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2000: from dot-booms to dot-bombs

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By: Alan K'necht (26 Jan 2001)

The year 2000 contained more ups and severe drops then any roller coaster in the world. The year started off on a high note, as the stock price for most dot-coms continued their perilous climb to all time highs. Many took their new-found wealth and quickly spent it on high-tech TV commercials for the Superbowl, other prime-time events and launch parties the likes of which the world will not see again for a long time.

Yet during the latter part of 1999 and through to mid 2000 I was a one-man crusade speaking at conferences around the world about the importance of measuring the return on investment for all Internet projects. During my presentations, I forecasted what would happen, if we (IT professionals) failed to do so. The forecast was that we would cease to receive funding for our on-going projects.

Well, guess what? All those dot-coms failed to heed my words and while many had noteworthy commercials (let's see if you can remember them all; OK, their was that one with the sock-puppet and the one with William Shatner singing) the commercials at best only drove traffic to their Web sites. The reality was that when potential customers arrived all that was waiting for them was a bad user experience, very little to spend their money on, or pages not worth viewing (for banner ad revenue).

So the outcome was a negative ROI on a scale not seen since the launch of New Coke and as the dot-coms began to run out of money the venture capitalists started saying "We just gave you $40 million, what do you have to show for it besides a very cool sock puppet?"

In one quick breath, the same VCs who took the dot-coms to the unrealistic high point of the roller coaster ride decided to hold on to their money and cut the dot-coms loose to the gravity of market forces for the rest of their journey. The result was a six-month ride of highs, lows and perilous turns, with many dot-coms simply falling off the tracks. Then the ultimate, a freefall drop during the last few months of 2000 that would strike fear into the hearts of even the most seasoned amusement-park aficionado.

startup, while minimizing the weaknesses? There certainly is according to Professor Moren Lévesque of the University of Waterloo. Read the blog by IT World Canada's online editor, Joaquim P. Menezes. Includes video.

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Product Review

Samsung's second-gen Blu-Ray player

Joaquim P. Menezes
Samsung recently became the only vendor to offer a second gen Blu-Ray player - with its launch of the BD-P1200. Does the new player do a better job of showcasing Blu-Ray technology than its predecessor? IT World Canada's online editor, Joaquim P. Menezes, investigates.

So what was the word at the year-end Internet conferences about the future of the dot-coms? Are they all doomed to disappear into dusty memories? During most sessions, the speakers were talking about, guess what, ROI. The theme was to that maximize ROI, you need to tweak your Web site. Basically, give customers something they want and need, including a good user experience and valuable information.

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As to the state of all the VCs, the general feeling is that they are sitting on a lot of money made during the Internet boom and are poised to make serious investments again. So what are they waiting for? To paraphrase several individuals, "In boom, the VCs went after the low-hanging fruit (easy picking, maximum revenue). Now VCs are waiting for low-hanging fruit to drop because it's rotten and are waiting to see which ones will still be hanging in few months." It turns out that the best fruit is high up in the tree and it's worth waiting for (hard picking but maximum profits).

The reality is that none of us know for sure whether the VCs will become the white knights to the Web industry, or if dot-coms will have to make it on their own. One thing is for certain: given the very young age of this industry its true potential lies not in the months or years ahead but in the decades ahead. What I'm sure is that the Internet and the Web are here to stay.

KÆnecht is president of KÆnechtology Inc., a Toronto-based consulting company. He can be reached at alan@knechtology.com.

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