



How to Identify and Invest in the Hot Stocks of Tomorrow

Finding The Next Starbucks

THE SUMMARY IN BRIEF

If you are looking to invest in tomorrow's winners, it's unlikely you will find them by reading Wall Street research. Wall Street is focused on reporting on companies everybody already knows about.

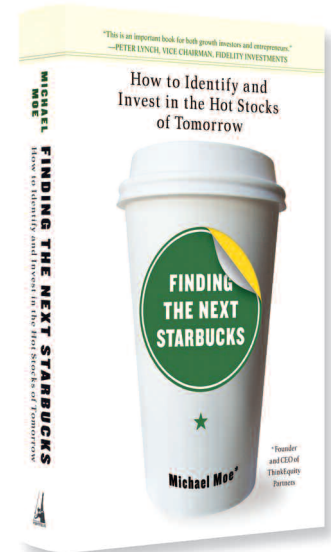
Author Michael Moe, awarded "Best on the Street" among U.S. analysts by *The Wall Street Journal*, explains how winners like Dell, eBay and Home Depot could have been spotted in their start-up phase and provides methods to use to find Wall Street's future giants.

Part of the secret to investing success is to make complex things simple and use a systematic framework to achieve your objectives. Moe explains the characteristics he looks for in small companies that have the potential to become big companies, including his formula for identifying and evaluating companies, valuation methodologies and his use of the four Ps to identify future superstars: great people, leading product, huge potential and predictability.

Using his framework to identify the stars of tomorrow, he identifies key investment areas that investors should look at today to find tomorrow's huge winners, including peer-to-peer networking, nanotechnology and alternative energy. Wall Street insiders and individual investors alike will find his insights and methodologies an indispensable guide to spotting growth opportunities.

IN THIS SUMMARY, YOU WILL LEARN:

- How to find the "Supernovas."
- Why high earnings per share equals a high internal rate of return.
- The "10 Commandments" formula for identifying and evaluating the stars of tomorrow.
- Eight megatrends considered to be key waves of the future.
- The value of people, product, potential and predictability — the four Ps.



By Michael Moe

CONTENTS

Finding the Supernovas
Page 2

The Power of Growth — The Magic of Compound Interest
Page 2

Formula for Identifying and Evaluating the Stars of Tomorrow
Pages 3, 4

Megatrends
Pages 4, 5

The Four Ps
Pages 5, 6, 7

Valuation Methodology
Page 7

Sources and Resources — Finding Ideas
Page 7

Think Tomorrow, Today ...
Pages 7, 8

THE COMPLETE SUMMARY: FINDING THE NEXT STARBUCKS

By Michael Moe

The author: Michael Moe, Chairman and CEO of ThinkEquity Partners LLC, was formerly director of global growth stock research at Merrill Lynch. He has been named to Institutional Investor's All American Research team and has been awarded "Best on the Street" by The Wall Street Journal. Quoted regularly by national publications, he is a frequent guest on CNBC and CNN.

Summarized by arrangement with Portfolio, a member of Penguin Group (USA) Inc. from *Finding The Next Starbucks*. Copyright © 2006 by Michael T. Moe. 364 pages. \$26.95. ISBN 1-59184-134-8.

Summary copyright © 2008 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 1-610-558-9495.

Finding The Supernovas

The story goes that when infamous thief Willie Sutton was asked why he robbed banks, he replied, "That's where the money is." Similarly, the reason for focusing on growth companies is because that is where the greatest potential investment returns are. In the short term, a variety of factors influence stock prices — geopolitical events, interest rates, oil prices, etc., but in the long term, one thing influences stock prices — earnings growth! Over time there is nearly a 100 percent correlation between a company's earnings growth and its stock performance.

The reason why Google, Starbucks and Dell have had spectacular stock performance is that they have had spectacular earnings growth. Unfortunately, in growth investing, often what seems like the next Starbucks turns out to be the next Boston Chicken. It is important to have a process to identify the stars of tomorrow and avoid the Roman candles.

Obviously, faster is better, but the minimum growth rate for admission is also a function of a company's size. The smaller a company is, the faster it needs to be growing to be of interest.

Growth and Risk

One of the golden truths of high finance is the relationship between risk and reward: the greater the potential reward, the higher the perception of potential risk. Ultimately, in sports, gambling, investing and life, there is little value in knowing what happened yesterday. The largest rewards come from anticipating what will occur in the future.

Fundamental in the pursuit of investment opportunities is the philosophy of risk and reward. Risk should be viewed as measuring the potential for permanent capital loss, not short-term quotational loss, and assessing the probability of that against what we think the value of a business will be in the future. The goal is to find a stock whose price is below the appraised value, not what the quotational value is as indicated by the current stock price. The stock should also be in the "right neighborhood" of industries where there is tremendous market growth potential. Admittedly, stocks having these qualities are not easy to find, but are worth the pursuit.

The Growth Opportunity

In searching for the fastest-growing companies with the greatest potential, the best pond to be fishing in is the small-cap pond. An investor who can identify a young, unknown company with a lot of growth potential will benefit not only from the long-term earnings potential, but also from the herd nature of investors as the opportunity becomes more widely recognized. ●

The Power Of Growth — The Magic Of Compound Interest

Understanding the magic of compound interest and the power of earnings is critical to appreciating why growth investing has such huge potential rewards. Compound interest, high earnings growth rates and time create a potent combination that leads to spectacular returns. Even slight differences in short-term returns can produce dramatic results over a meaningful time period when aided by compounding.



1-800-SUMMARY
service@summary.com

Published by Soundview Executive Book Summaries (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: \$209 per year in the United States, Canada and Mexico, and \$295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.

Postmaster: Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2008 by Soundview Executive Book Summaries.

Available formats: Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

Rebecca S. Clement, Publisher; Sarah T. Dayton, Editor In Chief; Joanne Merenda; Art and Design Linda Shekhdar; Contributing Editor

Math of Negative Returns — The Other Side of the Sword

Sadly, negative returns drastically undermine the magic of compounding. The cold, hard fact of investing in growth stocks is that volatility is the norm and living with short-term negative returns is part of the game. The way to win long-term is to focus on fundamentals with earnings growth and price performance running in tandem over time, and when wrong, to be intellectually honest and admit it. ●

High Earnings Per Share = High Internal Rate Of Return

It would be convenient if, to pick tomorrow's winners, you just had to look at past results. Unfortunately, that plan doesn't work.

For example, of the 100 largest-capitalization companies in 1925 in the United States, 23 were in the railroad industry. Fast-forward to the year 2005, and no railroad companies were among the 100 largest companies.

While you won't find the winners of tomorrow by reviewing the winners of the past, it's instructive to analyze the top-performing companies to learn what to look for in identifying the stars of tomorrow.

After considering the profiles of the top-performing companies, it is apparent that long-term stock performance is principally determined by earnings growth, not initial valuation, while the prevailing valuation is the result of proven operating success. The conclusion is that investors seeking to identify top-performing companies in the future should not focus on bargain stocks or even "momentum" ideas, but rather identify growth companies that compete in large addressable markets and possess dynamic long-term growth potential.

In addition, companies that operate in industries propelled by tailwinds will generally outperform the market. A tailwind occurs when a company and/or industry benefits from the trends that are shaping society. But those companies that are capable of successfully capitalizing on growing markets, rather than simply relying on the favorable tailwind, will capture larger market shares, be rewarded with premium valuations and ultimately deliver the greatest shareholder value.

A key principle for successfully investing in emerging-growth companies is to be very disciplined about limiting the number of companies you invest in. Knowing intimately what you own allows you to avoid some of

the big blowups, and stick with companies even if they are hitting some bumps in the road.

Three Rules of Growth Investing: Earnings, Earnings, Earnings

A study of top-performing stocks indicates that the long-term performance of a stock is nearly 100 percent correlated with a company's earnings. As rapid earnings growth dictates long-term performance of a company's share price, it is important to focus on identifying the most rapidly growing and dynamic markets and, naturally, the companies participating in the growth of those markets, or better yet, driving it.

Smaller companies are typically pure-play investments, with their products and services strategically focused on a particular market's growth. Large, established companies, on the other hand, are typically burdened with more mature businesses and frequently operate in less related markets than those that smaller companies are focused on.

In one respect, small companies have a competitive advantage with their ability to develop a market niche ahead of others, while their size and focus position them to remain nimble as the market continuously develops.

In another respect, lack of size can be a competitive liability if a market niche remains underdeveloped or not well defined. This reality leads many small companies to realize sub-par profit margins and more often to fall behind the industry growth rate — the quintessential "me too" company.

Ultimately, to achieve rapid and sustained growth in earnings, a growth company must participate in a dynamic market such as the information technology, healthcare, or alternative energy industries. The most successful of these growth companies are the ones that develop their own market niche and introduce proprietary products and services, with minimal competition, allowing them to achieve sustained above-average industry profitability and ultimately create tremendous shareholder value.

High EPS Growth + Beating Expectations = Megawinners

Nirvana for a growth stock investor is the combination of high earnings growth and beating expectations — the likely result is the "double play" of consistently high earnings growth and an expanding P/E multiple.

The stars of tomorrow generally are microcap in size, have a relatively high P/E and have high earnings growth over a sustained period. ●

Formula For Identifying And Evaluating The Stars Of Tomorrow

One of the most bizarre realities of Wall Street is the generally random process security analysts use to evaluate investment opportunities. Basically the “process” for doing security analysis is to hire bright, ambitious people and tell them to do their thing. Sometimes it works. And often it doesn’t. If Starbucks hired kids off the street and told them, “Go make a latte,” very few people would have ever heard of Starbucks.

If you want to be a great investor, you need to be systematic and strategic in how you analyze companies. The following are “10 Commandments” through which investors can create the foundation to enhance their investment returns:

1. Be right on the fundamentals. Earnings growth drives stock price. Focus on the fastest-growing companies.
2. Be proactive. Looking ahead and anticipating where the world is heading is how to catch winners early on.
3. Be rigorous, but don’t have rigor mortis. It is possible to over-analyze opportunities. The best investments are often easy and intuitive.
4. When wrong, admit it. The best investors are wrong a lot, do not rationalize a mistake.
5. The cockroach theory. If you find a problem at a growth company, there are always more behind it.
6. Investment ideas are about information and insight. Insight is valuable if we know what that information means.
7. The four Ps (people, product, potential, and predictability) are key for any successful growth company.
8. Use five independent sources for each stock you invest in.
9. Find three main reasons for a stock to move up or down. Maintaining a thesis for why you own a stock is key.
10. Be passionate about investing but dispassionate about the investment. ●

Megatrends

Megatrends are defined as powerful technological, economic and social forces that develop from a groundswell, move into the mainstream, and disrupt the status quo, driving change, productivity, and ultimately growth opportunities for companies, industries, and entire economies.

Eight megatrends are considered to be the key waves of opportunity. Those companies best able to recognize and harness the growth opportunities made available by these megatrends will be those that first capitalize on, then extend their lead over the competition.

These eight megatrends and future trends are likely to be extensions of past megatrends, though the pace of change will be more accelerated, with rapid capitalizing on cumulative advancements in technology, demographic shifts, changing consumer preferences and improved business efficiencies.

Megatrend 1: The Knowledge Economy.

Today’s economy is a knowledge economy based on brainpower, ideas and entrepreneurship. Technology is the driver of today’s growth economy, and human capital is its fuel. Fundamental to success in the new economy is how companies obtain, train and retain knowledge workers.

Megatrend 2: Globalization. Capital and customers are scouring the globe 24 hours a day, seven days a week for the best return on investment for products and services. Globalization accentuates the need for a company to have a claim to fame and accelerates the exposure of mediocre business models.

Clusters (defined as geographic pockets of companies tied together by a common industry, though not necessarily companies within the same industry) enable firms within the cluster to be more specialized, benefiting the growth and competitiveness of the entire cluster.

China and the Internet are the two major forces that will shape the world for the next 50 years. Key trends include the growing middle class, urbanization, and growth in inter-Asian trade. These will all result in greater demand for products and services such as televisions, computers, automobiles and travel.

Like China, India has a lot of people and a rapidly growing middle class that will fuel consumerism. India’s IT outsourcing and business process offshoring are, combined, a \$300 billion industry growing at 25 percent. Looking for and evaluating the stars of tomorrow, trolling the Indian waters for opportunities will be crucial, and understanding the “Indian” strategy of a domestic company will be too.

Megatrend 3: The Internet. The world population adopted the Internet more quickly than any other new technology in the history of the world. It took commercial aircraft 54 years before 25 percent of the population used it. It took electricity 46 years. VCRs took 32 years.

Summary: FINDING THE NEXT STARBUCKS

Cell phones took 16 years. Only seven years after the commercialization of the Internet, 25 percent of the world's population had used it.

The Internet is not an industry but a megatrend that impacts all industries. While there are pure Internet businesses, the Internet as an agent for change impacts everything from government to automobile manufacturers to music companies. It is necessary to analyze how the Internet will create opportunity and also change business models.

By asking how the Internet impacts the business opportunities for an emerging star, or how it influences a more traditional industry, you will be in a better position to catch the largest waves of opportunity.

Megatrend 4: Demographics. Understanding demographics gives investors a very predictable window to the future. Demographic trends over the next 20 years will prove incredibly dynamic. In short, emerging demographic shifts not only will play a primary role, but also, given the size and scope of the changes taking place, will prove disruptive to past technological, economic and social legacies. Wise investors will find huge opportunities emerging where these legacies are falling away.

Dynamic demographic trends will play a primary role in health care, travel and leisure, minority marketing, women-centric services, wealth management and spiritual products.

Megatrend 5: Convergence. In the game of football, great quarterbacks do two things that separate them from average quarterbacks. First, they see the whole field and don't get trapped by focusing narrowly on one receiver or zone. Second, they are able to see two or three moves ahead.

Investors need to be able to do both. Convergence is the term used to describe the coming together of two or more distinct entities or phenomena. Much of the emerging area of nanotechnology is around the converging fields of computer storage, semiconductors, biotechnology, manufacturing and energy.

Underlying the drive toward convergence is the goal of wider collaboration and the increased recognition that linked knowledge is of far greater value than disconnected knowledge.

Megatrend 6: Consolidation. Consolidation occurs when a business grows through buying other businesses in its industry. The classic recipe for a consolidation is where there is a wildly fragmented industry dominated by mom-and-pop businesses. As an industry starts to consolidate, the consolidator benefits from scale and

service advantages that make it increasingly difficult to compete against.

Megatrend 7: Brands. A brand is a promise between the company and the consumer about what to expect from the relationship. It takes years to build brand goodwill, but once it's achieved, it gives the company permission to introduce other products and services consistent with that promise. A strong and visible brand is a key ingredient in the formula for strong products.

Megatrend 8: Outsourcing. To compete and to win, leading companies need to determine what their core competencies are and outsource basically everything else.

The general rule is that the more knowledge-intensive a business or industry becomes, whether due to technological, production, or global marketplace complexities, the greater the number of functions that will need to be outsourced to sustain competitive advantage. The ability of a company to innovate and meet customers' changing needs is progressively more dependent upon how effectively it manages organizational change around its most strategic assets. ●

The Four Ps

After looking for industries driven by key megatrends and finding opportunities within these industries that have potential for a high and sustainable earnings growth rate, use the four Ps — people, product, potential and predictability — to differentiate the stars of tomorrow from the ordinary companies. Finding stars that exhibit the four Ps isn't simple, but doing so is the key to long-term investment success.

People — Follow the Leader

The biggest part of the secret to success in investing in tomorrow's big market winners is evaluating the people running the company. There is no shortage of interesting ideas, but it's always the people that make the difference. The goal is to find a great leader at the head of a great team.

Nobody ever wants to invest in average people, but how can you tell? Unfortunately, it's not simple.

There are a number of questions a potential investor must ask in order to properly evaluate a company's people, such as:

- What is their prior work experience, and reputation within the industry?
- What have management and employee turnover been, and what is their track record for developing and promoting talent?

Summary: FINDING THE NEXT STARBUCKS

- Is there a passion to build a significant lasting company or to build it up and flip it? (How much stock does management own?)
- Do they do what they say they are going to do — are they honest?
- Is there a proper balance between short-term expectations and building long-term value? Do they under-promise and over-deliver?
- Are they building a culture where everybody shares a vision and believes they're on a mission? (Are they ego-centric or team-focused?)
- Are they systematic and strategic in building their business — do they degrade their competition?

Over time, evaluating how management executes against its promises and opportunities is the key to finding the megawinners.

Product — What's the Claim to Fame?

Attractive companies need something that makes them special or great — they need a claim to fame. Starbucks is the preeminent provider of gourmet coffee, for example.

For a company to be a leader, it needs to be expanding its market share profitably. Generally, this means that a company should be gaining share among its competitors without decreasing margins. Starbucks has been raising what it charges for a cup of coffee for 15 years amidst increased competition but hasn't missed a beat. Coffee prices have fluctuated greatly, but Starbucks' margins have steadily increased.

There are exceptions to this — call it the Wal-Mart doctrine. Wal-Mart became the largest retailer in the world by charging its customers less so it would make more. For years, Wal-Mart made less in gross margins but actually did make it up in volume so that operating margin remained stable while market share soared.

While it's exceptionally difficult to find truly world-class management teams, it's just as difficult to find companies that have a truly great product. The only way to find them is to do a lot of digging.

With companies that provide a service, there are generally three metrics that star companies have:

- Revenue per employee — a critical metric for comparing a company to others in the industry
- Recurring revenue from existing customers — a company with a high proportion of its revenue as recurring almost always sells at higher multiples to its growth rate

- Non-forced employee turnover — for companies in general, but service companies in particular, low non-forced turnover is a good thing.

Potential — How Big Could This Become?

In order to have gigantic winners, you also need huge potential. Where the growth sectors intersect the megatrends is where the stars of tomorrow will be found. This intersection is the best place to focus research and resources.

The classic investment opportunity is where there is a problem — the bigger the problem, the bigger the opportunity. The education market is an obvious place where there are big problems and big opportunities. Online education wasn't a market 10 years ago and now it's a \$6.3 billion market and growing.

Within megatrends there are minitrends that develop. Minitrends might be huge in terms of opportunity but narrow as they relate to impacting all the growth sectors. Examples of minitrends (and their corresponding megatrend) are: one-stop shopping (consolidation), wellness (demographics), woman power (demographics), Internet learning (knowledge economy and Internet), and travel (globalization).

Having a framework for determining where the world is heading guided by megatrends and minitrends, it is equally important to understand where the world is not going. Negatrends are secular shifts in society, the market, and/or politics that will result in shrinking market opportunities. Mom-and-pop shops are a negatrend as shown by the disappearance of the corner drugstore or local hardware store.

Predictability — How Visible is the Growth?

One of the biggest challenges for a young, fast-growing company is delivering operating results that are predictable. Investors reward management teams that under-promise and over-deliver and they punish companies that habitually miss expectations.

But predictability is a relative term. Some industries and business models are much more predictable than others. The key to determining a company's predictability and its ability to perform against expectations is partially business model, but also partially a function of the first three Ps: people, product and potential.

Recurring revenues are the Holy Grail of predictable, visible growth. Recurring-revenue businesses almost always have big premiums to their multiples because of their visibility.

Summary: FINDING THE NEXT STARBUCKS

It's critical that an investor creates a predictability framework that's appropriate for a specific industry. For example, there are terrific earnings growth opportunities in the biotech sector where a company won't have revenues for a number of years. But because of the people, the product and the potential, it could be a compelling investment.

In pre-revenue companies, the first three Ps take precedence, but key milestones a company can perform against give investors evidence that it's on track to capture the opportunity. ●

Valuation Methodology

Having a valuation methodology can provide rigor to analyzing a company's potential. A disciplined framework for valuing companies will reduce the risk of chasing a stock that is way ahead of itself without fundamentals to support it.

Whether a company is a high-octane biotech company or a pedestrian farming-equipment manufacturer, the way to determine its intrinsic value is the same — by calculating all its future earnings and discounting those earnings back to today. So, rather than seeing how much money you will have next year, you look at money expected in the future and see how much less it is currently worth. Thus, next year's \$1 is worth only about 95 cents today, which could be invested at 5 percent to produce about \$1 a year from now.

While “discounted cash flow” is the academically correct way to determine what a company is worth, it's only as good as the inputs based on future guesstimates. The mistake you often see the MBAs making is they actually believe the guesstimates are real.

Two other valuation methodologies allow a growth investor to triangulate to get a good perspective on the current and correct value of an emerging growth company.

- P/E to growth (P/E/G) is the classic way growth investors have valued growth companies. Divide a company's 12-month forward projected price/earnings ratio by the company's 3-5-year projected growth rate. The rule of thumb is a normal growth company selling in a normal market environment should trade at a P/E/G of 1 or 100 percent. The problem is of course, defining normal.

- Price to sales (P/S) is a great valuation tool to triangulate the discounted cash flow method and P/E to

growth valuation technique. To calculate a P/S multiple (share price X shares outstanding = market cap, or P in the equation) versus the company's revenue growth rate and its longer-term EBITDA (earnings before interest, taxes, depreciation, and amortization) margins. The higher the revenue growth and the higher the EBITDA margins, the higher the appropriate P/S. A “normal” company, with an average revenue growth rate and average margins, should sell at a P/S multiple of approximately 1.0x. Normal for this purpose is considered to be 10 percent revenue growth and 10 percent long-term EBITDA margins.

Long-term earnings growth is what determines stock performance, but in the short term, many factors influence share price, including inflation, interest rates, market valuations, investor sentiment, inflows (outflows) into equity funds and IPO activity. ●

Sources And Resources — Finding Ideas

To locate great ideas on where tomorrow's stars will be, you need a systematic and strategic process, just like you do to analyze these ideas once you find them. The Internet is the world's most efficient research tool, and Google is the engine that drives it. The blogosphere is without question the place where the best dialogue on tomorrow's winners will take place. The hard part is to sort through the noise and engage in smart conversation.

Reading newspapers and magazines, listening to industry experts, knowing what smart public and private investors are doing, and asking the right questions when doing your homework are all part of the idea toolbox.

The government puts out some great information as well. The U.S. Department of Labor provides data on where the market job growth is, what cities are booming, hot careers and good general economic indicators. The U.S. Department of Energy gives great info on alternative energy and initiatives in energy technology. The U.S. Bureau of the Census provides information on everything you could want to know about the U.S. population and demographic trends. The Centers for Disease Control and Prevention (CDC) has tremendous information for health, medical and safety issues. ●

Think Tomorrow, Today — Hot Areas For Future Growth

There are investment areas that investors should look at today to find tomorrow's huge winners. Undoubtedly, the shelf life for some of these areas will be short, but that is the nature of growth investing. Creating forward-looking scenarios is a critical step in spotting future winners.

The bridge to a new medium almost always starts by taking the old processes and transferring them to the new medium. Accordingly, the first phase of the Internet, Web 1.0, was dominated by businesses that tried to put everything and anything on this exciting new medium.

Web 2.0 is a term coined to imply that after the dot.com crash, the Web became even more significant. The principle behind Web 2.0 is that the Internet has emerged as the global platform for communications, commerce, information, services and product development.

Creating a network effect and leveraging the collective intelligence of the World Wide Web is at the core of many of today's most powerful business opportunities. These include:

Online advertising. The new code of advertising will be driven by analytics, metrics, and a one-on-one marketing approach.

Open source. With the advent of the Internet as a collaboration tool came open-source software. It returns control to the customer. The code is open and transparent. Open-source models succeed by monetizing a license relationship with the open-source community. Examples include Apache, Linux and Wikipedia.

On demand. Many of our core needs are already being served in an on-demand fashion. We sign up and expect to immediately get connected for phone, cable, for gas and electric and for security services. The on-demand migration is just beginning in the world of software.

Just-for-me media. Podcasting, blogs, and video blogs are examples of Web-based technology that allow customers to find and participate in their area of interest.

Cell phones. Increasingly, the cell phone is replacing the computer as a means to get information, entertain and communicate. Societies like China and India have leapfrogged to the future, and have started with the cell phone being the phone, computer, game system and more.

Biotech and health care. An important investment theme will be smaller biotech companies that have a single potential blockbuster product being acquired by the blue-chip growth companies or traditional pharma companies.

Digital doctor. Hand-held record keeping and patient-information systems, records that can provide better information for care, and other products to provide superior health-care and lower cost will be part of an explosion of products and services for the digital doctor.

Education in the knowledge economy. With broadband delivery able to give students access to classrooms and curricula around the world, technology can lower the cost, improve the access, and in some cases even improve the quality of a college education.

The power of women. Women's issues will be getting more CEO attention, legislative funding and societal support. Having more women in the workplace increases the need to outsource services traditionally provided by stay-at-home moms.

Premium brands. Consumers are ready, willing and able to buy products and services they believe are without peers.

Minority to majority. The growing population of Latinos will be the growth driver for many of the consumer trends in the United States from restaurants, to clothes, to music and entertainment to financial services. Targeted media such as Univision and focused marketers have a huge tailwind for the next 50 years.

Safe and secure. With the government becoming a major driving force and client, 9/11 has spawned new business around "physical" security. Opportunities will involve new applications such as VoIP, Web services and storage networks. In a mobile world, wireless security grows more important.

Alternative energy. The International Energy Agency (IEA) forecasts that over \$1 trillion will be invested in non-hydro renewable technologies worldwide by 2030. By then, the IEA predicts, such technologies will triple their share of the world's power generation to 6 percent.

Nanotechnology. Nanotechnology is tiny technology that fundamentally changes the rules of science. Through nanotechnology, convergence of distinct disciplines of chemistry, biology and physics can create applications and solutions previously unimaginable. By 2010, nanotechnology will significantly influence information and communication technology, health care, consumer markets and energy technology. ●