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Special Issue Editorial: Strategies for Surviving and Thriving Within and Between Digital Platforms

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EDITORS' COMMENTS

Special Issue Editorial: Strategies for Surviving and Thriving Within and Between Digital Platforms

We are delighted to introduce our Special Issue on "Strategies for surviving and thriving within and between digital platforms." This Special Issue includes a set of papers and a framing article split over two editions of the journal (the December and March issues). Below, we briefly describe the process followed for the special issue and summarize the included papers. A more substantive article that frames the issue of platform competition will appear in the March 2022 issue. organizations. The underlying issues are well known, for example, revenue has dropped in many industries, markets are closed or limited, service providers are constrained in their ability to engage at scale, and some key employees are less available. Still, like any crisis, the pandemic has also fast-forwarded changes that will likely have long-term benefits. The implications of these changes are discussed next.

Our initial call was announced for the Society for Information Management (SIM) and the MISQ Executive workshop held in conjunction with ICIS 2020. Due to Covid, the workshop was conducted virtually. In our initial call we solicited "practice-oriented research papers that address the new realities of platform-based competition and examine the role of digital assets and capabilities in such settings. We define platforms broadly - as layered modular architectures that allow participants to create value through data, complementarities and transactions taking place on the platform. We are particularly interested in field research that reveals challenges faced by companies which try to compete within or across platforms, and strategies they adopt to deal with these challenges. Submissions viewed most favorably will be those that provide novel frameworks, rich illustrations and effective practices that can be applied by companies to flourish in both intra and inter platform competition. Successful papers will be those that provides rich stories, useful frameworks and immediate guidance for practice." Extended abstracts were solicited based on the call for papers for initial review and screening.

Our call yielded 26 submissions, each of which were reviewed by the two SI editors. Feedback on initial submissions was provided to all authors. 9 abstracts were accepted for the workshop. The authors were requested to revise their work based on the feedback and prepare a presentation of the full manuscript for the Workshop. The Workshop was held on Friday Dec 11, 2020. Participants presented their papers and received feedback from the SI editors, other participants, the EIC of and other senior editors of MISQE who were present in the meeting. Workshop participants were invited to submit their full papers to the SI of MISQE 3 months after the workshop. Non-workshop participants whose paper had a good fit with the theme of the SI were also invited to address feedback and submit their full paper to the SI. An open call was also issued for the SI. Papers submitted to the SI were screened and put through a two-round review process. Seven papers were finally accepted as a result of the review process (one acceptance for the 8th is still pending).

The dynamics of platform competition are complex and novel as illustrated in Figure 1. They include varying levels of cooperation and competition both within (intra) and across platforms (inter). Platform owner strategies for each platform and/or those of complementors across one or several platforms reflect this complexity. Further, all platform competition could be shaped by precompetitive strategies that influence the shared infrastructure on which platforms operate, as well as a dynamic context involving digital infrastructure, evolving competition, other accessible platforms within and outside the industry, regulation, among other forces. Typically, a platform owner may focus on building network externalities to compete against other platforms and/or complementors by acquisition, building new functionalities, collaborate or compete with its complementors, keep the platform more or less heterogeneous, and push or limit openness and resource access either horizontally or vertically

Figure 1: Platform Competition
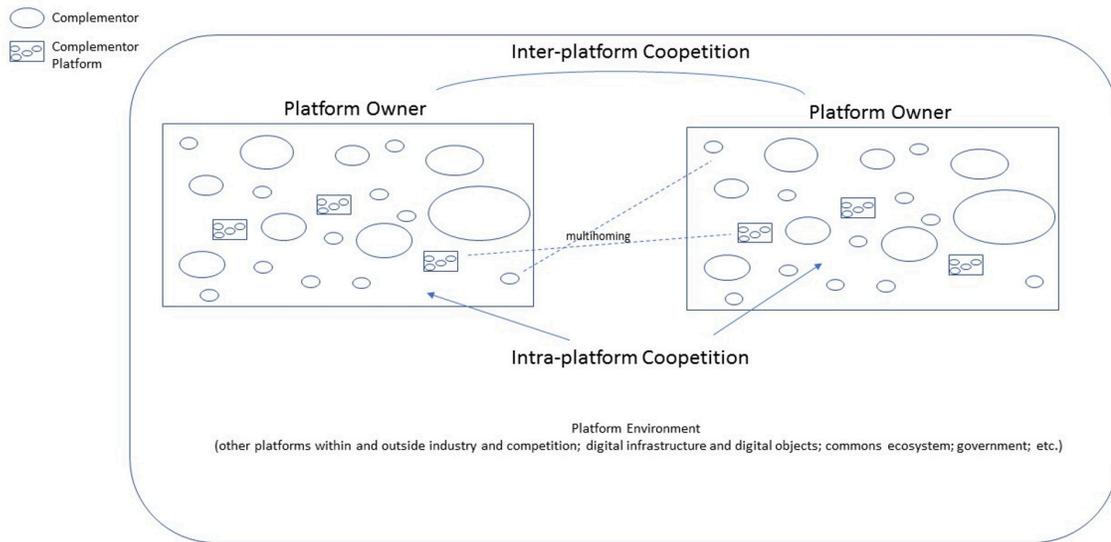
across the service stack among others. A complementor may choose to innovate on it own or rely on platform resources (APIs/SDK) in each or across all platforms, multihoming across several platforms, promote offerings on other platforms and channels (like social media), cooperate or compete with the platform owner, or seek to build its own platform over time or change or circumvent the control points of the platform, among others. Traditional firms need to make decisions on participation in one or several platforms, whether to build their own platforms (e.g., for specific functional areas) and how to coordinate their competitive actions across platforms. Finally, most participants, but especially platform owners and complementors need to heed to pre- and post-competitive stages by shaping regulation or seeking alliances to innovate at several levels of the software/ service stack. Our pool of accepted papers reflects this diversity. The seven articles focus on the duality of competing as a platform owner and a complementor, platform growth through an acquisition strategy, the dynamics of inter-platform competition, building a platform ecosystem, intra-platform competitive strategies, competing as a traditional firm in a platform environment, and gaining advantage in the pre-competitive stages of platform competition. Collectively, the papers offer rich case studies and insights for managers that are dealing with

platform competition at different levels and stages. Below, we summarize the seven papers accepted in the SI, the first four of which are in this issue and three are in the next one.

Staub, Haki, Aier, Winter and Magan focus on intra-platform and inter-platform competition dynamics and related decisions. In particular they analyze how a platform owner can expand the functional scope of the platform by acquiring platform complementors or would-be-complementors by integrating them within the core. Acquisition of complementors has been a conspicuous mechanism available to platform owners to leverage the platforms' multidimensional growth. While the acquisitions come with significant inherent potential they pose at the same time major challenges which relate to complementor incentives, technical integration risks and so on. The author analyze the evolution of Salesforce and its acquisition strategies over a decade. Salesforce is a thriving platform ecosystem in the enterprise software industry, and its success has been significantly boosted by the plethora of acquisitions it has carried out over the last decade. The authors provide several salient insights that can be garnered from Salesforce acquisition strategies and outcomes and propose several recommendations on how to employ complementor acquisitions as a strategy for platform growth and how to align acquisitions

with the platform owner's proprietary developments and technology road-maps. The authors also offer recommendations on how platform owners can integrate the acquired complementors to their core operations and how to retain the coherence in the platform's offerings after increasingly diverse acquisitions.

Skog, Sandberg and Wimelius, study also platform owner orchestration strategies within and across platform competition. They conduct a longitudinal case study of Spotify using heterogeneous data set collected from news posts, annual reviews, archival websites, and industry reports. As a digital service platform, Spotify serves a complementor on other platforms (such as Facebook, Apple, or Sonos) as well at the same time serving as a platform for other complementors (recursivity of platformization). In this role it needs to be at the same time generic (can offer service across all platforms) and unique (offer service that differentiates it from other (similar) platforms. Here it cannot rely on unique device characteristics as e.g. Apple. The authors describe three strategic objectives that Spotify pursued as a complementor to rapidly generate network effects, to expand its functional scope, and to establish a polar (unique) position on other platforms. For each, tradeoffs are identified, and how the company managed over time these tradeoffs. The authors provide 5 recommendations that are useful for other similar content based service platforms.

Staykova and Damsgaard investigate *inter platform competition and its evolution based on competitive dynamics and competitive moves framework.* Platforms need to often compete simultaneously, against diverse competitors and at different battlefronts. In consequence, at the platform level, competition can originate often from unexpected places and disrupt the owner's planned pursuit of network effects. They use the case of MobilePay, a successfully Nordic digital mobile payment platform, to study how the company (Danske Bank) anticipated and responded to new competitors and related battlefronts during its platform build up. Using significant pool of primary and secondary data, the authors reconstruct key events on the platform's evolution by identifying 32 competitive actions during the competitive journey of MobilePay. They frame these actions using a competitive grid and illustrate how the company initiated and enacted competitive actions both offensively and defensively when needed against diverse, often unexpected rivals. They close with three recommendations for platform owners which are seeking to establish or defend their network dominancy.

Marheine, Engel, and Back discuss *how industry incumbents can build up innovative, new platforms that rely on inter industry collaboration with participants with diverse interests and needs. These platforms seek to provide novel and varied service offerings as part of inter platform competition in a new emerging service market.* They focus especially the role and activities of platform orchestrators which offer critical infrastructure capabilities for such platforms (such as transmission, storage, processing) and who thus play critical role to orchestrate new types of ecosystems and related platform solutions for the emerging industry and field of Internet of Things (IoT). They note how becoming an orchestrator of platform ecosystem in the IoT poses considerable challenges for industry incumbents and their platform strategies as they jockey to become a platform owner. The authors shed light on such challenges and associated resolution approaches by narrating how TelcoCorp, a large European telecommunication provider, sought to establish its enterprise IoT platform over the past five years. By analyzing how the TelcoCorp traversed during its journey along the three dimensions of IoT platform, ecosystem- (1) customer engagement and value adding, (2) participant orchestration and coordination, (3) enabling and adding complementors- the authors induce several actionable recommendations for platform business executives of how to become more successful orchestrators in the IoT related platforms and services.

Hukal, Kanat & Ozalp study *intra-platform competition among complementors*, indicating that complementors need to outcompete each other while also providing value to the platform. Using extensive data set collected in the video gaming industry, the authors posit that while the strategies followed by major and minor complementors are similar, their execution and combinations will differ based on their relative position in the long-tail distribution. Three strategies "Content Discoverability", "Selective

Modularization", and "Asset Fortification" are identified for complementors. The authors describe how the playbooks of the strategies will differ across major and minor complementors-where the former are located in the 'front' of long-tail distribution. The recommendations are extended to complementors on other (non-gaming) platforms.

Rövekamp, Ollig, Buhl, Christmann, Remmert, and Thamm focus on *how traditional firms can compete with, and across digital platforms.* They analyze how options and associated decision logics that can guide traditional firm's engagement in increasingly complex platform-based competition. Such needs are increasingly fueled by the scope and versatility of digital technologies. They have become more critical as a variety of digital platforms have entered the longstanding industries dominated by traditional firms and their distribution channels. Incumbents are now required to develop novel strategies across all digital platform activities comprising two elements. First, one of four primary tactics (to engage or not, build yourself, etc.) need to be chosen to approach a specific platform. Second, cross-platform orchestration needs to be formulated to manage the platforms' interplay with the firm's dominant business strategy and to balance these tactics across several platform ecosystems to ensure their viability. The authors articulate a set of such tactics based on an analysis of the digital platform strategy formulated by Dr. Oetker- a German food manufacturing giant- over a several year period. Based on Dr. Oetker's journey, the authors provide three recommendations on how to handle digital platform strategies in traditional firms.

Legenvre, Autio and Hameri analyze precompetitive stages of platform competition and how especially platform owners seek to shape service stacks to their benefit. To this end they discuss the specific problem of how organize their (pre) competitive activities around platforms when the shared digital infrastructure upon which the platforms operate - hardware, operating systems, web-frameworks, or telecom solutions etc.- becomes an increasingly important determinant of future competitive advantage. So far, few businesses and platform strategy playbooks have paid any attention to the role and impact of this precompetitive phenomenon surrounding and preceding the platform competition, what the authors call the 'commons ecosystem' game. This game shapes critical elements of the infrastructures upon which platform service stacks are built. Only a few big and critical players appear to actively participate in it. The authors show the importance of this game as expansion and growth of digital infrastructures can increasingly improve or constrain firm-level platform competition. The authors show how the commons ecosystem game is currently played by several digital businesses and describe the operational, community-level, and strategic motivations of playing the commons ecosystem game. They identify four common strategic maneuvers – Sponsoring, Safeguarding, Supporting, and Siphoning – that shape the evolution of commons ecosystems. They observe five levels of participation in the game: Adopting, Contributing, Steering, Mobilizing, and Projecting and conclude by discussion conditions under which firms need strategically integrate commons ecosystems in their platform plans, who should play the game, and what the ultimate risks are.

In conclusion, we would like to express our gratitude to the authors who have worked with us vigorously and followed a tight timeline over the past hard year while the pandemic reigned to iterate on and improve their papers. They were highly responsive to the concerns of the review teams and worked hard to bring out the papers in their best form. We also appreciate the involvement of the EIC, Gabe Piccoli and the managing editor, Joaquin Rodriguez, who were integrally involved in the workshop, and provided invaluable support throughout the process. We also give special thanks to our outstanding reviewers who in a timely manner offered excellent reviews. They included Marshall van Alstyne, Jan Damsgaard, Jens Dibbern, Robin Gustafsson, Stefan Henningson, Jonny Holmstrom, Kimmo Karhu, Claudia Loebbecke, John Mooney, Daniel Nylen, Federico Pigni, Joost Rietveld, Carsten Sorensen, David Tilson, Richard Watson, Stephanie Woerner.

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