

LAPPEENRANTA UNIVERSITY OF TECHNOLOGY

School of Business and Management

Master's Programme in International Marketing Management (MIMM)

Master Thesis

**Suvi Suikkanen**

**EXTERNAL PARTNER COLLABORATION**

**IN ACQUIRING INITIAL PARTICIPANTS TO A MULTI-SIDED PLATFORM**

1st of March 2018

1st Supervisor: Sanna-Katriina Asikainen

2nd Supervisor: Ekaterina Albats

## ABSTRACT

Author: Suvi Suikkanen  
Title: External partner collaboration in acquiring initial participants to a multi-sided platform  
Faculty: School of Business and Management  
Master Programme: International Marketing Management (MIMM)  
Year: 2018  
Master Thesis: Lappeenranta University of Technology  
74 pages, 12 figures, 8 tables and 1 appendix  
Examiners: Sanna-Katriina Asikainen and Ekaterina Albats  
Key Words: Multi-sided platform, participant acquisition, partner, collaboration

The purpose of this study is to understand how multi-sided platforms establish and run external collaboration to acquire initial participants to the platform. The research aims to add knowledge to the multi-sided platform literature and explore the established theoretical concepts behind strategic alliances in a novel context. Relationship marketing theory, transaction cost theory and resource-based view are examined to understand what motives companies to collaborate across organizational boundaries, how the right external partner can be found and what makes the collaboration successful. The explorative single case study focuses on the relationship between a multi-sided platform and their existing external partner, a technology marketing company. Semi-structured interviews on the strategic and operational organizational levels were conducted in both companies and the data was analysed by qualitative coding.

The results indicate that the main motives that drive a multi-sided platform to external collaboration in acquiring initial participants are connected to leveraging existing networks and knowledge and speeding the acquisition process. The critical selection criteria that were recognized relate to value for money, strategic alignment and the partner network's competitiveness and available resources. Successful collaboration was found to be rooted in the core competences, strong internal acquisition strategy, defined goals and well-planned collaboration strategy with a suitable partner. The empirical findings prove the relationship marketing theory and resource-based view's applicability for future research but exclude the transaction cost theory from the relevant theoretical framework that adds value to the multi-sided platform literature. Instead, other potential theoretical concepts such as entrepreneurship theory, organizational learning literature and channel management theory were recognized potential for future research together with expanding the research design into multiple case studies across industries.

## TIIVISTELMÄ

Tekijä:	Suvi Suikkanen
Tutkielman nimi:	Ulkoisten yhteistyökumppanien hyödyntäminen monitasoisen alustan varhaisessa käyttäjähankinnassa
Tiedekunta:	Kauppätieteellinen tiedekunta
Maisteriohjelma:	Kansainvälinen markkinointijohtaminen
Vuosi:	2018
Pro gradu-tutkielma:	Lappeenrannan teknillinen yliopisto 74 sivua, 12 kuvaajaa, 8 taulukkoa ja 1 liite
Tarkastajat:	Sanna-Katriina Asikainen ja Ekaterina Albats
Avainasanat:	Monitasoinen alusta, käyttäjähankinta, partneri, yhteistyö,

Tutkimuksen tavoite on ymmärtää miten monitasoiset alustat rakentavat ja ylläpitävät ulkoisia yhteistyökumppanisuhteita alustan varhaisessa käyttäjähankinnassa. Tutkimus kehittää monitasoisten alustojen akateemista kirjallisuutta ja tutkii olemassa olevien teorioiden hyödynnettävyyttä uudessa kontekstissa. Teoreettinen pohjatyö perustuu strategisten liittojen tunnetuimpaan kirjallisuuteen ja sen pohjalta tutkitaan mikä motivoi monitasoista alustaa tekemään yhteistyötä ulkoisten yhteistyökumppanien kanssa, mitä valintakriteereitä alustat käyttävät yhteistyökumppanin valinnassa ja mitkä osatekijät vaikuttavat yhteistyön onnistumiseen. Tämän laadullisen yksittäistapaustutkimuksen kohde on moniosaisen alustan ja teknologiamarkkinointiyrityksen keskinäinen yhteistyösuhde. Molempien yritysten strategia ja operatiivisia edustajia teemahaastateltiin yhteistyöhön liittyen ja data analysoitiin koodaamalla.

Työn tulokset osoittavat, että monitasoiset alustat luovat ulkoisia yhteistyösuhteita varhaisessa käyttäjähankinnassa sillä ne nopeuttavat prosessia ja avaavat ovia olemassa oleviin verkostoihin ja tietolähteisiin. Sopivan yhteistyökumppanin valinta perustuu empiirisen tutkimuksen mukaan kannattavan (arvo vs. investointi), kilpailukykyisen ja strategisesti täsmäävän kumppanin löytämiseen, jonka sisäiset resurssit mahdollistavat onnistuneen yhteistyötoiminnan. Tämän lisäksi ydinosaamiseen keskittyminen, vahva sisäinen kohdentamisstrategia, tavoitteiden laatiminen ja kattava suunnittelu ovat tekijöitä jotka vaikuttavat yhteistyön onnistumiseen. Tutkimuksen myötä voidaan todeta, että strategisten liittoutumien teoreettinen viitekehys tukee monitasoisten alustojen teorian kehittämistä suhdemarkkinointi- ja resurssipohjaisen teorioiden osin, muttein transaktiokustannusteorian. Tulevaisuuden tutkimuksia varten voidaan suositella viitekehysten laajentamista yrittäjäteoriaan sekä organisaatioiden oppimiseen liittyviin teorioihin.

## **ACKNOWLEDGEMENTS**

In Finland we have a word for determination, it's called "sisu". It describes the never-ending power a person has inside them to push a little bit further and keep on conquering the challenges that lie ahead. During these seven months of research this word has become very familiar to me. Through ups and downs we are finally at the end of the journey for this project. I believe that a big part of being here, filled with tremendous gratitude for the people that were part of this project, is because of that determination, the "sisu".

First, I would like to thank both of the case companies that enabled this research opportunity and dedicated time for this. I truly appreciate your contribution! Thank you for sharing your knowledge with me in the interviews and for eagerly learning about the results that followed. I wish that this report brings interesting insights for you that will add value to your work and enable you to learn new things. This project would not have been possible without you!

Secondly, I would like to thank my amazing thesis supervisors that truly committed to this cause and supported me throughout the way, even in distance between two countries and outside office hours. The questions and guidance made me constantly improve my work and most importantly learn during the process! Thank you for your flexibility, professional support, encouraging Skype calls and for believing in my vision!

Finally, the biggest thank you goes to my support network. The loved ones in Finland and in Germany that never stop believing in me and remind me of the "sisu" that I have inside me! Thank you for listening, discussing, encouraging, and challenging me to pull this through. Whether near or far, thank you for always being there for me!

## TABLE OF CONTENTS

1	INTRODUCTION.....	8
1.1	Multi-sided platform context.....	9
1.2	Aim of the research and research questions .....	12
1.3	Theoretical framework and literature review .....	14
1.4	Definitions and delimitations.....	17
1.5	Structure of the study .....	20
2	EXTERNAL PARTNER COLLABORATION IN MULTI-SIDED PLATFORMS.....	22
2.1	Motives for external collaboration.....	22
2.1.1	Market adaptation and new forms of competition.....	22
2.1.2	Unique resource bundle .....	23
2.1.3	Global reach and real-time knowledge .....	24
2.2	Selection criteria for choosing an external partner.....	26
2.2.1	Task-related criteria .....	27
2.2.2	Partner-related criteria.....	27
2.3	Key success factors in multi-sided platform's external collaboration.....	31
2.4	Summary of the theoretical findings .....	36
3	RESEARCH DESIGN AND METHODS.....	38
3.1	Case description .....	40
3.2	Data collection.....	42
3.3	Data analysis.....	43
3.4	Validity and reliability.....	45
4	EMPIRICAL FINDINGS.....	48
4.1	Motives for external collaboration.....	48
4.2	Selection criteria for external collaboration .....	52
4.3	Key success factors in external collaboration .....	54
5	DISCUSSION AND CONCLUSIONS.....	60
5.1	Theoretical contributions and practical implications.....	66

5.2	Limitations and future research .....	68
6	LIST OF REFERENCES .....	70
7	APPENDICES .....	74
	Appendix 1. Different interview types .....	74

## LIST OF FIGURES

<b>Figure 1.</b> Multi-sided platform, product platforms and reseller (Hagiu 2014,72) .....	9
<b>Figure 2.</b> Research phenomenon .....	12
<b>Figure 3.</b> Research setting for the exploratory framework.....	14
<b>Figure 4.</b> Theoretical framework of the study .....	16
<b>Figure 5.</b> Structure of the study.....	20
<b>Figure 6.</b> Summary of the theoretical findings.....	36
<b>Figure 7.</b> Research design of the study (adapted from Saunders et al. 2009, 108) .....	38
<b>Figure 8.</b> Case overview .....	40
<b>Figure 9.</b> Drivers that motivate a platform to collaborate externally .....	49
<b>Figure 10.</b> Key success factors of external partner cooperation.....	55
<b>Figure 11.</b> Empirical framework for utilizing external partner collaboration.....	59
<b>Figure 12.</b> Exploratory framework for external collaboration .....	66

## LIST OF TABLES

<b>Table 1.</b> Definitions of relevant terms.....	19
<b>Table 2.</b> Overview of the theoretical motives.....	26
<b>Table 3.</b> Overview of the selection criteria found in theory' .....	31
<b>Table 4.</b> Overview of the theoretical motives.....	36
<b>Table 5.</b> Overview of the interviews .....	43
<b>Table 6.</b> Data simplification .....	44
<b>Table 7.</b> Overview of the data analysis .....	45
<b>Table 8.</b> Strategic and operational selection criteria.....	52

# 1 INTRODUCTION

Digitalization and rapid development of information technology are changing today's business environment and enabling new forms of businesses, where owning assets and physical infrastructure is no longer required. Companies are basing their business on software, automizing operations with data and building value-creating relationships, communities and ecosystems that shape the perception of competitive advantage in today's business world. Many of the world's most valued companies such as Apple, Google, Microsoft, Amazon and Facebook revolutionize industries with platform business models. Choudary (2015, 18) states that platforms are "business models that leverage technology to orchestrate connected users towards new and efficient value-creating interactions". The main activities consist of pulling people to the platform, facilitating their interactions and connecting the participants with each other. Platform's success depends on how well they build a sustainable business model that harnesses these customers to the platform and maximizes the ecosystem value. (Choudary 2015; Marshall, Van Alstyne, Parker & Choudary 2016; Hagiu 2014; Rochet & Tirole 2003)

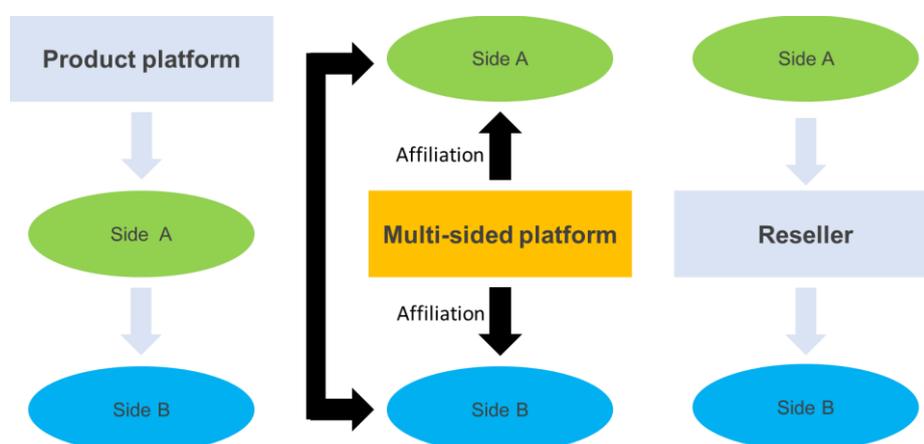
Despite the growing interest of researching these competitive business models, theory lacks understanding on how platforms emerge. The existing literature tends to assume that the platforms either already exist together with the multiple sides of customers or emerge via well-established companies' transforming their traditional business models into platforms by leveraging their existing customer relationships (Gawer & Cusumano 2013; Evans 2011). However, it is important to also consider, how start-ups build platforms and acquire the critical asset, community, to initiate value creation on the platform. Start-ups do not have the ability to scale fast through existing customer relationships of their own, which is why they need to find alternative ways to access potential customers. Because leveraging external ties and forming partnerships across organizational boundaries are proven to improve entrepreneurial performance, boost competitive advantage and provide access to new resources, this thesis addresses the potential of external partner collaboration in aiding multi-sided platform's initial acquisition of participants (Hooley, Piercy & Nicoulaud 2008, Solesvik & Westhead 2010; Larson 1991). The main motives for external collaboration are identified to recognize why multi-sided platforms collaborate externally in acquiring initial participants to the platform, and which selection criteria and key success factors need to be considered to establish and run the collaboration successfully.

To improve the multi-sided platform literature and explore the established theoretical concept behind strategic alliances in a novel context, relationship marketing theory, transaction cost theory and resource-based view are researched to see whether they are applicable also for the emerging platform business models. As no earlier study has addressed this topic, the

conducted research fulfills an existing research gap and explores new opportunities for future theory development. This research is relevant for academic contributors interested to develop the future theory on multi-sided platforms or platform business models in general. It also provides unique findings for the researchers involved in the theoretical concepts related to strategic alliances. Practitioners working with multi-sided platform get theoretical insights on the potential and guidelines for collaborating externally in acquiring participants to the multi-sided platform. This is especially interesting for multi-sided platforms encountering the challenging “chicken and egg” problem.

### 1.1 Multi-sided platform context

To better understand the studied context, this chapter provides an overview of the multi-sided platforms and their specific characteristics that increase the complexity of the initial acquisition process. As Hagiu (2014,71) notes, “multi-sided platforms (MSPs) are technologies, products or services that create value primarily by enabling direct interactions between two or more customers or participant groups”. Such interaction on one platform does not exist in the more common business models like product platforms or resellers. As noted in *Figure 1* in a product platform, a customer group might be crucial for creating an end product for another group, but both of these customers do not interact with each other on the platform itself. In the multi-sided platform however, both customer groups are direct customers to the platform and can collaborate directly with each other (black arrow). In a reseller business model, such direct interaction between the different customer groups does not exist. Based on the reviewed literature, multi-sided platform’s business model resembles a network organization where “interorganizational ties ... span from suppliers to end users, and/or actual potential competitors” (Cravens & Piercy 1994, 40). It presents also an ecosystem that consist of two or more smaller ecosystems as defined later in chapter 1.2.



**Figure 1.** Multi-sided platform, product platforms and reseller (Hagiu 2014,72)

How each side of the multi-sided platform is considered varies across literature. Osterwalder and Pigneur (2010) define all the multiple sides of individuals generally as customers and divide them into different customer segments each with its own value proposition and associated revenue stream. They justify the generic term “customer” for all sides based on the affiliation, as demonstrated also by Hagi (2014) in *Figure 1*. Hagi (2014) shares a similar view and identifies the sides as groups of customers or participants. Choudary (2015,139) however, makes a clear distinction between the different sides as “producers” and “consumers”. From a marketing perspective, it is important to recognize that these customers can be either 1) B2B or B2C customers who utilize the platform’s services/products (demand side), 2) service providers contributing with their competencies to the supply side of the platform, and if the platform has more than two sides also 3) end consumers of the product/services co-created by sides 1 and 2. The specific role of the customer depends on their individual interaction on the platform and can vary (Choudary 2015).

However, even such a common term “customers” is established for the multiple sides in platform literature, this perspective is too narrow for marketing purposes as it implies that only customer acquisition literature provides sufficient and comprehensive theoretical understanding to attract multiple sides to the platform and build the ecosystems. The needs and requirements from the demand and supplier side differ from each other exponentially, implying that categorization needs to clearly differentiate these sides to build acquisition strategies that enable valuable offerings for different members of the ecosystem. Therefore, this study defines the platform’s multiple sides as participants (incl. customers, suppliers, end-consumers) that can be also seen as internal stakeholders of a platform-based ecosystem. This perspective provides a holistic overview of the diverse sides but leaves room for further categorization between demand and supply sides, which both include different customer segments and target groups.

All the participants contribute in building value on a platform. As Choudary (2015) notes, technology is not the value provided by a platform, because

*“we are no longer in the business of building software. We are increasingly moving into the business of enabling efficient social and business interactions, mediated by software” (Choudary 2015, 18).*

The actual source of value lies in the ecosystem, in the interactions by multiple sides of participants established on top of the platform. In other words, activities that an open “ecosystem of connected users, powers on the platform” (Choudary 2015, 88). The multi-sided platform provides an infrastructure where participants can create, exchange and add value.

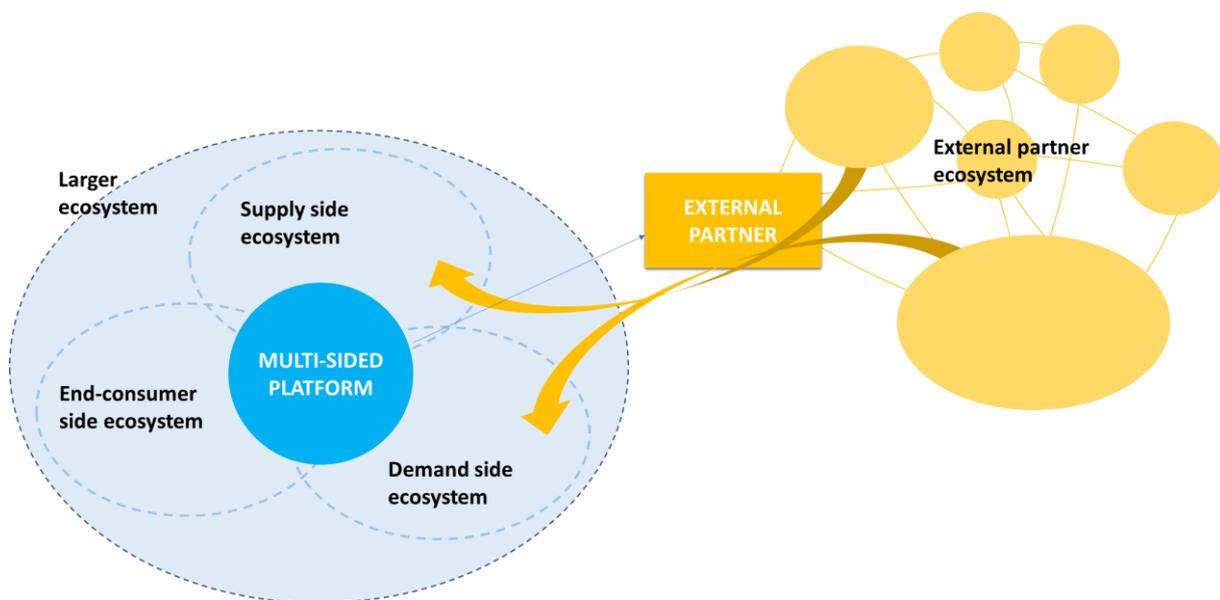
They ensure positive user experiences on the platform by making tools available for participants and defining specific rules that guide interactions. (Choudary 2015; Hagiu 2014; Evans 2011.)

To establish an ecosystem that enables a profitable platform business model, start-ups must acquire enough participants on both sides of the platform, in other words, achieve a required “critical mass” to accomplish sustainable growth. Evans (2011) notes that different “sequential entry”, “pre-commitment investment” or “simultaneous entry of sides” strategies, can be utilized to reach the critical mass. Sequential entry strategy refers to an approach where the platform attracts first one side on board, providing standalone value to this groups of individuals, and later makes the platform available for the other groups to increase the platform’s potential value. Opposite to this is the “simultaneous entry of sides” where different sides are brought to a platform at the same time. In pre-commitment strategy the platform requires one of the sides to make investments over time to use the platform. According to Evans (2011), choosing the right strategy depends on the nature of the platform. One must understand whether it is needed to secure participation on both sides of the platform from launch or is it possible to acquire only one side before approaching the other.

Despite the existing research, several authors claim that getting people to the platform is a fundamental challenge faced by multi-sided platforms (Hagiu 2014; Choudary 2015; Marshall et al. 2016; Evans 2011). This is mainly caused by multi-sided platform’s key aspect, indirect network effects, where participants value the platform if participants different to them are already using it. Meaning that, one is more likely to join, when the other side of the platform already exists. According to Hagiu (2014, 72) indirect network effects are a “double-edged sword”. On one hand, they increase platform’s adoption, boost development, minimize imitability and create entry barriers for other, making the platform extremely competitive. But on the other hand, they lead to critical acquisition challenges as no participant will join the platform without the other side already on board. Caillaud and Jullien (2003) refer to this as the “chicken and egg problem” which is a fundamental challenge faced by multi-sided platforms. For example, Uber drivers must be recruited to drive potential passengers, but without passengers there is no reason for drivers to join the platform. The same issue repeats vice versa, when the firm can only deliver value to the passengers if the drivers are on board (Evans 2011; Magnusson & Sylvén 2017) If multi-sided platforms are not able to overcome this critical problem in their early stage, they will not succeed in building a profitable platform business. (Thierry & Lescop 2013; Marshall, Van Alstyne, Parker & Choudary 2016; Choudary 2015.)

## 1.2 Aim of the research and research questions

For a multi-sided platform to establish an alternative strategy to succeed in reaching a critical mass and building an ecosystem around the platform, this study addresses the external partner collaboration as a path to acquire initial participants to a multi-sided platform. The research phenomenon is presented below in *Figure 2*, where blue colour illustrates multi-sided platform side of the collaboration, and the orange colour the external partner's side. According to Cravens and Piercy (1994) the network organization often collaborates with different independent organizations for example in marketing or other business operations. This study reviews the external collaboration with a technology marketing company (chapter 3.1.)



**Figure 2.** Research phenomenon

As presented in *Figure 2*, both sides have their own ecosystems. Multi-sided platform's larger platform-based ecosystem includes several smaller ecosystems. According to Thierry and Lescop (2013, 98) such a platform-based ecosystem is a novel way to manage "a portfolio of contributions from varied and independent players". In the initial stage of development none of these ecosystems have existing members on board as illustrated by the dashes. The external partner's ecosystem on the contrary is fully functioning and contains several partners and their smaller ecosystems. As presented in the figure by arrows, the main purpose of the collaboration is to get initial participants to the platform's multiple sides through external collaboration.

The purpose of this study is to build a framework that explores the external partner collaboration for acquiring initial participant in a multi-sided platform. The research aims to

increase the understanding of external partner collaborations potential and the required key factors that ensure the success of acquiring initial participants to the platform. In addition, the research adds value to the multi-sided platform literature. It helps future researchers to find the right theoretical concept to further develop relevant theories for multi-sided platforms and enhances the understanding of how start-up stage multi-sided platforms emerge through external collaboration. Additionally, the study helps the platforms to evaluate a unique method that aids them to reach critical mass and encounter the initial “chicken and egg” problem. Based on theoretical and empirical findings the analysis intends to answer the main research question:

*How to establish and run collaboration with an external partner to acquire initial participants in a multi-sided platform?*

Based on the background, most of the existing literature on multi-sided platforms focus on mature platforms and tend to assume that diverse participant groups already exist on different sides of the platform (Gawer & Cusumano 2013, Evans 2011). Even some researchers identify possible acquisition strategies that help to reach a critical mass and overcome the chicken and egg problem, no indication of utilizing external partner collaboration was found. Therefore, further research is required to deepen the understanding of external partner collaboration’s potential in multi-sided platform’s initial participant acquisition phase and how such collaboration can be properly implemented. As the motives for collaborative partnering affect the whole cooperation process and influence the choice of a suitable partner (Solesvik & Westhead 2010; Dong & Glaister 2006), the following sub-research question (Sub-RQ 1) emerged:

*What motivates multi-sided platforms to collaborate externally in acquiring initial participants to a multi-sided platform?*

To form a collaborative relationship for acquiring participants to a platform, a relevant external partner needs to be found. Even external collaboration is increasing its importance in today’s business world, several authors note that choosing the right partner is a precondition for establishing a successful collaboration and has great impact on the overall success of the collaboration (Bierly III & Gallagher 2007; Geringer 1991). Dacin, Hitt and Levitas (1997) state that choosing the right partner can lead to exponential competitive advantage, whereas making the wrong choice can cause the collaboration to fail with even more risks than developing no alliance at all. Despite a great amount of studies on partner selection criteria, the topic has been neglected in the multi-sided platform context. To understand the criteria that multi-sided

platforms must use to support the success of partner collaboration, the following sub-research question (Sub-RQ 2) evolved:

*What selection criteria should a multi-sided platform use to find an external partner?*

Despite the increasing number of cooperation and alliances and their ability to aid companies to solve strategic problems, several authors note that alliances are hard to manage and far too often partner collaboration fails due to the lack of knowledge and effective management (Hooley et al. 2008; Koza & Lewin 2000). Failure rates of 60-70 % are not uncommon (Koza & Lewin 2000; Das & Teng 2000). To ensure that a multi-sided platform can establish and run an external partner collaboration successfully in acquiring initial participants to the platform, the third sub-research question (Sub-RQ 3) identifies the critical success factors of the studied phenomenon:

*What are the key success factors of external collaboration in acquiring participants to a multi-sided platform?*

To conclude, the following exploratory framework (*Figure 3*) will be formed to answer the above-mentioned research questions and fill the research gap. It identifies the motives, selection criteria and key success factors that are needed to successfully establish and run external partner collaboration in acquiring initial participants to a multi-sided platform.



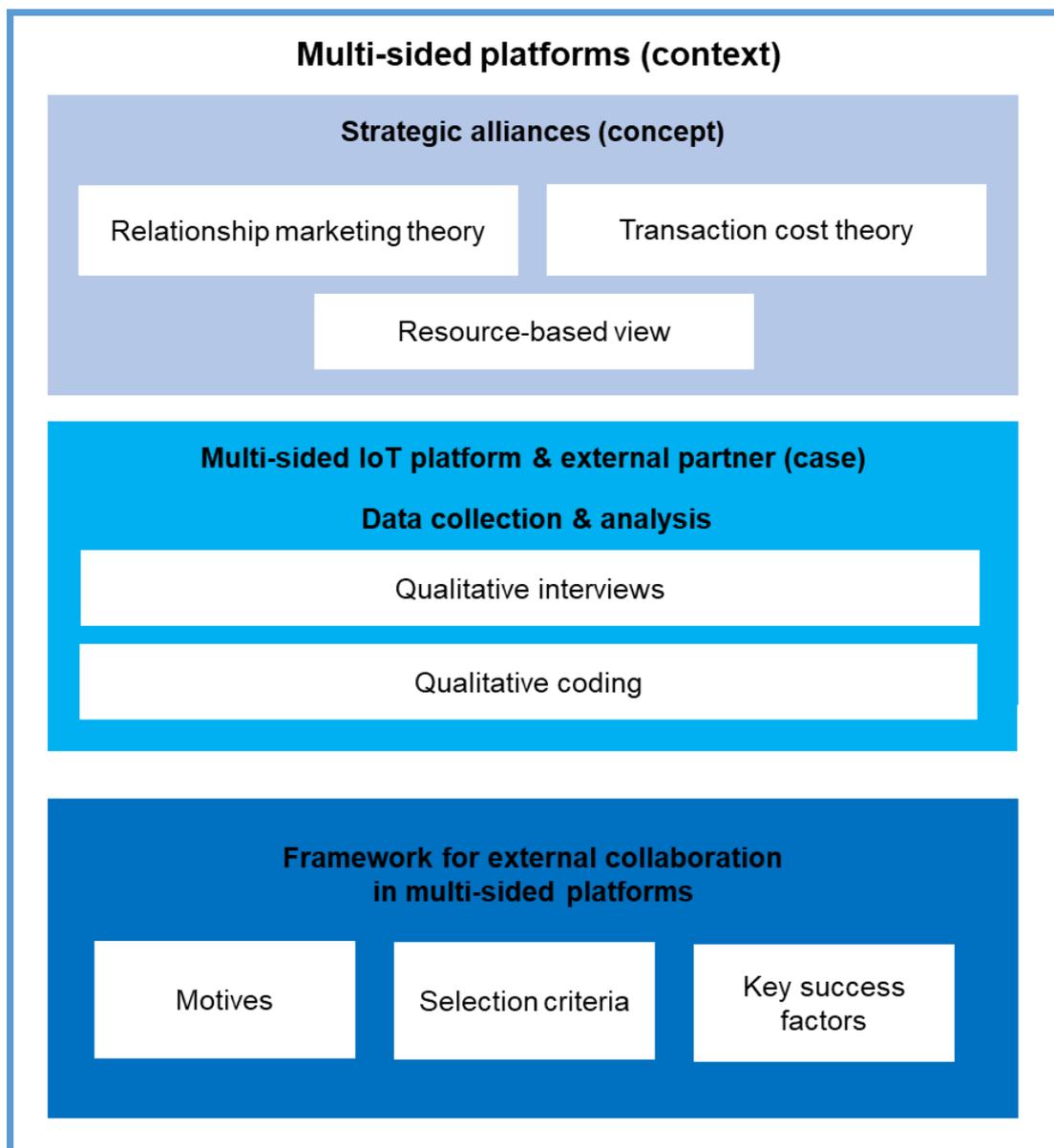
**Figure 3.** Research setting for the exploratory framework

### 1.3 Theoretical framework and literature review

The external collaboration can be defined in multiple ways depending on the theoretical framework used. To narrow the scope of the research and gain in-depth theoretical results in the multi-sided platform context, this study focuses on strategic alliances, which is one of the relationship types that often occur between firms in a network (Cravens & Piercy 1994). Strategic alliances are collaborative efforts established between two or more companies to

achieve competitive advantage. They help companies to reach matching goals that are difficult to achieve alone and enable alternative ways for firms to implement internationalization or market exchanges. (Das et al. 2000; Lambe, Spekman & Hunt 2002; Bierly III & Gallagher 2007.) Even the aim to obtain competitive advantage is similar across literature, the way how it is achieved varies. The theoretical framework of the study is formed based on the three main perspectives commonly studied in the concept of strategic alliances: relationship marketing (Hooley et al. 2008, Hollensen 2011), transaction cost theory (Hennart 1988; Kogut 1988) and resource-based view (Das & Teng 2000; Hitt et al. 2000). Each of the perspectives have contributed exponentially to the strategic alliance research, even they refer to alliances and gained competitive advantage from very different perspectives.

Relationship marketing theory sees alliances as a value-adding strategic approach for building competitive advantage through co-operational relationships established with other companies in a market (Hooley et al. 2008, Hollensen 2011; Cravens & Piercy 1994). As co-operational relationships and networked organizations fall clearly into the relationship marketing domain this theoretical approach is included in the studied framework. It highlights the importance of customer retention, which is also found critical in the multi-sided platform context as can be learned from the background. (Cravens & Piercy 1994.) In addition, because strategic alliance research has departed from transaction cost economics and resource-based view of the firm, these two perspectives are included in the theoretical framework. Transaction cost theory has been dominating the strategic alliance research for a long time. This perspective sees alliances as means for companies to minimize their production costs. (Das & Teng 2000.) The resource-based view has emerged as an alternative way to understand organizations' competitive strategies. Unlike the other theoretical concepts used, this approach considers unique competitive advantage of a company based on the resources a company possesses. These resources can be either internal resources, tangible and intangible assets, or complementary resources gained via external partners. (Das & Teng 2000; Hitt et al. 2000) Pooling the resources helps the companies to maximize their value. *Figure 4* illustrates the holistic theoretical framework of the study.



**Figure 4.** Theoretical framework of the study

A multi-theory driven approach is accomplished to bridge the theoretical concepts and increase the understanding of external partner collaboration in multi-sided platform's participant acquisition. In accordance with the inductive research approach, a qualitative case study guides the research results. After data analysis, the researcher reflects empirical findings to the theoretical framework to review whether the existing theoretical findings support the case study results. Based on the reflection, an exploratory framework, identifying the motives for external collaboration, selection criteria and key success needed to establish and run successful collaboration, is formed.

#### 1.4 Definitions and delimitations

The important definitions utilized in this report are listed below in *Table 1*. This chapter helps the reader to understand the exact meaning of the main repeated terms and the delimitations applied.

Term	Definition
<b>Platform</b>	Businesses that bring different sides of internal stakeholders to one platform and enable them to co-create new radical and incremental innovations remotely. Value is created and exchanged when the different sides interact with each other. (Choudary 2015.)
<b>Multi-sided platform (MSP)</b>	A platform that serves two or more sides of customers simultaneously and acts as an intermediary pulling the different sides to the platform, facilitating and governing their interactions. These sides can be for example supply, demand and end-consumers. (Hagiu 2014; Choudary 2015.) In this study the terms “platform” and “multi-sided platform” are used to refer to the platform provider that offers the platform as a service to multiple customers and facilitates their collaboration on the platform.
<b>External partner</b>	A company outside the internal stakeholder ecosystem, that can help the platform to boost its activities and overcome initial acquisition challenges. The term “partner” and other vocabulary related to partnering, partner collaboration or partnership refers in this study to the external company that is part of the strategic alliance as indicated in the research phenomenon in <i>Figure 2</i> .
<b>Strategic alliances</b>	Alliances that include strategic efforts to form collaborative relationships between two or more firms to achieve competitive advantage. They aim to reach matching goals that are difficult to achieve alone. (Lambe, Spekman & Hunt 2002.)
<b>Motives</b>	Motives refer to factors that motivate a multi-sided platform to collaborate externally.

<b>Selection criteria</b>	Criteria that is considered when selecting a partner for collaboration. The criteria help to evaluate the suitability of the partner and enhance the success of the partner collaboration. Such criteria can be for example: matching strategy or the partner network's size.
<b>Key success factor</b>	Key success factors, or critical success factors, define relevant topics that guide decision-makers to focus on the most important processes needed to become and stay competitive (Chen & Karami 2010). These factors enhance the success of the collaboration, referring to a collaboration that brings benefits to both parties and runs smoothly.
<b>Participant (internal stakeholders)</b>	Comprehensive definition used in this study for the members of the platform's multiple sides. This includes the demand, supply and end-consumer sides. They are also referred in the report as participants, in line with Hagiu's (2014) categorization.
<b>Platform-based ecosystem</b>	Type of ecosystem, where a platform functions as the actor of the ecosystem, including mutually dependent business and consumer communities. These communities are in symbiotic relationship, leading to the fact that the platform is indistinguishable from the ecosystem. (Evans 2011; Thierry & Lescop 2013.)
<b>“Chicken and egg” problem</b>	Common problem faced by multi-sided platforms, exemplifying the challenge of getting both sides to the platform simultaneously. The platform only delivers value to one side, if the other side is already on board. (Evans 2011; Hagiu 2014; Choudary 2015.)
<b>Indirect network effects</b>	Phenomenon where participants value the platform if people different to them use the platform. Indicating that one side of the platform is more attracted, when there are people on the other side of the platform. (Evans 2011; Hagiu 2014.) For example, participants focusing on software are more eager to join the platform, the greater the amount of people with hardware competencies is on the existing platform.

<b>Direct network effects</b>	Phenomenon opposite of indirect network effects, where participants value the platform if others alike already use it (Evans 2011). For example, the greater the amount of existing developers is on the platform, the more valuable the platform is to new individual developer.
-------------------------------	---

**Table 1.** Definitions of relevant terms

The theoretical and managerial delimitations identified in this study are presented hereafter. The existing literature is mainly focused on the technological rather than business understanding of multi-sided platforms, which is why this study concentrates fully on the business research. It studies the strategic marketing and ecosystem perspective in-depth, excluding the technological service requirements and infrastructure of a platform. Meaning that the technological details related to the platform's development and architecture (for example specific component implementations such as application programming interfaces and software development kits) are left out of this study.

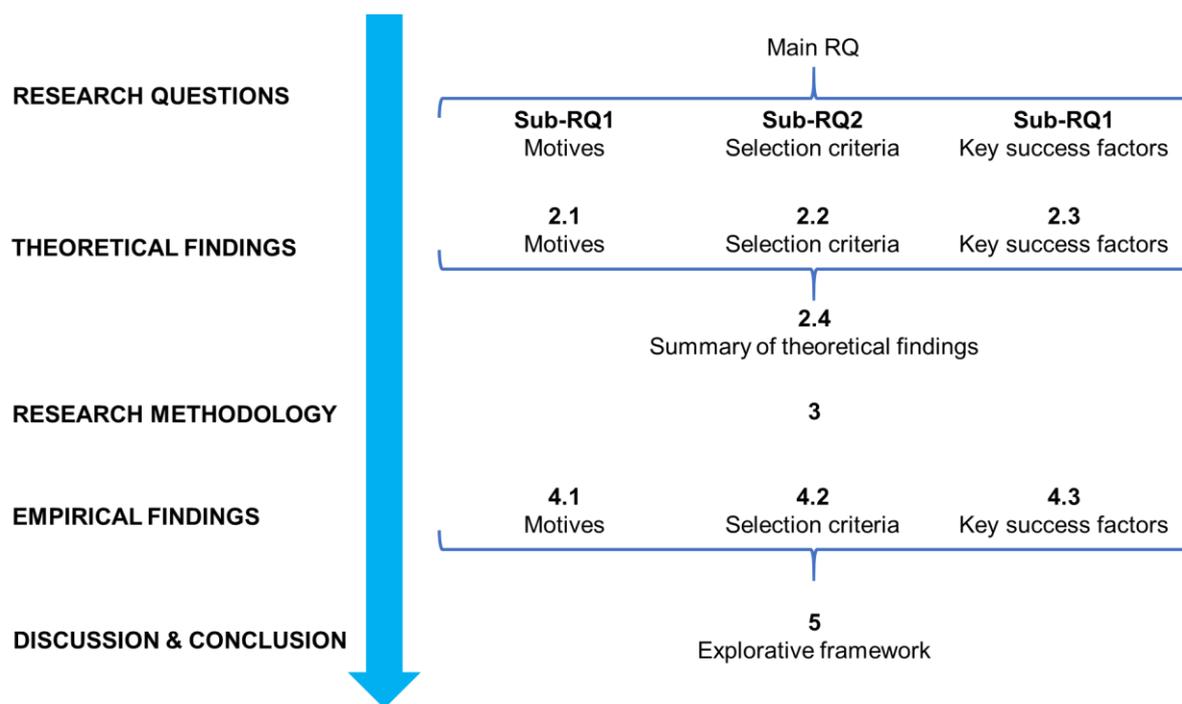
More precisely, the motives, selection criteria and success factors to establish and run a successful external collaboration in acquiring initial participants to the platform are researched. Even the process of finding a suitable partner is recognized as one of the key success factors for establishing a successful collaboration, the study does not include research on different process models for finding a partner. At this early research stage of a new context, the study aims to identify factors that have an impact on the studied phenomenon, rather than building complete process models that cannot be utilized yet. Nor does the research analyse the specific partnering types that can be established later in the future.

The study focuses purely on the collaboration between the two parties which is why the phenomenon is reflected to the strategic alliance concept in the theoretical framework. Well-researched theories behind the strategic alliance concept, relationship marketing theory, transaction cost theory and the resource-based view, are explored in the new context to understand why collaboration is established, how the suitability of a partner is identified, and which factors contribute to the success of the collaboration. The study does not emphasize, further analyse nor suggest suitable internal strategies to acquire initial customers to the platform. More detailed knowledge on internal strategies can be gained by reading literature by Evans (2011), Osterwalder & Pigneur (2010) or Magnusson & Sylvén 2017. The strategic acquisition and ecosystem creation in this study is purely reviewed from a collaborative perspective.

## 1.5 Structure of the study

The study is structured as follows. First, an overview of the research gap and the background of multi-sided platforms is provided to enable a comprehensive understanding of the studied context and guide the reader to the core of the research phenomenon. The research aim and questions are presented in chapter 1.2, followed by an overview of the theoretical framework applied. In addition, the main definitions and delimitations are discussed to give the reader a detailed review of the referred terms and boundaries set for the study.

Second chapter provides theoretical insights to the researched phenomenon from the strategic alliance concept. The theoretical part is divided into sub-chapters based on the sub-research questions as demonstrated in *Figure 5*. Each sub-chapter contributes in building a comprehensive answer to the main research question according to the relationship marketing theory, transaction cost theory and resource-based view. Motives (sub-RQ1) are studied in chapter 2.1, selection criteria (sub-RQ2) in chapter 2.2, and key success factors (sub-RQ3) in chapter 2.3.



**Figure 5.** Structure of the study

The research design and methods used in the study are reviewed in chapter three. Case description details, data collection and analysis methodologies are explained, and reliability and validity of the study are analysed. Chapter four outlines the empirical case study findings. The chapter follows the same division based on the sub-research questions as presented in

*Figure 5.* The last chapter five summarizes the theoretical and empirical findings and draws conclusions between them to build an exploratory framework that is empirically accurate, but also follows the theoretical suggestions. Limitations are discussed, and future research directions recommended. List of reference and appendices close the report.

## **2 EXTERNAL PARTNER COLLABORATION IN MULTI-SIDED PLATFORMS**

In recent years various forms of cooperation between businesses has grown remarkably and executives across industries are beginning to understand the importance of networks and collaborative business operations as a path to competitive strategies and market power (Bierly III & Gallagher 2007; Dacin et al. 2000; Cravens & Piercy 1994). Different types of alliances are increasing their popularity and shaping the business environment and competition (Koza & Lewin 2000). This chapter reviews the existing literature related to partner collaboration from three different perspectives: relationship marketing theory, transaction cost theory and resource-based view. These theoretical concepts guide the realization of new theoretical discoveries in the multi-sided platform context. First, potential motives for collaboration are identified (chapter 2.1), followed by relevant selection criteria for choosing the right partner (chapter 2.2), and critical key factors needed to ensure the success of external collaboration (chapter 2.3).

### **2.1 Motives for external collaboration**

This chapter highlights the motives that companies have in expanding their internal marketing operations across organizational boundaries and collaborating with external partners. Koza and Lewin (2000) highlight that companies collaborate with partners for multiple reasons, mainly based on exploitative and explorative motives. Exploitative-based collaboration refers to companies pooling their skills to achieve complementary resources that increase incremental revenue. Explorative motives form prospective strategies to co-develop new opportunities. (Koza & Lewin 2000.) The relevant motives for collaboration in the studied context are identified below.

#### **2.1.1 Market adaptation and new forms of competition**

Koza and Lewin's (2000) findings show that an important reason for forming cooperative alliances is the ability to support the company's strategic adaptation. Markets' volatility increases constantly while technology lifecycles decrease. This creates unique challenges that companies need to tackle via rapid adaptation and improved strategies (Hooley et al. 2008.) To succeed in the turbulent markets, companies look for new sources of innovative opportunities beyond their organizational boundaries, as presented in the concept of open innovation by Chesbrough (2003). External collaboration helps companies to minimize risks in industries with high uncertainty and act on the appearing windows of opportunities within the needed time frame (Hennart 1988; Bierly III & Gallagher 2007; Cravens & Piercy 2007; Hitt,

Levitas, Arregle & Borza 2000). Specific market conditions (for example the level of turbulence) shape the challenges companies face in different industries and have an influence on the precise motives that exist for external partner collaboration (Solesvik & Westhead 2010).

Hooley et al. (2008, 458) note that “the era of competition is changing to the era of strategic collaboration”. Koza and Lewin (2000) refer to this as the emerging cooperative competition. Day by day, networks are increasing their importance and competition is switching from rivalry between individual companies to competition between collaborative relationships and business ecosystems, where platform battles are common (Thierry & Lescop 2013; Koza & Lewing 2000). This is particularly true in global businesses. Companies need to acknowledge the growth of networks in their strategic implementation, to position themselves in the developing networked competition. By pooling their skills, companies can sustain their market position and grow their chances to overcome complex market conditions and entry barriers, leading to economies of scale in a dynamic environment where competition and customer expectations are increasing. (Bierly III & Gallagher 2007; Hooley et al. 2000; Hennart 1988.)

Networked business models and rapid development of information technology transform business operation’s narrow industry focus to a more cross-industrial approach, where companies benefit from synergies and indirect network effects between several industries (Boudreau & Hagiu 2009). Especially platform businesses operate in a complex environment serving diverse groups of participants across industries, where customer needs vary, and unexpected forms of competition are reality (Choudary 2015; Parker et al 2016). Multi-sided platform strategies take start-ups into unfamiliar territories and external collaboration can help platforms to navigate through various industries, and successfully operate and position themselves in the networked competition scene early on (Boudreau & Hagiu 2009).

### **2.1.2 Unique resource bundle**

According to the resource-dependency theory, a company cannot develop or internally access all resources required for being competitive in a specific environment (Emerson 1962). This is especially true in turbulent and uncertain markets such as high-technology. Resource-dependency theory suggests that companies form alliances to compensate for the absence of resources (Das et al. 2000). Volatile markets and networked competition forces isolated companies to become part of a network to not lose opportunities and competitive advantage. Start-ups, aiming for global operations early on, often collaborate externally due to limited resources and lack of time in developing all the necessary competences inside the firm (organic way) (Hooley et al. 2008).

A fundamental motive for external collaboration is the company's ability to focus on their core competence (Mohr, Sengupta & Slater 2010). Hitt et al. (2000) found that alliances are formed for accessing complementary capabilities and unique skills. In the resource-based view, competitive advantage emerges from a unique bundle of resources that the firm either owns or has access to (Bierly III & Gallagher 2007). Even the firm has specific resource endowments, it may need additional resources to be competitive in certain markets (Hitt et al. 2000). Meaning that possible resource constraints might limit the platforms' ability to find and attract participants and collaborating externally can endorse the ability to gain the needed resources (participants).

Based on transaction cost theory, internally limited resources can be obtained faster and more cost-effectively through collaboration (Hooley et al. 2008). Companies look for partners that allow them to reduce costs and diminish limitations that might lead to market failures. (Hennart 1988; Kogut, 1988.) As transaction costs can also result from collaboration (for example negotiating contracts), a company needs to weigh all the costs to measure the actual benefit of the relationship (Gulati, 1998). The exceptional nature of multi-sided platforms' co-created value highlights the importance of establishing long-term relationships with participant to keep them engaged. Therefore, one cannot solely rely on transaction cost theory's findings. It tends to focus on partner collaboration purely as a pathway to minimizing costs. In fact, many authors have criticized transaction cost theory's ability to reason the formation and management of collaborative relationships between organizations (Barringer & Harrison 2000).

### **2.1.3 Global reach and real-time knowledge**

In today's business world companies can have access to the same audience independent of their size. Choudary (2015) even questions the role of a marketer in today's business operations because platforms like Instagram prove to have established global success without a single marketer on board. Despite such evidence, several authors note that strategic alliances ease the international expansion of companies (Dong & Glaister 2006). Globalized and technology-driven markets push companies to collaborate across well-known geographic boundaries, shifting the definition of a potential market from narrow geographical focus group to a global audience. This together with the earlier mentioned converging industry approach, broadens the company's potential target scope. Navigating through the ocean of customers for establishing successful segmentation and targeting strategies becomes complex. Even all companies have access to a global audience independent from their size and location, this can lead to expensive struggle of recognizing and prioritizing the relevant customers among the massive audience. According to relationship marketing perspective, forming alliances is often the fastest and most effective way to gain access to critical markets (Hollensen 2011)

Global start-ups often utilize world-wide sourcing activities and networks to complement their own sales, marketing or distribution activities. This helps them to increase their reach and gain access to the target groups faster (Hollensen 2011; Hooley et al. 2008) Hennart (1998) note that collaboration enables companies to enter many markets with minimum investment and limited internal resources.

Relationship marketing theory emphasizes the importance of developing customized and personalized relationships with customers through micro segmentation and one-to-one-marketing (Christopher, Payne, & Ballantyne 2002). This can be only established through extensive market and customer knowledge. Kogut (1988) and Hitt et al. (2000) note that companies align with others to either obtain new knowledge and technologies or retain and develop the company's internal resources by combining them with external ones. Collaborating with several partners helps companies to deepen their market knowledge locally and across industries as well as rapidly deploy the gained knowledge to support their global capabilities (Hooley et al. 2008 458, Thierry & Lescop 2013; Koza & Lewin 2000). For example, insights on local competition, regulations, customer needs and habits can be obtained (Koza & Lewin 2000). This helps the platform to adapt their strategic approach and increase the depth and breadth of the platform. Enhancing depth refers to the adding new technical components or services to increase the functionality of a platform. Increasing breadth can be achieved by searching and identifying new sources of value, through for example new target opportunities and enhanced indirect network externalities. It allows the platform to onboard new sides and expand to new areas of competition. (Thierry and Lescop 2013.) *Table 2* provides an overview of the discussed theoretical motives.

<b>Motives for external collaboration in multi-sided platforms</b>
Gaining support for faster strategic adaptation in turbulent markets
Minimizing risks in markets with high uncertainty
Acting rapidly on the windows of opportunities
Overcoming complex market conditions and entry barriers
Navigating through various global audience and various industries
Successfully positioning the platform and sustaining the position
Compensating to the absence of resources
Obtaining resources faster and more cost-effectively than developing them internally

Accessing complementary and unique skills
Focusing on the company's core competences
Easing the international expansion
Increasing the existing reach cost-effectively
Accessing critical target groups and markets faster
Deepening market knowledge locally and across industries

**Table 2.** Overview of the theoretical motives

## 2.2 Selection criteria for choosing an external partner

Partner selection is one of the most critical preconditions for establishing a successful collaboration (Geringer, 1991; Bierly III & Gallagher 2007). Dacin et al. (1997) state that choosing the right partner can lead to competitive advantage, whereas making the wrong choice can cause the alliance to fail with even more risks than developing no alliance at all. Differentiating hopes from real potential is crucial in finding a strategically valuable partner (Koza & Lewin 2000). This chapter presents the key criteria for partner selection in relationship marketing theory, transaction cost theory and resource-based view. It enhances the understanding of how multi-sided platforms can identify the right external partner that delivers value for their business operations.

Relationship marketing theory, transaction cost theory and resource-based view all study partner selection criteria from slightly different perspectives. Relationship marketing theory discusses which relationships should be built to enhance the competitiveness of a company in a certain market and how this should be properly executed (Hooley et al. 2008). Transaction cost theory advises how different resources can be combined between partners in a cost-efficient way (Hennart 1988; Kogut 1988). Resource-based view focuses on the specific resources that companies share to complement their limited resources (Das & Teng 2000; Dacin et al. 1997) Based on the multi-theoretical knowledge gained from research, this chapter reviews the important selection criteria for multi-sided platforms to choose the best external partner for acquiring initial participants to the multi-sided platform. According to Dong and Glaister (2006) motives that encourage firms to seek alliances shape the selection criteria, indicating that the motives identified in the prior chapter are linked to the content of this chapter.

Even the list of criteria varies depending on the context and individual companies, the most significant typology of partner selection criteria is established by Geringer (1991). It includes two dimensions: task and partner-related selection criteria. Task-related criteria discusses the operational skills and resources that a company looks for in a partner. Partner-related criteria refers to factors that support the efficiency and effectiveness of the established relationship. (Geringer 1991.) Both criteria are found in the multi-sided platform context which is why the chapter is divided according to this typology. *Table 3* in the end of the chapter summarizes the found key selection criteria.

### **2.2.1 Task-related criteria**

Platforms operate in a new era of industry collaboration among global markets and turbulent environments where adaptability becomes critical (Choudary 2015; Parker et al 2016). The motives found in chapter 2.1 suggest that multi-sided platforms form external alliances to respond to the volatile market conditions. Leveraging the existing customer relationships of a collaboration partner helps platforms to access new markets and audiences faster and reduces the time to market (Hooley et al. 2008; Hennart 1988). Therefore, platform's need to look for partners that possesses resources, skills and competences that help them to shorten the time frame of adapting to the occurring market changes. This refers to a task-related criterion of finding a partner that has solid market experience that helps to accelerate the decision-making. Another important motive highlighted in chapter 2.1.3 is the ability to learn from the partner and gain access to important markets. Based on this motive, the company needs to assess the partner's ability to provide access to critical markets and relevant knowledge. This also is a task-related criterion that helps the platform to see if the partners' competences are of value.

Based on the transaction cost theory, firms form alliances to minimize their costs. To achieve this, a company must recognize whether the external partners' competences help the platform to significantly lower their external sourcing costs from the costs that occur when the acquisition is conducted internally (Bierly III & Gallagher 2007; Kogut 1988). Comparing the expenses of different alternatives helps to find the most cost-effective collaboration opportunities. It is also important to evaluate the collaboration based on a partner-related criterion related to the financial health of the partner, to avoid further disappointments caused by for example unbalanced liquidity or debt/equity positions of the partner. (Dacin et al. 1997.)

### **2.2.2 Partner-related criteria**

Based on the theoretical framework, one of the most important factors for selecting a suitable partner is the strategic alignment of the alliance partners. A strategic fit between the partners increases the odds of the collaboration's success (Koza & Lewin 2000). Which indicates that

it is a partner-related criterion based on the typology introduced by Geringer (1991). Companies need to select partners that match their overall business strategy. A multi-sided platform aiming to establish and run successful collaboration to acquire the initial group of participants to the platform, must search for a partner who matches the existing acquisition strategy. No matter if it is based on a single target group or multiple groups of participants. Guaranteeing that the collaboration is in line with the internal strategic objectives and future steps will ensure that the external collaboration contributes to the relevant strategic plan. However, even strategic fit is one of the most important issues, it does not solely explain the success of an alliance selection process (Dacin et al. 1997).

Selecting an external partner that enables a faster path to a desired audience requires an overview of three partner-related criteria: partner's size, scope and status (Hooley et al. 2008; Hollensen 2011). This helps to understand the partners' competitive position (Geringer 1991). Size refers to the number of customers that the partner has in their network or ecosystem. These can be customers that interact with the partner regularly or customers that can be reached via the partner's customers or other ecosystem members. Evaluating the size of the available network provides an overview on the potential participants and acquisition channels that can be accessed through collaboration. However, a pure number-based overview does not ensure that the network provides additional value to the platform. One must identify whether the network members and channels from the external partner match the strategic approach of the platform and add unique and complementary value to the acquisition (Dacin et al. 1997). Scope defines the partner's strategic reach. Whether they operate globally or in specific countries, and if they are active in a single industry or across several industries. One must select a partner that has experience in the specific industry environment that the platform is targeting. (Dacin et al. 1997.)

Due to the specific nature of the value creation in multi-sided platforms, getting participants to the platform does not self-evidently lead to value creation and exchange. As emphasized in the background, building long-term customer relationships with participants is critical for creating value. Meaning that participants need to be motivated to interact on the platform. Intangible assets, such as brand image and level of perceived quality define a partner's status in a certain market (Dacin et al. 1997). Understanding this helps to see how attractive the partner network is in different industries and are people interested to engage with the network. Collaborating with a well-perceived and appreciated partner can help to increase the motivation of the participants in joining the platform and proactively participating. To be able to learn from the partner and gain unique skills that add value to the platform's business, one needs to find a partner that in addition to having potential skills, is willing to share their

knowledge and expertise. Finding a partner that eagerly wishes to share their marketing know-how and established market experience will enable the platform to successfully access new knowledge and implement this knowledge to improve their operations. (Dacin et al. 1997.) As the willingness to share knowledge affects the efficiency and effectiveness of the collaboration, it can be considered as a partner-related criterion.

Depending on the goals, the collaboration's time horizon varies from short-term to long-term (Geringer 1991). Platforms must evaluate whether the collaboration's needs are more short-term that can be fulfilled with a short collaboration period that helps to for example solve a specific operational problem or require more long-term partnering to incrementally enhance the competitive advantage of the partners. Evaluating the collaboration's time horizon will help to understand which type of partner should be considered and aids to form a suitable collaboration strategy. Hooley et al. (2008) note that collaboration is also categorized based on the interorganizational commitment and closeness (dependence) between the partners. Outsourcing is an example of a contractual relationship where a company buys services from external parties instead of producing them internally. In this type of relationship, the commitment and dependence between the companies are very low. The role of the external partner is to fulfil the goals set for the partner collaboration, but the parties are not sharing their responsibilities or operating closely linked to each other. (Hooley et al. 2008.)

More committed and dependent collaborative relations Hooley et al. (2008) define as "partnerships" and "strategic alliances". Partnerships involve a closer relationship between the partners than in outsourcing but are not as formal as strategic alliances. This type of relationship varies in terms of the level of integration. Partnerships can be either short-term and involve limited coordination, more long-term with integrated activities, or permanent relationships viewed as an extension of the firm. Two or more companies that cooperate continually towards agreed goals for example in marketing but remain independent in the alliance are defined in relationship marketing theory as strategic alliances. These alliance members share control over the assigned tasks and both gain benefits through the alliance. (Hooley et al. 2008.)

According to Koza and Lewin (2000) the choice of the right collaboration approach depends on the defined motives. They highlight three different types of alliances: learning, business and hybrid alliances. Learning alliances are formed based on explorative motives such as gaining new insights, competences or technologies via the collaboration. This type of collaboration includes transparent flows of knowledge and enables joint knowledge creation. It is a typical starting point for a partnership which can later evolve into a more committed cooperation if the market knowledge proves valuable. Willingness to share knowledge and identifying the

opportunities for accessing critical markets are important criteria when aiming for this type of collaboration. Business alliances are based on exploitation intents, meaning that the collaboration bring incremental revenue via sharing specific assets. Additionally, Koza and Lewin (2000) introduce a form of collaboration that involves both explorative and exploitative motives, the hybrid alliance. This type of collaboration combines the learning and business alliance types and exemplifies companies who are maximizing their value offering by improving their existing assets and seeking new opportunities via collaboration. This type of collaboration matches the specific context of multi-sided platforms.

Cravens and Piercy (1994) divide the different types of network opportunities into four categories: virtual networks, value added networks, flexible networks and hollow networks. Their categorization is based on two critical factors: type of relationship (either collaborative or transactional relations that refer to buyer-seller interactions) and volatility of the changes that occur in the surrounding market environment (high or low). These factors help to assess the proper collaboration form. Collaborative relationships involve various forms of interorganizational relationship, whereas transactional relationships resemble one-on-one relations (e.g. buyer-seller relationship). When the environment experiences rapid changes, its volatility is high. Low volatility refers to relatively stable markets where unpredicted situations occur rarely, decreasing the need for constant adaption. Virtual and value-added networks emerge in markets where environmental volatility is low. Long-term partnerships that are created to increase companies' ability to meet the market needs are called virtual networks. Value-added networks are based on transactional relationships between the partners. Such can be for example a network of global specialist (e.g. suppliers) that add value to the company's internal operations. (Cravens et al 1994.) Flexible and hollow networks are common in high volatile environments. Flexible networks are collaborative relationships between companies that utilize external networks to perform their activities. Value is added to the business operations externally because conducting such activities internally is considered too risky or far from the core competences (e.g. sourcing hardware from partner organizations). Hollow networks bring together companies that depend heavily on each other in satisfying customer needs. (Cravens et al 1994; Hooley et al. 2008.)

*Table 3* below summarizes the theoretical suggestions for appropriate selection criteria that platforms should use in choosing an external partner. As illustrated, both partner and task-related criteria were found, but most of the criteria link to the partner-related perspective. This is not surprising as Al-Khalifa and Peterson (1999) claim that partner-related factors are more significant in choosing a right partner.

Selection criteria for choosing an external partner In multi-sided platforms	Task- or partner-related criteria
Matches the platform's acquisition strategy	Partner-related
Size (Number of direct and indirect connections)	Partner-related
Scope (global/geographically focused; single/multi-industry)	Partner-related
Status in the market (perceived image)	Partner-related
Network members match the strategic acquisition approach	Partner-related
Willingness to share expertise and knowledge	Partner-related
Financial health	Partner-related
Time horizon	Partner-related
Interorganizational commitment	Partner-related
Dependence	Partner-related
Collaboration approach (type of relationship)	Partner-selection
Solid market experience that accelerates decision-making	Task-related
Opportunities for accessing critical markets and gaining new knowledge	Task-related
Cost reduction gained when pooling skills	Task-related

**Table 3.** Overview of the selection criteria found in theory'

### 2.3 Key success factors in multi-sided platform's external collaboration

Utilizing the above-mentioned criteria to choose the most suitable external partner does not guarantee success on its own. According to Hooley et al. (2008), also adequate planning and management is required. This chapter defines the key success factors that multi-sided platforms need to absorb for bringing participants to the early-stage platform via external collaboration. Key success factors, or critical success factors, define relevant topics that guide decision-makers to focus on the most important processes to become and stay competitive (Chen & Karami 2010).

Koza and Lewin (2000) highlight that collaboration between partners is rooted in the strategic intent to collaborate. Meaning that the strategic objectives of the company guide the alliance strategy and weigh on the choice of an external partner. Planning an alliance strategy in advance allows the platform to recognize the close interplay between the overall platform strategy and the external collaboration strategy. It enables the platform to consider the relevant aspects related to external collaboration before it is established and helps to avoid the possible lack of internal resources or organizational competences that hinder the successful implementation of the alliance. (Duisters et al. 2011; Koza et al. 2000.) Proper planning makes it also easier to define the goals and objectives for the collaboration (Cravens & Piercy 1994; Koza & Lewin 2000). A platform must recognize their internal motives for partnering and define the expected gains from the collaboration (Duisters et al. 2011). This provides a clear understanding of the goals that wish to be achieved when the collaboration is put in action.

As noted in chapter 2.1, a fundamental motive for external collaboration is the ability to focus on the company's core competence (Mohr, Sengupta & Slater 2010; Bierly III & Gallagher 2007). According to Buffington and Frabelli (1991) the success of the alliance is lower when the collaboration is not based on both parties' core competences. To acquire participants, a platform should partner with a company that is specialized in marketing and participant acquisition. For a successful selection of the right partner that adds value to the business, the platform must clearly define its core competences that forms the basis for the business model. Hagel III and Singer (1999) note, that three different core operations exist in tomorrow's business world: product innovation, customer relationship management and infrastructure management. Each of them is driven by different factors that can conflict with each other. This indicates that companies need to focus on a single core operation, and the rest of the needed activities add value to this and can be achieved through external collaboration. (Hagel III and Singer 1999.)

It must be noted that alliances develop in time. The goals and strategic intent can change, especially if the platform is still at its early development stage. Chapter 2.1 emphasizes that platform's early development stage increases the flexibility in defining motives and developing an alliance strategy. A platform is still adapting its operations to the existing market needs and building a sustainable business model. Therefore, flexibility needs to be achieved to respond to the possible changes in time (Koza & Lewin 2000). Strategic objectives might transform based on the company's development. This requires honest communication and observation to alternate the alliance strategy.

To reach the right participants that enable value creation on a platform, a clear understanding of who are the specific participants that will be approached through external partner

collaboration, is essential. Relationship marketing theory highlights the importance of the internal and external (market) analysis as a basis for building successful segmentation and targeting strategies (Hooley et al. 2008; Hollensen 2011). Strong internal target group understanding is required to define the specific needs and requirements of each segment. Segmentation works as a basis for establishing sustainable external marketing strategies. According to relationship marketing theory, segmentation is based on the value preferences rather than purely on demographic or socio-economic variables (Christopher, Payne & Ballantyne 2002). Each platform participant has different perception of the delivered value based on their individual role (demand/ supply side/ end-consumer), goals and interaction on the platform. To attract multiple sides to a platform through external collaboration, a platform must define the specific motivations and value propositions based on the specific needs and value perceptions of each participant. In addition, the different values, emerging costs and offered incentives must be balanced by the platform. (Choudary 2015; Parker et al. 2016; Osterwalder & Pigneur 2010). This is crucial to be able to initiate positive network effects and strengthen the platform's quality.

As Cravens and Piercy (1994) note, customer retention is a cornerstone in the relationship marketing approach. Multi-sided platforms do not create value purely by acquiring people to the platform. To actively interact on the platform and contribute to the value creation, the participants need to be retained. This must be the top priority, executed by the platform through various key processes. According to Cravens and Piercy (1994) creating an obsession for quality (internal and external relationships) and quickly responding to the customer needs and requirements are among the list of key processes for obtaining customer retention. Quality management ensured by the governance structure of the platform is an important aspect to guarantee the health of the ecosystem (Boudreau 2010). This is handled internally by the platform but affects external acquisition in terms of setting requirements for the segmentation and targeting.

The research differs on the right approach to form alliance. Most of the reviewed researches suggest to utilize a structured partner selection process which enables companies to avoid the consequences of choosing an unsuitable partner (Duisters, Duysters & de Man 2011). Such process includes a clearly defined goal for the partner collaboration, identifying potential partners and evaluating each partner based on the specified selection criteria (Bierly III & Gallagher 2007). However, Dacin et al. (1997) note that often the increasing competitive environment forces companies to build alliances without adequate screening or evaluation of the exact needs. Dacin et al.'s (1997) study suggests that companies obtain a prenuptial agreement, a testing phase that allows the partners to learn about each other in the initial

stage. This helps the company to get to know the partner better, easing the time-consuming identification and negotiation that is needed to form a more binding alliance. Bierly III and Gallagher (2007) also note that companies facing time constraints often rely on trust more than rational decision-making components, placing priority on the speed rather than comparison of alternative options. Despite such findings, Duisters et al. (2011) show evidence that a structured partner selection process contributes more to the success of the collaboration than an informal process does. According to them, the most important steps to consider in forming successful external alliances are: 1) establishing a team who is responsible for the partner selection, 2) negotiating the collaboration with the potential partner and 3) screening the short-listed partners against defined selection criteria. Not following these steps presents higher risks for alliance failure. Developing a team for partner selection ensures that the different groups interacting with an external partner are included in decision-making. (Duisters et al. 2011.) Bierly III & Gallagher (2007) refer to efficient internal communication as a critical factor in establishing successful partner selection process where the company transfers and evaluates the required information despite the uncertainty and limited time.

Depending on the alliance type, Koza and Lewin (2000) note that companies need to measure the success of the collaboration either based on the performance (exploitative) or new opportunities gained (explorative). Performance-based measuring evaluates the collaboration's success related to how well the collaboration was able to reach the set strategic objectives. Explorative collaboration should be additionally measured based on the knowledge and opportunities gained through the alliance. (Koza & Lewin 2000.) Koza and Lewin (2000) also highlight that companies that collaborate to enhance their knowledge, competition and customers, need to continuously adapt their organizational processes and information exchange. This guarantees the ability to properly absorb the knowledge that the platform expects to gain from the collaboration and that no internal restrictions hinder this. In the multi-sided platforms context, where participant acquisition is the main aim of the collaboration, this refers to the ability to retain the participants by creating valuable relationships with the participants after they are brought to the sales funnel by the external partners. Meaning that the external partner needs to acquire participants with long-term prospective and the platform needs to successfully integrate the acquired participants to the platform.

Appropriate level of trust and commitment together with intensive information sharing (communication) are fundamental factors that support effective collaboration under uncertain conditions (Bierly III & Gallagher 2007; Hooley et al. 2008). According to Hooley et al. (2008, 154), "trust refers to the sense that people will make decisions that serve the best interest of the partnership". This leads to more effective information sharing, increased flexibility and

willingness to share resources within the alliance and increased ability to take risks in uncertain markets (Bierly III & Gallagher 2007; Cravens & Piercy 1994). Koza et al. (2000) define lack of trust as a common topic that cause alliances to fail. Partners that trust each other and are mutually committed to the partnership, are less likely to make decisions that might sabotage an alliance's long-term viability. Voluntary and positive desire to form an alliance builds commitment. Effective communication where partners enable flow of information about their needs and potential problems is essential for the success of the alliance. Both a structured communication process where one is responsible for maintaining open information flows, and more informal and unplanned interaction occasions are needed to build credibility and reliability. (Hooley et al. 2008.) The following *Table 4* concludes the findings.

<b>Key success factors in multi-sided platform's external collaboration</b>
Strategic intent to collaborate
Adequate planning for establishing and running the collaboration
Defining goals and objectives for the collaboration
Flexibility in adapting to the evolving changes that occur in the collaboration strategy
Collaboration based on companies' core competences
Clearly defining the core competences of the platform
Honest communication and observation to alternate the collaboration strategy
Strong internal target group understanding
Focus on quality
Rapid response-rate to customer needs and requirements
Structured partner selection approach
Performance- and opportunity-based measuring of the collaboration's success
Constant adaptation of organizational processes and information exchange
Acquiring participants with long-term prospective
Successfully integrating the acquired participants to the platform and retaining them
Trust

## Commitment

**Table 4.** Overview of the theoretical motives**2.4 Summary of the theoretical findings**

Findings from chapters 2.1, 2.2 and 2.3 are summarized in this chapter. As demonstrated in *Figure 6* multiple motives, selection criteria and key success factors were found in relationship marketing theory, transaction cost theory and resource-based view. These findings help to answer the main research questions defined in chapter 1.2.

**Figure 6.** Summary of the theoretical findings

As can be learned from *Figure 6*, establishing an external partner collaboration helps a platform to adapt faster to the turbulent markets' constant changes and seize new opportunities that appear. A platform can overcome potential entry barriers, minimize risks and ease their internationalization. Collaborating with companies that have established networks in interesting markets helps the platform to advance its market research and gain additional knowledge to for example form a successful positioning strategy. As highlighted in the resource-based view, the multi-sided platform gets access to limited resources and unique

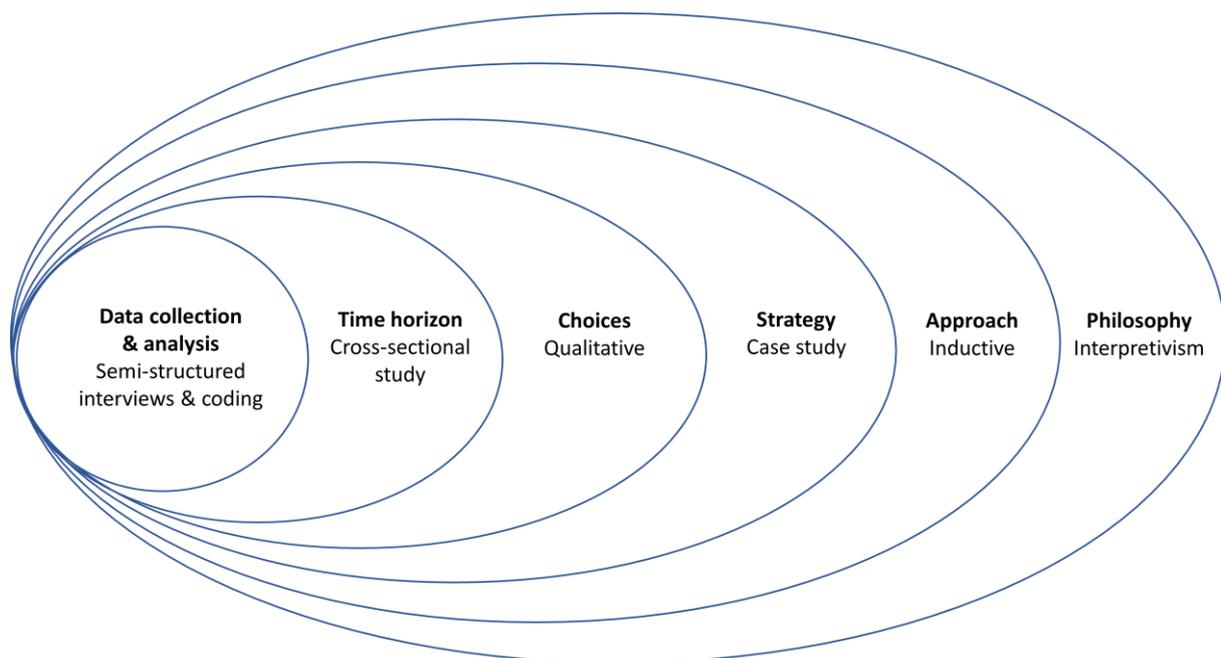
skills that increase its competitive advantage. Instead of internally developing the needed resources, the platform can fill the resource gaps faster and more cost-effectively via collaboration and focus on developing their core competences. When it comes to marketing, the collaboration allows to gain faster access to critical target groups and increased reach.

The important selection criteria to establish external collaboration were found to be both task- and partner-related in line with Geringer's (1991) study. Task-related criteria, the operational skills that a platform must look for, are solid market experience and opportunities, access to critical markets and cost reduction when pooling the acquired skills with internal capabilities (Geringer 1991). Partner-related criteria refer to aspects that enhance the collaboration's efficiency and effectiveness (Geringer 1991). Such criteria are for example matching acquisition strategy, size, scope and status of the partner's network and willingness to share experience and knowledge. In addition, the platform must evaluate the financial health of the partner network and determine the appropriate collaboration approach, time horizon and level of dependence and commitment.

The theoretical framework supports the structured partner selection process when it comes to finding a suitable external partner for collaboration. As presented in *Figure 6*, strategic intent for collaboration and clearly defined goals together with adequate planning are identified as important key factors that enable a platform to run successful external collaboration. Valuable collaboration is achieved when both parties can focus on their core competences and fill each other's resource gaps with their specific expertise. Flexibility and adaptability is needed to reshape the established collaboration approach and align organizational processes. Also, honest communication between the partners, trust and commitment are identified as critical success factors. Focusing on the participants' retention and quality of the platform requires a strong internal understanding of the long-term prospective target groups as well as rapid responding to the customer needs and requirements. To understand whether the collaboration was successful for the platform, explorative measures evaluating the success of the partner collaboration need to be established. These findings are later compared to the empirical case study material in chapter 5, and discussions are drawn to answer the research questions.

### 3 RESEARCH DESIGN AND METHODS

Research design is the roadmap for the entire research project (Myers 2013). This chapter explains the chosen components applied in the research, including philosophical assumption, approach, research strategy, choices, time horizon, data collection techniques and data analysis method. This list of components is adapted from Saunders, Lewis & Thornhill's (2009) research onion and illustrated in *Figure 7*. Each decision is explained below, and a brief description of the case is provided in chapter 3.1.



**Figure 7.** Research design of the study (adapted from Saunders et al. 2009, 108)

According to Saunders et al. (2009), the research philosophy adopted in a study guides the rest of the research design. The philosophy is based on “epistemology”, theory of knowledge, which refers to assumptions about knowledge and how to obtain it (for example methods, validity and scope). Bearing in mind the research philosophy helps the reader to understand the perspective that is used to justify strategic assumptions, methodological decisions and usefulness of the research findings. It demonstrates how the researcher views knowledge and the process of developing it. (Saunders et al 2009; Myers 2013.) This study follows an *interpretivism research philosophy*, emphasizing the importance of differences between humans in actions, and the complexity of sense-making in a unique situation. This philosophy is chosen because the researcher sees business world as a complex setting of people who all contribute to a topic in a particular way based on their own interpretation and personal view. In addition to the complexity, each situation is unique and brings together a specific set of circumstances and individuals at a certain time. (Saunders et al 2009; Myers 2013.)

To understand the motives, selection criteria and key success factors for external collaboration in acquiring participants to a multi-sided platform, one must understand the personal interpretations of these topics of the people responsible for the partnership. This alone will help to form a comprehensive picture of how the studied phenomenon is seen across all parties involved, what drives them towards collaboration and how this can be successfully managed. The aim of the interpretive researcher is to understand the context of a studied phenomenon. According to Myers (2013, 39) “context is what defines the situation and makes it what it is”. Every individual plays a role in the collaboration, and their personal interpretation on the studied topic lead to adjustments on the meanings and actions in a context. Developing an empathetic stance helps the researcher to better understand the subjects’ point of views and allow to follow the interpretivism philosophy (Saunders et al 2009).

Bryman & Bell (2015) note that even interconnections between epistemological decisions and research practices do exist, one must not blindly rely on them when choosing the appropriate research approach. This in mind, an *inductive approach* is assigned to the study. Inductive refers to a research approach where empirical findings contribute in building novel theory (Bryman et al. 2015). It enables a close understanding of the studied context and helps to recognize meanings people attach to certain scenarios. This approach is less concerned with the need to generalize results based on highly structured research design and rigid theory and remains flexible for alternative explanations that arise from empirical findings. However, one must recognize that such flexibility does not equal to absence of direction, it solely enables a broader focus in the beginning which is narrowed during the study. (Saunders et al 2009.)

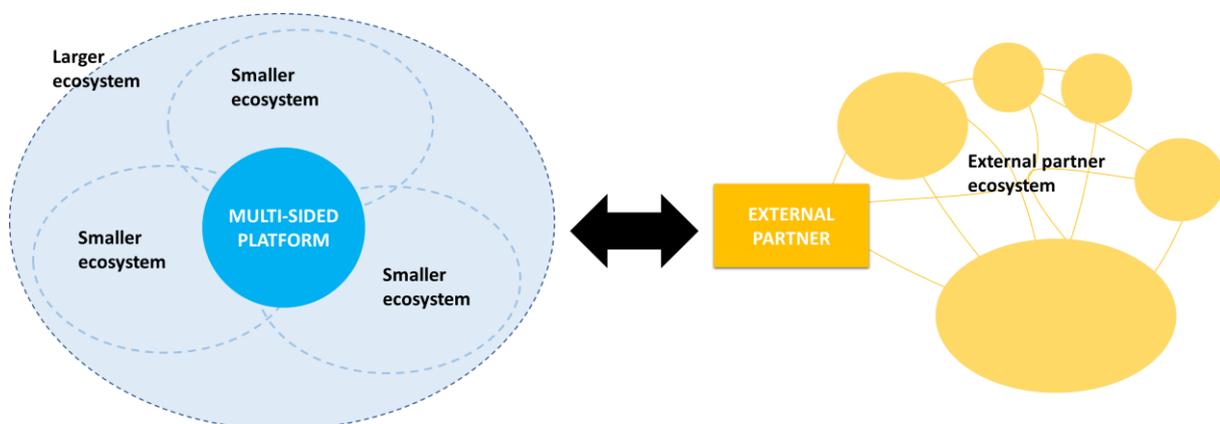
*Case study* research strategy is implemented because it is proven “useful in the early stages of research” (Myers 2013, 75). In business research, case studies use empirical evidence from real-life situations to answer descriptively “how” and “why” questions. This approach will help to add knowledge to the little researched multi-sided platform context. Single case study, unique in nature, is used to exemplify how external collaboration can be established and managed successfully in acquiring initial participants to a multi-sided platform. According to Myers (2013), case studies consider the context of the story and make it very difficult for a researcher to analyse the phenomenon separately from its context. As highlighted in the interpretive research philosophy, the context is key, and adopting a case study research method enables to explore a phenomenon in real-life context which is in line with the adopted philosophy. This case study is *exploratory* in nature, meaning that its purpose is to discover new insights on how external partner collaboration can be utilized in a new context (Myers 2013; Saunders et al. 2009). This is achieved by asking questions and analysing the phenomenon in a new light. Instead of testing theoretical findings in practice, it aims to open

doors for enhanced theory discovery in both external collaboration and multi-sided platform concepts. (Myers 2013; Bryman et al. 2015; Saunders et al. 2009.)

*Qualitative research method* was chosen as it focuses on the context, on the contrary to quantitative research where the context is traded for the ability to generalize across a population (Myers 2013). Because the *unit of analysis is a relationship* between a multi-sided platform and its external partner, qualitative research allows to study the relationship in detail and understand the unquantifiable issues, such as social, cultural or political aspects that are reality in businesses (Myers 2013). Qualitative interpretation provides an in-depth understanding of someone's motivations and actions in a specific context. According to Myers (2013) qualitative research method is the best way for business and management research to balance the trade-off between rigour and relevant. Meaning that the research meets scientific standards when it contributes to theory and is instantly relevant to the business practitioners. Many times, in quantitative research, such aspects "are lost or treaded in a superficial manner" (Myers 2013, 8). *Cross-sectional time horizon* is adopted as the collaboration is studied at a certain point of time. The interviews are collected and analysed between a period of five months between September 2017 and January 2018. (Saunders et al. 2009.)

### 3.1 Case description

This case study focuses on a specific collaborative relationship between a multi-sided platform and an external partner. The collaboration is formed to enhance the acquisition of initial participants to an early stage platform. This sub-chapter describes the two case companies in question: 1) multi-sided platform and 2) external partner. *Figure 8* provides an overview of the case. Company names and strategic details are not included in the descriptions for confidential reasons.



**Figure 8.** Case overview

The first case company is a *consumer-based platform* that operates across several industries in the Internet of Things (IoT) field. The platform was launched last year. The case company enables co-creation of connected devices across multiple platform sides and contributes in establishing an open and transparent environment to build innovative and data-driven end-consumer innovations. The platform connects multiple smaller ecosystems of application developers, third-party companies and end-consumers into a large open ecosystem. The main responsibilities include the acquisition of valuable ecosystem members that enable value creation on the platform and facilitating the interactions between the members via tools and regulations. (Platform interview.)

The value proposition of the first case company is triangular. The core value enables end-consumers to access and control their own data. This way the company allows the end-consumers to become part of the product development process. They can share chosen data to enable software and hardware manufacturers to build products or services that meet the specific needs of the individuals. In addition, this is also considered to lower the concerns towards data privacy, because every individual control his own data. Second, the multi-sided platform provides developers with a plug-and-play platform where they can build innovations or improve the existing ones together with other developers and available hardware manufacturers. The developer ecosystem fosters a community that enables developers to engage with each other across the world. Lastly, the third-party companies get access to customer data, application developers and other IoT experts that aid their product development and distribution. This helps companies to develop their products according to real customer expectations. To conclude, the last two value propositions enable the participants to focus on their core expertise and look for the additional resources needed to build a final product within the platform's ecosystem. (Platform interview)

The second case company is a *technology marketing company* that also operates across industries in the field of IoT. Their business operations include identifying and fostering technological innovation across industrial boundaries, increasing the visibility of emerging technologies and creating innovation ecosystems. The core value is relatively customized based on a specific project, but often includes market research, matchmaking, strategic consulting and additional promotion. The company was founded in 2003 and has its headquarter in Germany. (External partner interview.)

These case companies and their existing collaboration were chosen because it fulfils the criteria set by Myers (2013) for finding an exemplar case study. First, it is a unique collaboration between interesting business models which are both driving the new platform revolution in the connected world. They operate in the same field and have an existing partner relationship that

provides a real-life case in the studied context. Both function globally but were easily assessable in Germany. Relevant and sufficient evidence about the collaboration is obtained by interviewing multiple perspectives involved in the collaboration and the study contributes to the scientific knowledge as presented in chapter 5.1.

### 3.2 Data collection

Interviews are often the main data collection method in qualitative research as they allow the researcher to gather rich data from various people. Interviews enable to explore the views and motivations of individuals in a precise context better than other data collection methods like questionnaires (Myers 2013; Hirsjärvi, Remes & Sajavaara 2009). Different interview types and amount of pre-formulated interview questions can be implemented depending on the degree of control that the researcher obtains during the interview process. Myers (2013) classifies the different interview types into structured, semi-structured and unstructured interviews that are further explained in appendix 1. Six *semi-structured interviews* were conducted between September 2017 and January 2018. Each interview followed a similar script with some pre-defined topics and questions. Otherwise, the process was flexible allowing new questions to occur during the interviews and enabling novel discoveries about the topic. Semi-structured interviews were chosen instead of unstructured interviews, because a generic guideline was necessary to keep the interviews efficient and data collected rich. Structured interviews would have narrowed the ability to gain novel insights which was considered not consistent with the followed exploratory approach. (Myers 2013; Bryman et al. 2015.)

As the aim of a qualitative research is not to generalize, but to add knowledge on a specific phenomenon, significant insights can be achieved via just a few interviews (Hirsjärvi & Hurme 2000). Therefore, six interviews all representing the key people involved in the collaboration between a multi-sided platform and an external partner were conducted to answer the main research question. All interviews were held in Germany, four out of six via Skype and two face-to-face in Munich, Germany. All interviews were in English and transcribed for further data analysis directly after the interview. All but one interview, were recorded to guarantee access to the content also later during the research. The average length of the interviews were 60 minutes equalling a total of 6 hours. The following *Table 5* presents an overview of the interviews.

Interviewee	Company	Focus	Method
Interview 1.	Multi-sided platform	Strategic	Skype
Interview 2.	Multi-sided platform	Strategic	Skype
Interview 3.	Multi-sided platform	Operational	Skype
Interview 4.	Technology Marketing Company	Strategic	Face-to-face
Interview 5.	Technology Marketing Company	Strategic	Face-to-face
Interview 6.	Technology Marketing Company	Operational	Skype

**Table 5.** Overview of the interviews

Because the case study focuses on the collaborative relationship between two case companies, data was collected from both companies to guarantee accurate conclusions about the collaboration (Yin 2003). Interviewing only one side of the collaboration would explain the main research questions partly, excluding the other sides' interpretation. This could lead to a lack a holistic understanding on how multi-sided platforms can properly collaborate externally. To guarantee that the people interviewed were the best sources of knowledge to study the collaboration, the key representatives were identified based on the case companies' suggestions. Personnel responsible for the collaboration across diverse levels of the organization were chosen to increase the richness of the data and ensure that the findings reflected the opinion of both strategic and operational level (Duisters et al.'s 2011). These levels are referable to the hierarchical setting of an organization, even such classification is not visible in start-up organizations. More detailed information about the interviewees or the interview questions is not given to protect the interviewees anonymity and the confidential content.

### 3.3 Data analysis

First, the recorded data was listened through twice to get a better overall understanding of the studied context and the actual meaning behind individual answers. This was considered highly important due to the interpretive philosophy of the study that aims to understand the precise interpretations of the interviewees in a certain context (Myers 2013). It also provided a holistic overview of the gathered data before dividing it into blocks of text for the actual data analysis process. This initial content-based review enabled to avoid the criticized problem of a coding

method: losing the context of what is said (Bryman et al. 2015). After, the data was transcribed and simplified by removing irrelevant content and identifying the core messages, to better interpret the actual meaning behind exact wordings and focusing on the important issues presented by the data (Myers 2013). *Table 6* presents an example of the simplification.

Transcribed content	Simplified message
<i>And another thing is really seeing what is out there in the industry. What are other companies doing and how we fit into it.</i>	Ability to review the market and evaluate own competitive position.
<i>You need to do a lot of due diligence before you partner with somebody to make sure that it's the right kind of thing. There is a lot of partners that we could go with, but you really got to make sure that it is exactly what we want.</i>	Conduct due diligence to identify a suitable match.

**Table 6.** Data simplification

Simplified data was analyzed in *coding*, meaning that the researcher assigns labels to either words, sentences or paragraphs and classifies them into certain categories (Myers 2013). 169 codes emerged with a *bottom-up approach*, indicating that the codes and themes were not based on theory, but emerged from the data analysis itself (Myers 2013). This approach ensured that the analysis followed the adopted inductive research approach and was in line with the exploratory nature of the study. Codes that presented similarities and interconnection were *categorized* under 53 categories. This was done to deepen the analysis and narrow the data based on the interconnections. To simplify the reporting and answer the specific research questions thoroughly, multiple categories were further *thematized* and *divided* according to the specific research questions that they related to: 1) motives, 2) selection criteria and 3) key success factors. This helped to report the findings clearly (chapter 4). Additionally, the codes were *categorized according to the hierarchical level* of the respondent: strategic (S) and operational (O), as well as *the two case companies' perspectives*: platform interview (P) and external company interview (E) to be able to compare the results later and understand how each side interprets the researched topic. *Table 7* exemplifies the data analysis.

Simplified content	Code	Category	Focus	Pers.	Theme	RQ
Access to people to do not approach directly	New audience	Global networks	S+O	P	<i>Access to networks</i>	Motives (sub-RQ1)
Link to potential partners	Partners		S+O	P		
Finding people that are open for experiencing & innovating	Open & innovative people	People with right mindset	S	P		
Piggypacking in the partners existing community	Piggypacking	Accelerated acquisition	S	P+E	<i>Path to enhanced strategic marketing</i>	
Number of people that are in the network	Network members	Size of the network	S+O	P	<i>Competitiveness of the partner collaboration</i>	Selection criteria (sub-RQ2)
Partner retention year by year	Partner retention	Sustainability of the collaboration	S	P		
In line with the company strategy	Overall business strategy	Strategic match	S	P	<i>Strategic match</i>	
Relevant field (e.g. Internet of Things)	Target		S+O	P		
Content matches the target	Content		O	P		
Defining goals for the partnership	Goals	Goals	S	P	<i>Goals</i>	Key success factors (sub-RQ3)
Need for partnering for one of the two	Partnering need	Partnering need	S	E	<i>Need for collaboration</i>	

**Table 7.** Overview of the data analysis

### 3.4 Validity and reliability

Quality of the research is evaluated based on the three critical issues suggested by Yin (2003): construct validity, external validity and reliability. Yin's fourth criteria, internal validity, is left out of the evaluation as it is not considered relevant in an exploratory case study (Yin 2003). The three mentioned criteria ensure that the research answers the research questions that it aimed to answer (validity) and that it is conducted in a manner that does not rely on irrelevant observations (reliability) (Hirsjärvi et al. 2009; Saunders et al. 2009). Construct validity emphasizes the importance of establishing adequate operational measures to study the topic, preferably based on earlier academic contributions (Yin 2003). Several interviews from two sides of the collaboration, and across multiple levels of both companies, were utilized to guarantee several sources of evidence. Quotations were used to prove that the observations were not irrelevant, and the research design was carefully planned. The case companies also reviewed the final version of the report to enhance the construct validity of the study (Yin 2003).

External validity ensures that the research can be generalized across multiple scenarios when rich data is collected from the case companies. The established exploratory framework contributes in the future development of suitable theories that help to better understand the unique multi-sided platform context and external collaboration's role in it. The explicit uniqueness of the multi-sided platform context makes it impossible to generalize the single

case study findings across diverse platforms and contexts. The purpose of this single case study is not to generalize findings to a large population, but to explore a researched phenomenon in a novel context. (Saunders et al 2009.)

Additionally, even the study purposively explores the platform's initial acquisition process, it was noticed that such early stage of platform development can have an influence on the data. The case was chosen based on the unique setting where a collaboration was already established, providing interesting insights that contribute to building new knowledge and filling an academic research gap. However, researching such early stage platform meant that some aspects that were studied were not fully implemented yet. Leading to the fact that part of the findings was considered more hypothetical arguments than proven facts. Considering the early development stage and the exploratory nature of the study, this is not surprising. One must just recognize, that the findings leave room for further exploration and might include misconceptions related to how well certain arguments work in practice. To avoid potential misconceptions, the insights from both sides of the collaboration were constantly compared during the analysis. This helped to fill potential hypothetical gaps in the data and increase the external validity of the study. Based on this discovery, platforms in a slightly different development stage might also have different interpretation of the collaboration which needs to be recognized in future research.

Reliability defines whether a repetition of the study with the same data collection and analysis methods would lead to similar results, or does the researcher have an influence on the findings. This measures the consistency of the results independent from the situation and researcher. (Saunders et al. 2009.) The study was conducted during a partial employment in one of the case companies, meaning that the researcher was not completely independent from the subject. It is recognized that according to academic findings this internal involvement might affect the researcher's interdependence or cause personal feelings to intervene with the data analysis and interpretation (Bryman et al. 2015; Hirsjärvi et al. 2009). This was acknowledged already when planning the research and a neutral perspective was established between the collaboration partners. The researcher purposively separated the study from the employment related topics to decrease possible interference and increase reliability. The study was conducted based on a common agreement by the parties to enable a full examination of the topic and draw conclusion upon emerging issues. Both companies expressed their openness and willingness to contribute, and all phases of the research process were carefully documented to allow the data to remain real (Bryman et al. 2015). Even the partial employment was not considered to have an influence on the researcher's contribution it must be recognized that the researcher's position might theoretically affect the case companies' willingness to

answer all the interview questions honestly. One might want to sustain certain image or reputation in the eyes of the researcher (Saunders et al. 2009). Needed non-disclosure agreements and close collaboration with the partners were established to guarantee open and honest communication and ensure rich data collection. In a way, this involvement also allowed the researcher to have an insider view on the topic and analyse the interpretations of each side more carefully, as suggested by the interpretive research philosophy. This would have been harder to establish if the researcher would not have been involved in the collaboration, indicating that in this particular research setting the partial dependence gained benefits.

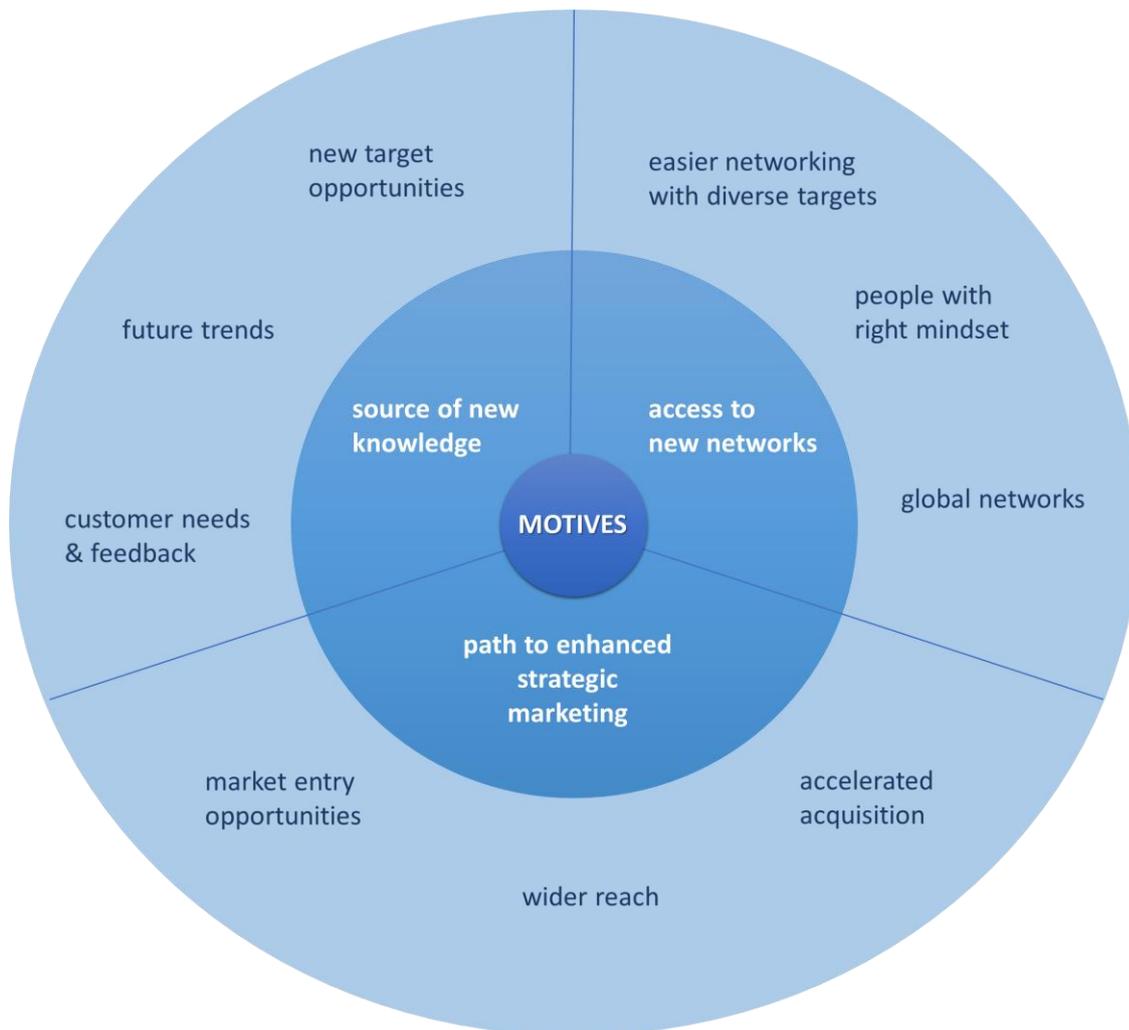
## 4 EMPIRICAL FINDINGS

The empirical findings of the study are presented in this chapter. Data from both, the multi-sided platform and the external partner contribute to building an exploratory framework that answers the main research question: *How to establish and run collaboration with an external partner to acquire initial participants in a multi-sided platform?* The results help to understand what motivates the platforms to collaborate externally, how they can successfully choose the right collaboration partner and which factors support the success of the external collaboration. The two perspectives of the collaboration are compared and bridged together to get a more holistic understanding of the phenomenon.

The analysis follows the main themes and categories identified during coding and raises examples from the raw data. Direct quotations are marked with “platform interview” (P) or “external partner interview” (E) to identify the perspective in question. More detailed information about interviews is not given, to protect the anonymity of the interviewees. The chapters are divided according to the sub-research questions referred to, as illustrated in chapter 1.5. The first chapter 4.1 discussed the motives that drive a multi-sided platform to establish external collaboration in their initial acquisition process (Sub-RQ1). The specific criteria required to choose a right external partner are explained in chapter 4.2. Third chapter (4.3.) answers the third sub-research question by highlighting the key factors that enable the success of the external collaboration and brings the findings together into an exploratory framework. This framework is reflected to the theory in chapter 5.

### 4.1 Motives for external collaboration

The analysis discusses *what motivates multi-sided platforms to collaborate externally in acquiring initial participants to a multi-sided platform*. Three main themes repeat continuously during the analysis: *access to new networks, path to enhanced strategic marketing and source of new knowledge*. Overview of these themes and the categories under each theme can be found in *Figure 9* below.



**Figure 9.** Drivers that motivate a platform to collaborate externally

In implementing the strategic objective of acquiring participants to the multi-sided platform, external cooperation is considered as an additional point of access to new networks. Both perspectives, multi-sided platform and external partner, agree that collaboration helps to get access and attract participants outside the platform's internal network. The interviews show that external cooperation opens doors to global networks which include both potential demand side customers and supply side partners who are interested to work on the platform.

In addition, the platform interviews indicate, that external collaboration provides an opportunity to network with people who are open to experience and innovate. This enhances the ability to find participants with the right attitude to play and explore on the platform. Evans (2011) characterizes such participants as "innovators" of the product diffusion model. Getting people to join the platform does not alone grow the value of the platform, because the participants need to actively interact on the platform to create and exchange value and attract others. Innovators are drawn to a platform via direct communication and help to attract other groups of adopters (early adopters and early majority) through word-of-mouth and direct or indirect

network effects (Evans 2011; Mohr, Sengupta & Slater 2010). Direct network effects refer to a phenomenon where participants value the platform if others alike are already using it. Meaning that the more developers exist in the platform's developer ecosystem, the more appealed other developers are to join the platform. Indirect network effects on the contrary emerge when one values a product more if someone different to them is using the product. Meaning that the opportunity to collaborate with complementary and unique players makes the platform more interesting to participants. (Evans 2011.) Getting access to people with a suitable mindset to actively try the platform and engage with others, supports the platform in finding participants who build long-term value shortly after joining the platform.

As the quote illustrates, external partners

*"...have good exposure within the industry and can help with networking and creating good contacts." (Platform interview)*

Collaboration can ease the platform's initial networking process by allowing it to leverage existing and proven contacts. Databases, mailing lists, workshops, referrals and events are noted as possible channels to leverage the existing networks of the partner and connect to diverse target groups in specific industries. The platform does not need to spend much time on finding quality contacts or understanding how to appropriately approach them. Via the external partner, direct contact can be achieved easily due to the existing linkage and trust between the external partner and its new contacts. Referrals that the external partner passes on based on trust that they have gained through earlier experience with the participants are extremely valuable contacts for the platform. This applies to both demand or supply side participants that are proven valuable and introduced to the platform via the external partner.

In addition to demand and supply side contacts, the external partner enables potential connections to larger industry players who allow the platform to grow its network and boost the development of the ecosystem. External partner's matchmaking allows a platform to smoothly build relations with industry partners that bring additional value to the ecosystem and open doors to bigger audiences that increase the participant flow to the platform. According to the empirical data, introducing the platform to relevant industry players enables access to complementary knowledge and industry experience. Interestingly, the interviews also show that having well-recognized industry partners in the network can enhance a platform's marketing activities, associated with the fact that well-perceived brand image and industry position add value to the storytelling utilized in marketing and sales.

External collaboration's influence on enhancing the strategic marketing of the platform, is recognized by the interviews. The main arguments that support this theme are accelerated

internal acquisition, wider reach and new market entry opportunities. Data highlights that external collaboration helps the platform to speed its acquisition process and possibly “catapult to another level” (Platform interview). Successful external collaboration shows potential for reaching the specific target objectives faster by leveraging the existing networks, also underlined in the interviews as “piggybacking”. Piggybacking refers to a cost-effective way for companies to establish market entry by utilizing partner’s distribution channels to market their product (MacAuley 2001). Additional point raised by the external partner, was the ability to leverage existing ecosystems and gain knowledge from the experienced industry partners on how to successfully build platform-based ecosystems. At the platform’s early development stage, this could enable valuable competitive advantage.

The ability to gain wider reach is raised by the interviews as one of the motivations to collaborate externally. Additional channels and supplementary promotion support, achieved by combining efforts with an external partner, add value to marketing. They enlarge the internal acquisition’s marketing scope and increase the established activities via added man power. This helps early stage platforms with limited internal resources. Thierry and Lescop (2013) note that a broad reach integrating multiple sides of customers is important to avoid too strict approaches that do not allow a company to constantly extend their market scope. Activities such as co-marketing and joining the partner’s events enable the platform to increase its visibility in front of new audiences. Cross-industrial operations of the external partner are illustrated to offer a possibility to transfer the platform’s offering across industries which enriches the existing reach and eases strategic targeting. Benefiting from the partner’s expertise on specific markets, enables faster and less riskier market entry possibilities. External partners provide real-time understanding of the market and help the platform to build solid go-to-market strategies based on the recognized market needs. Conducting the research internally is time-consuming and requires careful understanding of different markets.

Interviews demonstrate that an important motive for external collaboration is the ability to receive exclusive real-time knowledge about the customers, industries and markets. External partner provides a new source of insights that allows the platform to analyze customer needs, detect new target potential and identify future trends. It is also recognized as a possibility to gain valuable feedback from the market in order to strengthen the platform offering. No start-up goes to the market with a ready product, but rather develops a prototype that is further improved through iteration (Platform interview). Interviewees from the strategic side note that analyzing the existing market players and possible competitors, help the platform to position itself within the market and efficiently develop their platform. The operational side sees this as an opportunity to learn about the strategic activities that fit each market. It allows the platform

to see which activities have proven attractive and engaging when user tested, and which not. This saves time and resources and helps the platform to avoid making the same mistakes others made in developing suitable marketing activities.

## 4.2 Selection criteria for external collaboration

This chapter combines the selection criteria that emerge from the data analysis. Four main themes are recognized to contribute to answering the second sub-research question: *what selection criteria should a multi-sided platform use to find an external partner?* The themes used in this chapter are the same that were identifying during coding: *value for money, strategic match, competitiveness of the cooperation, and internal motivation and resources*. The selection criteria illustrated in the interviews is analysed by bridging the strategic and operational perspectives to provide a comprehensive overview of the factors that affect these two perceptions' choice of a suitable partner. This comparison guarantees that the recommended selection criteria acknowledges both strategic and operational requirements for a right partner. The following *Table 8* emphasizes the key selection criteria (strategic and operational) that contribute to answer the second sub-research question.

Strategic perspective	Operational perspective	
Value for money	Value for money	Value for money
In line with targeting strategy Right timing	Relevant content to the specific target group	Strategic match
Number of industry partners and audience (demand and supply side)	Number of specific target audience	Competitiveness of the cooperation
Industry exposure & positioning Retention of partner network (yearly) Well-perceived brand image	Critical numeric evaluation of the network	
Motivation to work together Availability of internal resources		Motivation & internal resources

**Table 8.** Strategic and operational selection criteria

As can be learned from *Table 8*, the selection criteria between strategic and operational perspective are aligned on the first three criteria: getting value for the money, finding a partner that is in line with the platform's overall strategy and evaluating the size of the partner network. Even these selection criteria are recognized by both perspectives, they show minor differences in the perception as discussed later in this chapter. The only exception is the perception of value for money which is the same according to both strategic and operational levels. Receiving value for money is highlighted as one of the key selection criteria which indicates that when the platform supports the collaboration financially, both strategic and operational parties wish to get valuable result from the cooperation. To accelerate the acquisition process

and ease the initial networking the platform must ensure that the collaboration proves value for money. Meaning that the gains are worth the money spent. The value is based on the collaboration objectives that rise from the individual motives to partner. If the objectives are met in a specified timeline, expected value for money is achieved.

Both the platform and external partner interviews emphasize that a right external partner must match the multi-sided platform's overall strategy. This guarantees that the collaboration contributes to the strategic objectives that the platform aims to achieve. Minor differences occur in the perception of matching the overall business strategy. The strategic level focuses on ensuring that the partner's strategic approach is in line with the platform's strategy and specific timing. As noted,

*“Important issues are, making sure that it is in-line with the company's strategy and we are ready for it...” (Platform interview)*

Confirmed by the empirical data, the platform has several participant segments based on their roles on the platform. Additionally, these segments can have various needs and behaviour that distinguishes them from each other and form different requirements that the platform needs to consider, to ensure customer satisfaction, positive network effects, effective reference marketing and positive word-of-mouth. To ensure that the platform is ready for the collaboration, the acquisition approach must be in line with the accessible value of the platform and closely interlinked with the platform's stage of development. The operational side refers to a more content-based evaluation of the external partner's suitability, implying that

*“there should be a match between who the audience is and the content.” (Platform interview)*

According to the data, the platform can ensure the existence of appropriate content when it looks for partners that operate in a relevant field and share the target group specifics. This indicates that both the strategic and operational levels refer to the importance of finding a partner whose network's audience matches the platform's targeting strategy. Interviews emphasize that analysing the type of members that the partner has on its network, and comparing these to the platform's strategic focus, allow the platform to see whether the partner network's members are attractive to the platform. Based on the analysis it can be concluded that the strategic level tends to review the target criteria from a more holistic view, including all participants that could potentially benefit from the platform, whereas the operational level's focus is to guarantee the relevance of the operations to the specific target audience in their operational activities. The operational side adds value to the established selection criteria by transferring precise requirements needed to find and attract specific target groups, which

contributes to the overall success of the targeting strategy. Therefore, their input in identifying needed selection criteria is crucial. For example, the operational interviewees highlight that a partner network must possess “*prominent people for the community*” (Platform interview). Finding suitable criteria to identify these people, will help to identify partners that have members whose contribution will lead to successful acquisition.

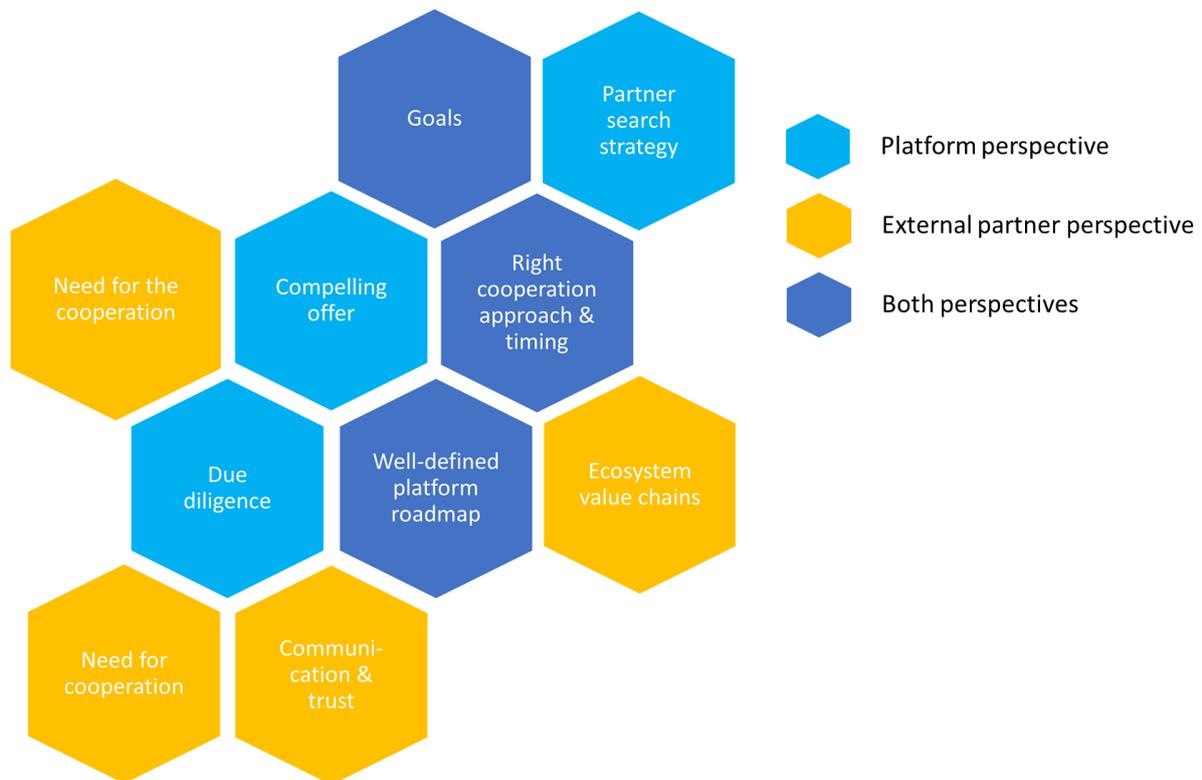
To understand the competitiveness of the external partner collaboration, the interviews highlight the importance of the following selection criterion: network’s size, sustainability and industry positioning. Size of the network is associated with understanding how many members the partners have in their networks. Depending on whether the focus is more strategic or operational, the number of audience, either demand or supply side of the platform, and industry partners are considered. Conducting critical numeric evaluation on the external partners is illustrated by the operational level as a necessary method to assess the network’s performance and competitiveness. The strategic level emphasizes the analysis of partner retention year by year as a key criterion representing the sustainability of the partner network. This together with “how the platform resonates in the industries” (Platform interview), referring to their position and performance in different industries, helps the platform to review the competitiveness of the network and to see how this develops in time. As noted in chapter 4.1, a partner with a good industry position and well-perceived brand image can help the platform to expand their network and increase positive visibility. Selecting a partner with such qualities can accelerate the acquisition and open doors to new opportunities.

Lastly, the motivation to work together with the partner and the availability of internal resources are identified as relevant selection criteria by the strategic level. Based on the data, these factors have an influence on the success of the partnership and must be considered when choosing the right partner. Two-sided motivation enables effective communications and mutual commitment towards the collaboration. Internal resources reflect to the commitment and time invested to the cooperation and influence the ability to sustain a good relationship between the platform and the external partner.

### **4.3 Key success factors in external collaboration**

This chapter answers the third research question: *What are the key success factors of external partner collaboration in acquiring initial participants to a multi-sided platform?* Ten themes emerged during the coding and are illustrated in *Figure 10*. The figure presents the key success factors from both, platform and external partner perspectives. Different colours are used to demonstrate the success factors acknowledged by the platform perspective (light blue),

external partner perspective (orange), and by both perspectives (dark blue). Detailed analysis of each theme follows the figure.



**Figure 10.** Key success factors of external partner cooperation

According to the external partner interviews, the platform must have a specific need for collaboration. Without a need the collaboration can be interpreted irrelevant, meaning that it does not contribute to the overall strategic objectives of the platform. Having a need contributes to the success of the partner collaboration in creating dependency between the parties, supporting mutual commitment as well as achieving the goals. Drivers that motivate multi-sided platforms to collaborate externally form potential needs for the collaboration, illustrating the obvious interlinkage to the first sub-research question (chapter 4.1). Evaluating the strategic benefits that the platform gains will help to understand the strategic necessity of each need. Finding and attracting participants to the multi-sided platform, is identified as the main need for external collaboration in this case study. This however, includes several smaller motives and benefits that are mentioned in chapter 4.1.

A key success factor identified by both platform and external partner perspectives, is the establishment of clear goals for the collaboration. The existing needs of the platform guide the goals that are formed together with the external partner. Both strategic and operational benefits gained from through partnering need to be considered, and a timeline for reaching the goals

defined. The external partner interviewees note, that the more transparent and well-defined the goals are, the better the collaboration parties can shape the planned activities to fulfil the expected goals. Later, measuring the performance of the external cooperation should be established via analysing whether the external partner is able to successfully achieve the goals and meet the needs of the platform.

An interesting insight illustrated by the interviews is the recognized gap between utilizing a structured approach and non-structured approach in finding a suitable external partner. Based on the interviews, the platform recognizes the theoretical recommendation of utilizing a structured partner selection process, including screening several partners. Yet, this is not implemented in practice, as learned also from the interviews. A more agile “trial and error” approach is applied to

*“...provoke accident and get in contact with as many people as possible instead of spending too much time on planning how things should happen.” (Platform interview)*

According to the interviews, the

*“worst thing that you can do is to think too much before acting. You will become the slave of the change. Go out, experiment and talk with people.” (Platform interview)*

Leveraging existing networks (for example employee networks) and participating in numerous events allows the platform to reach new potential contacts across various channels without extensive screening. It can be concluded that this approach enables the platform to stay agile and quickly prioritize the potential partner connections established via active networking in the market. Also, from the external partner perspective this is considered the right approach for an early stage platform as it is “a typical start-up strategy” (External partner interview). However, both perspectives agree that further development of the partnering approach is needed in the future to establish a structured strategy that does allow accidents to occur, but simultaneously enables the platform to avoid costly and unnecessary collaboration early on.

According to the data, even the existing need and suitable partnering strategy exists, the choice of a suitable partner is not evident. Platform interviews emphasize that the successful selection of an external partner is dependent on how well the value offering of the external partner matches the needs and expected gains of the multi-sided platform. An important success factor ensuring this match, is the platform’s internal evaluation of the partner, in line with the selection criteria mentioned in chapter 4.2. These criteria need to be applied to conduct

critical due diligence based on the requirements for the collaboration and the benefits that the platform aims to gain. Due diligence refers to the careful evaluation of the advantages and disadvantages of each potential partner (Solesvik & Westhead 2010). Reflecting these findings to the earlier note of following a “trial and error” approach that includes quick prioritization of new potential partners, it can be assumed that the due diligence needs to be conducted effectively and adapted to the fast-changing environment that the platform operates in.

To ensure successful collaboration, both platform and external partner perspectives agree that a right collaboration strategy must be defined. This can be established by conducting initial meetings and brainstorming to see how the external partner can assist the platform in fulfilling the need for collaboration and reaching the goals. Forming a successful cooperation strategy interlinks also to identifying the right timing for the collaboration that is in line with the platform’s technical roadmap and targeting strategy as mentioned in chapter 4.2. The platform interviews highlight for example, that some features might need to exist on the platform before bringing a specific customer segment or target group (e.g. lead users) on board. This guarantees a compelling offer with tangible benefits. Yet, one “cannot build a platform to the end before there are players on board” (Platform interview). Also, switching participation roles increases the complexity of platform’s segmentation and targeting strategies. Meaning that, the compelling offer that attracts and provides value to the participant on one day, might not work on the next. To succeed in providing a compelling offer for the participants without a fully ready platform, requires extremely well-defined platform roadmap that follows realistic development expectations and links to segmentation and targeting. This interlinkage is critical, to ensure that the participants attracted to a platform receive enough value to remain engaged after joining the platform.

Deviation is found on the data when it comes to the decision of whether to use a single or multi-sided targeting strategy in the initial stage of the platform’s development. Interviews emphasize that targeting diverse participant groups along the development of the platform is required but choosing the right targeting strategy (either simultaneous or narrow) depends on the timing and each development stage. A roadmap defines the platform’s development steps and answers which segments are needed to attract the other sides to the platform. Such roadmap can be either internally set by the platform or cooperatively analysed and formed with an external partner. In either case, a clear strategic approach needs to exist to further proceed on internal and external acquisition. This reflects also to the marketing communications. Analysis shows that acquiring participants to a platform requires clear communication of the value. This includes honest communication of platform’s publicly available features and actual stage of development to properly manage the participants’ expectations. Participants are

attracted by good branding and storytelling but keeping them engaged (retention) requires tangible benefits.

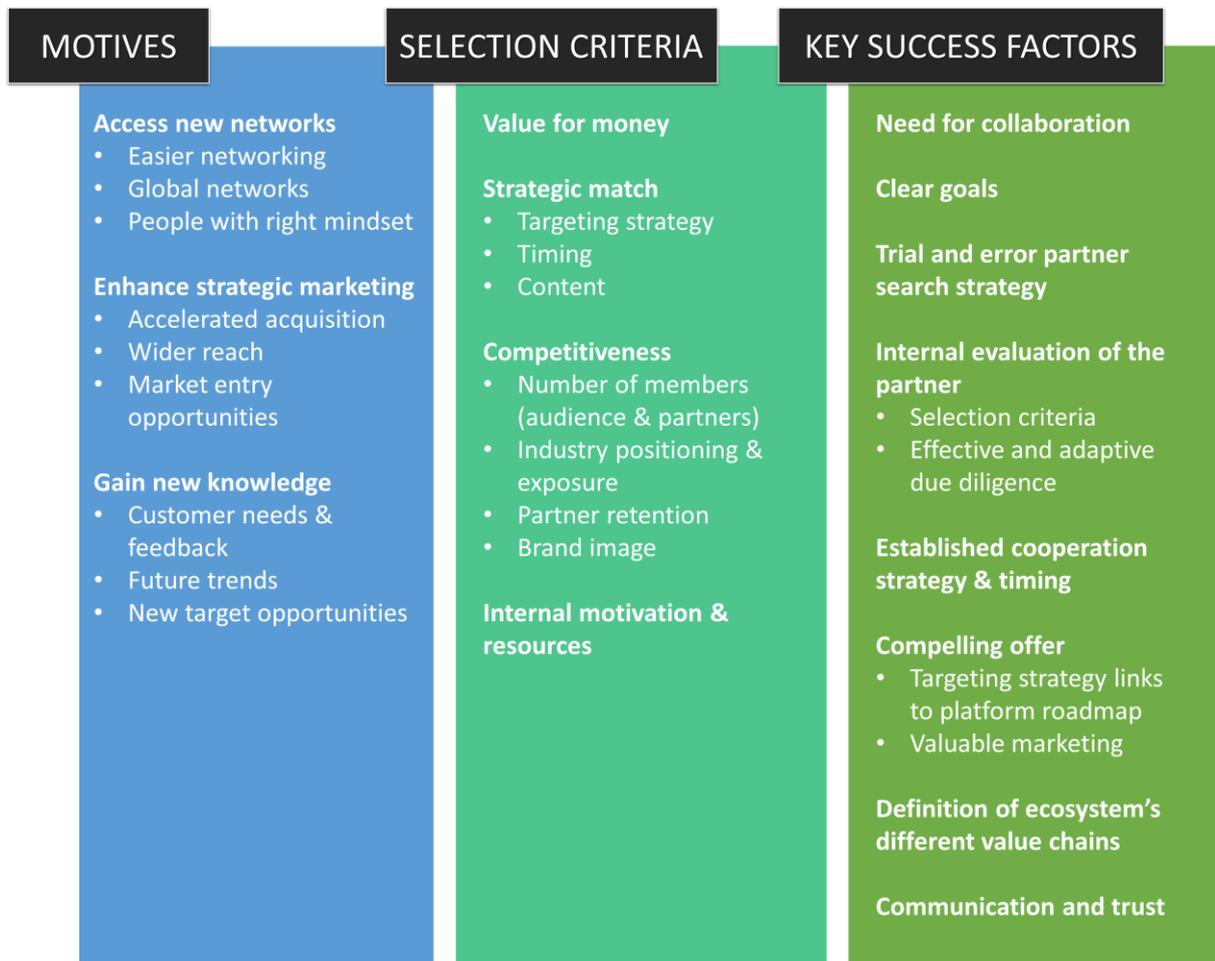
To ensure that all the sides of the platform receive the appropriate value and marketing, the external partner interviews emphasize the importance of defining the ecosystem's different value chains. These value chains are based on the individual needs and value perceptions of the platform's participants. The multi-sided platform has several groups of participants, implying that numerous value chains exist. The external partner interviews show that even the platform is building a large dedicated ecosystem to reach their ultimate strategic objective, several smaller ecosystems need to be considered on the way to onboard participants that make the platform also valuable for the other sides. Identifying the needs of the participants on each value chain and understanding how the chains link to each other and to the platform's overall roadmap, will help the platform to offer distinct value propositions to the different segments, target the relevant participants at the right time, and form feasible business strategies (Evans 2011; Osterwalder & Pigneur 2010).

An interesting gap was recognized in the data, when reviewing the external collaboration from the ecosystem perspective. The platform interviews did not link the external collaboration directly to building a platform-based ecosystem, even this was the internal focus of the platform's acquisition. This gap suggests that the studied external collaboration is not necessarily considered part of the platform ecosystem, nor as an external source of building an ecosystem, but more as an additional channel that boosts internal marketing activities and eases networking. Eventually such activities lead to feeding more participants to the platform's ecosystem.

The last key success factors identified from the data on the strategic level were communication and trust. Communication relates to two-sided communication between the partners that helps to clearly share objectives, target group specifics, potential opportunities and possible challenges. This ensures that the external partner collaboration leads to expected results. From the external partner perspective, the collaboration's success depends also on the trust between the people responsible for the partner relation on the strategic level. Both communication and trust, enable honest interaction and support commitment towards the collaboration.

The case study findings highlighted in chapters 4.1, 4.2 and 4.3 are brought together in *Figure 11* below. Based on the analysis, interconnections exist between the findings of each chapter, which indicates that the three research sub-questions can be combined in one framework that helps to answer the main research question. As suggested in theory, the motives (sub-RQ1)

influence the selection criteria (sub-RQ2), and the motives and selection criteria influence the key success factors for cooperating (sub-RQ3). *Figure 11* presents the empirical framework and provides an overview of the factors that 1) motivate the platform to collaborate externally (left), 2) form the suitable selection criteria to choose an external partner (center) and 3) ensure a successful collaboration between a platform and external partner (right).



**Figure 11.** Empirical framework for utilizing external partner collaboration

## 5 DISCUSSION AND CONCLUSIONS

Established companies are changing their business models to platforms by leveraging existing customer relationships and partner networks. Early stage start-ups however do not possess such initial networks, which is why collaborating with external partners that have access to valuable networks and ecosystems, supports the initial emergence of a multi-sided platform. The case study and theoretical findings deepen the understanding of this phenomenon. The purpose of the study was to build an exploratory framework that answers the main research question: *How to establish and run collaboration with an external partner to acquire initial participants in a multi-sided platform?* In this chapter the empirical findings are briefly summarized, and conclusions are drawn to add value to the multi-sided platform context as intended. The findings are reflected to the chosen theoretical framework, to review whether the framework is applicable or needs modification. Additional recommendations to improve the framework are made based on theoretical insights. Chapter 5.1 discusses the theoretical contributions and analyses the applicability of the used framework in detail. Practical implications and overview of the exploratory framework for multi-sided platforms to use, are defined in chapter 5.1. Lastly, the limitations and future research directions are explained in chapter 5.2.

The empirical research shows that main motives that drive a multi-sided platform to collaborate externally are access to new networks and ability to gain additional knowledge and enhance the current strategic marketing. A platform gains access to global networks including potential participants with the right attitude to openly engage on an early stage platform. Acquiring people with the right attitude to innovate and explore the platform, will also help to ultimately attract other sides on board via word-of-mouth and positive reference marketing. The findings do not frankly support the resource-based view in terms of forming a collaboration to compensate for the absence of needed resources (Das et al. 2000). Indeed, the platform is looking for participants (resources) that do not exist on the platform yet, but the participant acquisition can also be conducted completely internally. Meaning that the motive for partnering is not mainly the absence of resources, it is more based on entrepreneurship theory's perspective on start-ups lacking time to internally develop the required resources to stay competitive in uncertain and changing markets (Hooley et al. 2008). Indicating that the external collaboration's core value is the ability to accelerate and ease the acquisition process.

Also, transaction cost theory highlights the possibility to gain limited resources faster through alliances (Hennart 1988; Kogut, 1988). However, the main motive recognized by transaction cost theory, aim to minimize costs, did not arise from the empirical findings. In fact, concerns

towards transaction cost theory's applicability evolved as the theoretical framework showed strong criticism towards the theory's ability to balance value with cost efficiency (Barringer & Harrison 2000). The findings do discuss the importance of getting value for money as one of the key selection criteria to consider when choosing an external partner. Investing in the external collaboration is expected to bring added value to the platform's acquisition process. However, this does not indicate that the choices are purely based on minimizing cost as suggested by transaction cost theory (Hennart 1988; Kogut, 1988). Prioritizing cost minimization higher than the actual value in short-term strategic decisions, can be a risky approach especially when a platform needs to guarantee quality early on and aims for building long-term relationships with the participants. From a relationship marketing perspective, building long-term relationships might need additional investments and is not always the cheapest option in the initial stage. However, this becomes more cost effective in time because the trust and engagement boost retention, enabling the formation of a valuable and sustainable multi-sided platform.

Leveraging existing relationships built by external partner, eases platform's initial networking and accelerates the acquisition process. One might not only purchase access to new acquisition channels but also cooperatively develop communities and ecosystems together with established industry partners. This can help to rapidly acquire the potential group of participants needed to ground the platform and sustain the market position in the emerging networked world. As learned from the theoretical framework, the competitive scene is changing towards networked competition where rivalry exists between collaborative relationships and business ecosystems instead of individual firms (Thierry & Lescop 2013; Koza & Lewing 2000).

The platform's core competencies include pulling people to the platform, facilitating the interactions and connecting the participants with each other (matchmaking) (Choudary 2015). External collaboration enables the platform to include unique capabilities in its strategic acquisition as illustrated by the resource-based view (Bierly III & Gallagher 2007). A platform enhances its visibility through complementary channels and marketing support added to its established marketing strategy. This leads to a wider initial reach across industries. Based on the empirical and theoretical findings, utilizing an external partner in the acquisition does not only help to improve the current marketing activities, but also to navigate across markets and industries to identify new opportunities among them. This search for new innovative opportunities beyond the organizational boundaries links theoretically to the open innovation context introduced by Chesbrough (2003). To successfully acquire external boost for the existing business model, the platform must first clearly define the core competences that are

conducted internally and recognize how external sources of acquisition link and add value to them.

External partner's industry experience allows a platform to obtain significant real-time knowledge to better analyse customer needs, detect new target potential and recognize future trends. The platform can adapt their acquisition strategy to changing customer needs and seize emerging opportunities faster, as supported by the theoretical framework. Adapting to changing markets and acting fast on the appearing windows of opportunities, provides extensive competitive advantage in today's business world. Via external partner, the platform can get valuable real-time understanding of a market and build more solid market entry strategies, increasing the chance for rapid expansion. Relationship marketing theory supports the view that collaboration helps platforms to minimize risks in uncertain market environments and enter markets through collaborative relationships (Hollensen 2011). Insights on the market and its existing players improve the platform's ability to spot different market characteristics and position itself among the competition. Also, having a well-recognized industry partners in the network, can enhance platform's marketing activities, associated with the fact that well-perceived brand image and industry position add value to marketing and sales.

To conclude, both exploitative and explorative motives are found when researching the first sub-research question: *what motivates multi-sided platforms to collaborate externally in acquiring initial participants to a multi-sided platform?* Accessing complementary channels, obtaining marketing support and leveraging existing networks improve the current acquisition approach and add complementary skills to it, referring to exploitative motives. New opportunities that evolve through easier networking, achieved industry experience and real-time market knowledge represent exploratory motives that allow the platform to form prospective strategies to stay competitive and expand operations in turbulent market environment. (Koza & Lewin (2000.)

As demonstrated, relationship marketing theory supports the identification of multi-sided platform's motives for external collaboration more than transaction cost theory or the resource-based view. When it comes to the selection criteria or key success factors (second and third sub-research question) of external collaboration, the empirical findings were strongly supported by the relationship marketing and resource-based view. Again, transaction cost theory proves little relevance. First, this indicates that even a multi-sided platform presents a very unique research context, relationship marketing theory and resource-based view help to understand the context better and improve the academic contributions across different perspectives. Transaction cost theory is not recommended for future research as it provides a too narrow understanding of the value and required collaboration to succeed in the multi-sided

platform context. Value for money, strategic match, competitiveness of the collaboration, and internal motivation and resources were the main factors found to answer the second sub-research question: *what selection criteria should a multi-sided platform use to find an external partner?*

Both strategic and operational representatives of the platform emphasize the importance of finding a partner that leads to value for money. Meaning that the collaboration results in a valuable outcome compared to the investment made. This can be for example accelerating existing operations or identifying and seizing new opportunities. The value depends on the individual motives for partnering and expected gains that match the platform's overall strategic objectives, as supported by the theoretical framework (Koza & Lewin 2000). A multi-sided platform must understand its internal ecosystems' different value chains to form a successful targeting strategy. Each participant group presents specific needs and time frames that contribute to the overall acquisition strategy. To ensure successful collaboration that has strategic relevance, a clear strategic need linked to the overall acquisition strategy needs to exist for partnering. Supported by the relationship marketing theory and resource-based view, the need defines the goals for collaboration that help to clarify what is expected from the collaboration. The more well-defined and transparent the goals are, the better chances the collaboration has to achieve those. To measure the success of the external collaboration, a platform must evaluate the partner's performance and the knowledge and opportunities gained (Koza & Lewin 2000).

Both empirical data and theoretical findings prove that early stage platforms, aiming to serve multiple participant sides, often face a "chicken and egg" problem that complicates initial acquisition. This problem refers to the common statement of who comes first, the chicken or the egg. In the platform context it demonstrates the difficult strategic decision related to which participants group should be acquired first. Platform's value is built when participants interact with each other on the platform, indicating that one can build and exchange value only when the other sides of the platform are also on board. According to the study, the question "who to acquire" differs depending on the platform's business model and can be answered by looking at platform's technical development steps. Targeting strategy needs to be built based on customer needs and available value that is accessible at each point in time. External partner collaboration helps the platform to discover how industries are built and identify the specific needs of each potential participant. In addition, it eases and speeds the acquisition leading to a faster time frame for overcoming the "chicken and egg" problem.

A partner that matches the multi-sided platform's targeting strategy in terms of target groups, timing and content must be selected. Because platform's quality depends on the skills and

competences of onboarded participants, one must ensure that the external collaboration generates leads that are valuable for the platform at a specific time. Empirical findings show that finding a partner that fits strategically with the platform's development and accessible value is of high importance. To ensure the satisfaction and retention of the participants, the strategic acquisition needs to closely interlink with platform's roadmap which defines the technical development steps. This guarantees that a compelling offer with tangible benefits exists for the acquired participants as they join a platform. The theoretical framework supports the selection of an external partner based on a strategic match.

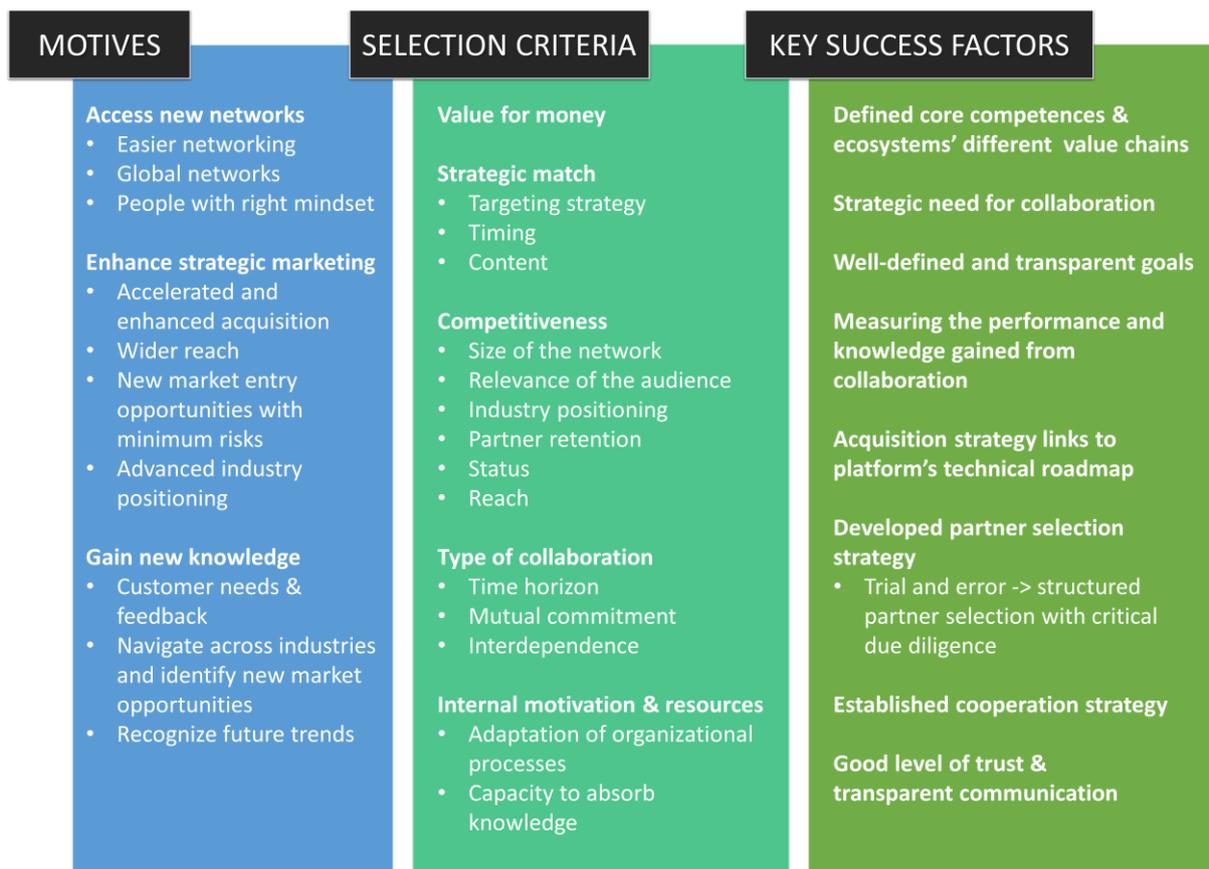
Partners' network must be evaluated based on the audiences' relevance. One must look for a partner who operates in a related field and whose content matches the interest of the platforms' target audiences. Instead of focusing on the selection criteria such as lower acquisition costs or financial health of the partner as suggested by transaction cost theory, analysing the partner networks' competitiveness referring to the size, sustainability and industry positioning were emphasized in the empirical findings (Bierly III & Gallagher 2007; Kogut 1988; Dacin et al. 1997). The platform needs to understand how many members the partner has in its network, and do these members contribute to the supply or demand side of a multi-sided platform or are potential industry partners. The partner retention rate and industry position of the external partner help the multi-sided platform to see how a network develops in time and whether it is perceived attractive in different industries. The theoretical framework supports the network's size and status as key selection criteria and adds value to the framework by highlighting the importance of networks' reach as a key criterion. Based on the relationship marketing theory and resource-based view, analysing the reach allows the platform to see whether the partner operates in a single industry or across several potential industries (Dacin et al. 1997, Hooley et al. 2008).

The multi-sided platform's search for external partners resembles a "trial and error" approach in the early development stage. The theoretical framework both supports and disagrees with this approach. It allows the platform to stay agile and seize emerging opportunities fast without wasting time on extensive prioritization but increases the risk of choosing a wrong partner as demonstrated by the theoretical framework. In long-term such strategy can become risky, and more critical due diligence is needed. Based on the empirical and theoretical findings, the initial trial and error approach must be further developed to a more structured partner selection strategy as the platform evolves. This guarantees successful and value-adding external collaboration. Because the empirical findings show a need for further improving the implemented approach, the selection criteria supported by the theoretical findings are included in the exploratory framework: time horizon, interorganizational commitment and dependency.

The platform must consider whether to establish a long or short-term collaboration (time horizon) and how committed and dependent the collaboration is in nature. This helps to define and form the appropriate types of external collaboration. Planning the collaboration in advance allows the platform to avoid lack of internal resources or organizational capabilities that might be needed to successfully manage the collaboration. After finding the right partner, a collaboration strategy that fits the motives, strategic need and timing, needs to be established. No specific collaboration type was yet identified due to the early stage of the external collaboration. Some indications point towards transaction-based partnerships that boost the internal marketing efforts and does not directly link to the platform's large ecosystem. But this topic needs to be further studied as the collaboration evolves.

The empirical findings highlight that the availability of internal resources and motivation to work with a partner have an impact on the collaboration. This together with the ability to adapt organizational processes and absorb knowledge is emphasized in the theoretical framework as a key selection criterion to consider when choosing a partner that fits the internal capabilities of the platform. Both the platform and external partner need to ensure that no internal restrictions exist for establishing a valuable collaboration. Also, the success of the collaboration is dependent on the level of trust between the multi-sided platform and the external partner. Trust is supported by the theoretical framework, together with the mutual commitment towards the collaboration, that enables transparent communication and knowledge sharing. To conclude, the *key success factors of external partner collaboration in acquiring initial participants to a multi-sided platform* (third sub-research question) are: defining core competences, building overall acquisition strategy based on the ecosystems' different value chains and platform's development steps, having a need for partnering and collaboration goals, measuring the collaboration's performance and gained opportunities, forming a compelling offer with tangible benefits (timing), conducting critical due diligence, following a structured partnering strategy, establishing a collaboration strategy, trust and honest communication and focusing on participant retention.

Based on the empirical case study findings that were reflected to the chosen theories, the following exploratory framework, presented in *Figure 12* is built. It illustrates the main motives, selection criteria and key success factors found to answer the main research question: *How to establish and run collaboration with an external partner to acquire initial participants in a multi-sided platform?*



**Figure 12.** Exploratory framework for external collaboration

## 5.1 Theoretical contributions and practical implications

A common issue faced by the business and management researchers is the “trade-off between rigour and relevance” (Myers 2013, 12). For research to be rigour, it needs to meet the scientific standards, such as validity and reliability mentioned in chapter 3.4, have theoretical contribution and be subject to peer review. Relevant research on the other hand, is of immediate value to business professionals. (Myers 2013.) To balance the trade-off, this chapter highlights the theoretical contributions and practical implications of the study.

First, the study adds knowledge to the existing theory on strategic alliances. It brings the theoretical concept into a new context, multi-sided platforms, and explores whether the main theories behind strategic alliances: relationship marketing theory, transaction cost theory and resource-based view apply also in the multi-sided platform context. Based on the empirical findings, relationship marketing theory and resource-based view show the most potential for future research. Relationship marketing theory proves applicable based on the close interlinkage to collaborative relationships and networks as a source of competitive advantage. The importance of building successful relationships and focusing on customer retention in

establishing value is highlighted, which links directly to the specific characteristics of multi-sided platforms. Resource-based view was found especially suitable when evaluating the partners' competences and matching the external collaboration's offering with the platform's needs to ensure successful collaboration. The motives that drive platforms towards collaboration were stronger linked to the relationship marketing theory than to transaction cost theory and resource-based view. Especially transaction cost theory shows little potential to increase the knowledge of multi-sided platform literature in the future because it forces the platform to compromise on building valuable relationships in front of cost minimization. In the multi-sided platform context where the value is created only when a platform can build long-term relationships with participants and successfully engage them in active participation, such compromise can hinder the platform from achieving long-term success. Even the theoretical framework refers to the partner selection criteria from different viewpoints, they contribute in building a comprehensive understanding of the needed key factors to successfully form external collaboration to find and attract initial participants to a multi-sided platform. Despite, the unique research context, the relationship marketing theory and resource-based view support the selection criteria and key success factors identified from the empirical research.

Second, the research contributes to the future development of multi-sided platform literature, or any platform-based business model literature, from a business perspective. It enhances the understanding on how early stage platforms emerge without existing customer networks and expands the literature in how platforms properly establish and run the external collaboration. New potential theoretical directions that contribute to the future development of the multi-sided platform literature were recognized during the research. The early development stage of the platform and the typical start-up strategies applied (e.g. "trial and error" approach in partner selection) demonstrates strong interlinkage to entrepreneurship theory. The motives for external collaboration were based on entrepreneurship theory's perspective of start-ups collaborating with industry partners to compensate for the lack of time in developing resources internally, instead of the studied theoretical framework's suggestions.

On one hand, the multi-sided platform's specific nature in participant acquisition links strongly to the ecosystem-based view due to the networked business model that includes several ecosystems. According to Moore (1993) this view is ideal for understanding the changes and cooperative dynamics in today's business world. Researchers have just recently started to discover the role of platforms in ecosystems (Thierry & Lescop 2013). Exploring the role of ecosystems in marketing and building a platform from scratch helps to improve the future theories on platforms. On the other hand, as identified in the empirical findings, leveraging the partner's resources refers to channel management theory, where a more transactional relation

is established between the multi-sided platform and the external partner. However, as the business world is constantly changing towards a more networked business arena and transactional relationships too need to interlink to the collaborative business environment, the business ecosystem literature is considered more relevant for future research (Thierry & Lescop 2013; Koza & Lewing 2000). Lastly, the insights related to extensive learning opportunities and knowledge sharing that were supported both by empirical and theoretical findings, show potential for organizational learning theory as one path to enhance the exploratory framework and increase its value.

From a practical perspective, the study enables multi-sided platform managers to understand and evaluate the potential of external collaboration as an additional source of initial participant acquisition. The results presented in *Figure 12* aid the platform practitioners to successfully implement external collaboration and gain access to new networks, enhance the existing strategic approach and obtain competitive knowledge. The framework helps platforms to focus on the important criteria needed to establish and run the external partner collaboration. The report provides a deeper understanding of the multi-side platform business model which helps both early stage platforms and external partners to recognize the characteristics that define and guide the acquisition process and collaboration in this context.

## **5.2 Limitations and future research**

Cravens and Piercy (1994) note that specific dimensions like network members, market structure or the extent of collaboration vary across each network. This implies that every individual platform-based ecosystem is unique. Each platform operates in different markets/industries and targets a precise set of participant segments. This makes it difficult to derive generic results of the multi-sided platform's specific motives, selection criteria or success factors. Depending on the specific needs for partnering, the external collaboration can take different forms and include a variety of characteristics that might not be as relevant in another type of collaboration. The cross-sectional time horizon prevented the research from studying more than one relationship between two case companies. This limits the amount of data and comparability across industries, which would further enrich the research findings. The chosen approach was appropriate as the aim of the study was not to generalize from a sample to a population, but to initiate the exploration of the studied phenomenon. However, to further increase the value of the exploratory framework in the multi-sided platform context, more research needs to be established with a variety of cases. A more flexible research time horizon can be implemented in a multiple case study design to strengthen the theoretical contribution of the framework. In addition, external partners with different business models should be studied to further explore the types of external collaboration forms that can occur.

As noted in chapter 4.3, the early development stage of the platform can influence the data and findings. Differences might occur when implementing the findings across platforms in different development stages as some of the arguments are based on hypothetical insights rather than tested actions. To understand whether the exact development stage of a platform affects the exploratory framework, future research should compare the framework's applicability across different development stages.

Because the research was purely focused on studying the phenomenon from a business perspective, no detailed exploration was implemented to the potential selection criteria or key success factors that might arise from the technical side of multi-sided platform's business model. However, as the research proved strong interconnection between the acquisition strategy and technical development of the platform, future studies combining these two aspects are recommended. Linking marketing and research & development (R&D) will enable the researcher to discover more accurately the concrete value of the platform and how this should be communicated.

## 6 LIST OF REFERENCES

- Achrol, R.S. (1997). Changes in the Theory of Interorganizational Relations in Marketing: Toward a Network Paradigm. *Journal of Academy of Marketing Science*, Vol. 25, No. 1, pp. 56-71.
- Ali K. Al-Khalifa, S. Eggert Peterson, (1999). The partner selection process in international joint ventures. *European Journal of Marketing*, Vol. 33 No. 11/12, pp.1064-1081.
- Barringer, B.R. & Harrison, J.S. (2000). Walking a tightrope: Creating Value Through Interorganizational Relationships. *Journal of Management*, Vol. 26, No. 3, pp. 367-403.
- Bierly III, P. & Gallagher, S. (2007). Explaining Alliance Partner Selection: Fit, Trust and Strategic Expediency. *Long Range Planning* 40, pp. 134-153.
- Boudreau, K. J., & Andrei H. (2009). Platform Rules: Multi-Sided Platforms As Regulators. In *Platforms, Markets and Innovation*, edited by Annabelle Gawer. Cheltenham, UK: Edward Elgar Publishing.
- Bryman, A. & Bell, E. (2015). *Business Research Methods*. 4th edition. Oxford University Press. Oxford, United Kingdom.
- Buffington, B.I. and Frabelli, K.F., (1991). Acquisitions and alliances in the communications industry. *Handbook of Business Strategy*, 3rd ed., Warren Gorham and Lamont, New York, NY.
- Boudreau, K., (2010). Open platform strategies and innovation: Granting access vs. devolving control. *Management Science*, Vol. 56, No. 10, pp.1849-1872.
- Caillaud, B. & Jullien, B. (2003). Chicken & egg: competition among intermediation service providers. *RAND Journal of Economics* Vol. 34, No.2, pp. 309-328
- Chen, D., & Karami, A. (2010). Critical success factors for inter-firm technological cooperation: An empirical study of high-tech SMEs in China. *International Journal of Technology Management*, Vol. 51, No. 2, pp. 282–299.
- Christopher, M., Payne, A. & Ballantyne, D. (2002). *Relationship marketing: Creating Stakeholder Value*. Butterworth-Heinemann, Woburn MA.
- Chesbrough, H. W. (2003). *Open innovation: The new imperative for creating and profiting from technology*. Boston, Mass: Harvard Business School Press.

Choudary, S.P. (2015). Platform Scale: How a new breed of startups is building large empires with minimum investment. Platform Thinking Labs Pte. Ltd.

Cravens D.W. & Piercy, N.F. (1994). Relationship Marketing and Collaborative Networks in Service Organizations. *International Journal of Service Industry Management*, Vol. 5. No. 5, pp. 39-53.

Dacin, M. T., Hitt M. A. & Levitas E. (1997). Selecting Partners for Successful International Alliances: Examination of U.S. and Korean Firms. *Journal of World Business*, Vol. 32, No. 1, pp. 3-16.

Das, T. K. & Teng B-S. (2000). A Resource-Based Theory of Strategic Alliances. *Journal of Management*. Vol. 26, No. 1, pp. 31-61.

Dong, L. & Glaister, K. W. (2006). Motives and partner selection criteria in international strategic alliances: Perspectives of Chinese firms. *International Business Review*, Vol. 15, pp. 577-600.

Duisters, D., Duysters, G. and de Man, A-P. (2011). The partner selection process: steps, effectiveness, governance. *International Journal of Strategic Business Alliances*, Vol. 2, No. 1/2, pp. 7–25.

Emerson, R.M. (1962). Power-Dependence Relations. *American Sociological Review*, Vol. 27, No. 1, pp. 31-41.

Evans, D.S. (2011) How Catalysts Ignite: The Economics of Platform-based Start-Ups. *Platform-economics: Essays on Multi-Sided Businesses*, David S. Evans, ed., Competition Policy International. Available at SSRN <https://ssrn.com/abstract=1974020>

Gawer, A. and Cusumano, M.A., (2014). Industry platforms and ecosystem innovation. *Journal of Product Innovation Management*, Vol 31, No. 3, pp. 417-433.

Geringer, J. M. (1991). Strategic Determinants of Partner Selection Criteria in International Joint Ventures. *Journal of International Business Studies*, Vol. 22, No. 1, pp. 41-62.

Gulati, R., (1998). Alliances and networks. *Strategic management journal*, Vol. 19, No. 4, pp. 293-317.

Hagiu, A. (2014). Strategic Decisions for Multisided Platforms. *MIT Sloan Management Review*, Vol. 55, pp. 71-80.

Hagel III J. and Singer, M., (1999). Unbundling the corporation. *Harvard Business Review*, Vo. 77, No. 2, pp. 133-41.

Hennart, J.-F. (1988). A transaction cost theory of equity joint ventures. *Strategic Management Journal*, Vol. 9, No. 4, pp. 361–374.

Hirsjärvi, S. & Hurme H. (2000) *Tutkimushaastattelu: Teemahaastattelun teoria ja käytäntö*. Helsinki, Yliopistopaino.

Hirsjärvi, S., Remes, P. & Sajavaara, P. (2009) *Tutki ja kirjoita*. 15th ed. Kariston Kirjapaino Oy, Hämeenlinna.

Hitt, M.A., Levitas, E., Arregle J.-L. & Borza, A. (2000). Partner selection in emerging and developed market contexts: Resource-based and organizational learning perspectives. *Academy of Management Journal*, Vol. 43, No. 3, pp. 449-467.

Hollensen, S. (2011). *Global Marketing: A decision-oriented approach*. 5<sup>th</sup> edition. Pearson education Limited, England.

Hooley, G., Piercy, N.F. & Nicoulaud, B. (2008). *Marketing Strategy and Competitive Positioning*. 4th edition. Pearson Education Limited, England.

Kogut, B. (1988). Joint ventures: Theoretical and empirical perspectives. *Strategic Management Journal*, Vol. 9, pp. 319–332.

Koza, M. & Lewin, A. (2000). Managing Partnerships and Strategic Alliances: Raising the Odds of Success. *European Management Journal* Vol. 18, No. 2, pp. 146-151.

Lambe, C. J., Spekman, R. E. & Hunt, S. D. (2002). Alliance Competence, Resources, and Alliance Success: Conceptualization, Measurement and Initial Test. *Journal of the Academy of Marketing Science*. Vol. 30, No. 2, pp. 141-158.

Larson, A. (1991). Partner Networks: Leveraging external ties to improve entrepreneurial performance. *Journal of Business Venturing* Vol. 6, pp. 173-188.

Magnusson, O. & Sylvén, L. (2017). *Strategies and Tactics for Initial User Acquisition to Multi-sided Platforms: A comparative case study in a context of geographical expansion*. Master Thesis. Department of Technology Management and Economics, Division of Industrial Engineering and Managements. Chalmers University of Technology. Gothenburg, Sweden.

Marshall, W., Van Alstyne, Parker, G. G. & Choudary, S. P. (2016). [www] Pipelines, Platforms and the New Rules of Strategy. Harvard Business Review. Accessed 18 October 2018. Available at <https://hbr.org/2016/04/pipelines-platforms-and-the-new-rules-of-strategy>

McAuley, A. (2001). International Marketing. John Wiley & Sons. LTD New York.

Mohr, J. J., Sengupta, S. & Slater, S. (2010). Marketing of high-technology products and innovations. 3<sup>rd</sup> edition. Pearson Education, Inc. New Jersey.

Moore, J.F. (1993). Predators and prey: a new ecology of competition. Harvard Business Review Vol. 71, No. 3, pp. 75-83.

Myers, M. D. (2013). Qualitative Research in Business & Management. 2nd edition. SAGE Publications Ltd. London.

Osterwalder, A. & Pigneur (2010). Business Model Generation. John Wiley & Sons, Inc., Hoboken, New Jersey.

Parker, G.G., Van Alstyne, M. & Choudary, S.P. (2016). Platform Revolution: How Networked Markets Are Transforming the Economy--and How to Make Them Work for You. W.W. Norton & Company Ltd. London.

Rochet, J.C. and Tirole, J., (2003). Platform competition in two-sided markets. Journal of the European Economic Association, Vol. 1, No. 4, pp. 990-1029.

Saunders, M., Lewis, P. & Thornhill, A. (2009). Research methods for business students. 5th ed., FT Prentice Hall.

Solesvik, M. Z. & Westhead, P. (2010). Partner selection for strategic alliances: case study insights from the maritime industry. Industrial Management & Data Systems, Vol. 110, No. 6, pp. 841-860.

Thierry, I. & Lescop, D. (2013). Understanding Business Ecosystems: How firms succeed in the new world of convergence (Forthcoming), Chapter: Platform-based ecosystems: Leveraging Network-Centric Innovation, De Boeck.

Yin, R. K. (2003). Case study research: Design and methods. Thousand Oaks, Calif: Sage Publications.

## 7 APPENDICES

### Appendix 1. Different interview types

Interview type	Description
Structured interview	Regulated interview process that is carefully planned and repeats from one interview to another (standardized). Questions are predefined, and order set to guarantee consistency across multiple interviews. Sometimes also time is specified. (Myers 2013.) Often utilized in quantitative research (Bryman et al. 2015).
Semi-structured interview	Interview type that combines the structured and unstructured interviews' characteristics. Some interview questions are predefined, but new emerging questions and topics are also encouraged which makes the process rather flexible. (Myers 2013.)
Unstructured interview	Interview process where no (or just a few) questions are preformulated and the process resembles more a conversation where one can answer freely according to their own preference. The interviewer uses the points of conversations as his follow-up questions if necessary. Time constrains do not exist and so to say, and no time or consistency. (Myers 2013; Bryman et al 2015.)