through regulation or otherwise – to strike a balance between the data they own and the data they make publicly accessible. This open access would level the playing field by empowering smaller players and fostering innovation.

Sebastian Mueller
COO & Co-Founder
MING Labs

While many can now agree that something needs to be done, we cannot merely repurpose old answers to address new questions. Antitrust action and splitting up companies used to work with old-economy firms, but it will not work here. The technology companies in question are in areas where natural monopolies occur. Split them up, and the next monopoly rises from the ashes.

Nuanced regulation is the name of the game. We need regulators who understand the technology, the design, and the business of these companies. We need to regulate them at the system level – to introduce interventions that prevent their most pernicious impact.

Victor Mills
Chief Executive
Singapore International Chamber of Commerce

Given that self-regulation for any sector does not work, there are four key regulatory issues for governments to think about and address.

The first is customer privacy. An opt-in regime for the use of customer data is preferable to the current opt-out regimes, which are often difficult to navigate and understand. Secondly, all platforms should block and ban all users who engage in hate speech and online bullying to make the platforms safer to use. Thirdly, an independent investigation of the impact of platform algorithms on mental health is essential. Finally, Big Tech must not be allowed to inhibit competition, because that is unhealthy and dangerous.

John Bittleston
Founder and Chair
Terrific Mentors International Pte Ltd

Big Tech should not be broken up. Such action seldom achieves what it aims for, but always delays progress. Big Tech should be regulated, as any other businesses would be, for monopolistic or cartelistic practices.

Their supply chains being so complex and their trade with hostile states being so important, they should be closely monitored. We need to know what Big Tech is up to more than we do about other industries. As for taxation, Big Tech should be under the same regulations as everyone else. Those regulations need changing, since they are inconsistent with present taxation intentions. Big Tech needs to work at making itself more acceptable to everyone.

Srinivas Gattamneni
Chief Executive Officer
ADA

Big Tech has a significant influence on every aspect of our lives, shaping how we work, live, interact and even how we sleep. At the heart, they draw upon the power of consumer data to shape our lives. So yes, a considered approach is required in regulating Big Tech, to ensure the influence is guided towards the betterment of humankind.

However, we must absolutely ensure the regulation does not come at the cost of stifling innovation and the startup ecosystem. Quite often, the higher regulatory costs can stifle entrepreneurial startups disproportionately over larger companies, who have the resources to combat regulation.

Mario Singh
Chief Executive Officer
Fullerton Markets

I'm torn on this one. On one hand, breaking up the Big Tech firms would seem to achieve the intended goal of curbing their dominance and aid fairer competition in the market. On the other hand, true entrepreneurship is about building enterprises bigger and better for the common good. In the words of PayPal co-founder Peter Thiel: "If you get a creative monopoly for inventing something new, I think it's symptomatic of having created something really valuable."

The question has to be asked: what is the intended outcome of the proposed breakups? If it is to end their monopoly and strengthen democracy in the process, then breaking up Big Tech will not actually solve the issue. As an example, Jeff Bezos could simply decouple Amazon Web Services from Amazon and list it as a separate public company.

In my view, breaking up Big Tech will not solve the problem. The answer could possibly be found in higher taxes and more stringent regulation regarding consumers' online privacy.

Tirupathi Karthik
Chief Executive Officer
Napier Healthcare

There are many advantages to having the Big Tech companies around, including the ability to power large capital expenditure (capex) solutions. However, the threat to the world comes from their being used to disrupt social order – for example, in the case of what we witnessed during the 2016 US elections or, in the not-so-distant future, the digital colonisation of smaller countries. This could put the "remote control" of the polity in their hands (or their unseen "owner" sometimes).

Technology and tech companies are being weaponised by countries big and small. It no longer is purely business – as we see in the space tech race, where countries are already powering the investments needed. Sovereign interests and tech convergence can be an explosive mixture.

Naveen Menon
President, ASEAN
Cisco

There is a powerful argument that competition, rather than regulation, is the best way to tackle potential monopolies. I do not believe in over-regulation. Instead, I think, more broadly, that regulators will have to grapple with the changing nature of competition itself in data-rich markets.

I believe that where there is monopolistic or oligopolistic potential, we need to level the playing field to introduce choice and competition. For example, you could have bigger companies bundling new services into existing products that have a monopolistic position, and this will constitute unfair competition. Prices for end consumers will then rise – or customers get acquired for low or marginal cost, and their data are monetised. So, while privacy is always a top concern for most, people keep using services because it is the easiest thing to do.

Intervention then may be justified in several domains. But we do need to acknowledge the benefits that Big Tech brings to the world, which have led to these companies' astronomical success.

Maren Schweizer
Director
Schweizer World Pte Ltd

We have to consider breaking up Big Tech companies. The silver bullet – smart regulatory regime – will take too long to be established in a coordinated manner worldwide.

Monopolisation is due to a variety of things. Certain tech giants have made the jump to light speed, and their businesses benefit from network effects.

Most of the products produced by yesterday's economic giants eventually age or lose value over time, such as cars when they roll off the assembly line. On the other hand, whenever you use a search engine, you make the product younger or better for the next person who searches. Once such companies hit the critical mass, they detach from the pack. Big Tech's growing profits are the firing power to put others out of business or acquire them, which has resulted in an aggregation of power.

Eryk Lee
Chief Executive Officer
AAM Advisory

Politicians and regulators are often quick to point out the flaws of Big Tech, but it is important to look beyond the headlines and remember why they have become so huge in the first instance. The world relies on these companies to be more connected and to power digital innovation. Any future reform to the sector must not hinder their ability to do just that.

But the question of whether tech should be regulated, and whether it will be, are very different. Reform is difficult, slow-burning and is often tied to the political cycle. Google's record US$5 billion antitrust fine was five years in the making, so reform is unlikely to come to fruition any time soon. Once more, the US economy is reliant on Big Tech – these companies define America's standing in the world. So while the tussle between Big Tech and the regulators has been rumbling on for years, it looks set to continue for a while to come.

Helen Ng
Chief Executive Officer
Lock+Store

The impact of Big Tech on our everyday lives cannot be underestimated. By regulating Big Tech more stringently, we can curb the more intrusive aspects of their data extraction.

We need to first catalogue the unseen ways in which Big Tech have penetrated our social and professional lives so that we can implement effective, targeted measures to curb their power. These measures should be weighed against the benefits that Big Tech have brought to society, such as enhanced productivity through digitalisation and job creation.

Jonas Thürig
Head
F10 Singapore

Big Tech's dominance in the market can only be broken with regulation. Ultimately, there is little incentive for these companies to protect users, so it is important that governments step in.

Europe has led the way with its sweeping range of consumer protections. In recent years, we have seen Big Tech held accountable for its malpractices. But this is larger than Europe: we need global regulation.

Everyone suffers under a monopoly. New players struggle to establish themselves, impacting the diversity that customers can access. This stalemate endangers the entire industry. Disruption drives innovation, and without the threat of fresh-thinking upstarts, Big Tech is digging its own grave.

Edward Tay
Chief Executive Officer
Sistema Asia Capital

As technological advances push global markets to pivot toward a connected, digital economy, it is inevitable that the market will be dominated by the presence of Big Tech firms. This is even more so in South-east Asia, as we see the emergence of numerous unicorns and super apps.

Implementing regulations or breaking up such companies will not eradicate the problem of market dominance. Instead, regulators should work together with tech giants to create a framework that promotes collaborative partnerships and encourage healthy competition within the region's ecosystem. By leveraging on existing networks and resources, smaller tech firms will be able reap the benefits offered by the big boys. After all, a chain is only as strong as its weakest link.

Joo Lee
Chief Technology Officer
Endowus

Big Tech has brought about more good than painted by the media, enabling disruption and continually pushing innovation. It is no secret that the success of these tech platforms is largely dependent on their ability to scale in global markets to achieve growth – so much so that many perceive the four giants as establishing an oligarchy in the tech industry. As such, the responsibility should fall on regulatory bodies to hold Big Tech accountable for fair practices and ethics, with rules and regulations implemented as early as possible to circumvent issues that may arise in future.

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Mark Billington
Regional Director, Greater China and S E Asia
ICAEW

Splitting up Big Tech companies might seem like a straightforward solution, but the example of AT&T in the 1980s and its subsequent regeneration as a global behemoth shows that the endgame does not always meet the desired outcome, particularly in rapidly changing global markets. Furthermore, it is unlikely to address a critical underlying problem of a lack of common guiding principles to address key ethical issues when dealing with personal data. Any regulations introduced on private organisations will also face challenges in striking a balance between allowing for market freedom and promoting social good.

Instead, the growing awareness among consumers and increased cooperation between various stakeholders will hopefully create a much-needed push for these companies to step up and embrace the responsibility that comes with their tremendous power. This is an opportunity for Big Tech to rethink their business strategies and how they interact with the wider business ecosystem, stakeholders and society at large.

Toby Koh
Group MD
Ademco Security Group

Big Tech must be regulated on privacy and safety. The vast data collected is a source of concern and abuse. Opt-in should be mandated rather than an opt-out option. Safety is a major worry; we have seen the power of fake news and misinformation that can cause social unrest and influence political directions.

I am hesitant to encourage regulation of the current seemingly lack of competition. When companies get big, powerful and obscenely profitable, competitors will start nipping at their heels and attacking the fat margins. Innovation, choice, social preferences and new technologies will inevitably rise up and level the playing field again.

Unfair practices must, however, still be regulated. The era of Big Tech is still evolving and lawmakers have their hands full trying to grapple with this new challenge.

Shaun Hon
Director
Rainmaking

Industry-defining firms, such as those in Big Tech, certainly have a role to play in the innovation ecosystem. They can provide structure, leadership, and an aspirational model for entrepreneurs and venture capitalists (VCs) alike to benchmark. However, left unchecked, they risk over-capitalising the market – starving the competition to such an extent that no new ideas can thrive.

We are facing new challenges globally and need a new flexible and international form of regulation to ensure a healthy, collaborative environment for all. This should not be seen as punishment for Big Tech, but more so an opportunity to further enrich and strengthen the startup ecosystem, and bring a different set of innovation for the tech giants.

Niesh Jain
VP, South East Asia and India
Trendmicro

Over the last 15 years, Big Tech – particularly social networking giant Facebook – has become a dominant force globally, not only controlling the marketing and advertisement space but even manipulating consumer behaviour. In the first place, they should have been controlled when entering any country and been bound by stringent data protection laws (which virtually did not exist at all in most countries when they first entered the market).

But now they have added tremendous value to political parties in power in many countries by helping them in their political campaigns and agenda, and that is why they are given an unfair advantage to keep operating in an unregulated manner. The problem is much bigger then it seems, as they are serving a much bigger political agenda. The only solution is consumer awareness – either people stop using them, or the firms should face greater competition.

Chia Ngiang Hong
President
Real Estate Developers' Association of Singapore (REDAS)

With e-commerce growing at an exponential rate and technologies playing a crucial role in keeping our society functional and moving during the Covid-19, this sector has a profound effect on businesses and the global economy. Innumerable communities now rely on online communication platforms on a daily basis.

As more tech players enter the marketplace, targeted regulation that allows more flexibility and a level playing field for the smaller players, as well as oversight on big players based on a collective effort among national governments to avoid monopolistic advantages, will be essential for business to remain competitive. As companies grow and gain dominance, their continued success to build consumer trust and innovate to stay on top of new waves of technology are key to be a brighter future.

Lim Soon Hock
Managing Director
PLAN-B ICAG

In a true laissez-faire market, Big Tech companies should not be split up or even regulated unnecessarily, so long as they do not abuse their size or engage in unethical business practices to unfairly dominate the market. Many countries, including Singapore, have laws in place against anti-competition, which include market dominance. This is intended to prevent abuse by Big Tech to charge exorbitant fees, impose oppressive contract terms, and extract valuable data from the people and businesses that rely on them.

The issue is tougher enforcement and ensuring that a defaulting or recalcitrant Big Tech is brought to task by imposing heavy fines or penalties. Many years ago, Sistic.com, where I was a board member, was fined heavily by the then Competition Commission of Singapore for market dominance.

To split or not should be left as a commercial choice or business prerogative by Big Tech or other similar large companies, as exemplified in the past by AT&T, Google, and HP, to name a few. For many of these companies, it was to achieve a sum of the parts greater than the whole and preserve the freedom to innovate – not only to benefit shareholders, but also customers with better service and support.

Seamus Phan
Chief Content and Technology Officer
McGallen & Bolden

The presence of Big Tech companies has permeated throughout the world. They hold more data than individual governments – certainly more data than they should. In many cautionary dystopian tales, power corrupts, and absolute power corrupts absolutely. If no single government should have overarching power beyond its shores, then no Big Tech company should. Just as the banking industry was scrutinised and reformed, so should Big Tech. There have been precedents, like AT&T in 1984. Competition is good, and fair competition is critical for a fair world. With the "great Covid-19 reset" in which the wealth and power divide has become an even greater chasm, it is time to regulate Big Tech.

Akshay Bhushan
Partner and Regional Head
Lightspeed Venture Partners

The demand to break up Big Tech is age-old, which happens with winner-take-all dynamics at play and when winners – having control on distribution, data and customers – start exacting an economic tax on the ecosystem. Some regulatory intervention on Big Tech's powers would help in keeping a level playing field.

But it is also important for regional stalwarts (that have vast localised distribution) and startups to take the battle to the global tech majors to restore equilibrium. Like the battle Shopify wages today on Amazon by empowering small retailers, or Apple challenging IBM's personal computer (PC) monopoly in the 1980s – the carousel keeps turning. But watch out, because today's David might become tomorrow's Goliath.

Hau Koh Foo
Director
Singapore Management University, Institute of Innovation & Entrepreneurship

Big Tech has effectively harnessed the duo power of innovative business models and unusually disruptive technology to grow exponentially. Any arbitrary regulation – for example, forcing the companies to break up into smaller units – while intuitive, may be counter-productive. We need to be cognizant of not trying to pit the past against the future.

David Leong
Managing Director
PeopleWorldwide Consulting Pte Ltd

The Big Tech giants would evolve into a monstrosity of almost unmanageable scale if left on their own pace of expansion. They operate and function in borderless markets, with greater command of the global population than any sovereign state. They are subject to various jurisdictions but will find one that fits their needs including tax avoidance, exposure and minimisation. It is more their command of global consumers and consumers' reliance on their services that can turn predatory.

This is not new – Big Oil was forced to break up. In 1906, the US government sued Standard Oil Company (New Jersey) under the Sherman Antitrust Act of 1890. In 1911, the New Jersey company was ordered to divest itself of its major holdings – 33 companies in all. The industrial empire of John D Rockefeller and associates flourished in 1870 to 1911; they controlled almost all oil production, processing, marketing, and transportation in the US.

Giants with almost monopolistic command are never good for consumers with less bargaining power. History will repeat itself with the breakup of the tech giants.

Henry Tan
Group CEO
Nexia TS Group

Whenever a company grows too large, it attracts attention. I do not think it is free market practice to clamp down on a business or to implement regulation to do so. What we need to do is to encourage viable alternatives and ensure that consumers have a choice. If the competitors are not good enough, then it is fair for the dominant player to continue with its growth. So if any control is needed, it is ensuring fair business practices. We can encourage open-source software that allows development in a collaborative manner. We must not forget that a free market ensures optimal resource allocation.

Annie Yap
Chief Executive Officer
AYP Group

With the rise of the digital age, technology is no doubt a necessity in our lives. Technological devices, social media and the Internet are now major players in many aspects of both our lives and the economy. There have been cases of Big Tech companies releasing or selling user data to third parties without the prior consent of users.

While I do not necessarily believe the companies should be split, I do believe in stronger regulations for the Big Tech giants. Measures need to be taken to ensure the safety and privacy of consumers, as to ignore these would be unethical of any business, regardless of size.