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THE LAST WATCH

THE FALL OF ROME & THE DECLINE OF THE MAGNIFICENT SEVEN

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It's a quiet evening in 410 AD; a lone legionnaire walks along the weather-beaten walls of Rome[1], gazing out at the darkening sky. But what he sees on the horizon is no ordinary storm; in fact, it's not a storm at all—it's the dust kicked up by the newly acclaimed King Alaric and his Visigothic army, grimly bearing down upon the center of the known world. The legionnaire tightens his grip on his spear, but deep down, he knows the truth: this is the moment everyone feared but didn't believe possible. Rome, the Eternal City, is about to fall, and the enemy before it is but the final nail in a coffin that has been under construction for centuries.

This story of decline, fragmentation, and eventual collapse is not exclusive to Rome. It is a tale as old as civilization itself, and we now stand on the precipice of another significant turning point.

The "Magnificent Seven"—Apple, Amazon, Google, Microsoft, Nvidia, Tesla, and Meta—represent the modern titans of the global economy, dominating their respective markets much as Rome once ruled the Western world. Yet, just as the Roman Empire once seemed invincible, but tumbled seemingly overnight, these tech giants too may soon face a fall, albeit a less dramatic and absolute one. However, like Rome, the seeming suddenness of such a collapse will be anything but—it will be the result of an extended process of internal decay, fragmentation, and external pressure clearly visible to those with eyes to see today.

Veni Vidi Vici—Rise and Overexpansion

The Roman Empire's core strength lay in its ability to relentlessly expand. Like a shark, it had to keep moving to survive. Through conquest and colonization, it spread its influence across Europe, North Africa, and the Middle East. Roman roads connected far-flung territories, and its military prowess and administrative efficiency ensured that the empire remained more or less unified under a central authority for centuries. But this increasing vastness came with a cost; as the empire grew, so too did the difficulty of managing it. Resources were stretched ever thinner, so every new conquest came with commensurately greater risk and a greater necessity of victory. With each minor setback or stumble, the provinces became harder to govern, requiring more and more military oversight and distractive investment to maintain the status quo. Over time, this overextension exposed the most visible cracks in the empire's foundations.

Similarly, the rise of the Magnificent Seven can be traced to their relentless expansion. Each of these tech companies began with a specific focus—Apple with computers, Amazon with books (perhaps the most difficult evolution to fathom), Google with search—but over time, they evolved into sprawling empires in their own right.

Amazon now dominates not just retail but also cloud computing, logistics, and artificial intelligence. Google's parent company, Alphabet, has expanded into self-driving cars, healthcare, and even space exploration. This expansion has made them immensely powerful, but it has also made them vulnerable; the more areas they try to control, the more exposed they become to external threats and internal inefficiencies, with risk inevitably compounding with every new inch of ground—in other words, like any ballooned enterprise, the larger they get, the closer they get to popping.

Divide and Conquer

While external pressures like regulation and emerging competitors are undoubtedly significant, the internal dynamics within and among the Magnificent Seven play an oft overlooked yet critical role. During the Crisis of the Third Century (235–284 AD), eager to shift the center of gravity to their own dominions and taking Rome's position as alpha predator for granted, the Empire's top military generals and provincial governors openly vied for power, leading to political instability and weakening the empire's defenses. This period saw nearly 50 different emperors, many of whom were military commanders acclaimed by their own armies, often after assassinating their predecessors. These internal power struggles ultimately diverted resources and attention away from much-needed domestic reforms and external threats, such as invasions by Germanic tribes and incursions by the Sassanid Empire.

Just as the Roman Empire faced fragmentation from within, the tech giants are experiencing their own form of infighting. This elite competition is more and more becoming a liability rather than a strength, as resources are diverted to intra-industry rivalries rather than fostering collective growth.

Take Alphabet's development of its own AI chips, for instance, which is a direct challenge to Nvidia's current dominance in the market. Instead of focusing on their core strengths or working toward symbiotic advancements, Alphabet and Nvidia are now locked in a battle that could undermine both. As Alphabet pushes forward in its quest to develop these chips, Nvidia must devote more resources to maintaining its lead, potentially at the cost of innovation elsewhere.

Similarly, Amazon's continued push into cloud services pits it against Microsoft, with each tech giant pouring immense capital into outdoing the other in a market where they both hold substantial shares. Instead of bolstering overall growth, these competitive efforts may thin out resources and weaken their ability to fend off newer, more agile competitors. Much like Rome's attempts to remain monolithic hastened its fall to leaner, more dynamic confederations, the splintering focus of these modern empires may be sowing the seeds of their own decline from within.

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Empirical Decay

By the start of the 3rd century AD, Rome's economy was in deep trouble. The Empire required vast amounts of wealth to maintain its armies, infrastructure, and governance, but the costs of maintaining such a vast territory outpaced the capital it could extract from its provinces. Heavy taxation led to economic stagnation, and inflation became rampant. The Empire's reliance on slave labor further stagnated innovation and productivity, making it ever more difficult to sustain its military and administrative machine.

Fast forward to the modern era, and the Magnificent Seven are becoming increasingly reliant on a few key revenue streams and markets. Apple derives the majority of its income from iPhone sales, while Amazon's cloud services account for a disproportionate share of its profits. Rome struggled to maintain its economic engine as resources dwindled and internal pressures mounted; similarly, these tech giants are vulnerable to shifts in consumer preferences, regulatory crackdowns, and supply chain disruptions. Apple's reliance on Chinese manufacturing has exposed it to significant risks from trade tensions and the COVID-19 pandemic, whereas Amazon's reliance on global logistics networks leaves it open to vulnerabilities such as port congestion or transportation shortages.

Simply put, Rome's economic model was built on the exploitation of its colonies. These provinces were expected to produce wealth for the empire, but as local economies weakened, a grumbling populace pushed back, and external pressure mounted, Rome found it increasingly difficult to extract the resources it needed. Apple, Amazon, and others rely heavily on complex global supply chains that are vulnerable to disruption from numerous similar angles, from geopolitical tensions to labor shortages and cybersecurity threats. When those supply chains falter, as they did during the COVID-19 pandemic, the consequences can be severe, affecting everything from product availability to revenue stability.

ROMAN EMPIRE

At its peak, the Roman Empire controlled approximately 20% of the world's population, contributing up to an estimated 25% of the global GDP in the 1st century AD.

MAGNIFICENT 7

The Magnificent 7 stocks comprise roughly 30% of the S&P 500's total market cap, despite representing only 1.6% of the index's constituents.

Omnis Potentia Tandem Frangitur — All Power is Eventually Broken

By the late 3rd century, Rome had become too large to govern effectively from a single center, leading to a decline in the benefits afforded by Roman civilization to all under its yoke. Diocletian[2], in an effort to save the empire, split it into two halves—East and West—each with its own emperor. This division was supposed to strengthen the empire by allowing each half to focus on its own defense and governance, helping to shore up the remaining power of Rome as an effective governing force via more manageable fragmentation. Ultimately, it could only delay the unavoidable, and the Western Roman Empire, plagued by internal corruption and constant barbarian invasions, crumbled within a century; however, the Eastern half, which became the regionally powerful Byzantine Empire, survived for another thousand years.

Here, we find a parallel in the current regulatory environment surrounding Big Tech. Governments around the world are stepping in to break up the monopolistic power of the Magnificent Seven. In the European Union, laws like the Digital Markets Act are forcing these companies to open up their ecosystems, weakening their grip on their respective markets to make way for continued innovation and valuable competition. In the U.S., the Federal Trade Commission (FTC) is pushing for antitrust actions, which could lead to the breakup of some of these companies.

Just as the Western Roman Empire found itself unable to manage both external threats and internal division while clinging to the idea that it remained too big to fail, Big Tech is being pulled in multiple directions, forcing some sort of decisive action. Meta's struggles with its pivot to the Metaverse, Amazon's balancing act between retail and cloud services, and Google's tension between innovation and regulatory compliance all point to companies at war with themselves. Such fragmentation weakens their ability to respond to powerful external challenges, just as Rome's divisions, left unresolved, subsequently made it vulnerable to the final nail in its coffin, a force fractionally the size of Rome's army at its greatest extent.

> **ROME STRUGGLED TO MAINTAIN ITS ECONOMIC ENGINE AS RESOURCES DWINDLED AND INTERNAL PRESSURES MOUNTED; SIMILARLY, THESE TECH GIANTS ARE VULNERABLE TO SHIFTS IN CONSUMER PREFERENCES, REGULATORY CRACKDOWNS, AND SUPPLY CHAIN DISRUPTIONS.**

The Rise of New Powers: An Opportunity for Disruption

Through the third, fourth, and fifth centuries, successive waves of tribes like the Visigoths, Vandals, and Huns exploited the empire's internal weaknesses to breach its once-impenetrable borders. The sack of Rome in 410 AD by Alaric[3] was not an isolated event but a culmination of decades of pressure. By 476 AD, the Western Roman Empire had irrevocably fallen, marking the end of Rome's ancient dominance.

Today's tech giants face their own "barbarian invasions." Disruptive innovations and emerging competitors are threatening to chip away at their supremacy. Consider Nvidia, which currently holds a commanding position in the AI chip market; Chinese companies, backed by significant government investment, are developing their own AI chips, threatening to displace Nvidia's hitherto unchallenged authority. Tesla, once the undisputed leader in electric vehicles, now faces stiff competition from established automakers like Volkswagen, GM, and Ford, who have committed billions to EV development in a bid to retake market share.

This is, again, compounded by regulatory challenges—just as Rome's borders became porous under the strain of constant invasions, Big Tech's "walled gardens" are being dismantled by governments pushing for more open markets and greater consumer protection. The increasing demand for data privacy, for example, has led to stricter regulations like the European Union's General Data Protection Regulation (GDPR), which forces companies to change the way they collect, store, and use consumer data. And with each new "attack," the grip on power loosens.

After Rome fell, the vacuum left behind allowed smaller, more agile kingdoms to rise among the tribal confederations, who built and iterated on the lessons of empire. The Franks in Gaul, the Lombards in Italy, and the Visigoths in Spain were among the many that filled the void. These new powers were more adaptable, relying on more suitably scaled political structures, military tactics, and localized economic systems to build their influence.

Similarly, as the tech giants face increased regulation and competition, new companies—perhaps ones we haven't even heard of yet—will seize the opportunity to fill the gaps. Startups in emerging markets like fintech, clean energy, and artificial intelligence are already challenging the status quo. These smaller companies have the flexibility and innovative capacity that the sprawling tech giants no longer possess.

The Eastern Roman Empire: Byzantium's Survival and the Future of Big Tech

While the Western Roman Empire crumbled under the weight of its own contradictions, the Eastern Roman Empire, later known as Byzantium, endured for nearly a thousand years. This survival can be attributed to this state's ability to adapt. Rather than relying on expansion and conquest, the Byzantine Empire focused on diplomacy, trade, and a highly centralized government across a smaller, more cohesive area. It built strong defenses around its capital, Constantinople, and used its strategic location to control the main trade routes between Europe and Asia—eventually becoming more a city of merchants and facilitators, less conquerors.

The lesson here is clear: survival doesn't always mean domination. The Magnificent Seven are not likely to disappear entirely, but they will very probably undergo a transformation. Much like Byzantium, these companies could shrink and become more focused, concentrating on their core strengths while shedding weaker or more volatile parts of their businesses. Amazon, for instance, may decide to focus on cloud computing and logistics, while divesting from its less profitable ventures. Google could retreat from 'moonshot' projects and concentrate on its bread and butter—search and advertising.

ROMAN EMPIRE

Taxes from provinces contributed an estimated 80% of Rome's revenue, with Egypt alone supplying 20% of the empire's grain needs.

MAGNIFICENT 7

Apple and Microsoft, two of the largest in the Magnificent 7, generated more than 50% of their total revenue from international markets, with Apple's non-US sales consistently around 60%.

ROMAN EMPIRE

An estimated 1% of Rome's wealthiest citizens controlled as much as 16% of the empire's wealth at its peak.

MAGNIFICENT 7

The market capitalization of the Magnificent 7 alone is roughly one-third of the entire S&P 500.

Tempora Mutantur, et Nos Mutamur in Illis—Times Change, And We Change With Them

As our legionnaire watches the Visigothic army—long-haired, chain-mailed, and archetypically medieval—march toward Rome, he is witnessing a culmination of centuries of strife. History shows us that no empire—whether ancient or modern—can maintain absolute dominance forever. And yet, he would perhaps be gladdened to know Rome's story doesn't end with this invasion. The spirit of the empire would live on, not in the West but in Byzantium—a leaner, more focused state, one that learned from Rome's mistakes and adapted to survive a millennium longer.

The Magnificent Seven will likely face their own decline, not from one catastrophic event but from a slow, inevitable deterioration and deconstruction. The pressures they face today—from regulatory crackdowns to internal fragmentation and external competition—mirror the forces that brought down the Roman Empire. But just as Byzantium endured, these companies can continue to thrive in a diminished, yet more sustainable form.

For institutional investors, the parallels between the fall of Rome and the anticipated decline of the Magnificent Seven offers a well-thumbed roadmap. Just as the Empire's collapse led to new opportunities for smaller, more agile kingdoms and city-states, eventually giving rise to the modern nation state as we know it, the decline of Big Tech could pave the way for a new era of innovation. Adaptability, diversity, and foresight are the true keys to survival in any era. Rome gave way to a new world of more adaptable powers; the decline of Big Tech could open the door to a new era of innovation and growth, one where nimbler and more specialized companies take center stage.

The fall of the Magnificent Seven may not come tomorrow, but it is coming. And when it does, those who are prepared—those who have diversified their investments, embraced innovation, and looked beyond the giants into their shadows—will be the ones who thrive in the new world.

Our lone legionnaire could not stop the fall of Rome, but we can learn from the circumstances that led to his final showdown and avoid his unenviable position. We cannot prevent the decline of the tech giants. But by understanding the forces at play, we can prepare for what comes next. Semper Idem[4].

Endnotes

[1] Walls were added around Rome during the reign of Emperor Aurelian (270–275 AD). These fortifications, known as the Aurelian Walls, were built to protect the city from increasing external threats, including invasions by Germanic tribes such as the Goths. This was significant because it marked a departure from Rome's earlier, more confident expansionist mindset, where the city felt no need for defensive walls, believing itself to be impervious to external attack.

[2] Diocletian, born into a humble background in Dalmatia, continued a Roman tradition where leaders from modest origins brought fresh perspectives to stabilize the empire from the 3rd century onward. Rising through the military ranks, his outsider status allowed him to break from elite-driven governance, which had failed to resolve Rome's crises. His reforms—dividing the empire into East and West, restructuring the military to favor mobility, and overhauling the economy—focused on pragmatic, long-term stability rather than expansion. This varied, outsider perspective, grounded in practical experience rather than inherited privilege, helped set the initial foundations for the Byzantine Empire's endurance after the Western Empire's collapse.

[3] Having served as a Roman military commander, Alaric knew Roman tactics and political structures intimately. When Rome marginalized him, he used this knowledge to lead his forces in several campaigns, culminating in the sack of Rome in 410 AD. This is important to keep in mind in light of the regulatory and competitive pressures faced by today's Magnificent Seven, as insiders and incubated next-generation competition—whether former employees or government officials familiar with corporate strategies—can use their understanding of Big Tech's weaknesses to challenge their dominance, just as Alaric did with Rome, especially with the recent abolition of most non-compete clauses.

[4] "Always the same"

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