5 Plays To Strike It Rich in Online America

By Jeff Brown
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By Jeff Brown, Editor, The Near Future Report

For better or for worse, the pandemic made us realize we don’t need to live in the cities or go to the office anymore. For most of us, our entire lives were forced to shift online during lockdowns... And we learned that remote work is more viable than ever.

In 2021, polls showed that 50% of American workers are willing to take a 5% pay cut just to be able to keep working from home. That’s why you see all these companies closing down their HQs in Silicon Valley, NYC, and other major cities.

Some of them are relocating to Texas and Florida and keeping remote working as a primary option, while others have eliminated their physical offices altogether...

In fact, Coinbase CEO Brian Armstrong announced that the company is going 100% remote. So will Twitter – while Amazon, Salesforce, Wells Fargo, and many more have confirmed they’ll remain remote-friendly even after the pandemic is over.

Many companies are thriving due to the changes. The pandemic caused a shift to take place, and certain technologies are soaring as mass adoption happens.

And those changes won’t ever really “go back to normal.”

The technology industry has been waiting for a catalyst like this. The pandemic has “forced” entire societies to adopt and rely on technologies to continue day-to-day operations.

As I’ll show in this report, the companies powering these trends are hitting their stride and providing investors with some of the best opportunities of their lifetimes.

We have a new class of companies supporting remote and decentralized organizations of society. It’s a new world we are entering into.

Welcome to The Near Future Report

Welcome to The Near Future Report. I’m Jeff Brown, your editor.

For nearly 30 years, I worked as a technology executive for firms like Qualcomm, NXP Semiconductors, and Juniper Networks. I’ve earned degrees from Purdue University and the London Business School.

I’ve also received professional certificates from MIT, Stanford, and most recently the University of California, Berkeley, School of Law. And I am also an alumnus of Yale University’s School of Management.

I’m also an active angel investor in early stage technology companies. I’ve invested in dozens of private deals. I don’t tell you all this to brag.

But with so many so-called technology experts out
there, readers must know I’m truly committed to
the world of bleeding-edge technology.

With this research service, we look for stable,
mid-to large-cap companies with products
enabling the newest technological trends. We can
think of these as “sleep well at night” stocks with
great growth potential.

In the past years, we’ve covered technology
trends like 5G, artificial intelligence, and cloud-
based software services.

And in this report, we’re focusing on a trend that
has exploded over the past year and a half: a
new class of companies supporting remote and
decentralized organization of society.

The American Exodus

It’s not the world you and I were born into.
We’re seeing the “American exodus” out of the
big cities. Lockdowns and the pandemic have
advanced the physical migration to working
remotely. People are leaving major cities like San
Francisco and New York in droves.

And we’re now going to see an even larger shift
in the world of Big Tech...

Blockchain technology will be a big part of this
change. It is designed to fix all the shortcomings
of the internet – from the lack of privacy and
ownership to uncontrollable censorship.

It will also address one of the biggest problems
we face – the concentration of money and power
in the hands of a few out-of-control companies.

I discuss several key plays on the blockchain
space in another special report, Web 3.0: How to
Profit from the Biggest Wealth Creation Event
in History. I highly recommend readers check
that out right here.

Alongside blockchain technology, of course, there
will also be another class of businesses that profit
from and contribute to this decentralized trend.
They will be a huge part of the new remote or
virtualized society arising over the next few years.
And they will thrive in the coming years as a result.

These five companies will give readers exposure
to businesses enabling contactless payments...
e-commerce... cloud infrastructure... and more.
They are primed to succeed as the “American
Exodus” takes place.

Let’s begin with the first...

Recommendation #1:
Block (SQ)

Investors are likely familiar with Block (SQ),
formerly known as Square.

You may have seen one of Block’s beautifully
designed POS terminals at one of your favorite
local small businesses. I see them everywhere
– restaurants, coffee shops, my local wine and
spirits store, my butcher, etc.

Block Terminal

Source: Block

It looks like an iPad... because it is an iPad.

Block innovated by using already-existing
hardware (which some small business owners
may already have) to create a fantastic software and service business solution for its target customers. Small businesses can simply buy the white plastic stand, download the Block POS software to their iPad, and pop it in. It really is that easy... Up and running in minutes.

For businesses that don’t need a cash register, Block created something even more simple called the Block Reader. It’s a small, Block device that plugs into a smartphone. It’s essentially a credit card reader that connects to Block’s POS smartphone application.

Block’s early market strategy was to innovate in the two areas that were most critical to small businesses. The first was to make a POS system so simple to use that it could be set up in minutes – the complete opposite of legacy POS systems.

The second was the business model. Block created one simple business model, making it affordable for small businesses to accept credit cards. Originally, it charged a 2.75% fee on all transactions. That’s it. No subscription fees, no integration fees, no maintenance fees... nothing else.

Since the release of its new products, Block has maintained that simple business model, while adding some additional incentives for adopting the Block Terminal, or the new Block Register.

Now, you might ask, how could a company that’s most known for facilitating in-person consumer purchases thrive post-pandemic?

After all, many small businesses closed during the economic lockdowns. But Block has another project that few investors see. It’s an application that is quickly becoming the preferred method for “contactless” transactions.

It comes down to Block’s Cash App.

The Cash App is one of the best payment applications available today. The design is clean. It’s simple to use. And it enables users to send dollars back and forth, just like top competitor Venmo.

Block’s Cash App allows users to send money back and forth without ever coming into contact with another person. And the adoption of the Cash App will only accelerate as the world moves permanently to contactless transactions.

And Block has another trick up its sleeve with the Cash App.

The Cash App also allows users to buy and send digital assets like bitcoin, and it makes dealing with digital assets so simple that anyone can do it.

Just type in how much bitcoin you want to buy, press the button, and boom – it is done. The bitcoin shows up in the Cash App instantly.

Block’s Cash App

Source: Block

Cash App is something of a “Trojan horse” because Block developed it largely under the radar. It didn’t appear to be a big part of Block’s
business. In fact, the Cash App accounted for only 20% of Block’s revenue in the second quarter of 2019.

As of 2021, Cash App accounts for 76% of Block’s revenue. Its growth has been astonishing.

And much of that growth is due to bitcoin. Block’s total Q2 net revenue was $4.68 billion, up 143% year over year, for a gross profit of $1.14 billion, up 91% since 2020.

This is a great company to own in the post-COVID world.

**Action to Take:** Please refer to our model portfolio for the most current recommended buy-up-to price for **Block (SQ)**.

**Note:** If this stock is trading above our recommended buy price at the time of reading, my official recommendation is patience. Technology stocks experience natural volatility that almost always gives us a great entry point. I want to make sure readers invest in the best companies at a great price. And I will always alert readers if it makes sense to raise our buy prices.

**Recommendation #2:**
**Twitter (TWTR)**

Our second pick is one of the most well-funded, successful social networks out there. And this company has taken a big step towards creating a decentralized social media network that could upend the entire social media space as we know it – **Twitter (TWTR)**.

Now, I know some of us may not like this company because of its willingness to censor and ban users and posts with little or no explanations. I criticized Twitter for doing exactly that – and I’m on record calling out Twitter for these practices in the past.

But none of these reservations changes one fundamental point about Twitter – it’s an integral part of building out the decentralized internet...

It all comes down to a secretive new project being masterminded by Twitter and Block co-founder Jack Dorsey.

Dorsey has consistently been ahead of the curve in anticipating future adoption at both Twitter and Block. He saw social networks were going to be part of the future so he co-founded Twitter in 2006. And in 2009 he co-founded Block to accept debit and credit card payments on mobile devices.

Dorsey was also an early proponent of bitcoin. And Block has benefitted greatly from opening up the floodgates for users to buy and transact with bitcoin. Right now, revenue from bitcoin payments makes up 58.7% of Block’s revenue.

Now Dorsey sees the world changing once again. This time, he envisions a larger shift towards decentralized social networks built on top of blockchain technology. And Twitter is currently taking steps to usher in this decentralized version of social media into the mainstream...

Dorsey announced the Bluesky project on December 11, 2019. He said, “Twitter is funding a small independent team of up to five open-source architects, engineers, and designers to develop an open and decentralized standard for social media. The goal is for Twitter to ultimately be a client of this standard.”

Bluesky’s goal is to be an open protocol for social networks. But progress has been slow so far. Other than a paper released in January 2021 about how to monetize the Bluesky platform, no progress was made on Bluesky for almost two years.

That is until August 16 of 2021... That’s when Twitter announced the hiring of decentralization expert Jay Graber.

Graber propelled her career in the cryptocurrency
space with a nearly two- and half-year stint with privacy coin project Zcash. She left Zcash in the fall of 2018, and then in March 2019 she launched her own decentralized network called Happening. Happening is a decentralized social event creation and invitation platform that’s similar to the Meetup app.

It’s important to remember that Bluesky will operate independently from Twitter. So figuring out a way to monetize and keep the platform afloat will be very important. Otherwise, the platform will lose the ability to attract developers to work on the project. I have no doubts that Twitter will fully fund Bluesky to get it off the ground.

And it’s perfect for Bluesky that Twitter is committed to being a client. One big client will show other developers that the platform works... and that it can be profitable.

When Twitter launches on Bluesky, we’ll see a natural migration of users onto this platform. And with Twitter being Bluesky’s first client, it will have first-mover advantage when Bluesky launches... Twitter will be able to attract a wider audience with all the incentives a decentralized, blockchain-based social network has to offer.

And Twitter already has a massive user base to propel this project forward. In the second quarter of 2021, Twitter had 206 million monetizable daily active users worldwide. And at Twitter’s Investor Day in February, the company said it expects to have 315 million monetizable daily active users (mDAUs) by the end of 2023. What’s more, Twitter is able to monetize each individual user to the tune of about $21.50 per user.

And with the various new features Twitter is rolling out, this monetization model is bound to become even more profitable.

The most important change Twitter is making to boost its monetization model is to provide the tools for direct response marketing (DRM). DRM is any marketing technique designed to get a prospect to take immediate action and opt into the advertiser’s offer.

Companies that use direct marketing tend to spend more on their marketing than other firms of comparable size. That’s because by using DRM, they can almost immediately see if their ad is profitable.

Currently, Twitter gets 32% of its advertising revenue from DRM. As that’s considerably below its peers, Twitter expects this number to rise to 50% of its advertising revenue over time. And that shift will come from direct response marketers spending more.

And this overhaul is not solely relegated to its ad networks. Twitter is expanding its interface to allow for a number of innovations that will directly benefit users and Twitter’s bottom line.

In September, Twitter announced that it was
rolling out a new feature that would allow users to “tip” each other using bitcoin. This is a huge and much hoped-for feature, as it finally allows content creators to directly make payments over the platform without the need of an intermediary like Block’s Cash app or PayPal’s Venmo.

What’s more, Twitter is launching ambitious plans to allow users to authenticate their own NFTs as well as a “creator fund” that provides content creators with access to financial, technical and marketing support.

All of these features will ensure that Twitter’s user base has more autonomy in monetizing their content.

With all the additions Twitter is bringing to its platform, we can expect revenues to soar. As you can see in the chart on the previous page, revenue growth was fairly slow from 2016–2020, coming in at 10%. But from 2020 through 2024, revenue will grow about 24% a year.

With all these new additions, I suspect Twitter will beat these revenue growth targets... And if Bluesky becomes functional within this time period, we could see revenues jump even higher.

The timing is perfect for an entry into Twitter stock. Twitter’s free cash flow is about to explode. As we can see from the chart above, from 2020’s $119 million, Twitter’s free cash flow will rise more than 12X by 2024.

I love to see this kind of growth, especially when it’s happening from the combination of both revenue growth and very healthy gross margins.

If, as I suspect, Twitter moves its platform over to a working Bluesky, we’ll make even more in the coming years. That’s why now is a great time to take a position in this stock as it commits to the next generation of decentralized social media.

**Action to Take:** Please refer to our model portfolio for the most current recommended buy-up-to price for **Twitter (TWTR)**. Be sure to use a limit order when placing trades. For the time being, we will hold TWTR with no stop loss. Always remember to use rational position sizing.

**Risk Management:** Because we will be holding TWTR without a stop loss, I encourage all readers to establish rational position sizing. We should remember to never go “all-in” on any one investment. Our mission is to build a portfolio of our companies. That’s how we’ll optimize our success. If this stock is trading above its recommended buy price, I encourage being patient. Regular volatility typically gives us a good entry point.

**Recommendation #3:** **F5 Networks (FFIV)**

I remember what it was like to buy computer software in the ‘90s. The thought of being able to download a new software program in a matter of
seconds and install it in a few more didn’t exist. We’d have to hop in our cars and drive down to the local CompUSA, RadioShack, Best Buy, or other computer retailers to buy an expensive software program like Lotus 1-2-3.

Software packages came in a big heavy box with a handful of floppy disks and inch-thick installation and user manuals. And the software wasn’t cheap. Back then, a simple spreadsheet program like Lotus 1-2-3 ran for $349, which meant a lot more back then than it does today.

Lotus 1-2-3

Source: eBay

Back then, we paid for the product once and it was ours forever. In the tech world, we call this a “perpetual license.”

Paying for something just once sounds nice in theory, but it was actually a terrible system. It took months, if not years, to upgrade the software and repair bugs. And then we were required to buy new software to replace the old version.

Thankfully, this process has changed.

As broadband internet became more widely available, and data transfer speeds increased, software companies switched to the digital distribution of software. And now it’s even progressed to the point where software is hosted in the cloud in remote data centers. Users simply log in and access the software through a web browser.

There is no longer any need to download anything.

For instance, we probably remember buying physical CDs to download Microsoft’s Office suite to use applications like Word, Excel, and PowerPoint. But today, using these applications is as easy as accessing Microsoft’s cloud-based Office 365 offering. And this is very common today.

Many applications now run at some remote data center. This means we no longer need to install software on our computers. This also means software vendors can fix bugs in real-time without requiring users to do anything.

Users benefit. Software vendors benefit. It’s a win-win. But this distribution model came with one major problem... The security of the applications became far more complex, as did managing the performance of the applications.

If someone had a slow or complex network, the application may run slowly at no fault of the developer. And as users worked in enterprises, governments, and remote environments, the variety of networks caused applications to run at different speeds.

And addressing cybersecurity concerns for cloud-based applications has never been more important, as the recent string of cyberattacks has demonstrated.

This is where our next recommendation, F5 Networks (FFIV), built its name.

Cloud Computing

F5 is the dominant company in application delivery management. F5 helps software companies secure and manage the performance of applications delivered over both wired networks, wireless networks, and now in the cloud.
We're going to focus on cloud computing.

This is a technology that has become more important to everyone over the past year and a half.

With the economic lockdowns, we had to rely on cloud-based applications to conduct business, for our kids to learn, and to keep in touch with our loved ones. If the cloud hadn’t been ready to handle increased data traffic, our lives would have been disrupted even more.

As miserable as the pandemic was, it was a boon for certain sectors of the high-tech industry. Anything involved in supporting cloud computing infrastructure did extremely well as the technology was critical for enabling us all to function day to day.

The reality is that the impact of economic lockdowns and remote work pulled forward technology adoption by at least five years. And it even forced many who would never have adopted cloud-based solutions to jump on board out of sheer necessity.

To put a dollar value on that... The global cloud computing market size is expected to grow from $445.3 billion in 2021 to $947.3 billion by 2026.

This isn’t a temporary trend. The impact will be long-lasting. Many companies are allowing remote work to persist, and almost all have adopted hybrid working models.

This shift to a cloud-based world has many of our stocks up double and triple digits...

- Businesses are now signing contracts digitally, which has DocuSign (DOCU) up as high as 463%.

- A shift away from dirty paper money to digital payments has Block (SQ) up as high as 227%.

- Connecting with friends virtually has Facebook (FB) up as high as nearly 144%.

Even a more recent addition like cloud cybersecurity company Palo Alto Networks (PANW) is up as much as 66%.

These are amazing gains for large-cap companies in such a short period of time. We were perfectly positioned... And we’re not done yet...

Cloud computing has gone from nearly nonexistent 20 years ago to a necessary technology every internet user utilizes. And much of the growth and complexity of large networks was enabled by technology deployed by F5 Networks.

The Evolution of Data Traffic Management

F5 got its start in 1996 and quickly became a leader in what’s known as “load-balancing technology.” This product distributed network traffic evenly across servers to make them appear as a single device on a local area network (LAN).

F5 called this its BIG-IP technology. F5 still sells this service today, but instead of handling traffic just on a local area network, it balances traffic across the entire internet.

Prior to F5’s leading load-balancing technology, programs running on a network had to request resources from a specific server. This could create inefficiencies if multiple applications request resources from the same server while leaving another server unused.

Here’s an easy way for us to think about this technology...

In the ’90s, we plotted out how to drive to our destination on a map. We had one way to get somewhere. And if there was a detour, we’d follow the signs.
But in the case of a detour, street traffic backs up. Unless we had local knowledge – perhaps a little-known road – we wouldn’t know about any routes to get around the traffic jam... And we were forced to sit in our car and wait for traffic to clear out.

But now we have up-to-the-minute traffic updates on applications like Google Maps and Waze. These programs help direct people to the fastest route and get everyone to their destination quicker. F5 is the Waze for directing traffic for applications on all kinds of networks.

F5’s BIG-IP product was software installed on a computer system, which sat between the network’s routers and server. This traditional architecture required F5’s equipment to be installed on-premises at its customers’ data centers.

This is where the terminology “on-prem” came from. Having F5’s BIG-IP product on-prem was the typical network architecture.

But information technology (IT) network architecture evolved. Eventually, cloud-based software from companies like Salesforce, ServiceNow, and Workday became the norm. And each of these required more complex network architectures.

F5 realized it would have to deploy its load balancer in a new way. On-prem hardware became less important as these flexible software architectures, which could work in any kind of network environment, became more prevalent.

Network performance became even more critical than before. And the way to improve performance was to move software from remote data centers (such as at a company’s headquarters) to data centers located close to the edge of the network, where the users are. This massive and persistent trend is why our portfolio holding, Equinix (EQIX), has performed so well.

**Action to Take:** For our most recent buy-up-to price for F5 Networks (FFIV), please visit our model portfolio. Be sure to use a limit order when placing trades.

**Risk Management:** We will be holding this investment without a stop loss for the time being. As always, we should use rational position sizing. That means we should only invest an amount that is appropriate for an individual investor given their portfolio size and tolerance for risk. And bear in mind that I cannot give personalized advice.

Rational position size is something that each individual investor will need to determine. And remember, I never recommend going “all in” on any one investment.

**Recommendation #4:** Teladoc (TDOC)

Teladoc (TDOC) began in 2002 when former NASA flight surgeon Dr. Byron Brooks teamed up with successful entrepreneur Michael Gorton. The two launched the company in Texas nearly two decades ago. The company claims it is the oldest and largest telemedicine company.

As the name suggests, the company specializes in something known as “telemedicine.” This is a technology platform that is enabling a mass-market version of the future of health care.

We’ll visit our doctor remotely without ever leaving our home. And while it’s not suitable to be remote for all health conditions, coupled with some consumer-grade health care diagnostics equipment, telemedicine can be time- and cost-effective. It can also provide the platform for addressing many of our ongoing health care needs.

The first offering allowed patients to remotely consult with state-licensed doctors at any time...
And at the core, Teladoc is still a remote health care company. The company quickly grew and launched nationally in 2005. And by the end of 2007, the company had amassed over one million members.

Teladoc was a strong company from the start. But as we saw, over this past year the company got a huge boost in business as a result of the pandemic.

At the height of the COVID-19 pandemic, the last thing anyone wanted to do was go to the doctors’ office.

With the media’s fear- and panic-driven narrative, who wanted to go and sit in a waiting room with a bunch of other sick people? Avoidance of that environment was the most obvious benefit, but we noticed other added benefits as well.

We saved a lot of time that would have been taken up going back and forth to the doctor, as well as all the waiting in the doctor’s office. No matter how early I show up, with the exception of MRI scans, my appointments rarely start on time.

A much more convenient and safer experience is to talk to our doctors (for non-life-threatening emergencies) by phone or, even better, through a videoconference.

I know members of my team videoconferenced with doctors to take care of minor health concerns over the past year. And they’re going to keep using the service provided through our health insurer even as things return to normal.

It’s a win-win deal for everyone. Patients save time and don’t get exposed to germs. And doctors don’t have to see as many sick people in person. That’s why Teladoc saw a 37% year-over-year growth for total visits in Q3 2021, going from 2.8 million visits in Q3 2020 to 3.8 million visits in Q3 2021.

One of our most successful investing strategies over the past 18 months has been to invest in companies that enable remote or contactless interactions.

As I noted above, technology companies have been “lying in wait” for an opportunity like COVID-19 and the economic lockdowns. They needed a catalyst to “force” the adoption of their products. And once users see how convenient the products and services are, there’s no going back to the “old ways.”

The same is true of Teladoc. Telehealth is a trend that’s here to stay.

The Primary Care of the Future

Another way for Teladoc to make its service stickier is to allow customers to speak with their primary care physician over the platform.

This service is being called Primary360. The Primary360 offering consists of unlimited access to a primary care provider for an annual checkup, ongoing wellness, managing chronic conditions, and more complex challenges.

In fact, I’m already doing this myself through my own experience with the Health Nucleus. I have found it immensely useful and invaluable to managing my own health issues no matter where I am in the world.

And while Health Nucleus, a private company, is at the bleeding edge of preventative medicine and human longevity, it’s out of reach for most consumers.

Teladoc is enabling a subset of services that are extremely useful to the mass market. Patients in this service will have a doctor in Teladoc’s network as their starting point... And that doctor can point the patient to other Teladoc doctors for more specialized support.

This is a brilliant move for Teladoc. Not only is having a comprehensive health plan with one
provider very beneficial for the patient, but it also creates more visits with Teladoc doctors... And more revenue for Teladoc.

This is just the beginning of Teladoc’s Primary360 program, and it is going to be a huge success. And as I extrapolate further about Teladoc’s business, I know exactly what I would do if I were CEO. I would develop the service offering to enable a starter pack for tracking our vital signs.

These are things like a blood pressure cuff, a finger sensor, a heart rate monitor, and a scale with sensors to measure body fat. All this could be done at a very low cost, and the benefit of employing these diagnostic technologies is immense.

I’ve actually been using many of these products to monitor and manage my own health. And I’ve been using some more advanced but simple-to-use devices like Libre. It is a 14-day glucose sensor made by Abbott Labs. Users use a small device that painlessly attaches a sensor with a needle attached to it into the back of our arm around the tricep muscle.

The sensor has a battery in it and wirelessly connects with our smartphone and a software application that collects our glucose levels and makes them available to our physicians. No trip to a doctor’s office is required. Simply collect the data and see how our body reacts to what we eat and drink, as well as how we exercise.

Another product that I used is the Zio monitor to track cardiovascular health. This is a small electronic device that we attach to our chest. It has two pads and an adhesive that can monitor our hearts for up to two weeks.

Whenever we have an irregular heartbeat, we can tap a button on the device. This way, it records the moment in time as something abnormal for a physician to investigate. This can track the strength of your heart, check for atrial fibrillation and other abnormalities.

Creating a baseline with these measures is important to understanding one’s health.

As useful as these products are, they’re predominantly used by people who are already aware of a health condition that needs monitoring. But there is another way to track our vital signs regularly. And though we may not know it, this technology is already ubiquitous in our daily life.

**Wearables Will Save Lives... And Money**

Wearable health monitors will save money in medical treatments and save lives by catching symptoms early.

Arguably, the most popular wearable on the market now is the Apple Watch. It’s estimated over 100 million watches have been activated. It also happens to be one of the most advanced wearables on the market.

**The Apple Watch**

Source: Apple

We may have seen stories in recent years that detail how people’s lives were literally saved by their Apple Watch. Sometimes the device will notify users to seek emergency help if their heart rate becomes elevated. It can also track the number of calories we take in throughout the day. This is vital for people battling obesity. The Apple Watch can even notify family members if it detects heart failure.
But that’s only the start. A peer-reviewed study by Mount Sinai found that the Apple Watch can effectively predict a positive COVID-19 diagnosis up to a week before PCR-based nasal swab tests. It can do this by tracking heart rate variability (HRV) – the difference in the time interval between heartbeats.

If one’s HRV goes down from their baseline, it’s a sign their nervous system is strained. This is often a precursor to the onset of COVID-19. So if anyone noticed their HRV decreasing, they would know to avoid contact with other people and confirm the diagnosis.

Another study found the Apple Watch’s heart data is nearly as good as clinical tests. That means the Apple ECG readings, irregular rhythm notifications, and low heart rate notifications can be used to notify the wearer of any potential dangers lurking.

Often a stroke can be preceded by an irregular heartbeat. If anyone suffers from atrial fibrillation, they are five times more likely to suffer a stroke. By knowing this, a patient can get on blood thinners to reduce the risk of a blood clot preventing blood from flowing to the brain.

And if they feel or see any of the telltale signs of a stroke – such as slight paralysis of one side of the body, inability to form words, or sudden loss of coordination – they can get to an emergency room.

The Apple Watch isn’t the only health monitor out there... There are many other ones. And by tracking and interpreting these signals, people can receive medical treatment immediately.

This can be the difference between having a severe heart attack and a minor one. This can save one’s life... And a lot of money.

The National Business Group on Health estimates the average total cost (direct and indirect) of a severe heart attack is $1 million. Whereas a less severe heart attack costs only about $760,000. While insurance will pick up most of the direct costs – the hospital visit and doctor fees – it won’t pick up the indirect costs like lost time and productivity.

With a stroke, getting treatment within three hours is critical for survival. The average lifetime cost of an ischemic stroke is about $140,000 in the U.S. And that cost rises dramatically in cases of a severe stroke, where a lifetime of therapy and treatments are needed.

Expanding the Diagnostics Tool Kit for Telemedicine

These are just a few examples of how consumer-grade diagnostics electronics can be used without requiring a trip to a doctor’s office. These products can be shipped directly to us and used. And then the data can be made available to our physicians.

I envision that a basic suite of diagnostics equipment will be provided under subscription services so that consumers can provide basic health data to the physician over the telehealth call.

And then depending on each individual’s health condition, additional diagnostics may be required. The glucose monitor and the Zio monitor for cardiovascular health are two perfect examples. They are easy to use and the data that is generated is invaluable.

It is easy to see how the employment of these technologies will make Teladoc’s service even stickier and more useful. It overcomes what used to be a disadvantage of telehealth services. And for those conditions that require an actual in-person visit or something like an MRI scan... Teladoc can ultimately help facilitate the in-person visits as well.

Not surprisingly, telemedicine comes with some strong cost advantages as well.

Teladoc contracted Veracity Analytics, an independent health care data analytics company,
to see if telehealth was cheaper or not. After studying the accounts of two million members, Veracity found these people saved $472 on average per general medical visit for a similar diagnosis.

Even more incredibly, the average person using the diabetes chronic care platform saved $1,908 that year. I’m sure this savings is even more pronounced now as health care costs have risen over the past five years.

I know what we’re probably thinking. It sounds like a good business strategy. But is this all speculation for the future of Teladoc?

Absolutely not. There is good evidence that this is precisely the path the company will take.

Earlier this year, insurance giant Cigna acquired MDLive – a Teladoc competitor. The fact is that most insurance companies don’t want to use one of their competitor’s products. That’d be giving the competition an edge. Now that Cigna owns MDLive, MDLive will probably not sign any new contracts with companies like Aetna, BlueCross BlueShield, or UnitedHealthcare.

So who will these insurers turn to instead? Most likely Teladoc. The company is perfectly positioned to fill any holes in offerings from these insurers.

**Action to Take:** For our most recent buy-up-to price for Teladoc (TDOC), please visit our model portfolio. Be sure to use a limit order when placing trades.

**Risk Management:** We will be holding this investment without a stop loss for the time being. As always, we should use rational position sizing. That means we should only invest an amount that is appropriate for an individual investor given their portfolio size and tolerance for risk. And bear in mind that I cannot give personalized advice.

Rational position size is something that each individual investor will need to determine. And remember, I never recommend going “all in” on any one investment.

**Recommendation #5:**
**Palo Alto Networks (PANW)**

As we discussed earlier, more and more companies have been transitioning to cloud-based services.

Cloud computing simply refers to large data centers – usually close to cheaper electricity and situated in remote locations – that host software programs and store data.

Anyone who uses Gmail or Hotmail or Apple’s iCloud for email services are using the cloud. In fact, any computer user who uses Google’s search engine is using cloud computing.

Accessing the cloud is easy. Anyone with an internet connection or mobile phone is already connected. But constant connectivity opens the possibility for hackers to gain access to our computers, accounts, and information.

All it takes is mistakenly opening the wrong attachment or clicking on a bad link. This is a problem for individuals, corporations, and governments.
The truth is, most organizations and government networks aren’t equipped to fend off malware attacks. Their networks may be secure, but malware gets around that by tricking people into installing the virus.

I receive at least 10 phishing emails a day.

Common examples are emails that appear to come from Amazon, UPS, or FedEx. Please, never click on these links. The quickest way to check whether an email is legitimate is to simply click on the “From” name in the email to see what the actual email address is. It is pretty easy to spot email addresses that are not genuine.

Hackers also hide malware in files like Microsoft Word or Excel documents. In these programs, advanced users can run something called a macro. Most people use macros to perform repetitive tasks or import numbers... But macros can be malicious if programmed by hackers.

Bad actors then send these files to employees within organizations from emails that appear to be from a colleague. Thinking it’s from a trusted source, the employee opens the document and the macro automatically runs... downloading and installing the malware to the computer.

That’s the easiest way to get around network security. And no matter how hard an information technology (IT) department tries to train everyone not to fall for these tricky emails and files, it is going to happen.

Malware attacks are becoming increasingly popular among not only state-sponsored hackers but smaller, private hacking groups. Once these smaller groups get their malware installed on a network, they often block access to files until they receive a ransom.

We call these “ransomware” attacks.

According to a report from cybersecurity research firm Emsisoft, ransomware attacks have impacted at least 966 government agencies, educational establishments, and health care providers. This cost them an estimated $7.5 billion to repair. According to a recent report, ransomware grew 1070% between July 2020 and June of 2021.

To stop these attacks, organizations need a bleeding-edge cybersecurity system. But these agencies have other spending priorities...

Cybersecurity is often seen as an expense line item rather than a vital and necessary technology.

But if an organization has one of the best cybersecurity solutions, it can fend off attacks. And that’s where our next company, Palo Alto Networks (PANW), comes in.

**The Leader in Cybersecurity**

Palo Alto made a name for itself by building the best next-generation firewalls. We can think of a firewall like your front door security system. The firewall sits between an enterprise’s internal network and the external internet. Similarly, your front door is a barrier between the inside of your home and the outside world.

For example, at home, you’d first have a look at
who’s at your front door. Perhaps through the peephole. Or even through a security camera. If you recognize the person as friendly, you’d invite them in.

If you don’t recognize your visitor, but they don’t look like a threat, you’d likely ask them to state their business. Then you’d determine whether to open the door.

If you identify a known threat, you’d keep that front door locked... and call the authorities.

Early firewalls were simply a secure connection to other networks. Next-generation firewalls are far more advanced, with the ability to inspect all data traffic and filter out anything that doesn’t look right.

Every piece of data traffic trying to enter a company’s network is analyzed and determined to be “good” traffic, “suspicious” traffic, or “malicious” traffic.

The firewall allows good traffic to pass through the “front door.” Suspicious traffic is further examined before a decision is made. And the firewall blocks malicious traffic from entering.

Where Palo Alto Networks really innovated was in the inspection of every packet of data wanting access to a network and the prevention of the intrusion of malicious data and applications.

The best firewalls will stop suspicious traffic even from unknown or new threats.

**Palo Alto Is the Biggest and the Best**

Palo Alto Networks is the biggest cybersecurity company in the world by revenue.

Note that Cisco may be larger than PANW, but its cybersecurity-only revenues are smaller than Palo Alto Networks.

And PANW isn’t just the biggest. It’s also growing its revenue the fastest, at 28% a year. The company keeps up this growth by innovating quicker than anyone else.

In 2021, Gartner named Palo Alto the clear leader in network firewalls for the tenth time in a row, For unfamiliar readers, Gartner’s Magic Quadrant ranks companies based on completeness of vision and their ability to execute.

And as we can tell, PANW ranks highest in both the ability to execute and the completeness of vision (product offerings).

PANW does this by consistently putting almost 20% of its revenue back into research and development (R&D).

R&D is extremely important in cybersecurity because evildoers are constantly looking for new ways to breach a network. If a company stops innovating, it doesn’t take long for hackers to figure out how to circumvent its security platform.

**Palo Alto Networks Moves to the Cloud**

As I’ve mentioned, cloud computing is one of the most important technological trends that we are following, and the COVID-19 pandemic has only increased its importance.

This trend has completely changed network architectures and how companies deploy and sell software. It has also enabled software companies to grow like wildfire.

According to a report from the Cloud Security Alliance, as of 2019, 70% of organizations moved data and applications to the cloud. And the biggest providers of cloud computing services are growing like weeds.

And each company moving to the cloud must protect its network and the data in its applications. And it must protect each computer, phone, or tablet connecting to the network.
This is no easy task. Right now, many companies use dozens of different products to protect different points of the network. To make matters worse, these programs often don’t communicate with one another to pinpoint threats.

Palo Alto is working on getting all of a company’s cybersecurity needs on one platform. That platform is known as the Prisma cloud security product line.

Prisma is still a new offering, made available in late 2018. But Palo Alto already has thousands of customers, including BankUnited, Experian, Refinitiv, and other leading companies around the world.

Palo Alto has been innovating quickly on its new Prisma cloud platform. It also filled in other small holes through smart acquisitions. And now it has one of the most robust cloud security offerings in the world.

So let’s make sure to position ourselves in this powerhouse in cybersecurity.

**Action to Take:** Please refer to our model portfolio for the most current recommended buy-up-to price for **Palo Alto Networks (PANW)**.

**Note:** If this stock is trading above our recommended buy price at the time of reading, my official recommendation is patience. Technology stocks experience natural volatility that almost always gives us a great entry point. I want to make sure readers invest in the best companies at a great price.

Regards,

Jeff Brown
Editor, *The Near Future Report*