OPPORTUNITY RECOGNITION IN THE POST-BUBBLE PERIOD: TECHNOLOGY BUNDLING, RESOURCE HIGH-JACKING AND MARKET LOCK-IN MECHANISMS IN SKYPE AND YOUTUBE (INTERACTIVE PAPER)

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INTERACTIVE PAPER

OPPORTUNITY RECOGNITION IN THE POST-BUBBLE PERIOD: TECHNOLOGY BUNDLING, RESOURCE HIGH-JACKING AND MARKET LOCK-IN MECHANISMS IN SKYPE AND YOUTUBE

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Principal topic

Skype Technologies was sold to Ebay for 2,6 billion USD after less than 2 years of its founding. In a similar manner, YouTube managed to grow to a USD 1,65 billion worth business in merely 20 months. The price tags of these two companies when sold were high, reaching the amount that had not been seen after the dot.com crash in early 2000. This rapid success intrigued us with the questions of how did the entrepreneurs recognize and develop such opportunities in a period of resource scarcity and prevailing market pessimism. What lessons can we learn from these cases to improve our understanding of the opportunity recognition process?

Methods

We used a grounded case study analysis and pattern matching methods to build a contextually grounded model for opportunity recognition in post-bubble periods. The secondary data of Skype Technologies and YouTube were used to accomplish this goal as the studied companies are abundantly documented with secondary data in web news portals, online magazines and other web sources that proved to be very effective. Using data source triangulation this enabled us to build an extensive database to reconstruct the chain of events for the two cases. We then used this analysis of important events in the opportunity recognition process for identifying patterns of opportunity recognition in the two companies. The data analysis process led us to several underlying concepts and mechanisms with a potential to become building blocks of a more general theory on opportunity recognition.

Results and Implications

Using a qualitative research method based on secondary data for the study proved to be an efficient and fruitful strategy for the specific context leading to important insights. The grounded approach identified several interesting mechanisms that the entrepreneurs used: such as technology bundling, resource hijacking and market lock in mechanisms. We show how entrepreneurs are able to make money of technologies and resources that were developed before the bubble burst. In a period were money is not as easy to get we outline how entrepreneurs need to be smart, bundle, and high-jack things that are out there in order to recognise and develop valuable opportunities. We discuss our findings to the general observations on opportunity recognition and outline specific suggestions for further research on post-bubble opportunity recognition.

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