Firm Participation in a Platform Ecosystem – Value from Data and Competition

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Abstract

The pervasive growth of technology platforms like eBay, and its ecosystem, has created newer opportunities for firms and end users to interact. Firms compete with other firms to differentiate their products or services and appeal to the end users, and at the same time, to appeal more to the platform. However as every firm exchange on a platform generates data, and as it holds potential value, the platform and firm both compete to extract value from this data. Therefore, gaining access to, and appropriating firm data is also a key motive for platform ecosystems to incentivise firm participation. In this conceptual paper, we draw upon previous platform literature on competition to contextualise and theorise data induced competition. In doing so, we show that the nature of competition on a platform is value driven and that a firm can leverage more than one value generating source simultaneously with a platform. Additionally, we highlight the competing position of a platform ecosystem with the traditional market to gain firm data. Anticipating the nature of competition can help the firm to strategise and to adapt its business model to it.
Please contact the author for further information.