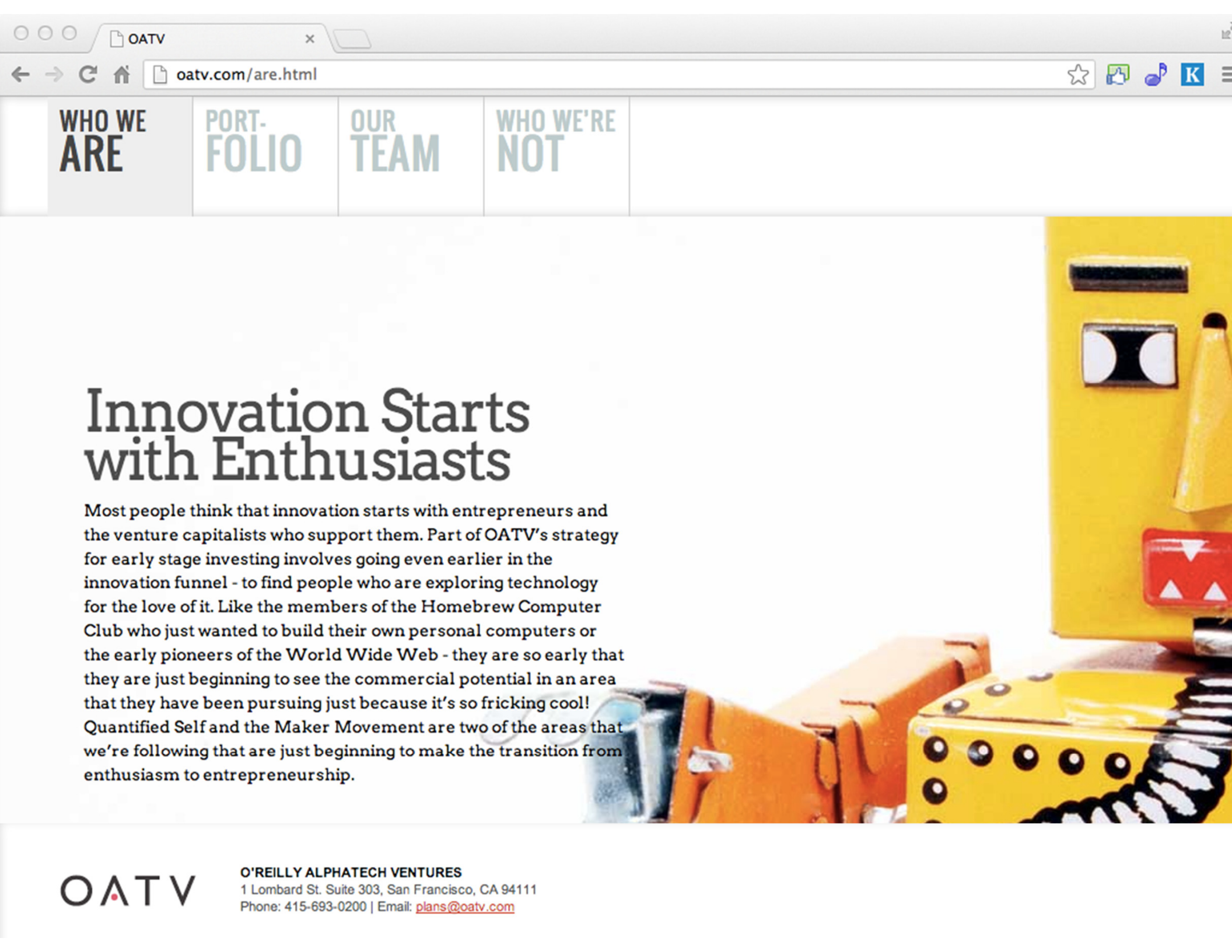




# **The Clothesline Paradox: How New Technologies Create Value**

**+Tim O'Reilly  
@timoreilly  
O'Reilly Media**

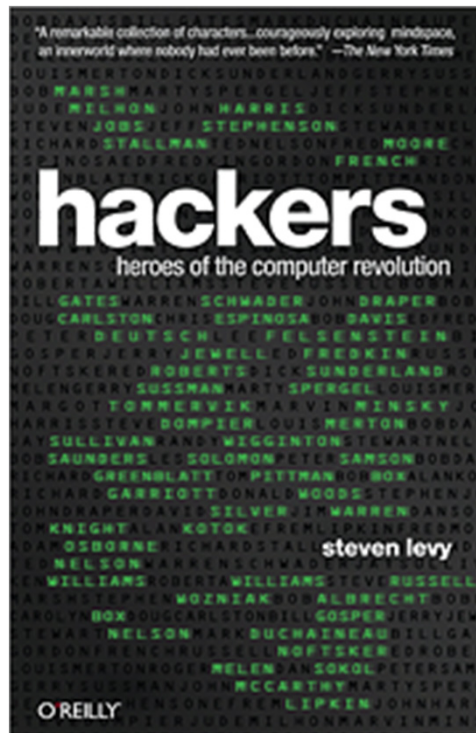
**PCAST  
May 3, 2013**

[WHO WE ARE](#)[PORT-FOLIO](#)[OUR TEAM](#)[WHO WE'RE NOT](#)

# Innovation Starts with Enthusiasts

Most people think that innovation starts with entrepreneurs and the venture capitalists who support them. Part of OATV's strategy for early stage investing involves going even earlier in the innovation funnel - to find people who are exploring technology for the love of it. Like the members of the Homebrew Computer Club who just wanted to build their own personal computers or the early pioneers of the World Wide Web - they are so early that they are just beginning to see the commercial potential in an area that they have been pursuing just because it's so fricking cool! Quantified Self and the Maker Movement are two of the areas that we're following that are just beginning to make the transition from enthusiasm to entrepreneurship.

# OMG, I could have my own computer!



O'Reilly created **GNN**, the first commercial website. Below is the GNN home page when it launched in August 1993. Recently, Tim O'Reilly and Dale Dougherty gave a presentation on GNN (and [Viola](#)) at an event organized by the Stanford Linear Accelerator Center (SLAC) called "The Once and Future Web." To see our presentation, [click here](#)

## GNN Home Page

The Global Network Navigator (GNN), an Internet-based Information Center, is a production of O'Reilly & Associates, Inc. and an application of the World Wide Web.

[Welcome New Navigators!](#) If you are new, please take a minute to learn more about GNN.

To subscribe to GNN: **GET** the online registration form.

	 <a href="#">GNN News</a>
	 <a href="#">GNN Magazine (Issue #1)</a>
	 <a href="#">The Whole Internet Catalog</a>
	 <a href="#">GNN Marketplace</a>
	 <a href="#">Navigator's Forum</a>

COPYRIGHT 1993 O'Reilly & Associates, Inc.





**WIKIPEDIA**  
The Free Encyclopedia

[Main page](#)  
[Contents](#)  
[Featured content](#)  
[Current events](#)  
[Random article](#)  
[Donate to Wikipedia](#)  
[Wikimedia Shop](#)

Interaction  
[Help](#)  
[About Wikipedia](#)  
[Community portal](#)  
[Recent changes](#)  
[Contact Wikipedia](#)

Toolbox  
[What links here](#)  
[Related changes](#)  
[Upload file](#)  
[Special pages](#)  
[Permanent link](#)  
[Page information](#)  
[Cite this page](#)

[Print/export](#)

Article [Talk](#)

Read [Edit](#) [View history](#)

Search

## Just for Fun

From Wikipedia, the free encyclopedia

***Just for Fun: The Story of an Accidental Revolutionary*** is a humorous autobiography of Linus Torvalds, the creator of the [Linux kernel](#), co-written with [David Diamond](#). The book primarily theorizes the Law of Linus that all evolution contributed by humanity starts for survival, sustains socially and entertains at last. Other than this the book explains Torvalds' view of himself, the [free software movement](#) and the development of [Linux](#).

*Just for Fun* has been translated into numerous [languages](#) including the first official language of Torvalds's home country [Finnish](#), and later to his own first language [Swedish](#) (Torvalds is a member of the [Swedish-speaking minority in Finland](#)). The kernel that Torvalds started (and still maintains) for fun is now a part of the operating systems used by over 60 million people on the desktop and even more in web services.<sup>[1]</sup>

### Editions

[\[edit\]](#)

- ISBN 0-06-662072-4: Hardcover (2001)
- ISBN 0-06-662073-2: Paperback (2001)
- ISBN 0-694-52539-1: Audio Cassette (abridged) (2001)
- ISBN 0-694-52544-8: Audio CD (abridged) (2001)

### References

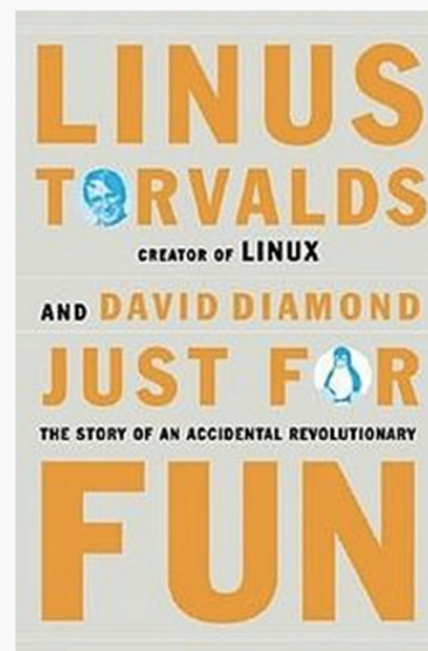
[\[edit\]](#)

- ↑ Abramson, Ronna (2004-12-15). "Linux Looms Larger Than Thought" [↗](#). TheStreet.



*This article about a biographical or autobiographical book is a **stub**. You can help Wikipedia by [expanding it](#).*

#### *Just For Fun*



<b>Author(s)</b>	Linus Torvalds & David Diamond
<b>Language</b>	English
<b>Genre(s)</b>	<a href="#">Biography</a>
<b>Publisher</b>	HarperBusiness





EXIT

Google

# Reinventing the Faire

Low Tech Meets High Tech





---

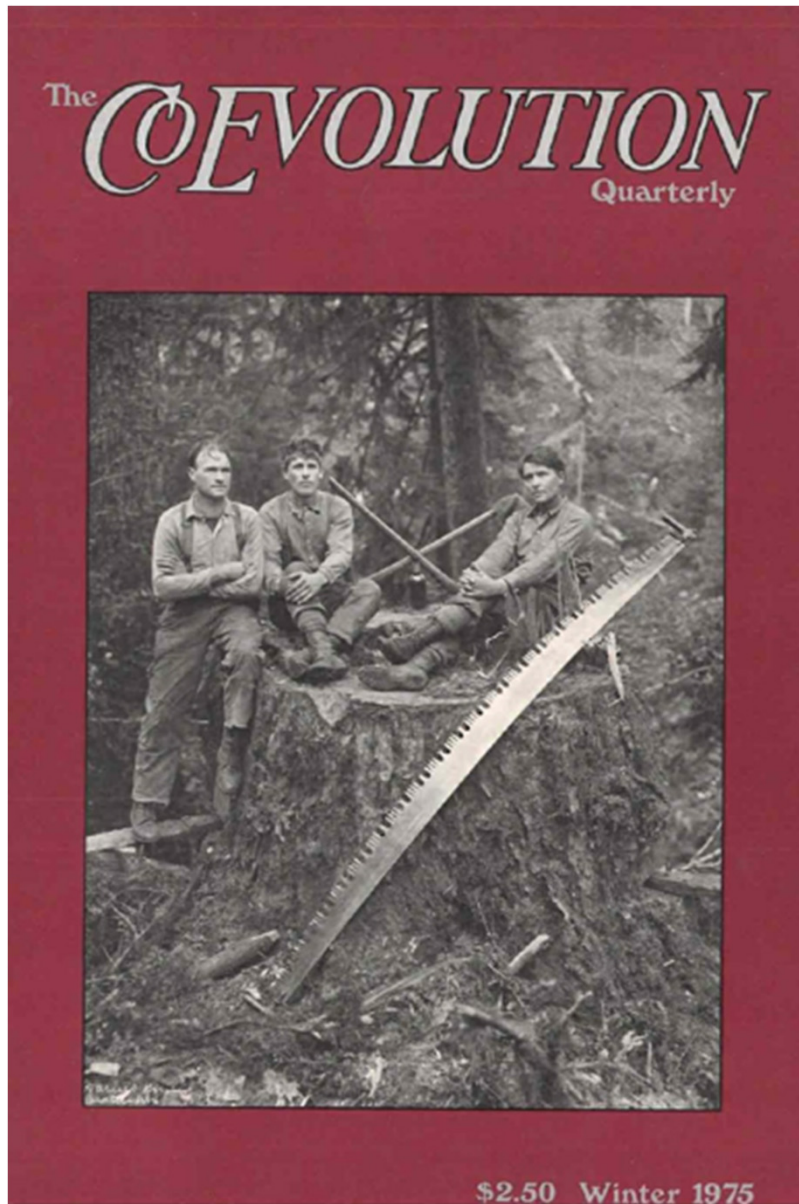
These pre-economic markets are often  
“sharing economies”



“I built my business on open source software, and I want to give something back.”

- *Hari Ravichandran*  
*Endurance International Group*





If you put your clothes in the dryer, the energy you use is measured and counted, but if you hang them on the clothesline to be dried by the sun, the energy saved disappears from our accounting!



redhat.



acquia™



MySQL®



WORDPRESS

cloudera



Google™



amazon.com®



ISP Services - a \$79 Billion market in the US alone



Web hosting and domain name registration - a \$5 Billion market





---

It's not just open source software.  
The “peer production” of web content powers  
the entire Internet economy



- Why do people keep saying that users won't pay for content when they are paying the same amount for Internet access as they pay for cable TV?
- When Comcast (or other cable company) customers view cable TV content, Comcast pays content providers.
- When Comcast customers watch YouTube, spend time on Facebook or Twitter, or visit websites, Comcast gets its content for free, much of it created by the very customers who are paying for access!



thomas the tank engine crashes



Browse

Movies

Upload



## Thomas The Tank Engine - Accidents Can Happen

junamle



Subscribe

3 videos



Like



Add to

Share



23,842,201

Uploaded by [junamle](#) on Nov 16, 2008

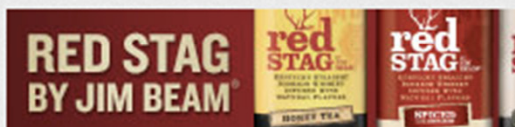
Accidents can happen on the Island of Sodor. Watch your favorite tank engines: James, Henry, Thomas, Gordon, Ben, Spencer, Diesel 10 and their adventures - all in our second movie. And... There is a surprise at the end.

3,008 likes, 1,640 dislikes

Artist: [Thomas & Friends](#)

Buy "Accidents Will

Happen" on:

For Tomorrow's  
Engineersby Rokenbok  
136,367 views17  
videos  
Top Tracks for TH  
& FriendsThomas the tank  
engine - Accidentby Yuri9901  
14,815,502 views3D Thomas the T  
Engineby exveefan  
7,854,420 viewsDiesel 10 Returns  
Episode #1by HomeBasedDad  
1,200,670 viewsThomas the Tank  
Engine: Accidentby apjee  
3,999,396 views[MMD Cup finals  
Rth] Accidents Will




**Anaheim Convention Center**
**June 28th - 30th**


**VidCon** is the largest conference, convention, and celebration for people who love online video.

Whether they're creators, viewers, enablers, or a mix of all three, all are welcome to learn, have fun, and enjoy some of the best content on or off the internet at VidCon 2012 in Anaheim.

Be sure to [Sign Up](#) below for Information about VidCon 2013



## Sign Up

Keep up to date with the past, present, and future of VidCon

Name

Email

**SUBMIT**

## VIDCON 2013

First, to say what doesn't need to be said...thank you. Thank you for bringing yourself and your energy and your talents and your humor to VidCon. From my perspective (and hopefully from yours) the event was a huge success and it seems like everyone had a pretty fantastic time. I know I did.

I wanted to ask a quick favor...just, for no particular reason, could you keep August 1, 2013 to August 4, 2013 free on your calendar? OK, no sense in being mysterious, we've locked in those dates for 2013 at the Anaheim Convention Center. Officially unannounced, but we wanted to let you know ASAP.



# CHARLIEISSOCOOLLIKE!!!

AN ENGLISH TWENTY-SOMETHING WHO MAKES VIDEOS



Charlie McDonnell

Subscribe

1,524,004 subscribers

247,026,718 video views

Featured

Feed

Videos

Search Channel

DAY 1

Like Share

1:09 / 4:08

**Fab.** Shop Now!

www.Fab.com Ads by Google

Advertisement

About Charlie McDonnell

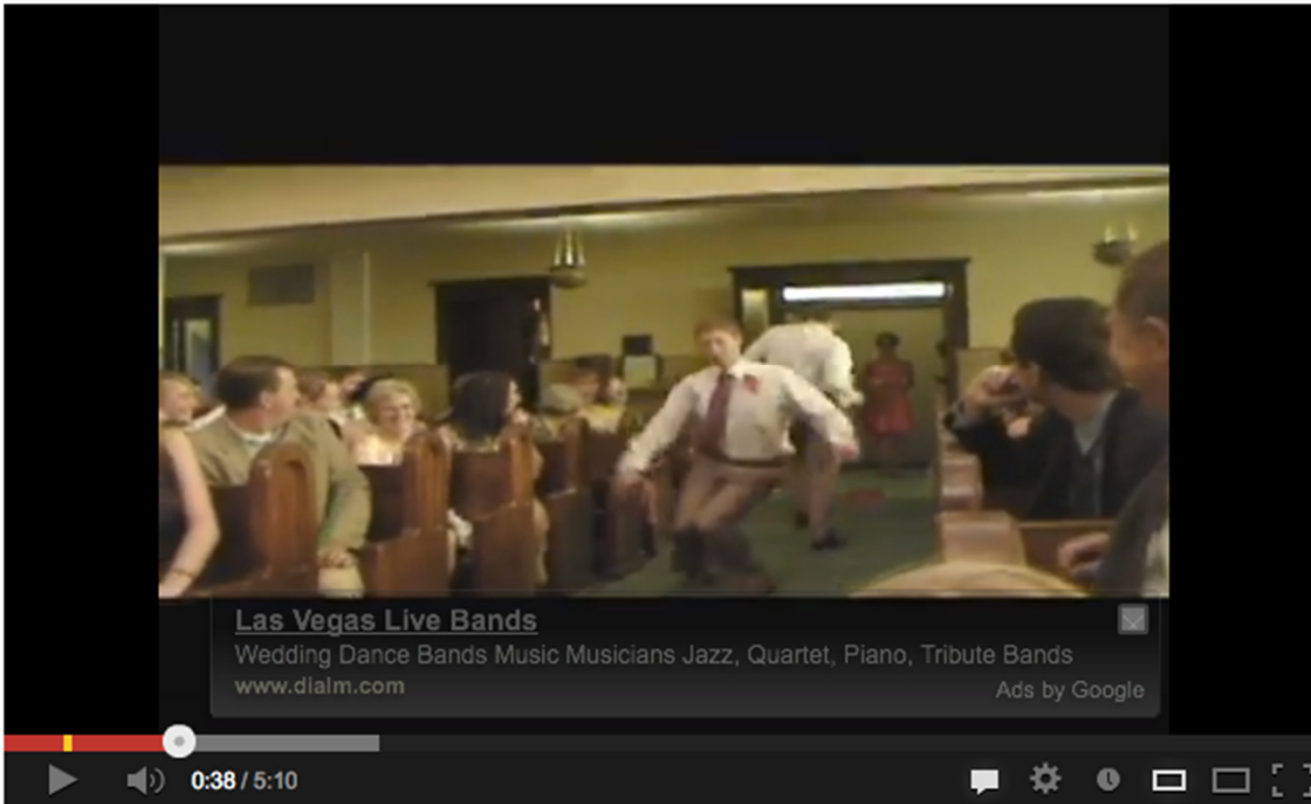
So there was this one time when I made a video about tea and now YouTube is my job or something.



Upload

Tim O'Reilly

51



Las Vegas Live Bands

Wedding Dance Bands Music Musicians Jazz, Quartet, Piano, Tribute Bands  
www.dialm.com

Ads by Google

## JK Wedding Entrance Dance



TheKheinz · 2 videos



Subscribe

13,744

80,577,951

272,038

9,074



Like



About

Share

Add to



Uploaded on Jul 19, 2009

Our wedding entrance dance to Forever...yeah, forever.

For more information or to make a donation towards violence

Buy "Forever" on

[AmazonMP3](#)

[iTunes](#)

**Yes you can!**  
See how DIY brides make their wedding flowers elegant, simple & affordable!

**Click Here >>**



**JK Divorce Entrance Dance**

by NYVideoProduction  
10,520,283

FEATURED



**9-Yr-Old College Prodigy: Tanishq Abraham**

by THNKR  
Recommended for you



**True Facts About Sloths**

by zefrank1  
Recommended for you



**Goth Andrew De Leon Amazes The Judges With**

by Tim W  
6,256,511 views

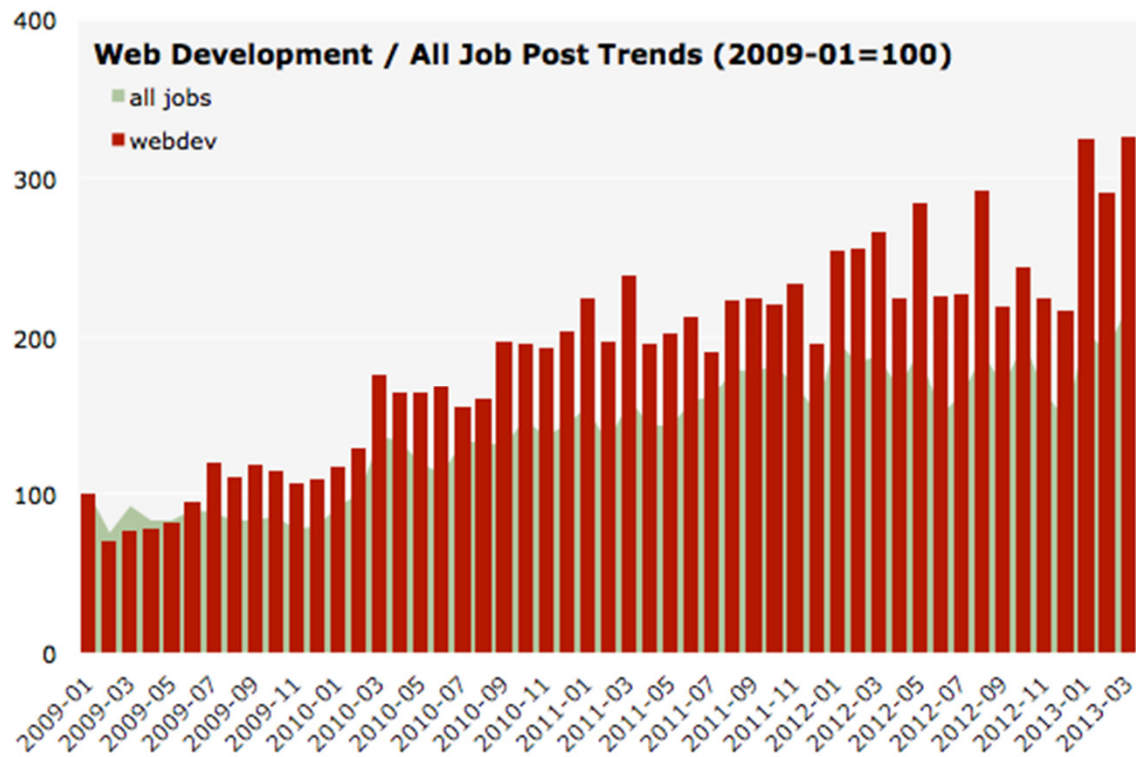


**Whose Line: Game Show**





- Web design
- SEO
- Ad agencies





McKinsey&Company

McKinsey Global Institute



May 2011

Internet matters: The Net's sweeping impact on growth, jobs, and prosperity

Having a web site increases the productivity of small businesses by 10%





So that's where the value gets captured - by everyone!





Impact of Open  
Source on  
Growth, Jobs,  
and Prosperity  
of Small  
Businesses: A  
Case Study

by Mike Hendrickson, Roger Magoulas, and Tim O'Reilly

2012

We worked with EIG's  
Bluehost unit on a study  
to show the benefits of  
open source software to  
the SMB market

# Of the 700,000 SMBs in the Bluehost data...



<b>Reported Revenue</b>	<b>% of Respondents</b>	<b>No of Firms in Segment</b>	<b>Segment Revenue</b>
More than \$5 million	0.94%	6674	\$33 billion
\$1-5 million	2.61%	18531	\$46 billion
\$500,000-\$999,000	2.83%	20093	\$15 billion
\$250,000-\$499,000	3.81%	27051	\$10 billion
\$100,000-\$249,000	8.22%	58362	\$10 billion
\$50,000-\$99,000	9.16%	65036	\$4.8 billion
\$10,000-49,000	16.31%	115801	\$2.9 billion
Less than \$10,000	31.93%	226703	\$1.1 billion
Prefer not to answer/ don't know	24.18%	171678	NA
Total		709929	\$124 billion



---

“Sharing” economies end up  
creating real value that is captured  
elsewhere in the economy



# What do all these things have in common?

---



- The personal computer
- The World Wide Web
- Linux and other open source software
- Facebook, Twitter, and YouTube

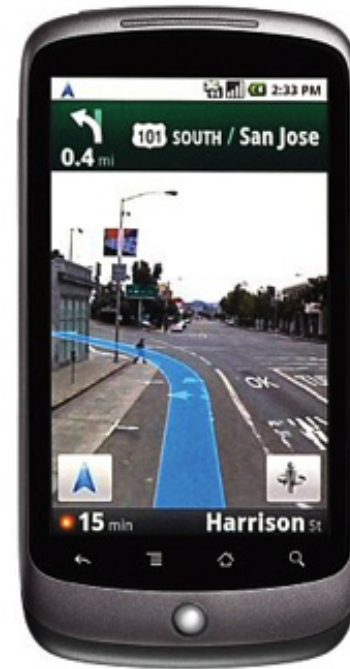
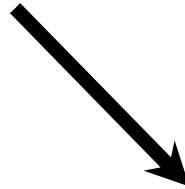
# What do all these things have in common?

---



1. They began with enthusiasts
2. Their early stages include a large “sharing economy”
3. They eventually monetized, but in unexpected ways
4. They are all “platforms”

# Government as a Platform

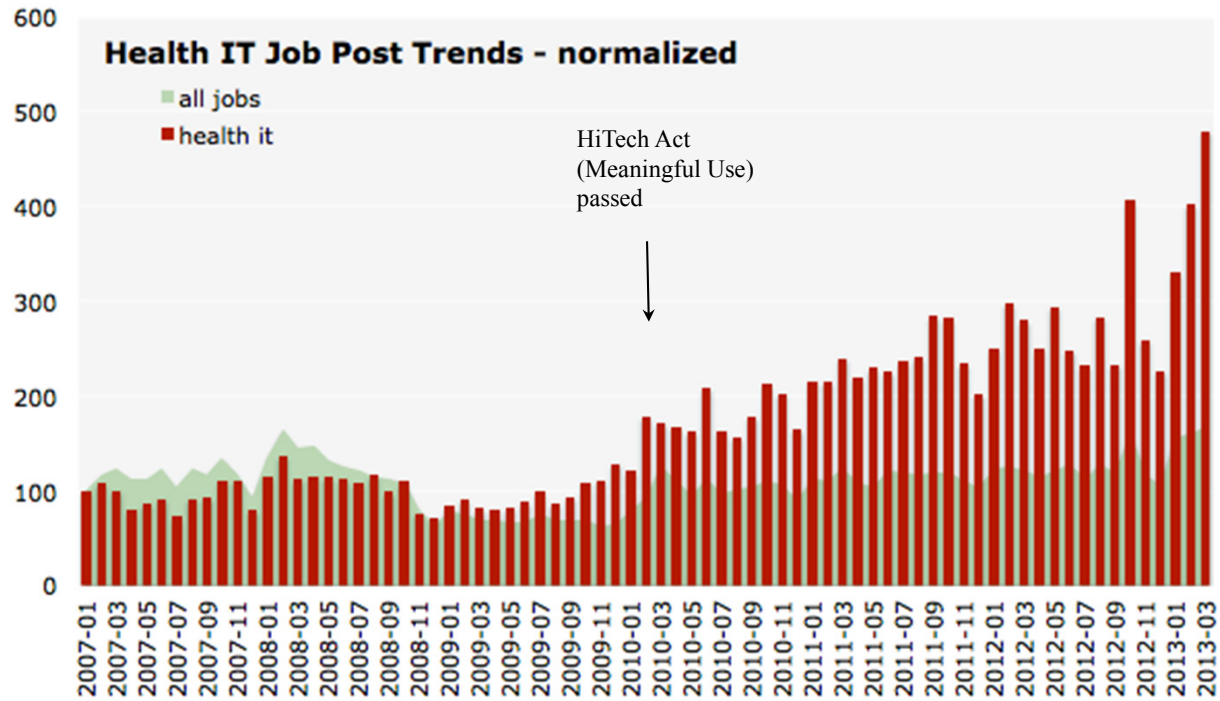




- National Weather Service
- Open Data Initiative
- Unlicensed Broadband
- Open Access to Federally-Funded Research
- Meaningful Use (Electronic Medical Records)



# How the Hi-Tech Act sparked Health IT job creation





- What are the enthusiasts now doing with robots?
- What is the significance of the “sharing economy” in the Maker Movement?
- What is the crucial platform for the robotics revolution?



1. Stop focusing so much on startups. Look earlier, at preconditions for new industries, often shown by enthusiasts.
2. Focus on platforms
3. Don't protect incumbents from disruptive innovation that doesn't yet have a business model