Universidade Federal de Pernambuco
Centro de Informática

Computer Science Graduation

Platform Business Transition: from Product to Ecosystem

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INTRODUCTION

In October of 2008, Nathan Blecharczyk, Brian Chesky and Joe Gebbia designed a website that would allow anyone, anywhere, to make a spare sofa or guest room available to travelers. In exchange, the company—now dubbed Air Bed & Breakfast (Airbnb)—would simple take a slice of the rental fee.

Today, Airbnb is a giant enterprise active in 119 countries, where it lists over 500,000 properties ranging from studio apartments to actual castles and has served over ten million guests. In its last round of investment funding (April 2014), the company was valued at more than $10 billion—a level surpassed by only a handful of the world’s greatest hotel chains. In less than a decade, Airbnb has siphoned off a growing segment of customers from the traditional hospitality industry—all without owning a single hotel room of its own.

How can a major business segment be invaded and conquered in a matter of months by an upstart with none of the resources traditionally deemed essential for survival, let alone market dominance? And why is this happening today in one industry after another?

The answer is the power of the platform—a new business model that uses technology to connect people, organizations, and resources in an interactive ecosystem in which amazing amounts of value can be created and exchanged. Airbnb, Uber, Alibaba, and Facebook are just four examples from a list of disruptive platforms that includes Amazon, YouTube, eBay, Wikipedia, iPhone, Upwork, Twitter, KAYAK, Instagram, Pinterest, and dozens more. Each is unique and focused on a distinctive industry and market. And each has harnessed the power of the platform to transform a swath of the global economy. Many more comparable transformations are on the horizon [1].

Present in more than 400 cities and more than 70 countries, Uber foresees a $120 billion evaluation for 2019—more than the evaluations of Ford, General Motors and Fiat together, some of the most successful brands in the world. All without owning a single car of its own. And today, at least 20% of its rides over the entire world are coming from UberPOOL, an alternate service released by the company years later to complement the traditional UberX.

Just as Uber, new products and services are emerging everyday on platform companies. Airbnb has evolved to selling not only rooms, but also experiences. Apple has an suite of products and services that overlaps and Facebook is managing to create a living ecosystem of apps.

A range of companies are now interested in establishing its own ecosystems seeking the many advantages that comes with this approach. Soaring innovation and attractivity to new users as consequence, reduced time to market, an increase in business opportunities and collaboration between ecosystem actors [2]. And while some companies design their ecosystems from scratch, it’s much more common companies emerge ecosystems from existing products because that allows the company to enhance the values of its core services through continuous integration with new and external products and services.

As the examples of Airbnb and Uber both demonstrate, the successful introduction of ecosystems can rapidly undermine apparently unassailable positions in seemingly matured and settled industries. With the continuous diffusion of ICT technologies across industry sectors and the associated spread in the use of ‘platform strategies’, managerial attention is increasingly focusing on ‘business ecosystems’ or ‘innovation ecosystems’. Reflecting this uptake in managerial attention, research attention also seems to be increasing.
GOALS

Thus far, most of the ecosystem literature has focused on understanding the structure and dynamics of already existing innovation ecosystems, with research attention focused on issues such as value co-creation and value appropriation in ecosystem contexts. Much less attention has been attached to the creation of ecosystems, however [3]. Although the early ecosystem literature proposes a four stage model of an ecosystem lifecycle [4] and more recently [5] suggests an evolutionary typology of platform leadership, neither specifically examines the processes underlying ecosystem emergence. Two literatures appear to offer useful insight to address this issue. The industrial economics literature offers insights into participant adoption strategies in multi-sided market contexts, and the alliance formation literature offers insights into the social context of prior alliances and interdependence.

However, although these literatures provide valuable insight, they do not specifically consider the creation processes of ecosystems. The lack of research on ecosystem emergence represents an important gap, given that many organizations, particularly in ICT sectors, today explicitly seek to create ecosystems and drive these to their advantage. As value creation processes become increasingly intertwined in today’s highly specialized industrial landscape, it is important to start considering how ecosystems are created in the first place, what activities and dynamics characterize ecosystem emergence and evolution, and under which conditions could ecosystem innovators stand a realistic prospect of achieving success [6].

The goal of this work is to conduct a case study with a Brazilian software company—In Loco—that fits platform profile and is building a living ecosystem on the last few years. It aims on understanding how organizational, strategic or technological traits influence the emergence of new products and can originate a broader platform to foment innovation and collaboration with many companies and actors in the ecosystem. By the end of the study, we hope to:

- Have a better understanding of ecosystem emergence key contributors
- Gather insights on how to classify in which phase of ecosystem growth a company is found to be
- Know which technological, strategic and business decisions are key to take a company ecosystem to the next level

Investigating In Loco’s path and perspective of decisions that led to positive, as well as negative growth will help researchers have a more clear vision of the process of ecosystem creation and ultimately contribute to build a comprehensive framework on how to grow a successful software ecosystem.
**SCHEDULE**

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- **Literature Revision**: we should gather enough information to have context about the area of study. Reading books and articles will help getting the pace quickly.

- **Case Study - Data Collection**: on the earlier phases it should happen simultaneously with literature revision. The goal at first is to define which will be the focus of the case study. Reading literature will help creating associations with In Loco’s environment and understand what data we should plan to collect, what kind of interviews conduct and get to know which question should be asked. When everything is set up, we should start executing the data collection phase.

- **Data Analysis**: with data in hand, it will be time to make sense of it. We should reserve at least a month to organize all interview responses and think about the most relevant topics and discoveries found through the process.

- **Writing Monograph**: we should be able to start writing the main article after just a few weeks of data analysis, and conduct both in parallel.

- **Lecture**: final preparations for the presentation will be arranged on the last weeks of June.
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POSSIBLE EVALUATORS

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REFERÊNCIAS BIBLIOGRÁFICAS


