THE TYCOON REPORT

>: 2007: Technology's Time to Shine

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I know the headline for today?s article makes a pretty bold claim ? I mean, with the market being as unpredictable as next week?s weather, how can I possibly imply that 2007 will be a tremendous year for technology stocks?

The Fed could go ahead and raise rates another time ? there could be a massive financial scandal at one of the major technology outfits ? this whole ?Internet thing? could blow up?again.

Yeah, yeah, sure all of those things ?could? happen ? but I think the odds are in our favor.

In my opinion, 2007 will be one of the most explosive years we?ve ever seen in the technology markets. Let me tell you why.

We have a number of macro-economic, political and technological factors that are all simultaneously converging to produce an environment that will foster revenue and profit growth in the technology sector for the next 5 ? 10 years.

What we have right now is a Senate and Congress controlled by the Democrats. Stocks seem to have responded well initially, but there?s more to this shift in power than meets the eye, especially for the tech sector ? to be even more specific, for any companies in the internet or web space.

Last week I wrote about a politically charged issue, net neutrality. The old regime, run by the Republicans, had always crushed any serious net neutrality legislation that made it to the Senate ? most recently, this past summer, when Republicans voted against a Democrat-backed amendment that would?ve made net neutrality a law and not just a buzz word.

The Democrats were down but far from out as they continued to build support and rally for the cause of keeping the Internet on a level playing field for everybo

After the recent elections, it?s *not* going to be difficult to predict what will happen next.

The passing of any net neutrality legislation would obviously be great news, to say the least, for internet content and service providers like Google (Nasdaq: GOOG) and Yahoo (Nasdaq: YHOO.) These companies can then continue to grow, unencumbered, and focus on what they do best: innovating new products and services for their customers

We?re also approaching a period when many think the Federal Reserve will begin to loosen its grip on interest rates.

There are a lot of economists who think the Fed could start lowering interest rates sometime in the first half of 2007.

That would certainly add some fuel to this market?s fire!

On the technology front - I can?t say enough about many of the technologies that were considered ?pipe dreams? only seven or eight years ago but are generati *tremendous* revenue and profits today ? It?s the epitome of the ?2/10 rule?.

You might be scratching your head and asking what do the ?2? and ?10? stand for exactly? It?s pretty simple, let me explain?

The ?2? and ?10? are actually years, not the numerator and denominator of a fraction. These are the years where a technology goes from being ?cool? to being profitable (which is actually much ?cooler? in my book.) The rule basically says that most people expect a new technology to take off in the first two years of its innovation ? but more often than not, it takes up until its 10th year to really hit its stride.

The Internet and the Web are perfect examples. Only now are we seeing how some of the early web applications that were drastically constrained by bandwidth issues, storage costs, etc. are finally beginning to yield substantial monetary returns.

A perfect example: YouTube.com getting acquired for $1.65 billion by Google.

If YouTube had been created 7 or 8 years ago (and some may argue that it was if you look at older sites like Pseudo.com,) it wouldn?t have been nearly as successful as it is today.

We?re seeing this phenomenon across the board this year: 3G wireless technology, Voice over IP (VoIP), Internet TV (IPTV), and the list goes on?

These three ingredients will work together to create an environment where the companies in the right sectors will stand to do very, very well over the next 12 months at cost? Will that help certain companies more than others?

Now I know that?s not really helping you out at all ? so let?s take a minute to go over what we just talked about.

We have the Democrats running things in the Senate now ? this will help push net neutrality regulations through. Who will benefit?