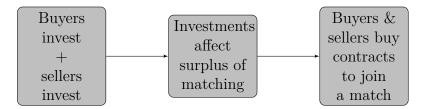
	Left	Right
$\operatorname{Up}$	1,1	2,0
Down	0,2	2,2

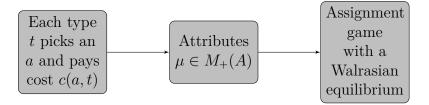
## Stage 1: Investment

Stage 2: Competitive Market



Stage 1: Investment

Stage 2: Market



Software Entrepreneur

			1
enr		Don't Invest	Invest
Don't Invest	Don't Invest	0	-1
	Don't mvest	0	0
	<b>.</b>	0	2 - 1
lardware	Invest	-1	2 - 1
ದ			





 $\begin{array}{c|c} & \text{Buyer Payoffs} \\ (0,0) & -\tilde{p}^i(0,0) \\ \text{Matching} & (0,1) & -\tilde{p}^i(0,1) \\ \text{Contract} & (1,0) & -\tilde{p}^i(1,0) - \frac{1}{4} \\ (1,1) & 1 - \tilde{p}^i(1,1) - \frac{1}{4} \end{array}$ 

Seller Payoffs	
$\tilde{p}^j(0,0)$	
$\tilde{p}^{j}(0,1) - \frac{1}{4}$	
$\tilde{p}^{j}(1,0)$	
$\tilde{p}^{j}(1,1) - \frac{1}{4}$	

Matching Contract

	Buyer Payoffs
(0,0)	0
(0,1)	0
(1,0)	$0 - \frac{1}{4}$
(1,1)	$1 - p(1,1) - \frac{1}{4}$

Seller Payoffs	
0	
$0 - \frac{1}{4}$	
0	
$p(1,1) - \frac{1}{4}$	

Matching Contract

	J
(0,0)	0
0,1)	0
1,0)	$0 - \frac{1}{4}$
1 1 \	i > 0

Buyer Payoffs	Seller Payoffs
0	0
0	$0 - \frac{1}{4}$
$0 - \frac{1}{4}$	0
$v^i \ge 0$	$v^j \ge 0$