

What the thesis says, in plain English

Monitoring Protocol v1.2.1 Final Baseline | July 24, 2026

THE BIG IDEA A few very large technology firms may become important to the economy in several ways at once. They can sit inside retirement funds, chips, cloud systems, data centers, power plans, defense systems, and daily business work. That does not automatically make them “too big to fail.” The real test is whether trouble at one firm spreads into credit, funding, payments, essential services, or broad business investment.

THE MAJOR POINTS

- 1. Stocks and indexes:** Big firms can reach millions of investors through index funds. A stock crash can hurt wealth and confidence, but it is not the same as a bank run.
- 2. Hardware and Taiwan:** NVIDIA is powerful, but it depends on TSMC, memory makers, packaging, power, and a few large buyers. Huawei and custom chips add choices. The weak spot can move instead of disappearing.
- 3. Power and data centers:** More efficient chips help, but cheaper AI can create even more use. A project may wait on chips, power, cooling, software, skilled operators, or paying customers.
- 4. Business work:** AI labs may move beyond selling model access and start doing parts of the work. They may sell agents, completed tasks, transactions, or managed digital labor.
- 5. Open models and control:** Downloadable models can give companies more choice and control. They do not automatically make a company secure, cheap, or independent. Hardware, talent, data, and operations still matter.
- 6. National competition:** The United States, China, Europe, India, and Gulf states have different strengths in money, chips, power, models, and deployment. No country owns every layer.

WHAT THE THESIS PREDICTS

- Very high stock values can help firms buy software, talent, data, and customer access. The deal creates value only when customers stay, choice remains real, and the return beats the cost.
- Custom chips may reduce dependence on NVIDIA but increase dependence on Amazon, Google, or another cloud owner.
- Open models may lower prices at the model layer while moving more profit to chips, clouds, data, security, and applications.
- The binding limit will move. A system can be chip-bound today, power-bound next year, software-bound after installation, and demand-bound after overbuilding.
- AI becomes a financial-system problem only when losses move beyond stock prices into debt, credit, collateral, utilities, suppliers, payments, or important services.

WHAT TO WATCH

Index weights • credit spreads • project cancellations • working GPU capacity • power delays • cost per successful task • customer retention • model choice • ability to switch providers

WHAT WOULD PROVE IT WRONG? Large stock drops stay contained; failed data-center projects are reused without large losses; AI labs keep strong margins without owning workflows; customers accept lock-in; and chip supply, power, and efficiency grow faster than useful demand.

BOTTOM LINE “Too embedded to stop suddenly” is a better claim than “too big to fail.” This protocol is a way to test that claim over time. It has not proved it yet.