

THE MOAT TIMER

7 Powers + Value Migration

1. The Two Frameworks Used:

7 POWERS

A catalogue of the only genuinely durable advantages — scale economies, network effects, counter-positioning, switching costs, branding, cornered resource, process power.

VALUE MIGRATION

Profit pools don't stay still. They flow from old business designs to new ones. Track where the money is heading, not where it is.

How the Two Connect (Fusion Logic)

Powers are only valuable if they sit where the profit is **going**. Value Migration tells you which way the money is moving; 7 Powers tells you whether you'll still have an advantage when it arrives. Fused, they time a moat.

2. Application: **NVIDIA (USA)**

Background — What Happened and Why

- NVIDIA built graphics chips for gaming — a good business, but a limited profit pool.
- Researchers discovered GPUs were extraordinarily good at the parallel maths that AI training requires.
- The profit pool in computing began migrating from general CPUs toward AI accelerators.
- The company had to be positioned with real, durable advantages **before** the migration was obvious to everyone.

What They Did

- Invested for years in CUDA — a software layer that made GPUs programmable for general computing.
- Cultivated researchers and developers, so an entire generation learned AI on NVIDIA's tools.
- Kept improving hardware for parallel workloads even before the AI market was large.
- Built an ecosystem (libraries, frameworks, drivers) that competitors would have to replicate, not just match on silicon.

Applying the Fusion — Step by Step

1

Watch where the profit is moving

NVIDIA saw computing value shifting from ordinary processors toward chips good at the heavy parallel maths that AI needs — a huge profit pool on the move.

2

Build durable advantages before it arrives

For years NVIDIA invested in CUDA, its software layer, so a whole generation of developers learned AI on NVIDIA's tools — creating real switching costs early.

3

Understand why timing matters

The same investments made after the shift was obvious would face developers already locked in elsewhere — costing far more and delivering less.

4

Build the ecosystem rivals must copy

NVIDIA built libraries, tools, and a developer community that a competitor would have to recreate, not just match on the chip itself.

The Result

When the value migrated to AI compute, NVIDIA already owned switching costs (CUDA), a cornered resource (developer ecosystem), and scale — so it captured the new profit pool rather than watching it pass by.

3. Key Takeaways

- A moat's value = the power × the size of the pool it ends up guarding.
- Powers are cheap to build while they look like wasted money.
- Incumbent moats don't board the ship when value migrates — they stay on the old shore.
- Use in technology transitions and anywhere 'too early' investments need defending.