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**B2B Collaboration:
Economic Value and Investment in Technology**

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Tracks: collaboration commerce, e-commerce management

Abstract

To collaborate with partners a company must reengineer its business processes for information and knowledge sharing, and for operations coordination. Digital technologies have proven very effective in supporting such collaborations. Companies may collaborate vertically with their suppliers and customers, or they may collaborate horizontally with other manufacturers. The benefits of collaboration would obviously depend upon how the partners, together, extract economic value from the market. This value would be different in different demand and/or cost scenarios. The decision to invest in collaboration technologies, on the other hand, is usually made by individual companies. There is clearly a tradeoff between the capabilities a company may create through investment in digital technology, and the market benefits it may obtain from collaborating with partners. In this paper we explore (1) how markets can be leveraged to create economic values in collaboration, and (2) how optimal investment (in technology) can be made using these collaboration values.