

Information Age Economy

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Florian Steiner

Formation and Early Growth of Business Webs

Modular Product Systems
in Network Markets

With 29 Figures
and 5 Tables

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Preface

These days, emergence and functioning of networks of organisations are among the most exciting research subjects in MIS and organisation theory. Networked value added systems consisting of multiple, principally independent economic actors are a characteristic of the Information Age Economy. They allow for efficiency of each unit specialising on certain components or services and exploiting economies of scale by serving a global market. At the same time collaboration of such networked organizations enables highly flexible development, production, and delivery of bundled products and services according to technological progress and customers' demand.

Florian Steiner's book addresses a specific form of networks which is of even greater importance to ICT-driven industries and markets: business webs. This mode of inter-organisational coordination is especially suited for markets with network effects (product systems and communication products). With an entrepreneur offering a dominant design or standard in its center (so called shaper) and a multitude of organisations providing complementary products to that center (so called adapters), a business web increases its value through positive feed back loops. These are created by new entry of customers adopting the network's services which increases the attraction of the business web for adapters which again increases the attraction of the web to customers etc. At the same time, a business web not only consists of cooperative partners, but also of competitors, especially among adapters. Thus, a business web unfolds co-opetition.

This book explores in an innovative way the coming into existence of business webs, i.e. the formation and growth of such inter-firm organisations. It combines theoretical analysis, in-depth case studies, and creation of an explanatory framework. The overview of relevant theories is a very informative exercise for all who are interested in learning about instruments for analysing network industries and modular organisations. Furthermore, Florian Steiner presents a couple of very interesting, real cases of business webs. Thus, based on his systematic study, he gains inspiring insights. Finally, he develops a new and stimulating framework which will improve the explanation and the management of business webs.

I hope that this book will be well accepted in the community of interested researchers and practitioners and that it will spur the debate, the understanding, the emergence, and the functioning of successful business webs which shape to a considerable degree the age of the information economy.

Munich, June 2004

Arnold Picot

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Munich, June 2004

Florian Steiner

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