Someone rightfully pointed out in the comments that I had been sounding a little sour in my last couple posts regarding investments. Very true.

The stock market is one of those hot buttons for me. Fairly valued stocks ? Fairly valued by who ? PEs ? Why have they expanded ? Why was Intel a 10 PE cyclical stock in the early 1990s, pre digital technology boom, and now when it has to remake itself, its PE is 20x ? Can you say marketing ? Can you say cash has to go somewhere ? Take away the PE expansion and Intel is one of many, many companies that would be trading at the same levels they were more than 10years ago. And Im not picking on Intel. Its a great company.

The reality is that there is so much money chasing stocks today, fair value is only fair when you can find someone else who thinks its value should be a little bit fairer . Which is another way of saying that public companies are the meat of the bellcurve and private companies, particularly recent startups are the longtail and where the opportunity is.

Let me repeat myself one more time on another topic. The best investment you can always make is in yourself. If you want to secure your financial future, invest in your own knowledge. 29 dollars for a book is going to be a better investment than 29 dollars in commission to a brokerage 99 out of a 100 times. Being the best at something you love to do, is going to bring rewards, financial and otherwise that will far exceed what any stock or bond can offer you.

It took me 18 years of failure and success to go from being a little bit lucky (Someday I will write the blogpost about how people in the PC/Lan reseller industry used to give me a hard time about how I got lucky selling MicroSolutions at just the right time.:), to a little more lucky (trading technology stocksagainst the uninformed), to a lot lucky (the broadcast.com IPO , then sale), then even luckier still (collaring my stock), to even luckier still again (not trying any of the "tax savings options all the brokerage firms were trying to sell me, that would now be costing me hundreds of millions of dollars in penalties), to more lucky, starting [HDNet](#) at the right time and partnering with amazing people.

But I digress.I hope to get lucky again. I think we are in the middle, not the beginning, the middle, of a very unique time period. One unlike anything we have seen since the early 1980s.

Back in the early 1980s when I started MicroSolutions, the only computer literate people were those who worked on big computer platforms. IBM 36s, DEC, Data General, HP mainframe and minicomputers. There were few people who had much expertise in writing software for, orworking on personalcomputers. Fewer still that focused on connecting multiple PCs together into local and wide networks.

That was a unique time because the amount of money it took to get in the business was the cost of buying a personal computer and the time to learn what to do with it. For $5k, an IBM XT and copies of a basic interpreter, compiler and application software like DbaseII was yours to start your own company with. And for those of us who couldnt afford to buy them, we borrowed them ■

Back then, the meat of the business bellcurve was in proprietary applications. Every mini or mainframe had appsthat were exclusive to it. The long tail opportunity was inusing the new development tools to create custom, PC based apps that provided businesses with new productivity and profitability opportunitiesthat hadnt existed before.

Today, a comparable environment exists. Computers with power and storage unheard of just a few years ago, are available for under 1k dollars. Heck , under 500 dollars. Has anyone noticed that we have been stuck on 3.xghz speed equivalency from CPUs in PCs for going on 2 years now ? Prices come down, cpu speed has stabilized, storage and memory and specialized processors keep on expanding. Its amazing the things people can do with a PC/Mac these days and the price points they can do it at.

Which has created a boom of individuals developing web based interfaces and applications. Some like to call this [Web 2.0.](#) Others are calling it the [AJAX](#) boom. Buzzwords and new development frameworks are coming at us faster than we can think of them all. [Ruby on Rail](#)s, [Mashups](#), [RSS](#), WML, Flash 8 and tons more. The great thing about all of these is that all it takes is one or two smart people on a computer to put them together. Have a great idea on a new user interface or application ? For under 500 bucks, and 10 bucks a month to a hosting service, you can be up and running and taking on Google.

Thats where my investing focus has been. The "long tail" of innovation. Thats how cool and up and coming companies like [Goowy.com](#), [icerocket.com](#), [box.net](#), [redswoosh.net](#), [filesanywhere.com](#) among others have caught my interest and potentially my investment dollars.

Check out their sites. These are people who invested in themselves, and have growing companies to show for it. The exciting part is that they are just a few of the thousands that are coming up with unique ideas. Somewhere out there are Google and MicroSoft competitors.

Im not suggesting that you run out and find friends starting companies and give them your money instead of putting it in the market. Or that you run out and start one yourself. What I am saying is that the biggest upside today is not in the stockmarket. Its not in seeing where PEs expand or contract to. Or watching to see how the market treats splitting up Viacom.The real money and upside is in the investment longtail and people investing in themselves.

All I am saying is that for me, someone who is fairly well versed in technology, this is an amazing time to invest. I may hate the market, but I love what is going on in the long tail of technology and innovation. The future is bright for some of these companies, and in reality, we may be finally seeing a return to the Peter Lynch mentality of investing in companies whose products you like and use. The difference is that it isnt coffee or something you see in the store. Its something you use yourself on your PC, PDA or Phone. The challenge, and what makes it fun, is that these are private companies.

Where there is change, there is opportunity.