



COOPETITION THROUGH COLLABORATION STRUCTURES: CO-CREATING NEW MARKETS FOR TECHNOLOGIES AND SERVICES

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BACKGROUND & RESEARCH AIM

- Firms collaborate in their innovation activities with suppliers, customers, universities, other partners, and **competitors**
- Cooperation between competitors (i.e. coopetition) is especially important in market-making phase
 - Co-opetition means cooperating to create a bigger business “pie”, while competing to divide it up. (Brandenburger & Nalebuff, 1996)
- Coopetition through joint ventures and strategic alliances is risky
 - Knowledge and IP leakage
 - Competition for alliance outcomes
 - Large transaction and management costs
- *What kind of collaboration modes between competitors are most beneficial when new markets are created?*

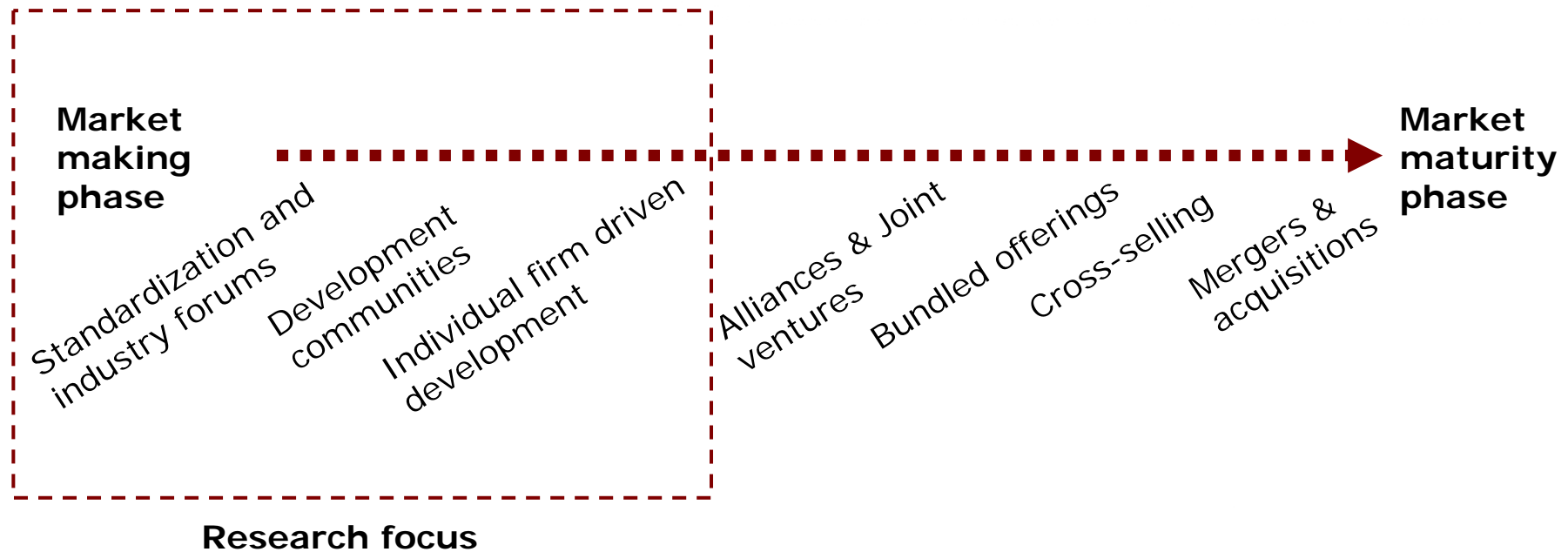
CASE STUDY: IMS-TECHNOLOGY

- IMS (IP Multimedia Subsystem)
 - Standardized service delivery platform (both 3G mobile and fixed & broadband networks)
 - Allows seamless use of IP services across the fixed-mobile boundary
- IMS is an answer to the competitive pressure that traditional telecommunication sector is facing from Google, Skype, MSN etc.
- Data was collected with 20 interviews from 14 firms
 - Infrastructure vendors (infrastructure perspective to IMS)
 - Application developers (service perspective to IMS)
 - Integrators
 - Operators

CASE FINDINGS: COOPETITION

- Formal coopetition (i.e. alliances between competitors) is perceived risky because
 - Core knowledge is exposed
 - “The more you tell the others, the more you expose yourself, and the more weak is your situation when the competition begins...”*
 - IMS market is not created yet
- Coopetition is yet desired
 - Common rivals (Google, MSN, Yahoo)
 - “This is where the operators need to work together to keep guys like Google and Yahoo! out of the door”*
 - Communication services demand network effects
 - “Market-making requires collaboration between rivals... ...there are spectacular opportunities for that”*
- Collaboration structures as means for engaging in coopetition

THE ROLE OF COOPETITION IN PRODUCT/SERVICE LIFECYCLE



CASE FINDINGS: COLLABORATION STRUCTURES

Collaboration structures	Standardisation and industry forums	Developer communities	Individual firm driven development
Style	Generic	Specific (on one technology/vendor environment)	Specific (on one service or service area)
Time frame of co-operation	Long-term	Medium-term	Short-term
Co-operation nature	Industry interest Non-commercial	Specific technology sales Semi-commercial	Individual service sales Full-commercial
Intensity of co-operation	Loose	Middle	Tight (commercial or distribution)
Selling target	Industry players	Operators/channels	End customers
Examples	GSM Association, ETSI, 3GPP, 3GPP2, OMA, ITU	Ericsson IDP, BEA Developer Community, Avaya Developer Community, Nokia Forum	Vodafone Live, BT 21CN, Orange Partner

CASE FINDINGS: STANDARDIZATION & INDUSTRY FORUMS

- **Benefits:** Interoperability, interoperability, interoperability!
"That's where standards are set and we're taking the market from there"
"Globally there's always more collaboration between competitors... ..we do more standards [together] than we did 5, 10 years ago"
- **Problems:** *short-term objectives and differing agendas*
"They might be open to do coopetition, but they don't see the business value of doing it"
"All companies, all vendors have slightly different agendas"
"I don't think they [competitors] are cooperating enough. They should especially focus on roaming issues..."

CASE FINDINGS: DEVELOPER COMMUNITIES

- **Benefits:** Joint promotion of applications, technical assistance, access to and sharing of knowledge
"There we can communicate with users and other developers"
- **Enablers:** Social connections (internationally and regionally, e.g. *"hacker ethics"* and *"Oulu spirit"*)
- **Problems:** Lack of initiative, risk avoidance and focus on short-term benefits
"we don't promote communication between the developers... ...we're only doing things that are good in short term"
"we don't want to share our customer information there"

CASE FINDINGS: INDIVIDUAL FIRM DRIVEN DEVELOPMENT

- **Benefits:** larger scope, joint promotion, experience accumulation
"In some cases bundled offering is the only option to go for"
"...the same problem is faced by all developers... ...there would be a good place to share knowledge..."
- **Enablers:** commitment, role of major players
"the initiative to create the bundle needs to come either from the major infrastructure vendors... or from the operator"
- **Problems:** risk avoidance, no actual benefits
"I don't believe that everyone wants to share such knowledge freely"
"there is no real need to collaborate with other providers in the same market (in standalone services)"

CONCLUSIONS

- **Collaboration structures help firms to engage in coopetition**
 - Standardization forums by enabling knowledge sharing and consensus building
 - Development communities by enabling knowledge sharing and community building
 - Firm driven development projects by providing initiative and coordination on the development of single service
- **Collaboration structures reduce risks of coopetition**
 - By providing a third party that mediates knowledge
 - Sharing of risks and costs of development
- **Collaboration structures make coopetition beneficial**
 - By enabling interoperability and interworking
 - By enabling network effects



THANK YOU !



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