Coopetition and business models:

How can they be integrated, and what effect does it have on value creation, delivery and capture?

Authors: Charlotte Ornstein
Karin Sandahl

Supervisor: Maria Bengtsson

Student
Umeå School of Business and Economics
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Karin Sandahl & Charlotte Ornstein
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Abstract

Technological innovations and development have caused rapid changes in the business environment. These changes have forced firms to change in the way they do business and operate. Two industries that are affected by these changes are the telecommunication industry and the information technology (IT) industry. Here, it is no longer possible for firms to operate completely individually, and many firms are pushed to engage in so called coopetition, which is cooperation with both vertical and horizontal competitors. As a consequence of the environmental changes, firms’ business models also need to change. They need to find new ways to create and deliver value that meet customer demand, and to capture a fair portion of that value from customers.

We have found a connection between coopetition and business models, since value creation and value capture is central in both concepts. Previous research has however only touched the connection between coopetition and business model, and literature still lack research on this new subject. The research gap has led us to formulate the following problem definition:

*How can coopetition and business models be integrated, and what effects does it have on firms’ value creation, delivery, and capturing?*

With this problem definition the study has three purposes. Firstly, the study aims to find how coopetition and business models can be seen and understood through the lenses of each other. Secondly, how such integration can lead to that the complex nature of coopetition can be managed more appropriately. Thirdly, create an understanding for what effects coopetition and business models can have on value creation, delivery, and capturing when integrated.

As the aim with this degree project is to develop a deeper understanding for this connection, we have chosen to do a qualitative study. We have conducted interviews with participants from seven different firms. In order to complement the theoretical framework we have held an expert interview with Professor Devi Gnyawali.

The analysis has led us to the conclusion that coopetition and business models are connected in more ways than is admitted in the literature today. We have found that coopetition and business models are not only connected in value creation and value capture, but also in value delivery. We can also conclude that it is important to develop principles in the business model of when, why, and how to engage in different forms of coopetition to better manage it. This can have a positive influence on value creation, value delivery and value capture.
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1. Introduction
This chapter provides a problem background by describing the business environment and how it has rapidly changed over the last decades, particularly the telecommunication and information technology (IT) industry. The concepts of coopetition and the business model are introduced to set a framework for the study as we identify a research gap, formulate the problem definition and purpose, and present delimitations for the study.

1.1 Problem background
The business environment has during recent time gone through some radical changes, and one factor behind these changes is technological development and innovations. Technologies in the form of computers, as well as information and communication through the Internet, have affected business organizations in a number of ways. The rapid development of technology is one of the major drivers for change into the modern business environment of today, where information technology has improved the communication and coordination within the firm, as well as between firms and their partners (Sahaym et al., 2007, p. 865). Harrison (2014, p. 281, 297) argue that technology has made boundaries blur, which in turn has brought people, organizations, markets and industries closer together. The global economy and new technology has also changed the traditional roles of suppliers and customers, meaning that customers have more choices as they can get more variegated demands satisfied, and that alternative in supply is more transparent (Teece, 2010, p. 172).

1.1.1 Convergence
As mentioned above, the business environment has changed in a way that has made boundaries between industries and firms blur. This change from defined boundaries to blurred boundaries is referred to as convergence (Choi & Valikangas, 2001, p. 426). Convergence has happened because of technological change that has led to increased availability of information, deregulation, and rapidly changing customer demand. It can be observed in many different sectors where the value proposition, markets and technology are converged (Choi & Valikangas, 2001, p. 426). There are two important places in which convergence has taken place. Firstly, boundaries between different industries have blurred. The convergence of industries has caused several changes in the competitive environment which firms need to adapt to. Further, parts of the value proposition have changed as customers can affect the components of products now that they are more interactive with the firm (Bengtsson & Johansson, 2011, p. 455) Secondly, boundaries of focal firms have extended to broader networks with several actors simultaneously interacting with each other (Bengtsson & Kock, 2014, p. 180). Firms can no longer rely only on their own efforts to survive, but each firm’s performance also depend on others activities, and the relationship between the firm and these external actors. The changes and convergence of value proposition, markets and technology have led competitors to, not only compete with each other, but also to cooperate with each other in some activities in so called coopetition (Bengtsson & Kock, 2014, p. 182). According to this, both technological innovations and increased dynamic customer demand have changed the traditional business
environment, and blurred the boundaries between firms, markets and industries pushes firms to engage in coopetition.

1.1.2 Changes in the telecommunication industry and the IT industry
Two industries that are interesting in the given context are the telecommunication industry and the IT industry. This because they have experienced radical changes over the last decades, and are under ongoing transformation. A key factor behind the transformation of both the telecommunication industry and the IT industry is the development of Internet, which has contributed to standards of communication and services that makes it necessary for different firms to collaborate. The development of Internet technologies has enabled players in the telecommunication industry to converge with other industries, such as the IT industry, and the relationship between actors are thus more fluent (Li & Whalley, 2002, p. 454-455; Smith & Hendricks, 2010, p. 3). Mendelson (2000, p. 513) states that the IT industry is characterized by shrinking product life cycles, short time frames for research and development (R&D) and accelerating operations. An example of this, that affects both the IT-industry and the telecommunication industry, is the mobile phone, which is no longer just one device with a purpose of communicating through phone calls. Today it is a smartphone used as a computer, television, Internet-bank etc., all integrated into one device, and in which the services are mainly built from IT applications. Services and devices, as well as industries that used to be separate are now rolled into one place, the smartphone. The telecommunication industry has been deconstructed as firms increasingly collaborate with other firms, and firms’ vertical value chains have evolved into a complex value networks (Li & Whalley, 2002, p. 469). This has led to that coopetition is now increasingly integrated in firms’ daily activities. An example of this is when the two rivals Samsung Electronics and Sony Corporation combined their complementary resources in collaboration, and together started to develop and manufacture flat-screen LCD TV panels (Gnyawali & Park, 2011, p. 650, 654).

The changes discussed above also puts pressure on how firms design their business model, which is a tool to help analyze and communicate strategies a firm undergo in order to create, deliver and capture value (Shafer et al., 2005, 202). Although the concept of business model has been a part of all economic activities since decades ago, the concept got more important in the mid-1990s when Internet was booming and emergent markets increased rapidly (Zott et al., 2011, p. 1022). The Internet can by several examples be seen to have changed the traditional business model of how to deliver and capture value in information industries (Teece, 2010, p. 178). Because of this, business model innovation has become vital in order to capture the benefits of technological changes (Lambert & Davidson, 2013, p. 676). This also highlights that convergence and technological change force firms to engage in relationships with competitors and reconstruct the traditional designs of their business models.

1.1.3 Coopetition
Because firms increasingly engage in coopetition to keep up with the fast paced industries it is important to more inherent study coopetition. The complex business and competitive environment in the telecommunication industry and IT-industry makes it difficult for firms to act individually (Lindgren et al. 2010, p. 130) and both large firms and SMEs (Small and Medium size Enterprises) now engage in cooperative relationships. Recent research has put a lot of emphasis and interest into
the field of coopetition, since it is today involved in the everyday actions of firms (Bengtsson & Kock, 2014, 180; Bengtsson et al. 2010, p. 194). A recent definition of coopetition is “Coopetition is a paradoxical relationship between two or more actors simultaneously involved in cooperative and competitive interactions, regardless of whether their relationship is horizontal or vertical” (Bengtsson & Kock, 2014, p. 182). Other than what is in the definition, value creation and value capture is at the heart of coopetition (Gnyawali et al., 2008, p. 394) and Khanna et al. (1998) mean that coopetition is about creating benefits that are common, through shared resources and knowledge, for the private benefits of the focal firm. Furthermore, value creation and value capturing is in the coopetition literature focusing on creation of value together, but capture of that value on an individual firm level (see e.g. Park et al., 2014).

Coopetition has attracted technology intensive industries, which can be because of characteristics and changes in context of the industry (Gnyawali et al., 2008, p. 391; Gnyawali & Park., 2011, p. 650). These characteristics include the presence of network externalities, significance of complements, need for big research and development investments and convergence of technologies. This means that fast-paced industries with a future of unpredictable technology developments might have higher incentives to cooperate. For example coopetition is showed to be important to drive technological innovation as collective knowledge and efforts make progress faster, with better benefits (Gnyawali et al., 2008, p. 393). It is common to share knowledge in coopetition in order to create something with shared benefits or to use it for the firm’s own product or technology development, meaning that value created and captured can come in non-monetary forms such as knowledge (Tsai, 2002, p. 180; Gnyawali & Park, 2011, p. 652).

The two logics of interactions in coopetition, cooperation and competition, can be viewed as opposing forces where the force of cooperation emphasizes common benefits and competition strive for private benefits (Das & Teng, 2000, p. 85). Even if coopetition can bring benefits from sharing, it is a paradox, consisting of the combination of two different logics of interaction (see Raza-Ullah et al., 2014). When the two elements of competition and cooperation are balanced is when most can be gained from both of them, however it can be challenging to keep the two contradictory elements balanced and tensions between the firms can occur (Raza-Ullah et al., 2014, p. 189; Das & Teng, 2000, p. 86). Furthermore, there are high failure rates among strategic alliances, such as coopetitive relationships, which can depend on tensions from the contradictory logics (Das & Teng, 2000, p. 86). Therefore, an understanding for the paradox is important in order to be able to manage it properly and to create and capture the most value out of the coopetitive relationships, since firms engage in coopetition to gain competitive advantages (Park et al., 2014, p. 210). Evidently, it is important for firms in technology intensive industries to find ways to manage the contradictory logics of interaction in coopetitive relationships, in order to get higher value creation and value capturing in both non-monetary and monetary forms.
1.1.4 Business models

The business environment, characterized by convergence and complex relationships between firms in coopetition, is challenging to operate in. It is crucial for firms to overcome these challenges in order to perform well, or even survive, and when trying to do so the business model can be of help. The business model is viewed as a description of how businesses can be practiced, and a tool that help firms to analyze and communicate strategic choices (Mason & Spring, 2011, p. 1033; Lambert & Davidson, 2013, p. 669). Furthermore, business models can be seen as blueprints of firms’ strategies (Osterwalder & Pigneur, 2010, p. 15). The present research offer various definitions of business models and Lambert & Davidson (2013, p. 669) mean that there is no accepted agreement of what a business model really is, and that it is a multifaceted concept with definitions depending on the context. Osterwalder & Pignuer (2010), however, provide the following definition: “A business model describes the rationale of how an organization creates, delivers and captures value” (Osterwalder & Pigneur, 2010, p. 14). This definition describes the generic characteristics of a business model, without any contextual influences. Following, another definition that we consider as understandable and suitable with regard to this study: “A good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value capture by the business that generates and delivers products and services” (Teece, 2010, p. 174). The definition involves questions about what a firm should offer to customers, what the offer should look like and how to capture the value. Even though there is no general accepted definition of business models, scholars have agreed that the concept concerns firms’ value creation and capture (Brink & Holmén, 2009, p. 110). Teece (2010, p. 179) summarize this as the benefits that the firm deliver to customers, how the activities are organized to do so, and how the firm captures some of the value that they deliver.

Zott et al.’s (2011) literature review shows that the customer value proposition is a frequent component in various business model definitions. Value to a customer is more than the product itself, and consist of what services and support is offered with the product, company image and benefits brought by the product. Core capabilities and resources must be unified in a way so that it creates a product that can be delivered to satisfy customer needs at a competitive price (Kothandaraman & Wilson, 2001, pp. 380-381). Based on previous research, Osterwalder & Pigneur (2010) have developed a framework by introducing the nine building blocks of a business model, which each of them stand for the main components in business models. Shafer et al. (2005, p. 202) define business model as a representation of a firm’s fundamental core logic and strategies for creating and capturing value within value networks. They mean that value creation can occur when firms do things in certain ways that differentiates themselves from competitors. An example is by using the firm’s core capabilities and resources to combine activities in a way so that its business processes differentiates and bring value to its customers.

It is clear that the business model concept is concerned with value creation and the ability to capture the returns from that value. Furthermore, Shafer et al. (2005, p. 202) argue that the value creation and value capture does not occur in vacuum, and that they instead occur within a value network, which include partners with complementary resources, suppliers and distribution channels. Zott et al. (2011, p. 1029, 1037) also mean that the concept of business models can span over the
boundaries of a firm or an industry, and that value can be created through the focal firm in consensus with external partners. Evidently, there are some examples in the business model literature that acknowledges the importance of including external actors into the business model. Yet, this represents another limitation in the business research, which is that they mainly consider vertical relationships and do not include horizontal cooperative relationships with competitors, i.e. coopetition. Even if external actors to some extent is recognized in the business model literature, the main focus is on how to manage internal capabilities and resources through activities in order to create, deliver and capture value.

1.2 The research gap
Ritala et al. (2014, p. 236) argue that there is a connection between business models and coopetition because of the importance of value creation and capture in both of the concepts, and to use a business model perspective can be helpful in order to understand how a firm can create and capture value in a coopetition context. As business models represent firms’ core logics and strategies, we argue that as firms increasingly engage in coopetition and make it an integrated part of the their daily activities, they could bring in coopetition into their business model. This could make their coopetitive strategies understandable and integrated into the firms’ core logics, as well as linking the coopetitive outcomes to customer value. Following Ritala et al. (2014, p. 237) have combined the concept of business models and coopetition to introduce the concept of coopetition-based business model. Furthermore, they argue that a coopetition-based business model can describe how activities related to coopetition can create customer value, and also describe how to capture part of that value and the profits coming with it. Previous research on coopetition has not closely linked coopetition outcomes to customer value, but has mostly connected it to value creation through R&D and technology. The business model however is connected to customer value and how to capture that value, as well as how the individual firm differentiates itself to gain competitive advantage (Ritala et al., 2014, p. 165).

Lambert & Davidson’s (2013) literature review shows that there are numerous of studies that have defined the components of the business model in different contexts, and it is a field that will continue to expand. According to Lambert & Davidson (2013, p. 669) a majority of the studies are restricted to the perspective and activities of a focal firm, and according to Mason & Spring (2011, p. 1033) an understanding of network influences on business models is lacking in the literature. Based on the introductory research review above, it is clear that the business environment is rapidly changing and firms need to expand their boundaries and start to cooperate with competitors, which for some firms can be beneficial to take into account when formulating the business model. We argue that even though business models are seen through a firm level perspective, it is important to include activities with external actors.

Although many firms engage in coopetition, there is little research on how to include it into their business model. As mentioned earlier, both coopetition and business models have the central mechanisms of value creation and value capturing. Ritala et al. (2014) have seen that firms can benefit from including coopetition in business models. Further, they argue that they do so since coopetition can bring advantages but the research today lack the understanding of what actions lead to what advantages, which business model can be a tool for. Bengtsson & Kock (2014, p. 184) have also
identified that there is need for a better understanding of the impact from coopetition on business model and strategy. Bengtsson & Kock (2014, p. 180) argue that the increase in interest for coopetition is in sync with the changes from a logic based on firms internal resources to a logic that is based on external resources in a network, and the capacity to integrate those external resources in a focal firm. The business model today often focus on how to coordinate internal resources and capabilities, but need to include external resources and capabilities from horizontal and vertical relationships, to create and capture customer value. By connecting coopetition and business model, firms’ activities for value creation and value capture can be understood from a wider perspective and the overall value outcome from these activities can be increased. It can also create a clearer link to how the coopetition contribute to customer value, which is not recognized in the current coopetition literature. However, coopetition will still be a paradox and will need additional complementary tools in order for firms to be able to handle it properly.

As mentioned earlier, Ritala et al. (2014) identified the connection between the coopetition and business models, and from that introduced the coopetition-based business model. However, Ritala et al.’s (2014) study has theoretical limitations, such as building their theoretical framework based on the assumption that a firm actually can exploit many of the advantages from coopetition. This is because the Amazon.com case study that they used as a basis for their analysis, has exploited those advantages and succeeded, but there is no further reasoning around whether other firms have the same preconditions and abilities to exploit these advantages. Ritala et al. (2014, p. 248) argue that the theoretical implications from the result of the study is widely generalizable, however the Amazon.com case study is bound to a specific context, and so forth is the theory generated and therefore need to be further studied in order to strengthen the argument about the generalizability. The study has enriched the research area on what advantages can come from coopetition in the business model, and the drivers behind why firms engage in coopetition. However, the theory still lacks an understanding for how to integrate coopetition and business models. Further, their study only covers a case on one company in an internet-driven industry, and is based on secondary data. Furthermore, Ritala et al. (2014, p. 248) state that there is a need for future research to develop the concept of coopetition-based business model, particularly studies focusing on different industries and types of business models. They however, have a different perspective as they study coopetition-based business models on a network level, meaning that competitors share the same business model in some situations to all get access to a positive-sum game. Ritala et al. (2014, p. 247) have seen to the wider network that the firm is a part of, and the resources available in that network. We aim to, unlike Ritala et al. (2014), study coopetition and business models from a firm level perspective, but still with the concern of external actors.

A literature review has led us to identify a gap in the understanding of the integration between the business model and coopetition. Even if there is a link between the two concepts, coopetition and business model, it is an under-researched area that will be important for business research to develop.
1.3 Problem definition and purpose
The research gap has lead us to identify two main matters within the coopetition and business model literature that need to be further studied in order to develop the existing literature. These two matters are illustrated within the following problem definition:

How can coopetition and business models be integrated, and what effect does it have on firms’ value creation, delivery, and capturing?

This problem definition will develop a better understanding of coopetition integrated with business models as the purposes of the study are as follows. Firstly, by analyzing the connections between coopetition and business models the study aims to find how coopetition and business models can be seen and understood through the lenses of each other. Secondly, the study aims to analyze how such integration can lead to that the complex nature of coopetition can be managed more appropriately. Thirdly, the study aims to create an understanding for what effect coopetition and business models can have on value creation, delivery, and capturing when integrated.

1.5 Contributions
This study builds on existing theories and will develop the rather new and under-research area of coopetition. Furthermore, the study will contribute with a new perspective to the business model literature. It also contributes to the understanding of how firms can adapt and perform better in a rapidly changing business environment. Both theoretical and practical contributions will be attempted to be replenished. The intention with this study is to help fill in the question marks left after the literature review, and also to find the results that can be translated into managerial implications for the practical use to be fulfilled. It will deepen the knowledge of value creation, value delivery and value capturing. To better understand how firms can benefit from coopetition through business models, and further where to link coopetitive relationships to business models.

The target audiences of this degree project are academics, managers of firms engaged in coopetition, and students. It will contribute to a new field of research for academics to further study. It will support managers by giving them knowledge and tools on how to manage activities and challenges as results of changes in the external environment in which they operate. Students will benefit from the study, as it will contribute to up-to-date business development research. The theoretical contributions and managerial implications will be further discussed in 7.3.

1.6 Delimitations
Because of the given timeframe and limited resources to move geographically, we will delimit the study to firms based on the Swedish market. We will also delimit the work around two industries, the telecommunication and IT industry, because of their suitable characteristics for this study. The literature in the theoretical framework is delimited to research in the western world, in order for it to be applicable to the study.

It is not our aim to focus on describing and understanding strategies behind business models and will therefore delimit the study to brief discussions regarding that subject. It is also not our aim to study behavior, because it will require a deeper knowledge on
psychological factors than we can provide with our educational background. Therefore we will delimit the work to not further discuss those areas even if they have appeared in the study.

1.7 Disposition
This study contains eight chapters. Chapter 1: Introduction has introduced the subject and research gap to announce the problem definition and the purpose of this study. Chapter 2: Scientific method discusses the scientific method used and its implications on the research and the results. Furthermore, discuss the choices of relevant philosophies and approaches and their advantages and disadvantages in this context. Building on this, conclude the most appropriate approach of this study. Chapter 3: Theoretical framework provides a literature review for the concepts of business model, coopetition and value to introduce the most relevant models and theories leading us to the remaining question marks in the research area. These question marks are the gaps that we will fill with the empirical data. Chapter 4: Practical method the choice for the data collection techniques is presented in this chapter. Chapter 5: Empirical data presents the relevant findings of our systematic review of the qualitative data collection. Chapter 6: Analysis analyzes the empirical findings in regard to the theoretical framework and will fill the question marks. Chapter 7: Conclusion will summarize the analysis by answering our problem definition and fulfilling the purposes of the study. We will also give recommendations for businesses, through managerial implications, and also for future research. Chapter 8: Quality criteria will assess the trustworthiness of the study through certain criteria.
### 1.6 Definitions

Table 1 presents definitions of central terms that are essential in this study.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Convergence</strong></td>
<td>Convergence can be defined as the blurring of boundaries between industries by converging value propositions, technologies and markets (Choi and Valikangas, 2001).</td>
</tr>
<tr>
<td><strong>Value capture in coopetition</strong></td>
<td>“Value capture [...] refers to the individual firm-level actualized profit-taking; that is, how firms eventually pursue to reach their own competitive advantages and to reap related profits” (Ritala et al., 2013, p. 248)</td>
</tr>
<tr>
<td><strong>Value capture in business model</strong></td>
<td>“[...] how it [the firm] will capture a portion of the value it delivers. A good business model will provide considerable value to the customer and collect [...] a viable portion of this in revenues” (Teece, 2010, p. 179)</td>
</tr>
<tr>
<td><strong>Value creation in coopetition</strong></td>
<td>“...value creation refers to the collaborative processes and activities of creating value for customers and other stakeholders” (Ritala et al., 2013, p. 248)</td>
</tr>
<tr>
<td><strong>Value creation in business model</strong></td>
<td>“Successful firms create substantial value by doing things in ways that differentiate them from the competition. Firms might develop core competencies, capabilities, and positional advantages that are different from those of competitors” (Shafer et al., 2010, p. 202)</td>
</tr>
<tr>
<td><strong>Value delivery in business model</strong></td>
<td>“[...] the firm’s role in production or service delivery, and how the offering is made available to customers” (Morris et al., 2005, p. 729)</td>
</tr>
<tr>
<td><strong>Value proposition in business model</strong></td>
<td>“Each value proposition consists of a selected bundle of products and/or services that caters to the requirements of a specific customer segment” (Osterwalder &amp; Pigneur, 2010, p. 22)</td>
</tr>
<tr>
<td><strong>Business Model</strong></td>
<td>“A good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value capture by the business that generates and delivers products and services” (Teece, 2010, p. 174).</td>
</tr>
<tr>
<td><strong>Coopetition</strong></td>
<td>“Coopetition is a paradoxical relationship between two or more actors simultaneously involved in cooperative and competitive interactions, regardless of whether their relationship is horizontal or vertical” (Bengtsson &amp; Kock, 2014, p. 182).</td>
</tr>
<tr>
<td><strong>SME (Small and Medium size Enterprises)</strong></td>
<td>SMEs are defined in accordance to the European Commission’s guidelines mainly from having less than 250 employees (European Commission, 2014).</td>
</tr>
</tbody>
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2. Scientific Method

This chapter will start by introducing the research philosophy of the thesis and how it may affect the study. Then the epistemological view will be presented and discussed, followed by the choice of research approach and design. Lastly, we will discuss the choice of theories and source criticism.

2.1 Choice of subject

The outset of the study was related with our Master level studies within the field of Business Development. The initial interest for the subject of coopetition arose when we, within this Master level course, took a module on Networks and Internationalization where coopetition was first introduced for us. The module gave insights through analysis of business relationships and the practical implications of such business relationships. Based on our previous knowledge from business studies we saw the importance of business networks and relationships, such as coopetition, in today’s complex business environment. As previous business studies have had a focus of individual firms, the studies on Networks and Internationalization broadened our view on business activities. Further, the subject is very relevant for business studies nowadays since the business environment is changing, which is another reason for why we find it important to deepen the understanding for the subject.

Through contacts at the Umeå School of Business and Economics at Umeå University, we came in contact with the research project by the Center for Inter-organizational Innovation Research (CiIR). By being a part of the research project the study could take a direction valuable in a bigger context of research within the research area. Even if we write within the frames of the project, it will be an independent degree project. When it stood clear that studying the link between coopetition and business models and that it would give a contribution of knowledge that has practical relevance, the choice of subject was settled.

2.2 Preconceptions

To enable the readers to critically reflect over the results of this study, it is important to announce our preconceptions. Tjora & Torhell (2010, p. 25) argue that even though theoretical openness is strived for, the line of discipline of the authors will affect the study. We have an academic background in the field of Business Administration, with three and a half years of studies within this academic field, which will most likely influence choices made regarding the study. The previous studies within Business Administration and courses within the field of Business Development and Strategy have given us both an interest of the subject, and a preconception of different theories and concepts. These preconceptions and the subjective view may affect the results, as the theories are chosen based on our previous knowledge.

The practical experiences might also have an influence on the study and its results. We have working experience, from global enterprises in the energy industry to small businesses in the technological industry, which have contributed to an understanding of today’s complex business environment. These working experiences have also developed our understanding for how important customer relationships are and the practical background might have an influence on the study as we see it through the lenses of past experiences.
2.3 Research philosophy

Science and knowledge can be interpreted in various ways, and knowledge in scientific research can be divided into different areas; ontological approach and epistemological approach.

In order to describe what the reality is based on and how it is constructed, it is relevant to consider the ontological approach of this study. Ontology refers to the nature of social entities and whether social entities can or should be considered as objective or as social constructions. Objective entities, objectivism, consider the reality external to social actors and that the social reality is built on external facts that cannot be influenced by its social actors (Bryman & Bell, 2011, p. 20-21). The aim of this study is to analyze how to integrate coopeetition and business models, which implies that the authors cannot ignore the influence of social actors in reality constructions, furthermore, that social actors perceive situations different as a consequence of their own view of reality. The study will therefore take the ontological position of constructionism, which emphasize that social phenomena are created by social interactions, and are in constant state of reconstruction (Bryman & Bell, 2011, p. 22). This ontological position allows the authors to understand the participants’ subjective view how they solve problems in different situations and remake those solutions depending on the situation (Bryman & Bell, 2011, p. 22). Saunders et al. (2007, p. 111) mean that it is the role as researchers to understand social actors’ subjective views of the reality in order to make sense of their actions and intentions.

Epistemology deals with questions regarding acceptable knowledge, and the social context can or should be studied on the same basis as natural science (Bryman & Bell, 2011, p. 15). Examples of epistemological positions that occur in today’s science are positivism, interpretivism, and critical social science. The epistemological position of positivism supports the application of methods that are common in the natural science and aims to bring forth hypotheses that can be tested in order to explain and determine laws (Bryman & Bell, 2011, p. 15). Positivism are also applied in the social science, in that case, the purpose is to generate precise measurements so the researchers can explore and confirm causal laws which create predictions of human behavior (Kreuger & Neuman, 2006, p. 562). Critics of positivism argue that the social world, especially the case of business and management, is too complex and that insights of the complexity are being lost by law generalizations (Saunders et al., 2007, p. 116). According to (Neuman, 2000, p. 76) some of this critique towards positivism is supported by followers of critical social science, however the critical social science has its own critique of interpretivism too. That is, among other, that interpretivism is too subjective and even if critical social science believe that subjectivity is important it must be set in relation to objective and strong, real values (Neuman, 2000, p. 76, 78). We do not sympathize with this later mentioned view of reality in business and management.

The purpose of this study is to understand what possibilities a focal firm has to exploit advantages from the connection between coopeetition and business models, and to develop a better understanding for such integration. We therefore believe that the context, in which the participants operate, such as the industry, the market, their business relationships and also the different people in the organization will affect the results. As the aim is to develop an understanding in a specific context, the
epistemology in this study is thereby interpretivism. The interpretivism philosophy allows the authors to build an understanding of the human behavior rather than explaining the human behavior (Bryman & Bell, 2011, p. 38). Furthermore, an important part of this approach is to interpret human behavior and social actions based on their perspective (Kreuger & Neuman, 2006, p. 77). Furthermore, this philosophy emphasizes the importance of social actors and highlights the difference of people and objects (Saunders et al., 2007, p. 116). Interpretivism is related to hermeneutics, which is a theory of meaning that aims to develop a deep understanding of how different parts are related to the whole, and further emphasize that the researchers brings their subjective experiences into the study (Neuman, 2000, p. 70). It is important in the position of interpretivism that the researchers adopt an empathetic position and to enter the social world of the participants in order to understand the world from their point of view (Saunders et al., 2007, p. 116). This philosophy is highly appropriate in this study, thus it allows us to build an understanding of social actors and their actions to understand the world from their point of view. Furthermore, business situations are complex and unique and by taking the position of interpretivism it will not be disregarded.

The uniqueness and complexity of the business situation causes that the results of this study may not be generalizable to other contexts, which can be seen as a disadvantage of using this approach. As the purpose of this study is to understand and see meanings rather than explain, we do not see the issue of generalizability as an obstacle or disadvantage. Neuman (2000, p. 73) means that an interpretivist study provides a symbolic representation which other people, in other situations can interpret and understand, however, generalizations are tied to their context.

Our role as researchers is to interpret human actions and behaviors, which means that the objectivity of the study will decrease. We strive to de-emphasize our personal influence on the study and believe that subjectivity will decrease by having a self-critical position. However, the subjective sense of reality that interpretive approach holds is crucial to grasp the social reality (Neuman, 2000, p. 72), further, this subjectivity means that no researchers can be free from their own knowledge, understanding and assumptions. We thus acknowledge that our subjectivity from preconceptions and view of reality will affect the study to some extent. However, there is no research philosophy that is better than another, instead, they are more suitable in different situations and the most suitable depends on the research question (Saunders, 2007, p. 109). In regard to the research question of this study, the authors will hold the ontology position of constructionism and the epistemological philosophy of interpretivism.

2.4 Research approach
The research approach will mainly be inductive, meaning that the result of the study aims to generate theory from empirical data through case studies, rather than the mainly deductive approach that aims to test theory through hypothesis with the help of empirical data (Eisenhardt & Graebner, 2007, p. 25). As the approach is mainly inductive, the study is explorative and driven by empirical data (Tjora & Torhell, 2012, p. 16). By having an inductive approach, this study can add to theory with what is missing based on empirical data. Ketokivi & Mantere (2010, p. 316) argue that the inductive approach goes from specifics from case data and turn them into generalizations, which mean that it expands the knowledge through a conclusion
beyond supposition. Further, they state that because of the fact that only specific events in the past can be studied, it is hard to generalize and predict. However, Eisenhardt & Graebner (2007, p. 26) argue that inductive and deductive approaches can complement each other and case studies are likely to generate theory that is accurate and can further also be tested through a deductive approach. This could lead to generalizability and prediction, however, in this study we will mainly focus on the inductive approach. We do this because we study an under-researched area, and as in accordance with our research philosophy, want to capture context and build an understanding of the studied phenomenon. According to Saunders et al. (2009, p. 127) it is more appropriate to use an inductive approach when studying an area of research that is new and under-researched, since it generates data that can, when analyzed, be linked to theoretical themes. In this regard, an inductive approach is useful in this study as the area of research is relatively new. Even if a study is made from an inductive process approach, it most likely has some deductive features (Bryman & Bell, 2011, p. 34). This also applies to our study, since questions for the interviews are grounded in the theoretical framework, but then the study move to an inductive approach as we let the empirical result stand for what theory will be generated. What is called middle-range theory is an in between of the inductive empirical generalization and the deductive testing of specific hypotheses, and used to lead to empirical inquiry (Neuman, 2000, p. 58). The reasons behind the choice of a mainly inductive research approach are that it is concerned with research context, and helps understand human involvement to events.

2.5 Research design
Based on the above mentioned research philosophy, research approach and wanted outcome, the research design of the study is qualitative. There are two main research designs, which are a qualitative design and a quantitative design. Neuman (2000, p. 149) means that the qualitative research design is more inductive, since there is not as much narrowing the research topic from the start, but that more focus and refinement comes in a later stages such as in the analysis. Additionally, qualitative research methods are generally characterized by seeking insight and understanding of what is studied, in contrast to quantitative research methods, which are characterized by seeking an overview and explanation of what is studied (Tjora & Torhell, 2012, p. 19). Linked to the research philosophy based in constructivism and interpretivism, through the qualitative research method the study can build an understanding. Sergi & Hallin (2006, p. 193) state qualitative research to be a type of knowledge not aimed to be replicated or generalized, but seeking to generate interpretations and meaning. We see this as another argument for why this study should be qualitative.

According to Neuman (2000, p. 125) all types of research can be biased or dishonest, no matter if it is made with a quantitative design or a qualitative design. However, Neuman (2000, p. 125) means that the two design styles have different ways of assuring it is not biased or dishonest, but fair and honest. With a qualitative research design this study can take advantage of personal insights, feelings and human perspectives in order to better understand the social reality and since the authors’ presence and assumptions are clearly stated the trustworthiness of the study can be assured (Neuman, 2000, p. 126). The qualitative research design is somewhat critiqued, mainly by quantitative researchers for its subjective nature and the difficulties in replication and generalization of a qualitative study (Bryman & Bell, 2011, p. 408). The findings within qualitative research have also been critiqued for
relying on the researcher’s view of what is important. Further critics mean that it is hard to replicate because of the unstructured way qualitative studies are performed and because it relies on the researcher’s relationship with the participants (Bryman & Bell, 2011, p. 2011). They also argue that the critique on generalizability stems from the factors that it is hard to study a large scope, and that studied cases and interviewed people are not known to be representative for all contexts or a whole population. This study aims to develop an understanding of behavior and values, which Bryman & Bell (2011, p. 410) argue makes the contextual understanding more important to obtain than generalization.

Quantitative studies are more objective in the analysis because the researchers that conduct the analysis will not affect the results in such way, which mean that anyone who conducts the same study will gain the same results. However, Tjora & Torhell (2012, p. 20-21) argue that quantitative studies also can be seen as subjective, thus the researchers’ choice of theoretical framework. Further they argue that qualitative studies allow other subjects to occur during the interviews than those that the researchers predicted which can be included and interpreted in the study. Bryman & Bell (2007, p. 409) argue that there can be problems with the transparency of qualitative studies if, for example it is not clear how the selection of participants were made or how the analysis was carried out. In this study the lack of transparency will be avoided by in the practical method describe the course of events and reasons behind it, in order for the reader to understand and critically reflect over the results. By describing the course of events and reasons behind it in detail, the readers can make their own judgement if the results are transferable to other situations. Bryman & Bell (2011, p. 398) argue that this gives a better assessment of truthfulness. Quality criteria are further discussed in Chapter 8.

However, some critiques on the qualitative study design are hard to avoid as it is part of the philosophy and crucial for the research question to be answered. Therefore, in accordance with the chosen philosophy and the wanted quality of outcome, the choice is to have a qualitative research design. This research design implies certain requirements of the researchers, for example how we will try to let the empirical findings speak for themselves, which will be further described in Chapter 4 Practical methodology.

2.6 Choice of theories and the role of the theoretical framework
In this study we have chosen to use theory on business models and coopetition in order to create theoretical framework around the identified research gap and problem definition. In qualitative research methods, theory is used to form a framework, within which the problem definition can be identified (Tjora & Torhell, 2012, p. 22). That is how this study has been carried out, in order to lead the author to a problem definition. A few theoretical traditions have been used to find a gap in the research of our subject area, which this study aims fill with new theory generated from the empirical findings. The theories on business models and coopetition are seen through the lens of each other, in order to propose a relationship between the two areas of theory. The theories in the study have also influenced what companies to study empirically, and how the questions for the interviews have been designed. As mentioned in the preconceptions, we have both studied subjects including business models and coopetition, which can explain the outsets in the theoretical framework.
As a result of this, we may have overlooked some theories that could have been applicable for this study.

In order to get a deeper understanding of coopetition and to gain an insight into the complexity of the concepts, we conducted an interview with Devi R. Gnyawali, Professor of Management at R.B Pamplin College of Business. Gnyawali has published several eminent academic articles within the areas of Entrepreneurship, Strategic Management and Technology Management, and many recent publications with a perspective of coopetition. We came in contact with Gnyawali through our supervisor, Professor Maria Bengtsson, and met him during his visit in Umeå. Since, Gnyawali is the author of some of the academic articles that we use in our theoretical framework, we wanted to gain additional reflections on his literature. We also introduced our research subject to get his thought about business models and coopetition, and how it can contribute to the field of research and what practical implication it might bring.

2.7 Source criticism
We have used sources from academic articles that we have found through EBSCO, which provides academic research databases for Universities. The majority of all academic articles that we have used are found through Business Source Premier or Academic Research Elite. In order to find applicable articles we have used different search words, for example coopetition, business model, business model innovation, strategic alliances and value creation and capture. Through combining these search words we have been able to find and review a large amount of articles, which have contributed to the theoretical framework of this thesis. However, on the one hand since we only looked at published articles we might have missed out on research on the subject. This on the other hand, makes the sources reliable as they have already been critically reviewed and accepted. We have also used references from scientific books, particularly in Chapter 2 and 4 on method. Our aim has been to avoid second sources as much as possible, but there have been some cases where the original source has been unavailable due to limited access. In these particular cases we have chosen to stay with the secondary source. In order to avoid referencing the incorrect message, we have tried to find other sources that refer to the original source to be sure that the message is correct.

We have based our thesis on previous research on coopetition and business models. As coopetition is a relatively un-researched area, there is a risk that we have been influenced of previous researchers subjective view and that we have overlooked some important aspects of the subject. Business model literature is a multifaceted concept with definitions adjusted to fit the context of the study. This implies a risk that we may have misinterpreted some aspects in the literature, as some of the definitions of business models differ depending on the specific context. Furthermore, some of the academic articles have been produced in the USA, and these studies may not apply well to the Scandinavian market. However, some firms in this study are operating on a global market scale, and even though many of the academic articles are produced in the USA, we believe that they are applicable here in Sweden because of the Western world’s similarities.
3. Theory
This chapter will address the theoretical framework for this study, which is based on the theories of cooperation and business models. The theory will be seen through a firm level perspective. Beyond those two main theories, relevant theories on strategic alliances and business model innovation will be treated in order to get a comprehensive picture of the subjects.

3.1 Coopetition
The phenomena of coopetition will be explored in order to further understand its connection to business models. Coopetition is a type of cooperation between competing firms intended to create value. This means that coopetition involves both competition and cooperation at the same time (Bengtsson & Kock, 2014, p. 412). Coopetition can also be presented in a bigger assembly such as business ecosystems. Moore (1993, p. 76) means that business ecosystems should work both cooperatively and competitively, and that it involves co-development of capabilities around innovations to back up new products and please customers. There are also other types of cooperation intended to create value, such as so called strategic alliances, however they are not generally characterized by involving high degrees of competition. The competition in coopetition add the dimension of the involved firms trying to capture the highest value individually, and therefore coopetitive relationships differ from strategic alliances in general (Ritala & Hurmelinna-Laukkanen, 2009, p. 820). Coopetition is however a type of cooperation, and in order to understand coopetition better different forms of cooperation will be presented as a support and background to the theory on coopetition.

3.1.1 Cooperation and strategic alliances
Strategic alliances and business ecosystems are two forms of cooperation. Moore (1993, p. 75) argues that businesses can no longer be developed in vacuum, instead they need to attract resources and capital through partners, suppliers and customers, which Moore defines as a business ecosystems. Das & Teng (2000, p. 85) mean that cooperation and competition are important features in relationships within strategic alliances. Further, they mean that cooperation is the feature in which companies create common benefits while competition is where the companies individually try to capture their own interest on the expense of others. This leads to the question of why companies engage in strategic alliances. Based on earlier literature, Zineldin & Dodourova (2005, p. 462) have formulated four motives to why firms engage in strategic alliances. These four motives are; (1) financial, such as cost reduction or profit generation (2) technological, which can ease supply processes (3) strategic, for loyalty and interdependence (4) managerial, for competitive positioning of the supply processes. These are many reasons for why firms engage in strategic alliances, but Li et al. (2013, 495) argue that in high-tech industries the main intention of being engaged in a strategic alliance is to moderate the environmental dynamism. Strategic alliances involve difficult coordination challenges, other challenges are that firms can have different expectations of goals of outcomes, which can create troubles to hamper the benefits from the collaboration (Sampson, 2005, p. 1009). According to Kale & Singh (2009, p. 45) there are up to as many as 70 percent of alliances that are pre-
resolved or fail in some ways. Despite the high failure rates, and difficulties in managing strategic alliances firms increasingly engage in them, because of the common benefits they can bring for involved firms if successful.

3.1.2 Contradictory logics of interaction
Rusko (2011, p. 312) argues that earlier research think of the strategic alliance to be closer to cooperation than competition. However, different individual coopetitive relationships can consist of different degrees of competition and cooperation (Luo, 2004, p. 13). Coopetition can be in the form of both vertical relationships, i.e. between indirect competitors (e.g. suppliers, customers) and horizontal relationships, i.e. direct competitors, in the value chain (Gnyawali et al., 2008, p. 391). This is also identified by Bengtsson & Kock (2000, p. 415) who have identified three degrees to which competitors engage in coopetition. They argue that the coopetitive relationship can be dominated by cooperation where competition is low, cooperation and competition can be equally intense, or competition can be dominant and cooperation low. Even if coopetitive relationships can exist of cooperation and competition to different degrees, it can be concluded that they consist of the two logics of interaction. To understand the ways of value being created and captured, the nature of the two contradictory logics of interaction will be explained further.

The two logics of interaction in coopetition are in the strategic literature two different paradigms, that of competition and that of cooperation (Padula & Dagnino, 2007, p. 36). Padula & Dagnino (2007, p. 36) explain it from a game theoretic perspective, which is common in the coopetition literature. Further, they mean that the competition paradigm is a “zero-sum game”, i.e. that one firm can only get a competitive advantage on the expense of another firm’s advantage, and that firms seek advantages over one another. The cooperative paradigm from the same perspective is instead a “positive-sum game”, meaning that collaboration between firms creates mutual benefits for all the firms involved, and that they engage in collaboration for enhanced performance (Paula & Dagnino, 2007, p. 36). However, the two paradigms do not by themselves reflect the reality, which has led to more research into coopetition where the two paradigms exist simultaneously. Both the competitive paradigm and the cooperative have limitations. The competitive paradigm does not take into account the creation of greater mutual benefits, and the cooperative paradigm does not include the individual firm’s competitive winning and private benefits.

In reality, both cooperation and competition can be present in horizontal and vertical business relationships. The emergence of coopetition changed the traditional view of the focal firm either competing with another firm or cooperating (Gnyawali, 2008, p. 386). This, however, can lead to tensions arising in coopetitive relationships. Fernandez et al. (2014, p. 223) have studied tensions in coopetition and argue that although tensions can be decreased by reducing the element of competition, the benefits from coopetition can also be decreased. Also emotions in paradoxical relationships like coopetition have been studied. Raza-Ullah et al. (2014) mean that contradictory emotions arise in coopetitive relationships, and that they are therefore hard to manage. According to Wagner et al. (2010, p. 846) the firms will take in account how much value the partners can capture, and if one firm can capture more value than the other firm, satisfaction can become low and the coopetition can be perceived as unfair. D. Gnyawali (March 20, 2015, personal communication) mention that it can be destructive to try to capture a too big share of the commonly created
value when it is at expense of the other firm. He means that it does happen, but that it is not sustainable in the long run since the firm’s reputation can be at stake. According to Bengtsson & Kock (2000, pp. 422-423) it is important to embrace the conflict of the logics in order to manage it, instead of seeing it as a threat. The management of coopetition and coopetitive relationships has been the focus of many studies on coopetition (see e.g. Raza-Ullah et al. 2014; Bengtsson & Kock, 2000). Although it is of great importance, the focus of this study is on value creation and the ability of individual firms to capture value from coopetition. So, why is it important to be engaged in coopetition?

Bengtsson & Kock (2000, p. 412) argue that the coopetitive relationship is a very important type of business relationship. Companies engaged in coopetition somewhat help each other, but also pressure each other towards better performance. That way firms can get advantages out of both logics as bigger total value can be created together than separate. It also pushes the firms engaged to capture as much value as possible for individual winning out of the created value. Gnyawali et al. (2008, p. 394-395) argue that value creation and value capturing is the logic behind coopetition as those two elements strive to be in balance, with the aim of getting benefits from creating value through cooperation and capturing value through competition. Value creation can be made in early input phases of the value chain through collaboration, while value capturing can happen in the later output phases (Gnyawali et al., 2008, p. 395). This can be seen from a game theoretic perspective to be a “positive-sum game” since the cooperation enables firms to create bigger value together than separate. The competition can be seen as a “zero-sum game”, however, there is a bigger common value to compete over (Ritala & Heurmelinna-Laukkanen, 2009, p. 820).

Coopetition is particularly important in industries characterized by short product life cycles, technological convergence and high R&D costs which drive coopetition (Gnyawali & Park, 2009, p. 314). Value creation and value capture are often driving factors for coopetition, as knowledge and resources can create value when shared, and competition push capturing (Bengtsson et al., 2010, p. 198). This shows that value in coopetition can be in different forms, for example knowledge and product development. According to Ritala & Hurmelinna-Laukkanen (2009, p. 822) value creation in the form of innovation is based on knowledge sharing. Further they mean that in horizontal coopetitive relationships the engaged firms’ knowledge bases are similar, meaning that the integration between their different knowledge is a requirement for innovation. In dynamic and complex industries, innovation gets more important (Morris et al., 2007, p. 35). According to Pellegrin-Boucher et al. (2013, p. 75) it is in knowledge-intensive industries no longer a question of whether firms should engage in coopetitive relationships, but rather a question of how to manage coopetitive relationships.

In high-technological contexts that are unstable, however, partners can have low control over what it can get in return from sharing and can therefore be resistant to share resources, costs and risks (Li et al., 2013, p. 490). However, coopetition has in those kinds of industries become an essential part of firms’ survival or market position (Pellegrin-Boucher et al., 2013, p. 75). Coopetition is special in the way that it can help create common value. For example, new product development and innovation during for example market expansion can be risky and expensive for a focal firm. In such situations, to cooperate with a competitor can be a good idea, since it has knowledge of the area of business and has similar goals in the target market.
(Luo, 2007, p. 131). Since directly competing firms have similar resources and goals, more value can be created and captured between firms in horizontal relationships, compared to collaborations with companies in vertical relationships (D. Gnyawali, March 20, 2015, personal communication). From this it can be concluded that coopetition is complex, but for firms in fast paced and technology intensive industries it can be important to engage in, in order to survive or perform well. Advantages of coopetition, like gaining access to resources and knowledge, are valuable to those kinds of firms and the management of coopetition is therefore also crucial.

### 3.1.3 Coopetition in large firms and SMEs

Although already briefly discussed, there are some characteristics regarding coopetition that are specific for large global firms and some that are specific for SMEs. Luo (2004, p. 11) argue that in order to reach global success in the business environment of recent time, coopetitive strategies are necessary. SMEs can have a tough time trying to enter fast paced markets dominated by giants, in order to overcome the obstacles that make it tough, the SMEs can engage in coopetitive relationships with the giants (Bengtsson & Johansson, 2014, p. 401-402). SMEs can with the help of coopetition overcome their smallness and newness, since they can get access to knowledge, resources and scale advantages. This can help them penetrate a market they would not be able to reach alone, while the larger companies can benefit from innovation and the flexibility of SMEs (Morris et al., 2007, p. 39). For large global firms coopetition can also be a way in which they can get stronger towards external stakeholders, making the firms engaged in the coopetitive relationship to gain collective power (Luo, 2007, p. 131). Gnyawali & Park (2009, p. 311) argue that the engagement in coopetition can be easier for SMEs than for larger firms, since they can be more flexible in changing and experimenting with different compositions of strategies. This because SMEs are not as held back by set structures and policies as larger firms. According to Bengtsson & Johansson (2014, p. 418) large firms can be somewhat bureaucratic and will be much less rapid and flexible in answering and adapting to customer demands. However, when it comes to coopetition between SMEs and large firms, it is hard for SMEs to manage because of the power asymmetries occurring in such coopetitive relationships (Bengtsson & Johansson, 2014, p. 404). Further, Luo (2007, p. 131) argue that time is an important reason behind engaging in coopetition, since product innovation and product efficiency is developed faster when collaborating with competitors.

SMEs do not only engage in coopetition with larger firms, but can also engage in coopetition with other SMEs in order to get stronger collectively. In contrast to large global firms, SMEs are more vulnerable to external forces, they have a limited amount of cash and often rely on small product lines in niche markets (Morris et al., 2007, p. 38). According to Gnyawali & Park (2009, p. 317) SMEs in industries characterized by technology convergence, need complementary resources and capabilities that will broaden their scope and diversify the portfolio, which they can gain from coopetitive relationships with other SMEs. Gnyawali & Park (2009, p. 320) have identified two drivers to coopetition for SMEs, which of one is proactive and the other one is reactive. They argue that in a vulnerable position, coopetition can be a reactive strategy for when internal or external factors threaten the firms’ profits and survival. SMEs are often vulnerable compared to large companies, and they can get stronger by joining together, which is a reaction that drives coopetition for many SMEs (Gnyawali & Park, 2009, p. 320). However, SMEs can also be proactive in the
engagement of coopetition. According to Gnyawali & Park (2009, p. 321) knowledge and capabilities can put SMEs in a stronger bargaining position, and if they search for it proactively through coopetitive relationships they can be more attractive in future coopetitive relationships. This in turn can decrease the uncertainty faced by SMEs in such environments. SMEs can engage with other SMEs to gain market power (Gnyawali & Park, 2009, p. 321), but also engage in coopetition with larger firms in order to penetrate a market (Bengtsson & Johansson, 2014, p. 418).

Gnyawali & Park (2011) have studied the case of coopetition between the two giants Sony and Samsung in developing the LCD TV. They had complementary resources and the same goal leading to the development of the LCD TV, which they would not have been able to develop on their own respectively. The created value for the two firms were significant as their shared market share rose from 18.4% to 40.9%, meaning that they became market leaders and won the standardization war against firms with a different technology than the LCD (Gnyawali & Park, 2011, p. 655-656).

As seen in the case, the coopetitive relationship between Sony and Samsung led to great mutual benefits from the value created, but competition were also present in the coopetitive relationship in the way that the two firms competed in capturing the most value out of what they have mutually created. According to Gnyawali & Park (2011, p. 656) the firm’s own specific knowledge and capabilities was decisive in how much value they could capture from the coopetitive relationship, while Samsung became the market leader, Sony got high return on investment for their investment in LCD research but became second among the market leaders. This case is a clear example of how large firms can engage in coopetition in order to gain or defend a leading market position. By engaging in coopetition with other large firms they can lead market standards, and shared complementary resources and capabilities can lead to great value through innovation. However, it also shows that in the competitive side of coopetition it is critical for the individual firm to have resources and capabilities that can get the individual firm to capture a great share of the value created.

Value creation and capture in coopetition is the same in SMEs and large global firms, however the drivers behind the engagement in coopetition can be somewhat different. Large global firms often engage in coopetition in order to become the market leader or to defend their market leader position and to set market standards (Lou, 2007, p. 131), while SMEs are often driven by overcoming vulnerability because of their newness and smallness, and to have a chance to compete with larger firms (Bengtsson & Johansson, 2014, p. 420). For both SMEs and large firms, coopetition can be risky and hard to manage. However, in coopetitive relationships between large firms and SMEs, power disparities add a dimension of complexity that needs to be managed in order to successfully engage in coopetition. Despite these differences between coopetition in large firms and in SMEs, the advantages of creating value for mutual benefits and competing in capturing the most value for private benefits are alike.

### 3.1.5 Capabilities and agreements for management of coopetition

Because of the complex nature of cooperation and coopetition it is important to develop the management of such engagement. Bengtsson & Johansson (2014, p. 415) argue that one important capability is to have role flexibility through a mindset that can manage different relationships and roles simultaneously. According to Blomquist & Levy (2006, p. 43-44) cooperative capabilities have relational dimensions of trust, communication and commitment as well as transactional dimensions of organizational
structures, mechanisms and micro-processes. Blomquist & Levy (2006, p. 43) mean that there are micro-mechanisms which are tools to use when implementing cooperation capabilities. The micro-mechanisms should go beyond the alliance, and also take into account individual, organizational and network levels. Further, they argue that the cooperation capabilities a firm possesses will have a big influence on the outcomes of cooperation, and therefore push the importance of gaining both relational and transactional capabilities on cooperation. The capabilities for coopetition also need to be set up in a more clear way in order to understand how to manage cooperation and coopetition. Moore (1993, p. 75) has pointed out that new tools and ideas are needed in regard to cooperation between businesses. According to Fjeldstad et al. (2012, p. 736) it is important for firms to have an organizational design that can be adaptable in its relationship structure, in step with internal and external environmental changes. Further, they mean that firms should develop principles for organizational relationships, rather than a set organizational architecture. Kale et al. (2002, p. 749) also mean that capabilities for cooperation could be structured and coordinated in firms through principles.

Ritala et al. (2013, p. 262) have identified different phases in business ecosystems. The building phase, or starting phase, includes contractual and relational frameworks such as agreements and contracts. This in order to determine each partner’s potential share of the outcome and value capture before the cooperation starts. A later phase is the one of management, where value is captured through differentiation and segmentation with the help of contracts or separate business models (Ritala et al., 2013, p. 262).

3.1.5 Value in coopetition
It is clear from the literature that value is central to cooperation and coopetition, and that both the creation and capturing of value is important. Rai (2013) has studied how to measure value creation in inter-firm alliances with scales for benefits in both the cooperative and the competitive side of alliances. The scale therefore is made up from three dimensions; common benefits, private benefits from cooperation, and private benefits from competition (Rai, 2013, p. 29-30). However, the scale does not take into account value capturing and is only looking at value creation in all three dimensions. The first dimension of measures involves the common benefits within the alliance, such as better competitive advantage from resources and capabilities, innovation and cost effectiveness. The second dimension involve private benefits in relation to cooperation, such as improved quality of products and resources because of skills from a partner, greater innovation because of R&D skills from a partner and organizational efficiency because of knowledge on processes from the partner. The third dimension is private benefits in relation to competition, and are things such as own capabilities for leveraging jointly developed processes that lead to better process efficiency than for the partner, own capabilities that lead to better leverage of jointly technological development than for the partner (Rai, 2013, p. 30).

However, how to capture the value and what capabilities that lead to better value capturing is not measured here, and we argue that the business model can be helpful in connection to this. Therefore, the next chapter is on the literature on business models.
3.2 Business models
In the previous section of the theoretical framework we have focused on coopetition, and its part in small and large enterprises. As the subject of this thesis also revolves around business models, this section will present definitions of business models and the building blocks of business models.

The business model literature is a diverse body of research and provides various definitions, components and activities, which aim to contribute to the knowledge and understanding for the concept of business models (Lambert & Davidsson, 2013, p. 668). Both implicitly and explicitly, all firms employ a business model and the concept is today frequently used and adapted, even though it is usually not clearly defined (Teece, 2010, p. 191, Chesbrough, 2007, p.12). Zott et al.’s (2011) literature review shows that the term business model is used in several fields with the purpose of explaining different phenomena and the different concepts of business models. However, by adopting a more specific concept and terminology that fits with the researchers’ focus, clarity can be enhanced (Zott et al. 2011, p. 1036). In order to develop an understanding for how firms integrate coopetition and business models, it is essential to look into theories revolving around activities within a business model and which components that builds a business model. Value creation and value capture are central in this study, and Zott et al., (2011, p. 1037) mean that the centrality of value creation and capture is evidentiary in various conceptualizations in the business model literature.

The introduction chapter provided two definitions of business models, which is central in this study; “A business model describes the rationale of how an organization creates, delivers and captures value” (Osterwalder & Pigneur, 2010, p. 14). Followed by this definition; “A good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value capture by the business that generates and delivers products and services” (Teece, 2010, p. 174). The second definition can be seen as an extension of the first one, and together they stand for the foundation of the business model. These definitions are easy to understand, relevant and applicable in the context of this study.

Osterwalder & Pigneur (2010, p. 15) see the business model as a blueprint of how a strategy can be implemented through a firm’s processes, systems and structures. Further, Lindgren et al. (2010, p. 124) follow this idea where the business model provides a platform that represent a firm’s operational and physical manifestation, which includes key elements and key relationships that describes how a firm does its business. As mentioned previously, there is no unified perspective of business model. However, Osterwalder & Pigneur (2010) have developed a framework for business models based on previous research which resulted in the nine building blocks. The nine building blocks present the logic of how a firm intends to make money and cover the main areas of business; customers, product/offfer, infrastructure management and financial aspects (see Table 2). In the following section, we will present the building blocks in more detail.
Table 2. Based on Osterwalder & Pigneur (2010) The Building blocks of Business models

<table>
<thead>
<tr>
<th>Area of business</th>
<th>Building block</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td>Customer segment</td>
<td>Grouping of customers in order to understand how to serve specific customer need.</td>
</tr>
<tr>
<td></td>
<td>Customer relationship</td>
<td>Relationships established with specific customer segments. Motivated by getting new and keeping existing customers.</td>
</tr>
<tr>
<td></td>
<td>Distribution channel</td>
<td>Interaction with customers through distribution, sales and communication, which is important in order to create a good experience.</td>
</tr>
<tr>
<td><strong>Offers</strong></td>
<td>Value proposition</td>
<td>A bundle of elements that creates value for a specific customer segment, and can be determinant for what makes a customer choose to buy from one firm over another.</td>
</tr>
<tr>
<td><strong>Infrastructure management</strong></td>
<td>Key resources</td>
<td>The most important assets of a firm when it comes to operating successfully in other building blocks of the business model.</td>
</tr>
<tr>
<td></td>
<td>Key activities</td>
<td>The most important actions a firm needs to take in order to make the business model work properly.</td>
</tr>
<tr>
<td></td>
<td>Key partnerships</td>
<td>Firms engage in different forms of partnerships for the purpose of optimizing the business model, reduce risks and acquire resources.</td>
</tr>
<tr>
<td><strong>Financial aspects</strong></td>
<td>Cost structure</td>
<td>Describes the most important costs of operations within a business.</td>
</tr>
<tr>
<td></td>
<td>Revenue streams</td>
<td>The money generated from customers and how the customers prefer to pay for products and/or services.</td>
</tr>
</tbody>
</table>

### 3.2.1 The building blocks of business models

The building block within the customer area involves a firm’s customer segments, customer relationships and distribution channels. A firm must decide which segments to serve and develop a deep understanding for what the segment needs and requires. Customer needs and behaviors have an impact on a firm’s configuration of required resources and capabilities (Morris et al., 2005, p. 729-730). Every customer segment demand different offers, relationships and distribution channels which implies different business model designs (Osterwalder & Pigneur, 2010, p. 20). In other words, a firm must decide for whom it delivers value. Thereafter, through the building block of channels, determine how to communicate and deliver that value (Osterwalder & Pigneur, 2010, p. 27). Shafer et al. (2005, p. 202) see these building blocks as the firm’s strategic choices and that a business model should address the firm’s core logic in order to create and capture value. They also include the building block of value proposition as an enabler for value creation and capture. Osterwalder & Pigneur (2010, p. 22) mean that a firm’s value proposition can be defined as the specific products and services that a firm offers to the chosen customer segment. Value proposition address a firm’s products and services, as well as how they are available for customers through the building block of channels (Morris et al., 2005, p. 729).
Furthermore, the value proposition revolves around the benefits delivered to the customers, and the role of business model is to articulate the value proposition.

Clearly, these building blocks are important elements in the context and can be considered as the basis for value creation and capture. In the end, customers are crucial for every profit-driven firm, thus customers enable the firms to earn revenues and capture the value that they have created. The business model must be well suited to the customer segment and align with the customer demand. Therefore, the firm’s decisions regarding customer segments, distribution channels and value proposition will affect the other elements or building blocks that we will present in the following paragraphs.

Key resources are a firm’s core assets, and key activities can be defined as core processes that a firm must do to manage the business model. Both resources and activities enable a firm to reach customer segments, maintain relationships with customers, and deliver the value proposition to the targeted market (Osterwalder & Pigneur, 2010, p. 36). Firms can use their resources to perform their activities and by doing so create substantial value and deliver their offering to customers (Shafer et al., 2005, p. 202, Richardson, 2008, p. 139). Morris et al., (2005, p. 730) mean that the internal core competences capture capabilities that enable the firm to perform more successfully than competitors. A successful firm creates value by developing core competences and capabilities, and by combining activities in unique ways the firm can differentiate itself from competitors (Shafer et al., 2005, p. 202). Furthermore, resources need to be organized and configured in an appropriate way that facilitates value creation. Al-Debei & Avison (2010, p. 367) explain resource configuration as a firm’s capability to integrate and organize assets and resources in a manner that allows the firm to reach out with its products and services. Moreover, they consider resource configuration as a key contributor for combinative capabilities and competences which are crucial in creating valuable and non-substitutable resources.

Firstly, key activities and resources enable the firm to deliver the value proposition to its customer segments. Secondly, the firm needs to configure and combine resources, such as core competences and capabilities, and activities in certain ways that differentiate the firm from competitors. Furthermore, that allows the firm to create value that it aims to deliver to customers. These building blocks presented above are very specific for the focal firm and revolves around the importance of individual value creation. As mentioned in previous sections, by combining resources and capabilities with another firm within a coopetition relationship, the created value can increase. Besides that, the focal firm needs to possess resources and capabilities that enable it to capture as much value as possible out of such relationship. This leads us to the next building blocks, which are concerned with the financial aspects of the business model.

These building blocks relate to financial performance such as a firm’s costs and revenue streams. The economic model aims to earn profits, and according to Morris et al. (2005, p. 729) this is a core element of a firm’s business model. A business model that successfully combines key resources and key activities that results in value creation can produce superior returns, which is crucial for the survival of profit-driven firms (Morris et al., 2005, p. 729). Hence, the survival is tied both to its ability to create value and to the way it captures value to generate profits (Shafer et al. 2005, p. 202). Osterwalder & Pigneur (2010 p. 31) mean that revenue streams represent the
money generated from each customer segment. Further they argue that it is important to determine what value each segment is willing to pay and how the customer segments prefer to pay. Each revenue stream can have different pricing mechanisms, and the chosen pricing mechanism can make a great difference in terms of revenue streams and the ability to capture value. Richardson (2008, p. 141) recognizes that various revenue streams can be compared to find better ways to create value for customers and then capture value for the firm. Regarding coopetition and differences between SMEs and large firms, Bengtsson & Johansson (2014, p. 417) argue that SMEs often have more flexible business models for revenue sharing between partners than large firms.

Cost structures have a great impact on earning profits, and in order to capture as much value as possible, the costs within every business model should be minimized (Osterwalder & Pigneur, 2010, p. 41). Furthermore, cost structures can be divided into two different groups depending on if the business model is cost-driven, i.e. focus on minimizing costs wherever possible, or value-driven, i.e. focus on premium value creation. Despite that, Shafer et al. (2005, p. 205) show that managers have a tendency to mainly focus on the value creation part of the business model, and the value capture part is often ignored. As a result of these situations, firms are unable to capture value and economic returns stemming from the value that they create. Value creation for customers and value for a firm is not a “zero-sum game”, instead, a successful business model increases both value for the customers and value for the firm, and furthermore ensures value capture (Richardson, 2008, p. 141). To summarize, Richardson (2008, p. 141) means that the two elements of revenue streams and cost structures explain how a firm makes money, further, describe firms’ revenue streams, margins and cash flow. However, neither value creation nor value capture occur in vacuum, instead, Shafer et al. (2005, p. 202) argue that they occur in broader value networks including partners, customers and suppliers. The idea of value networks leads us down to the last building block of business models.

The building block of key partnerships refers to networks of suppliers and partners that a firm engages in, which Lindgren et al. (2010, p. 130) see as an increasing trend in today’s competitive business environment. Business models can no longer be seen as a linear mechanism that creates value from the supplier to the firm and finally to its customers, instead, business models create value through complex relationships and activities among multiple partners (Zott et al., 2011, p. 1031). Firms find it hard to compete individually and are forced to be more open to networks and partnerships, particularly when the competences and resources needed to improve the performance and competitive advantage are unavailable in-house. Osterwalder & Pigneur (2010) are among few in the business model literature who have acknowledged coopetitive relationships as a part of the building block of key partnerships. Further, they mean that coopetition is a generator for value creation. Cooperation with customers, suppliers or competitors enables firms to gain the external sources needed to improve the performance, and can provide the basis for successful innovations (Lindgren et al., 2010, p. 130, 134). According to Richardson (2008, p. 140), resources and capabilities of different partners, and activities among them, should suit the value proposition of the focal firm. Partnerships can be challenging and require that the firm adjusts its business model so it supports the partner’s competences, which enable them to create innovations successfully.
3.2.2 The business model as a reflection of firm strategies

Now when we have identified the building blocks of business models and defined the key elements that are relevant for this thesis, it is important to sort out how business models and strategies are linked.

The business model is in the strategy literature often seen as a way of gaining competitive advantage and revolves around customer-focused value creation (Zott et al., 2011, p. 1031). Business models are the logic of a firm, how it operates and creates and capture value, strategy on the other hand, refers to the plan about which business model to use (Casadesus-Masanell & Ricard, 2011, p. 101). According to Zott et al. (2011, p. 1031), firms that pursue similar strategies can do so with different business models, and business models and strategies are complements to each other rather than substitutes. Another explanation of the relationship between business models and strategies is that business models defines an overall picture of a firm’s operations and activities with the logical structure needed to execute its strategies (Richardson 2008, p. 141). Furthermore, Richardson (2008, p. 142) means that a well-designed business model helps strategist to consider the details of its activities with both value proposition and value capture in mind. Strategies revolves around external analysis about the industry, markets and environmental trends, which are needed in order to organize the firm’s capabilities and resources required to create value (Abraham, 2013, p. 37). Shafer et al. (2005, p. 205) mean that business models are reflections of strategic decisions and provide tools to analyze and communicate strategic decisions. Further, they mean that by seeing strategic decisions through a business model, the core logic of how to create and capture value becomes apparent and the requirement of coordinating strategies to create a whole can be understood.

Value creation and capture can result from new combinations of activities, configurations and integrations of resources and capabilities, and relationships with partners (Amit & Zott, 2001, p. 496). Furthermore, according to Teece (2010, p. 176) business models are often closely linked with technological innovation, which lead us down to the next section of business model innovation.

3.2.3 Business model innovation

As mentioned in the Introduction chapter, the importance of new technologies and innovations has increased in line with the fast-paced business environment and industrial transformation. However, technology has by itself no value and technological innovations are not equal with firm success (Chesbrough, 2010, p. 354; Zott et al., 2011, p. 1032; Teece, 2010, p. 185). There are mainly two complementary ideas of the connection between business model innovation and technological innovations. Firstly, business models enable firms to commercialize new technologies and innovations, which make them more valuable. Secondly, business models can be seen as a subject of innovation which involves new processes, forms of cooperation and organizational structures (Zott et al., 2011, p. 1032). Business models can be a source for innovation but also, a subject of innovation (Zott et al, 2011, p. 1034). As this study aims to develop an understanding for how coopetition and business models can be connected, we consider both of the above mentioned ideas of business model innovation as important to address. We believe so because coopetition can lead to technological innovations but can also lead to changes in the design of the business model.
Business models can be used to unlock the potential value of new technologies and embed it into attractive products and services, and to convert the offerings into markets outcomes the firm needs to redesign its business model (Zott et al., 2011, p. 1032-1033). New technologies and innovations can employ business models that are already established in the firm. However, in some cases, the established business model is limited, and in order to capture value from the new technology, the firm needs to develop or redesign an appropriate business model (Chesbrough, 2010, p. 355). The rethinking and redesigning of a business model can be referred to business model innovation. To make new technology valuable, a firm needs to design a specific business model to obtain its commercial potential. Teece (2010, p. 185) argue that an appropriately designed business model and implementation, coupled with strategic analysis are inevitable in order to translate the technological success into commercial success. If firms fail to make this translation, the value capture will be lost. Chesbrough (2010, p. 355) means that even an ordinary technology with a good business model can be more valuable than an extraordinary technology with an ordinary business model. This statement shows the importance of business model innovation and how essential a good business model is when creating and capture value.

A more functional perspective of business model innovation is when the concept is seen as a mechanism that connects a firm’s technology to customer demands or to its resources. In this perspective, new technology is seen as a contributor to business model innovation and not as a part of the concept itself (Zott et al., 2011, p. 1034). New technologies can bring opportunities to find new ways to create and capture value, and is an enabler for business model innovation. Many traditional industries have changed their business models in order to adapt to technological developments. An example of this is the emergence of the Internet, which has contributed to the development of entirely new forms of business models such as e-commerce. This has also implied increased pressure on firms in traditional industries to redesign their business models and to find new ways to create and capture value. New formations of business models can sometimes even create new industries, such as the industry of payment cards (Teece, 2010, p. 178, 187). In a survey from 2009, seven out of ten firms had developed entirely new business models and 98 percent of the participating firms had modified their existing business models (Casadesus-Masanell & Ricard, 2011, p. 101). Even though this survey is a couple of years old, there are several grounds for why it is still relevant. The convergence of technologies and communication took off in the 1990s but it is widely known that the development did not end there, the globalization and furthermore, the increased importance of sustainability and sustainable development are just a few examples of why business model innovation still is essential. Teece (2010, p. 177) means that a business model must alter as the market, business environment and technological innovations changing. Coopetition has become more common because the changes in the business environment, coopetition can be such a source of radical innovation in business models (Ritala & Sainio, 2014, p. 164).

To summarize, it is clear that business model innovation include both value creation and capture. New innovative technology can create value to the customers in forms of new products or services, as well as generate new ways to capture value in forms of revenue streams. Business model innovation can also be related to the need to redesign the business model in order to increase or enable value creation and capture.
3.3 Coopetition-based business models
In this section we will present literature by Ritala & Saino (2014) on the relation between business model innovation and coopetition, and Ritala et al. (2014) on coopetition-based business models and the drivers they have identified is behind it. Ritala et al. (2014) have recognized the advantage of having coopetition as a base for business models. They discuss the need for further research on the subject and we consider it important to include the results from their study, especially the drivers for coopetition-based business models. We argue that it is important to include the Ritala et al.’s (2014) study since it is closely related to the problem definition of this study, and that it will give a better understanding of the importance of the subject.

Ritala & Saino (2014, p. 164-165) have also found a link between coopetition and business models, but from a perspective that coopetition can trigger and speed up business model innovation. They, however, mainly see to the technological innovation that can come from coopetition, and how radical changes in the business model can be an effect. Ritala et al. (2014) have developed a framework for how a firm can involve competitors in its business model, and in such way, increase the value creation and capture. They introduce the concept of a coopetition-based business model and argue that such a business model describes how coopetitive relationships are executed both in order to create value for customers and to be able to capture a portion of that value (Ritala et al., 2014, p. 237). Furthermore, they develop four generic drivers for involving coopetition in the business model in various ways. According to Ritala et al. (2010, p. 237-239), the generic drivers that emphasize a coopetition-based business model are; (1) increasing the size of the current market; horizontal competitors can join together to gain more market power through a more profitable business model. However, they still use individual, and therefore different, resources and capabilities to get the private benefits from coopetition, (2) creating new markets; situations where costs and risks are high, as in radical innovation, coopetition can help as they bundle together resources required to decrease uncertainty, (3) efficiency in the resource utilization; efficiency in resource utilization can be developed since firms in horizontal relationships have similar operations, and further makes value creation and capture more efficient, (4) improving the firm’s competitive position; firms engaging in coopetition can by sharing and combining resources and capabilities get stronger competitive positions against other firms.

The focus in Ritala et al.’s (2014) study is on a coopetition-based business model on a network level, meaning that competitors share the same business model in some situations to all get access to a positive-sum game. Ritala et al. (2014, p. 247) have seen to the wider network that the firm is a part of, and the resources available in that network. We, however, focus on a firm level and still see that there are unexplored parts of the links between coopetition and the business model. Ritala et al. (2014) have not explored it in depth, since they have not described the business model with its building blocks. Therefore, there is still room for further studies on the links between coopetition and the business model.

3.4 Coopetition and Business models
In order to get an overview of the chosen theories and see where the question marks in the linkage between coopetition and business models are, we have a summarizing
table (see Appendix 1) and a figure (see figure 1) that will be the base for the empirical data collection.

By looking at Osterwalder & Pigneur’s (2010) framework of business model, we can see that key partnerships are acknowledged as a part of the building blocks. However, coopetition does not have a specifically big part in it. Because the literature on business model and coopetition is not linked in more than very few studies (e.g. Ritala et al., 2014; Ritala & Saino, 2014) the value creation and value capture in business models and coopetition respectively is not linked. As this summarizing table (see Appendix 1) of the chosen theories shows, in coopetition most research is on the coopetitive relationship between firms and the value that they create. Furthermore, what capabilities the individual firm has to capture as much value as possible stemming from the coopetition. On the other hand, the business model literature is more focused on how the individual firm creates and delivers value, and then captures value for itself.

The theoretical framework shows that coopetition emerge when there is a need upstream in the value chain of firms. Gaining resources, which is one important part of coopetition, can also be found in Osterwalder & Pigneur’s (2010) building block of infrastructure, where key resources can be found. Ritala et al.’s (2014) study has found a link in the value creation and value capturing in business model and coopetition. We have from the literature above identified that there is an interesting connection in the research between coopetition and business models, and how they can benefit from each other in practice. Based on the theories in the study, we have conducted a model visualizing the identified connections between coopetition and the building blocks of business models, and the remaining question marks that we aim to answer with support from the empirical data (see figure 1).

Figure 1. The connections between coopetition and business models
4. Practical Method

This chapter presents the practical method for this thesis. It starts with an explanation of the empirical research strategy and a description of the interview process. Further, the ethical considerations will be presented, and in the end we will acknowledge the practical limitations.

4.1 Research strategy

We have used a case study approach with small case studies, mainly with data from interviews. Eisenhardt (1989, p. 546-547) argues that the case study approach is appropriate in a new research area, like the research area in this study. This in order to build theory from empirically valid data based in reality, which can further be tested and measured. However, Eisenhardt (1989, p. 547) means that theory based on case studies can be overly complex and lack an easy overview, or that it can result in narrow theory. In order to avoid this, we have used smaller cases but spread over a bigger span of companies in two different industries. It can on the one hand be a limitation that we have spread out the data collection over a couple of companies, and therefore only been able to interview one participant at each company. A more focused case study could have discovered more in-depth results through fewer cases. However, we judged that the results would be less narrow and therefore also more interesting for further studies on the new research area when we conducted more, but less in-depth cases through interviews. Furthermore, in 4.1.4 we will describe how we have analyzed the empirical findings through the cases using grounded theory method.

4.1.2 Interview participants

The interview participants have been chosen to suit the purpose of our study and based on who can have relevant insight into what we study. Tjora & Torhell (2012, p. 113) refer to this as a strategic or theoretical sample. We started by identifying one company, in the IT-industry, that we found interesting and judged was suitable for the study. The first company we identified was Dohi and the reason to why we considered it as a good starting point was because of the dynamic industry it operates in. Furthermore, Dohi is very innovation oriented and it has, even though being an SME, had rapid growth since the start a couple of years ago. When that interview had been executed we continued by asking for other IT-companies that the participant from Dohi thought would be well suited for other interviews. This started a so called snowball sampling of further contacts. A snowball sampling is a type of non-probability sampling which starts with someone that meets the criteria for participating, who will further recommend others who meet the criteria and could possibly participate (Easterby-Smith et al., 2012, p. 229). It is through those recommendations that we further contacted similar companies that are in the same industry and direct or indirect competitors to the first company. We contacted all three recommended IT-companies and two of them agreed to participate.

When contacting companies in the telecommunication industry, we had the subject of the study in mind, which led to the interviewed companies to have an interesting, but structured span of characteristics. The characteristics involve industry, geographical location and size of the firm (see table 4). We had contact with one company that we
chose as a starting point and we then worked our way outwards from that company to find other ones suitable. However, in this case we did not find the other companies on the recommendation of this first participant, but identified suitable companies ourselves which we then contacted. This can be explained by the fact that qualitative sampling is something that can change during the research process as new interesting themes to follow appear (Damon & Holloway, 2011, p. 210). In both industries we contacted people that we judged would have the best overlook of the subject researched, however, even if hard to know, in some cases there might have been possible participant within the companies that would have had a better overview of the subjects. This means that the role of the participants might affect the results, since some of them work in for example sales and marketing while others work with for example business development and their perspectives on the subject may vary. Another aspect in regard to the roles of the participants that might have affected the empirical findings is that they all work in firms of different sizes. The positions differ in the sense of business unit and level of authority. All of the participants possess some type of manager position but as the size of the companies differ, so do the degree of influence and insight. This might mean that they have different amount of overview and knowledge of the business. In the case of the smaller firms for example, the participant in a role of marketing and sales also have better insight into the whole business than a participant in that role in a larger firm might have. The sample size of this study is small and fit for a purpose, rather than randomly selected and set out to represent a population. The latter is more common in quantitative research (Damon & Holloway, 2011, p. 210). However, a larger sample size could have led to more information that strengthen the results but could also have led to complexity that could have been hard to manage with the short timeframe.

The data has been collected by interviews with seven companies situated in either Umeå or Stockholm, with employees on different positions. The companies were first contacted through e-mail where we presented the subject of the thesis and why we found them as interesting participants in this study. An introduction to the companies and interview participants follow in the next chapter on empirical findings. The introduction of the firms and the participants will clearly tell who they are, and we will therefore, in the following chapter on the empirical findings, refer to the personal communication only by the participants’ surname.

4.1.3 Structure of the interviews
The data collection of this study has been conducted through face-to-face, semi-structured in-depth interviews. According to Starr (2014, p. 241) the in-depth interviews and case studies are two data collection ways that are particularly suitable in economic research. We have used an interview guide (see appendix 2 and 3) constructed as Tjora & Torhell (2012, p. 86-87) recommend, with warm-up questions, reflection questions, and closing questions. The questions are comprised into an interview guide with a focus on the topic areas and in line with the subjects of the study. According to Damon & Holloway (2011, p. 226), the sequence of questions depends on the process of each interview and answers of each participant, however, the interview guide ensures similar types of information from all participants.

The in-depth interviews conducted for this study were semi-structured. This means that they are in between the very strictly structured interview led by only pre-determined questions and the openly structured interview, where the interviewed
person can talk widely about the subject (Alvesson, 2011, p. 16; Damon & Holloway, 2011, p. 225). The purpose of using a semi-structured interview is to get an insight and a deeper understanding of the participants within the chosen industries. Another argument for why we believe that semi-structured interviews, and not openly structured interviews, are better suited to this thesis is because we want the results to be in accordance with the problem definition. We do not want important information to go lost by letting the conversation move too far away from the subjects and questions in the planned interview guide. In cases of openly structured interviews, it is crucial that the participant understands and is familiar with the subject in order to obtain useful information. As the subject in this study is rather ambiguous, complex and sometimes delicate, we argue that semi-structured interviews are more suitable for this thesis, because it allows some guidelines. This structure put pressure on us as researchers in the way that we had to be greatly familiar with the research guide in order to be able to focus on the conversation and led it in a direction that would give fruitful results. During the interviews we had to be attentive to what the participant said and follow up with relevant questions, but we also had to be aware of the interview guide and not fall too far out of it with questions that are not relevant to the problem definition of the study. The interviews were flexible and the logic and order of questions was adapted and changed, since we recognized certain subjects interesting to explore further depending on the answers. Damon & Holloway (2011, p. 221) mean that another benefit with interviews is that the data collection is situated within the participants’ social context, which implies that the data is based on the interpretation of their experiences expressed in their own words.

Nevertheless, we are aware of the potential downsides of this interview approach. Issues like different agendas of researchers and participants, the dynamic of the relationship and interview bias can affect the results. According to Easterby-Smith et al. (2012, p. 130-131), interview bias can occur when the interviewers impose their own reference frame on the participants, both in their questions and in their interpretation. Furthermore, they mean that open questions can avoid interview bias, but that open questions are not the best way of obtaining the right information. Thereby, Easterby-Smith et al. (2012, p. 131) recommend probes as useful to avoid bias, which is a technique to improve the participants’ answers. Even though we had an interview guide with specific questions, we kept the questions open and tried to be attentive to parts of the answers that we thought was interesting to discuss further. As mentioned in the previous paragraph, qualitative research and semi-structured interviews puts pressure on us as researchers. It is important to have a high involvement with the participants, in order to be able to understand the world through the participant’s eyes (Bryman & Bell, 2011, p. 410). We tried to build trust with the participants by beginning with an explanation of the subject and the purpose of the study, further showed great enthusiasm towards the participants and their responses. Furthermore, we treated the participants with respect and the ethical considerations are something that we always kept in mind. The ethical considerations will be discussed in 4.2.

4.1.4 Interview procedure
All the interviews have been recorded so that both of us as interviewers were able to focus on the conversation, rather than keeping notes. We only noted if there was something that needed to be remembered that would not be heard on the recordings. For example if one of the participant pointed at an image while talking about it, we
made a note to be able to explain what the participant meant. During the interviews one of us had the main responsibility for asking questions while the other one took notes and asked additional questions when needed. This allowed us to both ask questions from the interview guide but also to be observant on interesting aspects that came up. We also wanted to make the participant to feel comfortable by both of us being engaged in the interview. All of the interviews were held in the participants’ offices in order to make them feel comfortable with the environment. Except one of the interviews, the length of the interviews varied from 40 minutes to 1 hour. One of the interviews was only 24 minutes because of the participant was succinct in his answers. The recorded material was later transcribed thoroughly to create a ground for systematically analyzing it. The interviews have been held in Swedish and we have to the best of our ability correctly translated both the interview guide into Swedish (see Appendix 3) and the empirical data to English. In 4.2 Ethical considerations, we will discuss how the language might have affected our interpretations of the participants’ answers.

4.1.5 Constant comparative method
Grounded theory is in qualitative research an inductive way of building or grounding theory in empirical data (Neuman, 2000, p. 145-146). Neuman (2000, p. 146) argues that by using grounded theory there will be a flexibility and interaction between theory and data. To be able to systematically go through the empirical data we will use constant comparisons, sprung from grounded theory. According to Neuman (2000, p. 146), theory in qualitative research is built from comparisons. Boeije (2002, p. 393) argues that the comparisons will help in categorizing, coding and see traces in the categories and will make it possible to connect them, and all this through an inductive process. Further, it is described that old and new material can be compared several times to create new theory but that it is by looking at similarities and differences that conclusions can be drawn. According to O’Reilly et al. (2012, p. 250) the constant comparison see that theory is developed by data being collected, coded and analyzed at the same time. This has to us worked in accordance with O’Reilly’s (2012, p. 250) argument on that clues to theory will begin to appear in the mind of the researcher along the way of the study.

A part of the coding is that we have color coded the transcribed empirical data from the different companies, and then separated quotes from each interview into specific categories. The chapter on empirical findings is based on the empirical categories that have appeared from the interviews (see table 3). We have used quotes from the interviews and grouped them under the different categories. These categories were then synthesized into theoretical concepts used in the analysis in order to be able to connect the theory to the empirical data. In order to give a correct picture of the participants in frames of the presentation, we also used complementary sources such as the firms’ webpages. In order to get a comprehensive overview of the empirical findings we decided to present it through the categories rather than to present each interview separately. This categorizing can be seen as a pre-analysis because of the coding that we have done. However, we argue that this structure enables the readers to easier see patterns and understand the conclusions in the analysis. It later appeared that the empirical findings from each interview did not cover all the categories and that is the reason for why not all of the participants are mentioned in all categories. We understand that it can affect the analysis and conclusions of this thesis. However,
as the purpose is to deepen the knowledge and not generalize the results, we argue that we still convey the participants’ true meanings and what is important to them.

Table 3. Categories in the empirical findings

<table>
<thead>
<tr>
<th>Categories of empirical findings</th>
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<tbody>
<tr>
<td>Customers and Customer offerings</td>
</tr>
<tr>
<td>Products and Services</td>
</tr>
<tr>
<td>Resources and Capabilities</td>
</tr>
<tr>
<td>Cooperation and Coopetition</td>
</tr>
<tr>
<td>Revenue Streams</td>
</tr>
<tr>
<td>Agreements in cooperation and coopetition</td>
</tr>
<tr>
<td>Changes in the industry and future challenges</td>
</tr>
</tbody>
</table>

4.2 Ethical considerations

The Swedish Research Council has set up guidelines and rules concerning ethical aspects of research. Researchers are responsible to balance the expected knowledge contributions with the possible risks and negative consequences for the participants (The Swedish Research Council, 2002, p. 5). Furthermore, they underline the importance of ethical considerations before the interview as well as during the interview. According to Damon & Holloway (2011, p. 57), it is important that the ethical considerations are understood and taken into account by the researchers, as well as made explicit in the thesis.

When we contacted the participants, we clarified the purpose and the subject of the degree project, and explained why we considered them as interesting participants. Before the interviews we told them that the thesis will be an official document, that the interview would be recorded and transcribed, and made sure that they were comfortable with that. We also asked if they wanted themselves and/or the firm to be anonymous in the thesis. Further, we stated that their participation is voluntary, and if there were any questions that they did not want to answer they did not have to, and that they could discontinue the interview whenever they wanted. This information is important because the participants have rights that need to be protected and in some cases, the information can be confidential. By doing so, we carry out the research with integrity, honesty and with concern of the participants welfare (Damon & Holloway, 2011, p. 60). As one of the participant wanted to be anonymous and keep the firm’s name out of the thesis, we have kept it anonymous out of respect for the participant. Instead of naming the participant and the firm, we have used a pseudonym and only we as researchers can match this with the right name. Some of the participants requested to read the results of the study before publishing, which we agreed on. This agreement between the researchers and the participant, whereby the participant agrees to take part in the research, is a permission based on the understanding of the purpose of the study, and the potential risks and benefits with it (Damon & Holloway, 2011, p. 70). We decided to send the empirical chapter to all of the participants to give them the opportunity to read and accept the content before publishing. The reason for why we sent the empirical findings and not the transcriptions is because of the categorizing. In that way we ensured that the empirical findings were true to the participants own arguments and not influenced of our interpretations. It also ensured that we have done a correct translation in accordance with their meanings.
4.3 Practical limitations and implications

The participants answered all question with a few exceptions when they avoided mentioning a partner’s name. When we asked about a particular firm’s business model, the participant avoided to answer as he thought it was too delicate. In two different interviews, the participants were in a hurry because of other meetings. This implicated our interviews in sense of limited time, which may decrease the depth of the interviews because the participants did not have the time to reflect over all their answers. Another aspect that may affect our data collection negatively is that we were at first unaccustomed to hold interviews, however, after a couple of interviews we became better interviewers. This depends on the development of knowledge that led us to concentrate on certain areas (Damon & Holloway, 2011, p. 223), as well as that we learned the different acronyms and jargons of the IT industry and the telecommunication industry.

Because we held the interviews in Swedish, we had to translate the findings into English. This may have caused that we have missed out on underlying meanings in the translations. We judge that this translation should not affect the empirical data or the results of the analysis. To ensure this we have let the participants read and accept the translated empirical chapter.

Another possible limitation from the interviews is the different levels of knowledge on terms and phrases. For example, it is clear that none of the firms were familiar with the term coopetition. When we asked question regarding coopetition, the answers mainly consisted of the term cooperation, even though they explained it as cooperation with competitors. As coopetition is a relatively new research area, it is understandable that coopetition is not in the mindset of so many and not an implemented concept in the business community. Therefore, when we mention cooperation in the chapter on empirical findings it can in some cases fall into the category of coopetition as well. The different levels of knowledge on terms and phrases also appeared the other way around, that we as researchers had difficulties to understand certain acronyms and words typical for their industry. In order to avoid misunderstandings we tried to explain the theoretical concepts within the questions, and before the interviews we did a research on industry standards and words that may be important for the specific interview.
5. The empirical findings
This chapter on empirical data will begin with a presentation of the companies and the role of the participants. After this the companies will be briefly discussed through the perspective of factors for comparisons. The empirical data is structured by areas of interest that has appeared in the interviews.

5.1 Presentation of Organizations and participants
Below follows a brief presentation of the firms and participants. We will also present a summarizing table on the characteristics on the firms (see table 4).

5.1.1 Dohi
Dohi Digital Innovation group was founded five years ago and is today divided into eight smaller firms, which all operate within different business areas. The participant, Björn Lidenmark is Head of Operations of one of Dohi’s firms, called Dohi Innovation Agency. According to the participant, the Dohi group has 45 employees spread over three cities in Sweden, Umeå, Sundsvall and Stockholm. Dohi Innovation Agency combines technology, strategy, business development and design in order to create digital solutions such as mobile applications and interactive TV-formats (Dohi, 2015). Dohi delivers digital solutions, services and products and according to the founder Emanuel Dohi (2015), their operations are all about innovation and entrepreneurship.

5.1.2 Sogeti
Sogeti is a consultancy firm, providing IT services for the local market (Sogeti, 2015). Sogeti is part of a large group and have around 20 000 employees, and Sogeti Sweden (1 150 employees) has offices spread across many cities from north to south. The business in Umeå, where the interview was held, has around 120 employees and the participant Partik Bernhardsson is Operations Manager for the Umeå office. Sogeti develops solutions within a range of service areas such as business intelligence, digital channels, cloud and cyber security, and infrastructure (Sogeti, 2015).

5.1.3 Knowit
Knowit is an independent consulting firm with 1 800 employees, mainly in Scandinavia but also in Germany and Estonia (Knowit, 2015). The Knowit group consists of assembling smaller firms. The participant Urban Holmgren works at Knowit Norrland, which is one of the largest firms within the Knowit group with 150 employees. Urban Holmgren is Consultant Manager and is in charge for the consultants in Umeå. Knowit Norrland focus on three business areas; IT, Design & Digital and IT-management, within which it provides customers with strategic services. The other firms within the group are more specialized in one of these areas. Henceforth, we will not look at the Knowit group; instead this study will focus on Knowit Norrland as the participant has more insight in that specific firm.

5.1.4 Ericsson
Ericsson is a well-established company and was found in the 19th century. The company provides communication technology to enable transformation through
mobility, and 40 percent of the global mobile network traffic runs through networks supplied by Ericsson (Ericsson, 2015). The firm is divided into different business units; one of them is the business unit of Global Services. The participant, Ove Sturk was interviewed in Kista at the global headquarters of Ericsson, where he has his everyday office as Strategic Sourcing Manager within Global services. In September 2014, Ericsson had over 117 000 employees worldwide (Ericsson, 2015), and approximately 60 000 employees within Global services. Strategic Sourcing, where Sturk works, is divided into different areas of software applications, hardware platforms and consultancy services.

5.1.5 Cinnober
Cinnober is an independent provider of technological solutions for trading and clearing systems within the financial sector (Cinnober, 2015). According to the annual report (2014, p. 11) it employs 249 people and we therefore define it as being an SME. The interview was held with Magnus Sandström, Head of Business Development, at their head office in Stockholm. The foundation of Cinnober’s business offering is a technological platform, with which it operates in a global market with customers being large and well-established global players (Cinnober, 2014, p. 6-8).

5.1.6 Sivers Ima
Sivers Ima is a technology company, with 60 years of experience in innovations, and develops and manufactures products in the telecommunication industry (Sivers Ima, 2015). According to Sivers Ima’s annual report (2014, p. 6), it employs just over 20 people, we therefore define it as an SME. The participant Lars Granbom was interviewed at the head office in Stockholm and he is Vice President of Sales and Marketing.

5.1.7 Bright electronics (pseudonym)
Bright Electronics is a technology company that sells a unique technological product and solution to both civil and military customers. It is a large company, employing around 20 000 people around the world, within which the participant Andersson (pseudonym), is Director of Sales and Marketing. The interview was held at one of its offices based in Stockholm.
5.1.8 Characteristics of the participant firms
This table (see table 4) has been constructed in order to clarify and give the readers an overview of the participant firms and their characteristics.

Table 4. Characteristics of the participant firms

<table>
<thead>
<tr>
<th>Firms</th>
<th>Provision</th>
<th>Size</th>
<th>Industry</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Product</td>
<td>SME</td>
<td>Large</td>
<td>Telecom</td>
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<tr>
<td>Dohi</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Ericsson</td>
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<td>Sogeti</td>
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<tr>
<td>Bright Electronics</td>
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<tr>
<td>Knowit Norrland</td>
<td></td>
<td>X</td>
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<tr>
<td>Cinnober</td>
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<tr>
<td>Sivers Ima</td>
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</table>

5.2 Customers and customer offers
The consultancy firms, Knowit Norrland and Sogeti, have two ways of reaching a customer to create a business deal. Mainly, they offer consultants and staffing where customers often have identified a need or problem and therefore come to them to ask for help. Bernhardsson means that often at Sogeti “…the customers have identified their own problems and requests.” and similarly Holmgren says that at Knowit “They [customers] often get in touch and say “Hello, now we need a java developer” or “now we need a project manager” and then I look at what we have available, well here we have Lisa and she will run over there to work for a year or so”. However, even if most customers come to the firms on their own initiative, both Knowit Norrland and Sogeti work on trying to get new customers on the firms’ initiative. It is not Sogeti’s main focus, even if it does try to develop offers to bring to customers who have not already requested help. Knowit also works on acquiring new customers, and to meet them to present solutions. However, Holmgren argues that it is a bit more difficult than selling to customers Knowit already has a relationship with; “This is where we have to work on in our firm, we try to see where we could snap up and come across as a more… what can you say… innovative, and deliver added value to future customers […]”. Cinnober both provides products and services, and has sale representatives that try to understand where it is important to be known and make a brand for the company. For Cinnober, it is important “[…] that we get customers to come to us […]” and that “[…] it is important for us to be there when someone is thinking of buying a new system, […] so that they feel like they know of Cinnober. […] nowadays people are more than before in a way that we have demands to talk to the famous players in the industry”.

5.2.1 Customer demand
One aspect that can be recognized is the level of knowledge that customers hold about their own needs. Sivers Ima, Cinnober and Knowit have all acknowledged the importance of working close to the customers in order to customize products, services and solutions when needed. At Sivers Ima, Granbom says that it differs from
customer to customer regarding whether they know what they want from Sivers Ima or not. Granbom means that some customers know exactly what they want, which on the one hand can be easy since they know what specification they want. However, on the other hand it can be hard since they are often also very conscious about the price and hard to negotiate with. Further he explains two other types of customers, one type that knows what they look for, but do not understand the technical part of it. They can be tough to work with since you have to come with a technical specification translated to a language they understand. Another type of customer is the one that does not know that they need the product. Granbom says that “[...] then it is important to educate the customer first, that this measuring method, the radar measuring method, is much better than any other competing [...] you have to first teach the customer why you should use radar and then you can sell it to them”. Cinnober’s customers often do not know what they want, and therefore Cinnober works closely with the customer in a design study aimed at letting the customers explain what they want. Cinnober can then answer by saying “we understand what you want, and we can do this in nine months and at a cost of one million euro”. Often Cinnober develops customized products, specifically on a customer request since they come to them with for example a need for a new system. Knowit works together with the customers to develop the solution as it is often needed, since the consultants need to understand the basic need of the customer, but mainly because the customer has the competence of its own business.

Connected to customer offerings other aspects of value, such as brands have come forth. Sogeti, Dohi and Knowit have all mentioned things they see as value adding to their brand, however what it is seem to differentiate. At Sogeti geographical closeness to customers is its heart and soul. In Dohi, Lidenmark argues that the way that they work and the way that they build the company are unique, and what builds its strong brand. Lidenmark see this as an important competitive advantage for Dohi, especially in the northern cities of Sweden, “[...] Stockholm is a bit more difficult since there are so many companies there, like, many trying similar things [...] I was the one who started the office in Sundsvall about half a year ago, and it can really be noticed that there has been a big demand for what we stand for, what we do, and that was on a market where people did not think it was possible to start companies like this. This has really proved the opposite, which is a lot of fun but definitely a big part of our DNA and brand”. Unlike this, Holmgren means that Knowit Norrland’s traditional focus of delivering consultants to customer project is its big business in northern Sweden.

5.2.2 Customer relationships
Both Cinnober and Bright Electronics see customer relationships as essential, and that it is important to build relationships but also to maintain them after sales. Consultants hired by Cinnober, have pushed the importance of trying to sell again to existing customers, since it is easier when they already have a relationship. However, Sandström personally see it as both easier and more difficult when the customers know Cinnober. Furthermore he states that the company does not seem as exciting as before, while other companies do because of the non-established relationship. For one of the product companies, Bright Electronics, good customer relationships are essential. A good reputation is what it competes on, except for a unique product “That we do it well, that we behave well, we run these projects very long term, [...] we get like a good reputation. And that is incredibly important for us, that no one feels
unfairly treated. [...] So it is very, very important. It is probably our strongest marketing art/trick really, it is being good at what we do and keep what we promise”. However, Andersson means that there are few customers out there for them, and therefore it is important to create relationships with individuals within larger firms. In that way those individuals can promote Bright Electronics internally in different business units within those larger firms. Further, Sandström at Cinnober say that personal relationship can be more important than having a good product. The informal relationships can turn a deal around and settle an agreement. Dohi also sees long lasting relationships as important. When we asked if Dohi’s project is over when a product has been delivered, Lidenmark at Dohi answered that it depends on how the deal was designed in the first place. Lidenmark continues “[...] often we do not think it is good if it is like that, we will not let them [customers] go. We, like everyone else, want long relationships really, and make sure that if it turns out bad we can make it right later on”.

5.3 Products and services
The two consultancy companies, Sogeti and Knowit Norrland, provide services through consultants, and their competences and abilities. All services that Knowit provides are connected to the customers’ specific demands regarding the business. The services can involve for example project management, pilot studies, building webs and IT-systems. Further, Holmgren explains that Knowit has a wide span of services, where some of them are very technological and IT-related while other are more related to management. A typical service from Knowit starts with a pilot study of the customer’s operations, which is followed by a solution offer. If the customer is satisfied, Knowit starts to create and deliver the system, and after that it proceeds into stewardship. The both firms, Sogeti and Knowit Norrland, have seen a transformation from only IT-based services, towards other services. Knowit Norrland now works a lot with business development rather than just IT-related solutions. Holmgren argues that “It is a lot about innovation work and innovation development, and to help the customers to structure now already what they will do then. To try to see […] where will they earn money in the future [...]”. Sogeti also has a specific service which they call Business Intelligence, which is an area that has been more important now than before when the services were more focused on IT. Dohi’s way of doing business is built largely from what the employees and founder personally believe, and not what the market asks of it to deliver, “We work with the heart and not what our owners think we should deliver in form of results or what the customers think that they need”.

Both Knowit and Cinnober are firms that are vendor independent, which came up in the interviews. Holmgren at Knowit says that “... and we are completely vendor independent, so we are not like some other firms that push licenses or favor a specific product...” and Sandström at Cinnober means that “Many of our competitors [...] are often owned by stock exchanges”. Cinnober is independent in that way that it is not linked to any stock exchanges, like many of their competitors, which make Cinnober and its solutions quite unique. Cinnober provides products and as Sandström says “We call them products, our trading system is a product and our clearing system is a product, but they are quite customized to every customer [...]”. Sandström also means that there are no mere products anymore; everything comes with a service of some kind. Why they call it products is because they have packaged the solutions in that way, Sandröm says “[...] to sell something is a process and when a customer asks
what you have, a request of information, we have packaged our products [...]” and to package the products help them answer the request of information from the customer.

As mentioned in the presentation above, there are some differences between the firms in the sense of offerings. Ericsson’s Strategic Sourcing involves areas like software applications, hardware platforms and consultancy services. Every area provides different products and services. Sturk explains that the focus has been on content media, clouds and MDN (Media Delivery Networks). Further Sturk says “[...] but now, I focus on CSI (Consulting and Systems Integration) which is really exciting [...]”. The background of CSI starts with the consumers becoming more sophisticated users of several advanced communication services, and they therefore expect that the operators should provide them with communication services whenever, wherever and however they wish. CSI focus on supporting operators to transform their business strategy, cloud solutions and networks, just to mention a few areas, to better meet the customers’ complex demands (Ericsson, 2015, p. 1-2). Dohi on the other hand, develops solutions related to web platforms, applications, business systems or other forms of systems. Lidenmark at Dohi says “[...] what differentiate us is that we almost entirely work with projects, so we do not have any consultants, instead we focus on these projects [...]”. The first phase in a project is to determine what the customer needs and how its operations and activities looks like, and from that start to develop a solution to deliver to the customer. Lidenmark states that this phase is the most crucial in a project and that it is important to do the initial research properly, otherwise it is hard to get it right.

Another aspect recognized by both Dohi and Bright Electronic is the importance of after-market. Dohi offers support after the projects are finished, which Lidenmark says often is discussed early on in the project. Lidenmark continues “And sometimes the customer itself tries to do it, and sometimes we do it. But often we come after the customer has tried, if really weird things are happening, so we usually have agreements lasting for two, three, four, years, even though the app took three months to develop”. Bright Electronic sees the aftermarket and support as important within the business and as a good way to earn money. Andersson at Bright Electronics further explains the importance of spare parts and after-market. As the firm is a supplier and sub-supplier of a specific component, it is desirable to re-sell spare parts, Andersson explains “It is profitable to do so, to sell spare parts to customized products, it is good for the economy”.

Customization of products is not always obvious for the product companies Sivers Ima and Bright Electronics; however both companies do have customization of their products to different extent. Sivers Ima mainly has two forms of product offerings. Granbom explains that it either sells the product as it is, quite standardized, or in some other cases sells it quite customized. The latter is often to larger customers with special needs, Granbom says “We call it NRE-projects, so we do a special, adjusted product to them and they have to pay the costs for the development”. It can be based on a standard product which they adjust to better suit the customer’s demand. Customization is an aspect which Bright Electronics also takes into consideration when it sells its product; “[...] they are often customized to different kinds of enforcements. It is very long sales process and we are very close to the customer when discussing technological and commercial solutions and it can take several years before we can start to produce and sell something”.
5.4 Resources and capabilities

Principally, three dimensions of capabilities have emerged from the interviews: technological capabilities, business capabilities and process capabilities. Since the services of Knowit and Sogeti are accomplished by consultants, their competences and abilities must match the customers’ specific needs, so the firm can deliver the services. Holmgren at Knowit means that it requires that the firm has a wide range of different employees with specific knowledge and competences. Its high dependence on its consultants’ competences implies several challenges, as he says “If a consultant wants to quit, the competence walks out of the door so to speak”. Holmgren continues to explain the difficulties and states that the private life has an impact on how well the consultants perform and in the end also the results and quality of the delivered service. Bernhardsson at Sogeti also explains the importance of the consultants’ competences and means that it is the competences that the customer needs, and is the reason why customers come to them and ask for support. He says “Since we do not have any products or a factory or something like that, it is the individuals who work here that are critical [...].” Bernhardsson further argues that its way of doing businesses only is marginal for Sogeti’s competitive advantage, and that it is instead the competence that is determinant when it comes to the competitive advantage. Knowit compare it with a CV (curriculum vitae) and Holmgren says that its sales material are CV’s, and that it is up to the customer to determine which competences, presented in a CV, that it needs. Dohi also sees the competences as crucial in its operations, and always tries to keep ahead of the market demands in order to provide the right competences. Lindenmark at Dohi points out “We hire many young people, because they possess those technological competences that we want to work with [...] and to be in forefront of that all the time”.

The business environment and shifting market demands are recognized by Andersson at Bright Electronics. He means that it requires more resources today than before in history, and points out today’s business environment to be the driver behind that development, because customers demand more rapid technologic development. He also sees managerial and business competences as crucial, even though Bright Electronics is a high-technology company it still needs competences and resources that assure revenues and not just technological development; “[...] to introduce a commercial mindset and to drive these questions as much as the technological value, to find a balance between these”. Andersson sees value in balance the resources and capabilities of technology and to be businesslike.

Competences and knowledge are essential in Cinnober’s offerings. The company’s “know-how” is a part of its products, and it is the “know-how” that the customers pay for when they buy a product. Competences and knowledge are also important for Ericsson. Ericsson is a large organization which makes it important to share all capabilities and competences throughout the company. Sturk explains that when Ericsson develops a new technology and when it is included in its product portfolio, it is essential that all Sales representatives and Key Account Managers are aware of features and characteristics of the new products.

Both Cinnober and Dohi express that they try to be agile in their processes, and also states that it is a more common approach these days. Cinnober explains “agile” as a way to take the customer closer and to deliver step-by-step increments of the solution. He further explains the reason for this is to avoid errors, and to make the customer
more integrated into the process in order to ensure that there will not be any surprises at the end. Dohi also has an agile model that allows adjustments during the process. There is another certain capacity that Dohi possess and use within its project, “[...] the latest way to do it is to put up efficiency objectives, to proceed from what effect you want to reach with this system [...]”. Dohi and Cinnober see this way of working as a way to please their customers through the process.

5.5 Revenue streams
Depending on how the firms’ package their products and services, the revenues streams are a bit different. Mainly, there are three ways to create revenues; to charge per hour, to charge through fixed prices or through licenses. The main model applied by the consulting firms, Knowit and Sogeti, to charge for their services is to charge by hour. Another way that Sogeti is getting paid is by charging a one-time amount of a fixed price, and it uses this pricing mechanism when it takes on to deliver a complete service. Since Sogeti does not have products, it does not charge for any licenses. However, Bernhardsson says that Sogeti has stewardships, and then the customers pay yearly for support.

Also Dohi, when working in projects, charge either by hour or a fixed price for the whole project. However, since Dohi sells products and services, and sometimes only services, the ways of charging are different. This also applies to Cinnober, and both Dohi and Cinnober sell products for which they can get paid for through licensing. Lidenmark means that Dohi charges for its products through licenses, and license revenues are determined by how many of the products are sold. Lidenmark further explains “[...] of course we also earn money from further development of the products, so we reinvest what we earn from a product to make it even better so that even more will buy it. That is how the ecosystem is”. Cinnober charges for “know how” through a license on the product it sells. Cinnober then also charge for the project of customizing the product, which Sandström thinks as pretty easy to calculate. In these situations, they charge for the cost for people working on the project and how much time they spend on it. In other words, charge per hour when they work on the project. Dohi does not see it as hard to create revenue streams; as Dohi makes sure that its customers make money or save money with everything that Dohi offers and does for them. At Cinnober however, it can be a bit tricky to charge a customer and to know what the value for the customers is. Further Sandström at Cinnober means that it is about learning a market and understanding what is value for customers, and depending on that, how much it can charge. Lidenmark at Dohi also says that he “Think that the most important thing is to always try to find the possibility to earn money in all stages, whatever you do, you should try to find somewhere in that stage of the project where you earn money”.

At Ericsson, the hardware is of less importance, and one reason for it is that there are no marginal to earn on it. It is instead the software that Ericsson earns money on and according to Sturk “That is where there are marginal and that is where the intelligence is, the applications and the services around”. If Ericsson works with a third party on software, which they call distribution resell, i.e. the third party is visible, and they charge a market price they split the revenues about 50/50 between Ericsson and the third party. When Ericsson sells something with OEM (Original Equipment Manufacturer) where components are embedded in Ericsson’s products, Sturk means that the flows are different. Instead Ericsson pays through what they call
a Royalty report from purchase, which is completed and sent quarterly. It contains information on how much they have used the software and pay the supplier accordingly. In other cases, Sturk says that Ericsson comes up with a price mechanism internally, which is flexible for each deal. Further, he explains “If it is Asia, we have different price levels, but we keep the same price principle with the marginal it is supposed to be”

Despite the three main ways of creating revenues presented above, some of the firms charge for after sale services. Cinnober finds that the hardest part is to settle on how to work with support and other things around the product. After the sale of the product and the customization, it has an after sale service for customers that it charge for. Also at Ericsson, support around a software product is charged depending on the deal.

5.6 Cooperation and coopetition
All of the participant firms cooperate with other firms in one way or another. The firms engage in different forms of cooperation with different types of actors, and with a few driving factors. This will be looked at through what came up during the interviews, as well as gains and difficulties that occur in relation to cooperation.

For example Ericsson sometimes engage in cooperation with a third party, where the two parties work hand in hand, and transactions happen both between Ericsson and the customer, and between the third party and the customer. Ericsson can also sell this way with commission on sales; however these things are often regulated by a cooperation agreement. Sogeti engage in cooperation mainly with sub-suppliers, helping each other with common deliveries, and when it does not have all resources accessible for a project “[…] When it comes to web design we have our own resources too but they are not always available for projects we have, or there is something or there is something specific we are after, and then we can team up with an agency like ours”.

Sandström at Cinnober gives an example of a partner that they have worked with in order to develop and deliver a specific product offer revolving around clearing systems. The partnering firm has helped Cinnober to do some parts of the offer that Cinnober did not manage itself. This cooperation has turned out to be very successful, as Sandström says “Very successful, very good collaboration, they are competent and have helped us gain customers”. Sandström explains that this firm is a sub-supplier to Cinnober in particularly two business cases. Even though it is sub-supplier, it is visible that the other firm stands for the service of risk calculation within the solution. Sandström explains that this firm is a sub-supplier to Cinnober in particularly two business cases. Even though it is sub-supplier, it is visible that the other firm stands for the service of risk calculation within the solution. Sandström says “So if the customer wants, they can buy something direct from them as well”, because he further explains that it is easier for the customer to talk directly with the sub-supplier regarding risk calculation. Sandström points out that the word “partnership” is used a bit careless, and many use it when they actually mean sub-supplier.

In some situations, Knowit uses other consulting firms as sub-suppliers, but Holmgren states “[…] But then they have to pretend to be Knowit when they meet the customer and they [sub-supplier] invoice us and we invoice the customer”. To cooperate is also something Sogeti can do when it in turn lack the ability to deliver what the customer demands. These types of relationships and cooperation generally end on a practical
business level when the work has been done. However, Bernhardsson means that they keep taking care of the relationships with such sub-suppliers if similar situations come up in the future. Sivers Ima also has partnerships and does cooperation in different forms. Granbom explains that there is some collaboration, where they engage in common projects with other actors. However, he also states that it is a delicate area that he cannot tell us about, but that there are some cooperation and common objectives between different actors. Dohi however, is very open about what big part cooperation is to its business and that it engages in cooperation. Lidenmark at Dohi views partnerships as beneficial for all actors involved, as Lidenmark says “It is a really important part within this context and we cannot do everything […] It is extremely important to say that ‘we do not have the ability to do this, but I know a guy that can’”. He points out that it is not mainly the firm that it cooperates with, instead Dohi sees the individuals’ competences as attractive and as a driver for cooperation “I collaborate with the persons, not the firm”. Bernhardsson at Sogeti says that in their industry, relationships are very important, not only towards customers, employees and universities, but also towards sub-suppliers.

Granbom states that an important form of cooperation that Sivers Ima engages in is large state- or EU-sponsored projects, which aims to actuate and encourage science and product development. He explains it as beneficial because; “[…] the small firms get resources that the large firms can offer in forms of research and development”. Furthermore, this kind of cooperation can contribute to new components or build ground for new products.

5.4.1 Coopetition
Even cooperation with competitors exist, however, it is not as usual as other forms of cooperative relationships and appears to be more delicate and challenging. Sturk explains that today the same companies can “[…] be partners, you can be a competitor, you can be a supplier, and you can be a customer. It is like the whole ecosystem”. Bright Electronics also talks about the firms being both customers and suppliers and that the same firms can be both at the same time. Even though Sandström at Cinnober thinks that it is best if the partners do not have any competitive relations at all, he states that Cinnober’s partners can turn out to be competitors. Further, Sandström explains that the partner’s offering sometimes can develop in a way that makes it more similar to Cinnober’s offerings, which increases the competition. Sogeti does deliberately cooperate with competitors, however only to a certain extent. Further Bernhardsson says that Sogeti cooperates with agencies to meet supply demands from customers, “[…] agencies can sometimes have their own ability to delivery web platforms that they can build”. Bright Electronics’ products can sometimes include components that another firm customize and to be integrating into Bright Electronic’s product. They cooperate with these firms in some situations when the other firm runs the project by itself, but they are competitors otherwise. Andersson says “And sometimes the one who sell this thing that we will integrate, want the whole cake themselves so to say. Drive the whole project. Then they want us to deliver a thing to them that they can integrate. So there we have this, as you call it, competitive cooperation”.

For Dohi it is common to cooperate with competitors in frames of projects, certainly when it comes to large customers who hire different competences from different firms to work within the same projects. The firms have to cooperate within these projects
even though they normally are competitors. Granbom has recognized another area where cooperation can involve competition, when Sivers Ima engages in for example EU sponsored projects. The actors involved can create something together, but later use the results to compete against each other. When we ask what kind of actors Dohi usually cooperate with, Lidenmark simply answered “Well, it can be actors that are exactly like us.” Knowit acknowledges that when it comes to larger projects, where the customer owns the project, Knowit is forced to engage in coopetition. In such cases, it is the customer who chooses the competences, which can come from several different firms. Holmgren says “Then, you have to throw away your Knowit-cap and be there for the customer, and focus on the customer and the customer’s best”. He also states that even though they normally are competitors, they need to cooperate and be colleagues in such situations. Despite this, stronger competitive situations can occur during the projects, often close to deadline, as new needs appear and the customer may recognize that it needs an extra person. Then, it is obvious that all suppliers want to deliver that and that all of them want the customer to choose a person from their firm. For Bright Electronics is does happen that it goes hand-in-hand with another firm and front a project together in cooperation, however it happens very rarely. This has happened in times when both parties involved have had big technological challenges ahead. However, it more often happens that parties get exposed to competition “[...] and then we often configure ourselves in different ways”.

At Sogeti there are further examples of when cooperation with competitors has appeared. There are Indian firms that Sogeti sometimes cooperate with in order to meet specific customer demands of delivery at lower prices. These firms are also competitors, and according to Bernhardsson “There are Indian firms that are competitors, and who are in Sweden even if they do not show that much. But they are big and powerful, and can enter this market pretty easily I think”. Bernhardsson says that the cooperation with Indian firms change Sogeti’s ways of doing business since, among other things, the cost structure changes. Also there is a learning process for the working people from India, and the work is done geographically far away, being somewhat opposite from Sogeti’s core of being geographically close to their customers. Another driver for coopetition at Sogeti is to make the industry more attractive. Since competence is crucial, but short, in the industry that Sogeti operates in, many competing firms come together in different fora to cooperate on making the industry more attractive for academics. Bernhardsson explain, “You have to start in elementary school to try to slot pupils in the right direction and kind of try to create, maybe... a new image of what working with IT really mean. And around this there is cooperation of course, all our competitors and colleagues in the industry, and that, try to act on this in some way”

**5.5.2 Driving factors for coopetition**

A common factor that drives cooperation among the interviewed companies is to gain additional or crucial resources and capabilities that they lack internally in the firm. One form of collaboration that Sivers Ima engages in is when it hires consultants as a sub-supplier. For example Sivers Ima does so when it develops a product but it needs to complement its competences and resources to be able to continue the development. In these cases Sivers Ima hires consultants with a certain competence needed. Similar to Sivers Ima, Dohi often cooperate with firms that possess specific competences and resources that it does not have but may need in different projects. When Ericsson uses
OEM when building a product, the factor that drives Ericsson to take in a specific supplier is the technical resources that Ericsson lack. According to Sturk, Ericsson also cooperates with vehicle companies for R&D, since they have complementary knowledge and can do something innovative together.

Cinnober also tries to find partners that possess capabilities that it lacks, but still need to deliver the offer. Sandström claims though, that Cinnober has not been interested in partnerships and cooperation, but on the other hand he states “[…] I think we need more partners to be able to deliver”. However, when Cinnober engages in cooperation, it tries to build the relationship around a specific business case in order to make it more manageable. The lack of resources and competences are something that Sivers Ima identifies as the underlying driver for cooperation, however, Granbom views the subject of coopetition as rather delicate and does not want to talk too much about it. Instead, Granbom gives an example from his earlier working experiences. He once owned a consulting company, which engaged in cooperation with a competing firm; “We were competitors thus our firms were consulting firms, but once again, we possessed a specific competence and the other firm had another specific competence within its organization, so together we could solve a customer’s problem”. However, he also claims that he thinks that it is unusual to do business this way. Also among the two consultancy firms participating in this study, drivers behind cooperation can be lack of resources and capabilities. Sogeti sometimes cooperate when it does not have all the resources to meet the demand from a customer. So does the other consulting firm Knowit, and according to Holmgren, Knowit engages in cooperation when it does not have the competence needed to deliver a solution to a customer.

The customers’ part in driving this demand is something that both Ericsson and Bright Electronics also talk about. Bright Electronics sees customer demand as a driving factor for coopetition. Even though Bright Electronics does not have any written guidelines for cooperation, Andersson says that they have unspoken strategies for it as they know what they want to do in certain situations. Sometimes Bright Electronics cooperate with sub-suppliers that it would not work with on its own initiative, but does so because the customer demands it. Andersson gives an example of how a conversation with a customer can be “If a customer comes with a demand ‘I [customer] want you to use and integrate this component’ ‘Ok, we [Bright Electronics] will do that but we would recommend you to go somewhere else or use something else’ ‘No, we [customer] want this’ ‘Ok’ we say ‘we will do that’ and then we engage in that cooperation”. The important factor for cooperating hand-in-hand is that there is a businesslike gain for both parties involved, and that they can do something better together. Andersson at Bright Electronics also explains the importance of gaining value without ruining the future relationship to the customer. After a project where they cooperate with a competitor, they will be head to head competitors on the next project, so it is important to manage it well. “It is all about relationships and a trust that you build and it needs to work on very long terms. We cannot go in and sell something like we will do a great deal here, and then the customers get really disappointed after half a year when they use the products and the start to break”. In Ericsson the drivers for cooperation are somewhat based on the type of business. For example the choice of partners to cooperate with in OEM is technologically driven, but the driving factor behind choosing partners for cooperation in CSI is customer driven.
Other driving factors for cooperation can be price pressures, new market entry, and procurement, which will be exemplified as follows. When Sogeti cooperates with Indian colleagues, it is because of price pressure from customers. Some large customers demand lower prices, and in order to meet those demands Sogeti cooperates with people in India in order to cut costs. Sogeti sees it as a chance, thus if Sogeti does not do it, its competitors will. The participant from Cinnober, Sandström, believes that cooperation becomes more important, certainly when it comes to entry of new markets. Cinnober operates on global markets and Sandström has recognized some differences between countries, he says “We have tried to sell in Japan, and if you do not have a partner in Japan, you cannot sell anything [...]”. He continues to explain how cultural differences have an impact on business and what influences the government has in certain countries.

5.2.3 Difficulties with coopetition

Instead of cooperating Ericsson sometimes acquires companies or buys the rights from the core of the business to use their source code for software. These kinds of procurements, however, are very secret while under process. Situations when Dohi engages in cooperation, sometimes with competitors, are in procurements, “When we do procurements, we use to go hand in hand with two, three, four or even more in order to answer the procurement to become stronger”.

All the interviewed companies face more or less difficulties when handling cooperation, and especially when handling cooperation relationships with competitors. When Ericsson works with actors that are more visible for the customers, sales conflicts can arise if they have sold a part for someone else's count. Ericsson then needs to be cautious so that the company does not go beyond it with up-selling, because that is not something that Ericsson appreciates. In some situations, cooperation has been terminated because the involved parties’ portfolios have become too similar, and they have become competitors. In some cases, cooperation has failed because the parties involved do not work well together, or because suppliers have too high expectations. Ericsson is sometimes very dependent on relationships in OEM, and then it can make agreements only allowing Ericsson to terminate the cooperation. When Ericsson goes hand-in-hand with a third party, it can be under a teaming agreement or a cooperation agreement. However, in some cases it does not work out, as Sturk explains “We had that within content a while ago, because we did not want to take the whole risk towards the customer”. Sturk continues “Then we need to have transparency. Transparency is a word that is incredibly important, that we need to have transparency towards our suppliers based on the customer demands”. This is because if Ericsson is in the middle, it takes the risk and can stand responsible to answer to the customer if something goes wrong.

Cooperation can be difficult, both Bright Electronics and Ericsson judge that the way that they work do not change because of the cooperation. At Bright Electronics, the operations and activities do not change because of cooperation, because if it did Bright Electronics would be taking businesslike risks that are too high. In Ericsson, cooperation does not get more sensitive when it is with a competitor, however the fora is different. It has to do with the size of the other company and the power symmetry or asymmetry between the two cooperating firms and Ericsson strives to find a balance in such relationships. Among other things, negotiations with smaller firms can be tough to handle. It is however important for Ericsson to work with governance
in partnerships and cooperation. Ericsson has different levels of governance from which it proceeds when creating a governance structure. What governance structure it uses for different partnerships and cooperation depends on the size of the other part and the amount and level of technology involved. The more technology and the bigger the size of the other firm, the more governance is needed. Some small privately owned companies need to come to Ericsson whenever they get an offer from someone else.

Both Sivers Ima and Knowit recognize the importance of careful considerations on how to split the revenues and gains from cooperation. At Sivers Ima the main difficulty in cooperation is to determine how the revenues should be divided between the partners. The best way to avoid this conflict is to do an agreement regarding revenues before the partners engage in cooperation. Further, Granbom reflects over several difficulties in cooperation between competitors and gives an example from his earlier experiences, “We thought that we earned too little and our partners thought that we earned too much, and it is the balance and that everyone involved should be satisfied, it is hard when you compete”. Knowit shares this view of agreements regarding revenues and benefits stemming from cooperation. In situations where Knowit cooperates, it is essential to determine how to share the benefits from that cooperation, as Holmgren says “[...] how we share the cake in a decent way, so all actors can take part of future requests and meet the demands in a proper way”.

The two consulting firms, Knowit and Sogeti, are resistant to cooperation with strong competitors. Knowit would probably not choose to cooperate with those firms that they are in a highly intense competitive situation with. Sogeti tries to avoid cooperation with competitors as well, and the reason is that Sogeti does not want to bring competition too close to its customers. Bernhardsson continues by saying that this is the reason for the industry having little cooperation with competitors. He says “We are colleagues in the industry, but we cooperate pretty rarely”. If having the same competence it can be problematic to bring a competitor so close that they can take part in the customer relationship, “That they will gain benefits, because after all that is probably what it is about, that you have a good relationship to the customer and if you help your competitor to get the same relationship, then you lose your competitive advantage”. Even if cooperation can be hard for Sogeti, there are not any set guidelines for how to handle cooperation. It is something that Bernhardsson makes sure gets handled in a good way. Knowit finds cooperation a bit different when it happens in small industries. An example of a cooperation where they help each other in different projects, however it was restricted to Umeå, Holmgren states “If it was in Stockholm, it would be impossible to cooperate [...]”. According to him, they help each other more in Umeå and in Norrland, which encourages cooperation as it is not the same competitive situation as in Stockholm.

Dohi does not appear resistant towards cooperating with competitors, however, it appears to be more difficult than other cooperative situations. Dohi thinks that it is more difficult to cooperate with competitors in the sense of openness and sensitivity. Otherwise, it is not a problem to cooperate with competitors. To Dohi, relationships are quite crucial in cooperation, especially when operating in a relatively small industry where everyone more or less knows each other. Like Lidenmark puts it “We live in quite small cities, even Stockholm is relatively small, so if someone ruins the personal relationship by starting to steal work or by being mean in some way, and it will be hard for them as businessmen in the future”. Further, he says that many bigger
consulting firms do not want to cooperate; instead they want to manage and deliver everything by themselves. Lidenmark gives an example from his earlier working experience when he worked at a bigger IT-firm, where they preferred to do everything by themselves. In some cases, they saw potential in cooperation, especially when they understood that they can create more together than by themselves.

Bright Electronic’s participant, Andersson reflect over cooperation and the challenges and says “And then it it is a giving and taking so to speak, where you feel like ‘well oops, now we are on to the same deal, how do we do this?’” Sometimes Bright Electronics takes a step back and let a deal go, Andersson says “[...] we think that these sub-suppliers suddenly turned out to be a competitor.” When they then think that the other firm is more likely to win the whole cake, they can let them take the deal and settle with supporting them “we do not do anything on paper, we do not do a cartel or anything but we just choose to get off”. If it is the other way around, and Bright Electronics has a bigger chance of getting the deal then they will hold on to it. Sometimes a firm, which Bright Electronics usually has as a sub-supplier, cooperates with a competitor to them “[...] so we configure ourselves a bit differently depending on what customer, what market, and what country we enter. So there are a couple of multiples for how we can work together”. Connected to these arguments, Cinnober has experienced that most customers just want one counterpart, and not five different, Sandström explains “So if you want to be a part of the cooperation, then you have to agree upon who is going to be the counterpart”. Another issue of cooperation that Cinnober has recognized is that it is hard to find a partner that uses the same technology, and it can be hard to connect different technological solutions and to make them work together. Sandström at Cinnober claims that the partners must interact, “[...] that we need to build in order to interface each other”. He also thinks that it has become easier nowadays because of increased standardizations; it is now easier to connect things.

Another challenge with cooperation is how to handle the relationship and governance between the actors. Channel conflicts happen when partners or firms Ericsson cooperates with go straight to the customer, instead of only going through Ericsson to that customer. Sturk at Ericsson says that suppliers mainly have two ways of doing business, either they go straight to customers themselves or they go through a distributor, such as Ericsson. Further, Sturk argues that those two ways of doing business is different and for some suppliers it can be hard to get used to why they need to go through Ericsson. In Sturk’s own words “Often suppliers have two business models, [...] one to go straight towards for example Telia and one to go via Ericsson towards Telia [...]”. Some suppliers have never worked from this model and are used to go straight towards the customer [...] it can then be hard for them to understand “why should we get paid when the customer accepts, we are not used to that. We are used to getting paid during the project [...]“. Because of this, it is important to find each other and reach a mutual consent.

5.7 Agreements in cooperation and coopetition
Regarding the questions of how the firms handle agreements with partners and if the agreements are formal or more informal, we got a wide spread of answers. The smaller firms handle cooperation in a more informal way, where a handshake is enough, but the larger firms such as Ericsson has strict guidelines and policies to
follow. It is also clear that it often depends on the situation, in which they do the agreement with and their position on the market.

Dohi rarely signs agreements when it comes to cooperation and partnering up. It is more of what Lidenmark at Dohi calls a “gentlemen's agreement”, and a typical situation is “you sit by a table and say 'we know what you can do and we know what we can do', and then you talk about it and then we go for it”. Lidenmark means that by doing it that way, you will soon realize who you want to work with. Further he compares it to any other relationship, and that they want to work in projects with people who have the same values while working. Cinnober also has cooperation with other firms that are smaller to its size, without having other formal agreement than a handshake, as they do not consider it needed in situations like that. However, it is different when Cinnober comes to the point where it makes agreements with a customer. In bigger deals Cinnober has worked with other actors in order to meet demands from a larger customer, but the firms working together towards the customer have never had any written agreement amongst them. The participant from Cinnober, Sandström, mentions cooperation where Cinnober works as a distributor for a subsidiary, who sells surveillance systems as a complement to Cinnober’s trading system. In this type of cooperative relationship there are formal agreements, and as part of the agreement Cinnober gets a percentage of the deal since it has the contact with customers when selling the subsidiary’s system.

From the interview with the participant from Ericsson, Sturk, it is clear that almost all of the work in Ericsson is led by templates and formal agreement. Sturk mentions several of Ericsson’s formal agreements, which can be either commercial or legal. Ericsson has different types of agreement templates for different ways of doing business, so the agreements need to change with the changes in the business. For example, Ericsson has the right in an agreement to take over the management for software, when it lands with them. Such agreements on software are called general software distribution reseller agreement, which is often followed by specific governance structures. Recently Ericsson signed its first global agreements with three partners, “When we write Global Frame Agreements, then all of Ericsson can use them. They are flexible so that our regions, we have ten regions, can use them when we get a customer request which makes it more effective. Earlier we did this case by case”. Similarly, Bernhardsson at Sogeti means that whenever Sogeti has relationships in a business deal context, it is very formal and agreements are signed. The participant from Knowit, Holmgren, describes that the amount of formal or written agreements in Knowit vary depending on what firms are involved in the cooperation. According to Holmgren there can often be quite a few lawyers involved, but it depends on what company they work with; “If it is a larger company it is, and then it is... Especially with American companies it is on a very high legal level, but in our case as we are a pretty small company and organization then it is handled locally and internally.” One agreement that Sandström at Cinnober raises is called an NDA, Non-Disclosure Agreement, aimed at preventing the parties of cooperation to not forward any internal information for a certain amount of time about the other party or parties. Sandström explains “Often something is a little bit secret, they can for example tell about their business model or about their system and stuff like that, and then you promise to certainly not use it”.

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5.8 Changes in the industry and future challenges

There are changes going on in the industries, and during the interviews some of the challenges that these changes bring for the firms surfaced. Bright Electronics has been forced to be more commercial, and not just focus on technological innovations. In the past, Bright Electronics could focus on only creating the perfect technological solution, which everyone still wants but cannot afford today. Bright Electronics has also experienced that the business environment is fast paced with increased competition, as Andersson explains “Development processes that took maybe five years before, should today take three”. Andersson continues “You have to be faster today to produce a proposition and technological solution”. Further, he means that changes within the industry take longer than for example in the telecommunication industry, because within the industry that Bright Electronics operates; it may take 20 years to change. Apparently, it has changed, the competition has increased, even though it is a few competitors, it is few projects to compete over. Even though DoHi is a quite young company, it has experienced that the market has changed a bit since it first started, as the IT industry changes very fast. Lidenmark says “DoHi has been successful because five years ago already, they had a vision about doing businesses that we still can use [...] even though the market has changed a lot over the last five years”. Furthermore, it is common that customer demands projects instead of resources in forms of manpower. 15 years ago, the industry was more focused on building heavy IT-systems but now webs and web platforms “the thing.”

The fact that the market and the IT industry have changed is something that the consulting firms, Sogeti and Knowit, have recognized as well. They have experienced changes in demand. Bernhardsson at Sogeti, with almost 25 years in the industry, thinks that firms’ need for IT has increased as well as that the understanding for IT has increased. The customers do not only see it as a cost but as an advantage and a contributor for profits. Bernhardsson means that IT has become a greater and a more important part of organizations; it is not just for support anymore. This is a development that also Knowit has recognized, as Holmgren says “So there are more organizational services that we deliver, that are connected to IT [...]”. Aligning with this development, that IT has become more mature, Knowit has discovered that the demand on higher competences has increased. Holmgren continues “They have higher competences and put higher demands on us, which also implies that we, as suppliers, need to step up, on all levels”. Sogeti thinks that demands are more solution-driven today, Bernhardsson explains “And the missions have become smaller, shorter missions, part-time missions and so on [...]”. He also sees the available competences as an uprising competitive factor, the industry grows but it is only a few that possess the proper competence. Ericsson has also seen shifts in demand, and points out that the development has moved toward new solutions and services, such as Cloud, IPTV, MDN (Media Deliver Networks), just to mention a few. Ericsson has several examples of high-tech innovations within the fields of media and telecommunication, which today are more or less connected. Sturk explains the industry convergence and says “Telecom and IT have converged several years ago and now comes also media, which Ericsson very much focusing on”. A part from that Ericsson has turned out to be more of a software-company with less hardware, a change that has influenced the whole organization. Sturk further explains “[...] we decouple the hardware from the software, which makes the software
independent of the hardware”, and states that it is a shift that occurs within the whole industry.

Other changes revolve around revenue stream and ways to get paid, which Cinnober and Knowit talked about. Cinnober has tried to change the model of how it gets paid and how it sells its offers. Sandström explains that Cinnober used to provide support for a couple of years after the settlement, and then renegotiated the agreement. Now they try to do it more continuously, Sandström further explains the drivers behind this change “Because there is a risk that they leave us, when there is so obvious that after five years it is time for renegotiation […]”. The long timespan implies that the customers need to consider such a great deal. Therefore Cinnober has made it easier for the customers by shortening the timespan. Similar to Cinnober, Knowit has recognized changes in a way that have forced it to rethink its revenue models. Holmgren at Knowit acknowledges that they have spoilt the customers with hourly payments, now when the customers pressure the time frames it means that Knowit gets less paid. Taken this together with higher salaries and expenses, the margins are getting lower. A solution on this is to package the solutions in new ways than only hourly payments. Increased competition is another uprising issue for Knowit, both from global firms and from national firms. Knowit has therefore had some problems with its positioning on the market. Holmgen says “We want to get up here, where the prices are higher, but to add more value than we do today and it includes a bit more innovations. High price connected to innovation so to speak”. He states that this will be a challenge in the future, both for the employees but also how Knowit highlights and promotes itself toward customers.
6. Analysis

This chapter will provide an analysis based on our empirical findings in relation to our theoretical framework.

6.1 Role flexibility in cooperation and business models

Key partnerships do also include competitors, which Osterwalder & Pigneur (2010) acknowledge in their building blocks of the business model. Coopetition is a form of cooperation where cooperation and competition co-exist, and this coexistence is the foundation of coopetition (Bengtsson & Kock, 2014, p. 412; Lou, 2004, p. 13). From our empirical finding, we can see that all the participant firms are or have been engaged in coopetition, thus engaged in cooperation with a competitor. For example, the consulting firms, Sogeti and Knowit, both claim that they in some cases cooperate with other consulting firms within the IT-industry. Even though the way of looking at coopetition is very spread, it is clear that it exists in some way or another. The empirical findings, however, show that the firms use the words “partnership” or “cooperation” in different ways. Sandröm at Cinnober states that the word “partnership” is used a bit careless, which we have recognized is recurrent in all of the interviews. Quite frequently, when a firm express that it is partner with another firm, it means that the firms have a supplier-relationship, are customers or maybe both. It is rarer that the firms cooperate with a firm that they do not already have a relationship with. The building block of key partnerships refers to engagement in cooperation with customers, suppliers, as well as competitors (Osterwalder & Pigneur, 2010, p 36). Most of the participants state that they are or have been in all above mentioned positions within cooperation. This development is very notable in our interviews and the participant firms confirm that they can be suppliers or customers, and sometimes both at the same time. It is clear that the firms need to take different roles and configure themselves in different ways depending on project or business case. Most of the firms argue that cooperation mainly occur in frames of specific projects and business cases. Bright Electronics emphasizes the importance of taking different roles and it usually configures itself depending on customer and market, and that there are multiples for how Bright Electronics works with partners.

6.1.1 The roles of sub-suppliers

According to Zott et al. (2011, p. 1031), today’s business environment is dominated by complex relationships and activities among multiple partners. Furthermore, Zott et al. (2011, p. 1031) state that business models can no longer be seen as a linear mechanism of value, from the supplier, to the firm and finally to the customer, and that the flow of revenues then follow this line but upstream in the chain. This idea of the non-linear mechanism has been confirmed in the findings of our interviews, both in sense of the importance of different roles and in the relationship with sub-suppliers. From a SME’s perspective, partnerships with or as a sub-suppliers appear to exist in two constellations. One way is when the sub-supplier is visible to the end-customer and it is clarified that they stand for one part of the product or service. For example, Cinnober has a partnership with another firm that stands for a part of one of Cinnober’s solutions, which is totally visible to the customers.

This phenomenon is recognized as common in other participant firms as well. In these circumstances, it is acceptable that the sub-supplier goes directly to the end-customer
and hence also competes with the partner. Coopetition can be in the form of both vertical relationships, i.e. between indirect competitors (e.g. suppliers, customers), and horizontal relationships, i.e. direct competitors (Gnyawali et al., 2008, p. 391). In those situations, when the sub-supplier is visible to the end-customer, the relationship between the partners is vertical coopetition. The other way is when the sub-supplier is embedded into the firm’s offer. As Holmgren at Knowit explains, that in such situations, the partner needs to pretend to be Knowit when they meet customers. In situations like this the relationship is instead cooperative. Furthermore, this shows that suppliers often need two ways of doing business. Many suppliers even have two business models, depending on if they go straight to customers or go through a distributor. However, when it comes to the perspective of large firms, the two constellations revolves around either embedded or hand in hand relationships. Ericsson is a good example of the duality of the relationships with sub-suppliers. Ericsson has two different frames that it uses depending on if it wants to embed the sub-supplier into the solution or if it wants to go hand in hand with the sub-supplier, where the sub-supplier is visible for the customer. In cases of embedding the sub-suppliers, Ericsson calls it OEM, and when the sub-supplier is visible Ericsson calls it Distribution Resell. In cases of OEM, Ericsson cooperates with its suppliers but in cases of Distribution Resell, where they go hand in hand, it is a coopetitive relationship. When Ericsson goes hand in hand with sub-suppliers through distribution resell, they therefore engage in a vertical coopetitive relationship.

6.1.2 Balance different roles
It is clear that firms need to have the ability to hold those different roles and adapt to what a certain project require, furthermore, sometimes even have several business models. Osterwalder & Pigneur (2010, p. 20) argue that every customer segment require different offers, relationships and distribution channels, which implies different business model designs. To connect this to the empirical findings, customer segments can be compared with business projects or business cases that the firms are involved in. Evidently, Osterwalder & Pigneur (2010, p. 20) acknowledge the adaptive roles and different relationships as important, and state that business models need to align with these adaptations. Different roles and relationships are also important in sense of cooperation and coopetition. Moore (1993, p. 75) means that cooperation in the sense of business ecosystems involves different actors such as partners, customers and suppliers. Coopetition differ from cooperation in general, because the involved firms compete over capturing the highest value from cooperation (Ritala & Hurmelinna-Laukkanen, 2009, p. 820). Role flexibility can be related to firms’ ability to manage and balance different roles simultaneously, and to develop capabilities enabling them to reconfigure their relationships over time (Bengtsson & Johansson, 2014, p. 415). However, Bengtsson & Johansson (2014, p. 415) argue that in order to hold different roles simultaneously, firms need to possess a mindset that can handle different role expectations. Our empirical findings show that the capabilities of role flexibility also are important from a business model perspective.

As a result of the discovered importance of role flexibility, and as mentioned earlier, business models need to be more flexible and adaptive to what role a certain project require of the firm. Otherwise, the possible value of the project or business case will be lost. These aspects can be connected to business model innovation. According to Zott et al. (2011, p. 1032) business model innovation can involve new processes,
forms of cooperation and organizational structures. Furthermore, the business model must alter as the market, business environment and technological development is changing (Teece, 2010, p. 177), this in order to increase or enable value creation and capture. This is also applicable to a firm with several business models, as it needs to be dynamic between those models. However, the business model innovation literature is very focused on technology innovations, and not as much on cooperation and especially not on coopetition. Despite the importance of technology development within the field business model innovation, the empirical findings prove that business model innovation also should be seen in the light of coopetition. If looking at Ericsson’s business models, they do revolve around what type of cooperation it is, and other aspects in the business to some extent depend on how the cooperation or coopetition is designed. This means that the business model is different depending on cooperation and coopetition. When partnerships change, the business model also needs to change where business model innovation can lead this change, in order to gain competitive advantage and therefore also more value.

6.1.3 Managerial challenges and risk in coopetition

When we asked questions regarding coopetition, some of the firms were more closed with their answers and thought it was quite delicate, still they expressed that they are or have been engaged in coopetition. However, they did not want to go deeper into details. A reason for it might be that the companies are afraid that coopetition will be confused with collaboration with competitors in so called cartels. Cartels are when competitors agree to control prices or exclude other competitors from the market, which is forbidden by law. However, Dohi was more open with its coopetitive relationships, even if the participant Lidenmark did not want to announce any actors with names. A reason for this deliberateness can be explained through the contradictory emotions that may arise from coopetition, which Raza-Ullah et al. (2014, p. 28) have recognized as a reason for the managerial challenges that a coopetitive relationship can imply. Difficulties in forms of increased sensibility, less openness and a risk to bring the competitors too close to the customers, are all examples of difficulties that Dohi and Sogeti see with coopetition.

From the interviews, it is also evidential that different degrees of competition can occur in different relationships and that it may affect the cooperation. Beside the fact that all of the firms become more careful when engaging in coopetition, Knowit, Sogeti and Cinnober express that they try to avoid cooperation if the degree of competition becomes too high. Bengtsson & Kock (2000) have identified three degrees to which competitors engage in coopetition. In regard to these identified degrees we can see that the above mentioned firms prefer to engage in cooperation where the competition is low. The empirical findings show that if a firm engages in coopetition, a low degree of competition is desirable by the firms. This however, goes against Bengtsson & Kock (2000) argument that it is optimal if the coopetitive relationship is balanced of competition and cooperation (see e.g. Raza-Ullah et al., 2014; Park et al., 2014). The interviews show that competition in coopetitive relationships is connected to higher risks, and that the firms prefer when the relationship mainly consists of cooperation. Despite this noticeable deliberation of coopetition, it is sometimes inevitable. Cinnober literally states that its partners can turn out to be competitors. Sandström at Cinnober explains that this can occur when partner’s offerings become too similar to Cinnober’s offerings, which increase the competition. As earlier mentioned it appears that the consultant firms hire a
competitive firm as a sub-supplier in certain projects. Furthermore, in situations like procurements it is common that the customers hire consultants from different competing firms. In such situations and projects, they have to be colleagues and cooperate with competitors.

6.1.4 Individual relationships
Relationships are important for all the participant firms. For Bright electronics cooperation can be problematic because it is too risky to take in a partner or competitor that might ruin its reputation. It can be a risk of ruining the customer relationship, which makes some of the companies resistant to coopetition. Andersson at Bright Electronics means that when a project that involves coopetition is completed, the coopetitive firms will be competitors in the next project, which is another reason for why good relationships are important. To manage relationships properly is a recurrent factor in the interviews, and several of the participants emphasize the importance of relationships. Individual relationships on a more personal level appear to be crucial within cooperation. Lidenmark at Dohi expresses that they do not collaborate with the firm, they collaborate with the individuals. It is clear that informal relationships matter as well as business relationships. Most of the coopetition research are on firm level or network level (see e.g Ritala et al., 2014; Bengtsson & Kock, 2000; Gnyawali & Park, 2011), and do not cover this aspect of personal and informal relationships, which the empirical findings show as important. Dohi is successful in engaging in coopetition on an individual level, and perceives it as fruitful rather than risky. Instead of avoiding engagement in cooperative relationships with higher degrees of risk, we argue that firms should develop principles in the business model for building strong relationships in order to manage risk. Furthermore, risk is an aspect that is not often discussed in the literature of coopetition, but the findings from the interviews show that individual relationships in coopetition is important for it to succeed and lower the risk.

In frames of our interviews, we argue that horizontal coopetition and vertical coopetition often occur at the same time, and/or is shifting depending on situation and project that they are involved in. We think that it is essential to look at the focal firm’s different roles and not solely at the relationship between two actors. To compare it with the business model framework we can see similarities with Zott et al.’s (2011, p. 1031) idea that business models are no longer a linear mechanism, but instead involve complex relationships and activities among multiple partners. As mentioned earlier, we argue that business models need to be adaptive to the dynamic roles that the firm takes in different projects and business cases. Furthermore, this implies that coopetition cannot only be categorized into either vertical or horizontal relationships. Instead, business models and coopetition should be seen as a dynamic non-linear model, where the focal firm can take different roles depending on situation. To make this clearer, we have done a figure which shows the different roles needed in cooperation depending on situation (see figure 2). Because of the role flexibility that cooperation and coopetition demand, it is important to be flexible in the business models according to what the specific business project requires. Therefore, we will now discuss what possible implication this may have to the firms’ business models and how these complex relationships with external actors can be better managed through principles of the business models.
6.2 The importance of customers in downstream coopetition

When cooperation is demanded directly from a customer, D. Gnyawali (March 20, 2015, personal communication) refer to it as coopetition downstream in the value chain. Also value delivery in the business model is activities going downstream in the value chain. From the empirical data it shows that cooperation and coopetition is, for all firms, often initiated by direct customer demands. When firms lack resources and capabilities, relationships become an important part of their business models. Firms search for cooperative and coopetitive relationships downstream in the value chain in order to be able to deliver what their customers demand. In the coopetition literature it is also recognized that the lack of resources and capabilities is an important driving factor behind coopetition. The lack of resources and capabilities is however not directly referred to customer demand. Instead, much of the coopetition literature is focused on technological innovation as a driver for coopetition, which goes upstream in the value chain. According to Richardson (2008, p. 140), the resources and capabilities of the different partners and the activities among them should suit the value proposition of the focal firm. In the business model literature, however, the customers have an essential role in value delivery and value proposition. It is in the building block of customers in the business model important for firms to understand for whom they deliver value. Every customer segment should be reached with different offers and distribution channel, and therefore also different business models (Osterwalder & Pigneur, 2010, p. 20).

6.2.1 Customer demands and value delivery

We argue that both the customer and the offering building block of the business model are important in direct relation to cooperation and coopetition. In Osterwalder & Pigneur’s (2010) business model, customers have an important part, and according to Morris et al. (2005, p. 729-730) customer needs and their behavior influence how the firm configures, and therefore what resources and capabilities the firm requires. When coopetition is used as a way to develop resources and capabilities, coopetition can be helpful in the infrastructure part of the business model where capabilities can be found (D. Gnyawali, March 20, 2015, personal communication). Since cooperation and coopetition create value that firms, in the end, only can capture from customers, they need to have the clear link between their business models and their cooperation.
and coopetition. Osterwalder & Pigneur (2010, p. 22) explain the value proposition to be the products and services that firms offer a certain customer segment. To be able to offer an attractive value proposition has showed from the interviews to be an important factor for choosing to engage in cooperation. We can therefore from the empirical findings see what a strong link the customer has to coopetition, not only upstream but downstream as well. For example, Cinnober will need to cooperate in order to deliver what its customers demand. For Cinnober cooperation can be a possibility, or prerequisite, for creating an attractive value proposition to its customers. By adding value with the help of partners’ services, firms can strengthen their own core products, and deliver more value to customers. This in turn would lead to that the value captured can become greater. Hence, for the purpose of creating an attractive value proposition for a customer segment, cooperation could be a prerequisite or a way to enhance value. Therefore, the integration of coopetition and business models is important in regard to satisfying customer needs.

According to the empirical findings, this happens a lot within the participant firms, as they often cooperate to answer to a direct customer demand. D. Gnyawali (March 20, 2015, personal communication) however, believes that downstream coopetition can be problematic, because firms engaged in that type of cooperation are competing for the same customer. Because of this, D. Gnyawali (March 20, 2015, personal communication) tells us that he has instead focused his research on coopetition upstream in the value chain, i.e. in activities such as R&D, development of products, investments and progress of technology and services. He sees this as more constructive than downstream coopetition. This can explain why the findings of downstream coopetition from the interviews are not yet explained in the existing theory of coopetition. It does however exist since most cooperation and coopetition that have appeared from the interviews in this study are going downstream. It is also recognized that it is unusual for firms to front a project together. Cinnober has experienced that the customers only want one counterpart, not many at the same time. Sandström at Cinnober says; “So if you want to be part of cooperation, then you have to agree upon who is going to be the counterpart”. To be able to deliver the value that the customers demand, the firms sometimes need to go hand in hand in downstream coopetition. We therefore argue that for such cooperation and coopetition firms need to develop principles in the value delivery building blocks for how to manage it in order to be successful.

Ritala et al. (2014, p. 237) recognize that the coopetition-based business model explains value creation for customers and value capture for the firms. However, they mean that the main drivers for coopetition-based business models are expanding market size, create new markets, be more efficient in resource utilization, and to get a stronger competitive position against other firms. These drivers do not include the direct customer requirement as a driver for cooperation and coopetition, which from our empirical findings is shown to be a great driver. Even when linking coopetition to business models, the strong driver for cooperation and coopetition of the individual customer demands is not included. This can be because the company that Ritala et al. (2014) study is different in characteristics from the companies that we have interviewed. Their study on Amazon seems to have theoretical shortenings when it comes to the ability to apply their theory on firms with different characteristics than their case company. The literature has so far focused on upstream coopetition; however the empirical findings in this study show that coopetition and cooperation
often happen downstream in the value chain. The focus in Ritala et al.’s (2014) study is on coopetition-based business model on a network level, meaning that competitors share the same business model in some situations and all get access to a positive-sum game. Ritala et al. (2014, p. 247) have considered the wider network that the firm is a part of, and the resources available in that network. However, we focus on a firm level. In line with our empirical findings, the coopetition literature and the business model literature, we argue that uniqueness of business models of focal firms is needed for value capturing and competitive advantages.

### 6.2.2 Development of principles in value delivery

Cinnober has used cooperation as a way to enter new markets. For example when they tried to enter Japan, it was forced to have a partner to be able to even get a chance to enter the market. However, another situation where it engaged in cooperation was to create more value for its customers by enhancing the value proposition. When choosing a firm to cooperate with, Cinnober considered two different companies. Cinnober considered a smaller company across the road to its Stockholm office, which could give closeness to its customers, and a larger international company that could introduce it to a new market. When Cinnober reviewed its business model and what to prioritize, the choice fell on the smaller company, since it would contribute to a stronger value proposition for Cinnober’s customers. This shows the importance of following principles in the business model on when, why and how to engage in coopetition. It is important to consider all parts of the business model to understand what effects coopetition will have on the firm, and as a help to prioritize the choices. When Cinnober engaged in coopetition, the industry was affected by an economic crisis and not many firms could do well. Cinnober recognized a need for change in its business model, as there was a need for an expanded value proposition in order to attract customers. By partnering up hand in hand with a smaller firm, Cinnober could offer a stronger value proposition to its customers.

So, in order to understand when, how and why to engage in cooperation and coopetition, some principles from the business model can be useful to satisfy customer demand and deliver value. It is clearly different in different situations, and for different types of firms. We have now discussed this from situations of downstream coopetition initiated by direct customer demand. However, lack of resources and capabilities in the business model for R&D and new market entry can also be important factors for engaging in cooperation and coopetition. Furthermore, in some cases it can be hard to understand when and how to engage in cooperation in order to create value. In the next section, we will discuss when, why and how to engage in cooperation and coopetition upstream in the value chain for value creation.

### 6.3 Resources and capabilities in upstream coopetition

The importance of customers in downstream cooperation and coopetition for value delivery apply to all the firms we have interviewed. However, some of the firms that sell products have other drivers behind it as well, such as R&D and innovation, where customers are an indirect driver. This implies value creation upstream in the value chain, where upstream coopetition can be needed in order to gain complementary resources and capabilities. This affects the infrastructure building block of business models, where resources and capabilities are crucial. Ericsson and Sivers Ima, two of the companies that sell products, cooperate for R&D and innovation. For example
Ericsson cooperates with vehicle companies on R&D, in order to try to create new innovations. Sivers Ima engages in for example EU-sponsored projects for innovation in science and product development. Granbom sees this as beneficial for SMEs because; “[...] the small firms get resources that the large firms can offer in forms of research and development”. Within these projects firms that are involved can be both indirect and direct competitors. These findings are in accordance with literature on coopetition, where engagement in coopetition often can be because of faster development of innovation.

Coopetition is showed to be important for technological innovation, because collective knowledge and efforts make development progresses faster, with better benefits (Gnyawali et al., 2008, p. 393). It is common to share knowledge in coopetition in order to create something with shared benefits, meaning that value created and captured can come in non-monetary forms such as knowledge (Tsai, 2002, p. 180; Gnyawali & Park, 2011, p. 652). In business models, this is also a way of creating value by building up the infrastructure with additional resources and capabilities, which can lead to innovations. Business models also revolve around how to make products and services attractive to customers. Furthermore, it can give a clearer picture of value creation, as business models consist of guidelines for firms’ activities and processes that create value. As coopetition is often temporary, these business model guidelines can be applicable to coopetition in order to manage it for value creation. Furthermore, if a firm creates an innovation, it most likely also needs to redesign the business model in order to create, deliver and capture value from it in an appropriate way. Technological innovation on its own is not equal to firm success (Chesbrough, 2010, p. 354; Zott et al., 2011, p. 1032; Teece, 2010, p. 185). To unlock the potential value of technologies and embed it into attractive offers, business models need redesigning (Zott et al., 2011, p. 1032-1033).

6.3.1 Access to resources and capabilities

During developments of products and services, value is created within the firm. Dohi creates value based on what it believes the customers perceived as high value. It creates value in the form of projects, not form consultancy. For Dohi, the most critical phase of creating value in the project is the initial research phase when Dohi learns and determines the customer need. Dohi configures its activities for a project through internal resources and capabilities, as well as additional resources and capabilities through cooperation and coopetition. Al-Debei & Avison (2010, p. 367) mean that resource configuration is a firm's capability to integrate and organize assets and resources in a manner that allows the firm to reach out with its products and services. Firms can use their resources, such as core competencies and capabilities, to create significant value and deliver their offer to customers. Coopetition often gives access to additional resources and capabilities, which can lead to more value created. Cinnober sometimes lack capabilities to deliver what customers demand, and then it cooperates in order to create the value that it is expected by customers to deliver. Cinnober also creates bigger value for customers by expanding its value proposition with additional services from a partner who Cinnober cooperates with. One central part of the concept of coopetition is complement, meaning value can be enhanced by combining a product or service with complements of another product or service (Gnyawali et al., 2008, p. 390). This is an example of how the firm can create more value for the customer by cooperation and coopetition in its business model.
As discussed above, the internal lack of resources and capabilities within firms’ business models is often initiating coopetition for value creation. Granbom at Sivers Ima tells about a cooperative relationship at another firm he has worked at; “We were competitors because our firms were consulting firms, but once again, we possessed a specific competence and the other firm had another specific competence within their organization, so together we could solve a customer’s problem”. In the literature it is stated that SMEs can, with the help of coopetition, overcome their smallness and newness. This because they can get access to knowledge, resources and scale advantages which can help them penetrate a market they would not be able to reach alone. Furthermore, larger companies can benefit from innovation and the flexibility of SMEs (Morris et al., 2007, p. 39). It is recognized in the business model literature that to cooperate with customers, suppliers or competitors enable firms to gain the external sources needed to improve the performance, also, cooperation can provide the basis for successful innovations (Lindgren et al., 2010, p. 130, 134). Most of the participating firms will, in many cases, not cooperate unless there is a direct customer demand. Furthermore, if resources and capabilities do not exist internally in the firm or the customer demands the cooperation in itself. This has been the case for Bright Electronics when a customer wanted it to cooperate with a sub-supplier that it would not choose for cooperation on its own initiative. This also means that unless Bright Electronics knows that it has a big chance of being able to capture the bigger value created, it might not take the initiative to cooperation itself. It is only in the R&D and innovation cases that cooperation and coopetition are initiated on uncertain grounds, because the firms need to stay in the lead on the market.

6.3.2 Knowledge as a resource
The participant firms are very knowledge intensive, especially the consultancy firms, where the resources and capabilities that create value is in many respects the people who work there. For Cinnober, capabilities of competencies and knowledge are essential. Cinnober’s product is made up from know-how, but also process and business capabilities are important for Cinnober. Dohi and Bright Electronics see processes, business, and managerial capabilities as important for success. For the consulting firms, Knowit and Sogeti, what the customers perceive as value have somewhat changed. There has been a move from only IT-services towards services of business development and intelligence. This also means that the firms need other capabilities in order to create value for their customers. A reflection related to this change, is that it shows that business model understanding is even more important because the firms also need to be aware of the customers’ business models. Andersson at Bright Electronics has experienced that the business environment today requires more resources than before, since customers now demand more rapid technological development. Lidenmark at Dohi says that partnerships are really important within their business context; “It is extremely important to say ‘we do not have the ability to do this, but I know a guy who can’”. Also Cinnober has found it more important to cooperate in order to deliver. This speaks for the connection between coopetition and business models in order to gain resources and more rapid technological develop and innovation. It is also important to understand the business model in regard to cooperation and coopetition, to see when it is constructive to engage in it.
6.4 The challenges of value capture

In Osterwalder & Pigneur’s (2010) building blocks of business model, value capture is related to firms’ revenue streams and cost structures. Value capture represents the money generated from customers and this part in the business model is linked with firms’ abilities to make money (Osterwalder & Pigneur, 2010, p. 31; Shafer et al. 2005, p. 202). Even though value capture is a central part of coopetition, it is very abstract and often mentioned in sense of the ability to capture as much value as possible out of the mutually created value. As Gnyawali et al. (2008, p. 394-395) argue, value creation and value capturing are the logics behind coopetition as those two elements strive to be in balance. Further, with the aim of getting benefits from creating value through cooperation and capturing value through competition. According to this, both the business model literature and the coopetition literature consider value capture as an ability possessed by the focal firm. Coopetition refers to an ability to capture the most value out of cooperation and obtain personal benefits. However, value to be captured is up to what capabilities the individual firm has (Gnyawali & Park, 2011, p.656). A firm’s capabilities and abilities can be strongly linked to its business model, which implies that the firm’s business model design determine how much value it can capture from the cooperation and also, by itself. Gnyawali et al. (2008, p. 395) consider value creation to be made in early input phases of the coopetition, and value capture to be made in later phases of output generation. However, how the value is captured from customers, is not stated in the coopetition literature. Instead, value capture is focused on value stemming from the coopetition and not direct from customers.

6.4.1 Pricing mechanisms

The interviews show that all the participants have different ways of getting paid, for example through fixed price, licenses or hourly charges. In situations of cooperation and coopetition, the way of receiving payments naturally change because the firms involved need to split the revenues and values. Some of the participant firms have formal agreements and principles for how to do this properly. For example, in cases where Cinnober is a sub-supplier, it takes a percentage of the deal which is stated in formal agreements. As mentioned in previous paragraphs, cooperation and coopetition can involve different roles depending on project or business case, which is the reason for why we consider sub-supplier relationship as essential to discuss within the frame of value capture. Another situation where the division of revenues is relatively manageable is when consulting firms cooperate in a project managed by the customer. In such projects, the customer pays the consulting firms according to the firms’ individual prices. Ericsson has different principles for how to split the revenues with a third party. If it is Distribution resell, they charge a market price and split the revenues 50/50 between them. In the case of OEM it looks a bit different, where Ericsson pays accordingly to the third party. Sturk at Ericsson also states that it is flexible for each deal. Evidently, the ways to handle revenue streams between partners depends on situation, type of partnership or role within the cooperation, and characteristics and size of the companies. Market price is recurrent in several interviews, often related to the importance of knowing the market and knowing how much customers are willing to pay. On basis of the market price, they determine how the revenues should be divided. Once again, the empirical findings show that customers are the driving factor and that it is the customers’ demands and their
willingness to pay that determine how the revenues should be divided among the partners.

6.4.2 Difficulties with sharing private benefits
However, value capture and sharing revenues is not always experienced as an easy part of cooperation. Both Sivers Ima and Knowit have recognized the complications of how to split the revenues between them and the partner. Further they state that it is important to carefully consider how to divide the benefits from the cooperation. Knowit is very careful to determine how to share the benefits before the project starts, and Holmgren at Knowit points out the importance of sharing the cake in a decent way. From earlier experiences of coopetition, Granbom at Sivers Ima gives an example; “We thought that we earned too little and our partners thought that we earned too much, and it is the balance and that everyone should be satisfied, it is hard when you compete”. This example is comparable with D. Gnyawali’s (March 20, 2015, personal communication) thoughts about private benefits. One way of think about private benefits is to get more out of it than the partner did, in other words to get a bigger share of the pie. D. Gnyawali (March 20, 2015, personal communication) also states that it is a destructive way to think about it, and to gain personal benefits should not be on the expense of the other firm’s abilities to gain personal benefits. It may be successful in the short run, but not in the long run. Andersson at Bright Electronics sees this aspect as essential, to gain benefits from the coopetition without ruin the relationship and future businesses with the end-customer. Furthermore, he states that it is important to take care of the relationship so it will work in the long run, as well as for the specific project. Granbom at Sivers Ima means that the best way to handle this, and to avoid conflicts is to do an agreement regarding revenues before the partners engage in cooperation. This can be referred to the starting phase of cooperation, where Ritala et al. (2013, p. 262) emphasize the importance of contractual and relational frameworks in forms of agreements between partners. They mean that it is beneficial to determine each partner’s potential value capture before the cooperation starts. However, it is evidentiary that the firms often are excited in the beginning of a project and do not want to be formal and make agreements. In other words, the value creation part takes overhand and agreements regarding benefits and revenues are put aside.

6.4.3 Firms’ abilities to capture value
This leads down to the focal firm’s ability to capture value and produce revenue streams that generates profit. Revenue streams can have different pricing mechanism, and the chosen pricing mechanism can have a great impact on the revenue streams and the firm’s ability to capture value (Osterwalder & Pigneur, 2010, p. 31). The pricing mechanism is an aspect that we have noted to be a bit challenging for some of the participant firms. Cinnober has changed its way of getting paid, especially regarding the after-services that it provides the customers. Also, Knowit has recognized that the market has changed in a way that forced it to rethink its pricing mechanism. The reason is increased time pressure from customers, and as Knowit charges hourly the decreased time frame implies less revenue. From this, together with the fact that the salaries have increased, it is clear that Knowit faces challenges regarding abating margins. It implies that firms facing these challenges need to rethink their pricing mechanism or change the way they package the solutions. Despite the financial aspects on the need to rethink the pricing mechanism for value
capture, it can also depend on a firm’s value proposition to the customers. In other words, the customers may no longer see its value proposition as attractive. It can be like Dohi expresses, that most customers demand projects instead of consultancy services, which are different ways in how to package a product or service. It is then important to rethink the packaging so that the value proposition aligns with customer demands. According to Shafer et al. (2005, p. 205), managers have a tendency to focus more on the value creation part in the business model, and the value capture part is frequently ignored. Furthermore, as a result of these situations, firms are unable to capture value and revenues stemming from the value creation. It seems that firms do not only find value capture difficult in the light of cooperation and coopetition, but even in itself and in their own business model.

In concern with value capture, the deployment of agreements in cooperation and coopetition has been apparent. The levels of deployment of agreements, however, differ among the participants. The greatest contrast of handling agreements is recognized between Dohi and Ericsson, where Dohi rarely signs agreements when it comes to cooperation or coopetition, while Ericsson has well-conceived and established guidelines for agreements. When looking at these two companies, they are very different in manner of size, years on the market and degree of global operations. However, both companies are very similar and open minded regarding cooperation and coopetition. That is why we see them as especially interesting to interpret and to analyze further in regard to value capture. It is easy to state that Dohi can handle the partnership on a more personal level, with “gentlemen’s agreements”, which works because of its size, age and that it operates on a relatively small market. Besides that, Dohi has a strong vision to expand, to be innovative and enter new markets, and sees potential in partnerships. However, we argue that in order to be able to create more value and then be able to capture value out of the cooperation, agreements and stated guidelines for cooperation will be needed. This way of handling key partnerships is short-term and may work in Umeå, which is a small market where firms can build and rely on individual relationships. In the future however, if they want to expand, they will need to implement principles in their business model that support cooperation and coopetition to increase the potential benefits.

Regarding Ericsson, it is easy to state that the importance of agreements and guidelines is because of its size as a global enterprise and large organization. It is clear that these factors contribute to the importance of agreements and high degree of governance. However, according to Bengtsson & Johansson (2014, p. 418) large firms can be somewhat bureaucratic and less rapid and flexible in answering and adapting to customer demands. Further, SMEs have more flexible business models for revenue sharing than their larger competitors (Bengtsson & Johansson, 2014, p. 417). This mean that they cannot be as flexible and rapid in changing as smaller firms, however Ericsson is successful in many cooperation and coopetition that it engage in. The question is which came first, the chicken or the egg? Ericsson’s many successful engagements in cooperation, and its ability to capture value may depend on its well-developed principles and guidelines on how to manage partnerships. It has several business models depending on situation, offer and form of partnership. Obviously, Ericsson’s power position contributes to its ability to manage cooperation and coopetition. However, Ericsson has the competence of knowing how to work in situations of coopetition, when to engage in coopetition and why to engage in coopetition in certain projects. These are principles that Ericsson has involved into its
business models. The lack of principles and guidelines on how to handle cooperation and coopetition is not only visible in the case of Dohi, many of the participant firms manage the cooperation and coopetition on a more informal base. The smaller firms build strong relationships on an individual level to manage risk in coopetition, while larger firms manage risk by agreements. To operate on long term however, we argue that small firms need to incorporate principles of the business model on how to capture value from coopetition.

At first sight, it seems that most of the firms do not consider value capture as difficult. Instead they only see it as a way of getting paid for their products and/or services, which is a rather simple in the context. Clearly, they mainly try to develop and rethink their business models in sense of value creation and do not consider the full potential for value capture. For example, if Knowit develop its pricing mechanism and packaging of its solutions, it enables the firm to increase the value capturing and improve the value proposition. Even if it is seen as rather simple to get paid, firms must realize the full potential of value capture. We have also found that downstream coopetition adds another dimension of complexity in value capturing since the firms engaged need to share the value from the customer. It seems that agreements for value capture in downstream coopetition can be helpful in avoiding conflicts to arise.
7. Conclusion and Recommendation

This chapter aims to answer the problem definition of this thesis. We will first identify key incentives for the connection between the two concepts of coopetition and business model. After that, we will present and discuss how the connection can increase the value creation and value capture for the focal firm. The chapter ends with a presentation of the answer to the problem definition. We will also present the theoretical contributions and the managerial implications for this study, and further give recommendations for future research.

7.1 Conclusions

The conclusion of this study consists of four key findings that have been especially appearing in the analysis. Further, we will present the principles for coopetition in the business models.

7.1.1 Key findings

Through our analysis, several interesting themes have emerged. The interviews show that all of our participant firms have engaged in cooperation and in some cases with competitors. This has led us to the conclusion that all of the firms have engaged in coopetition. We have identified four key incentives for the connection between coopetition and business models. Firstly, we have seen the importance of role flexibility, which can be connected to both business model and coopetition. Today, many businesses revolve around projects or business cases, which need to be considered. Business models are not linear mechanisms and need to be flexible and adaptive to what a project requires, furthermore, what types of cooperation or coopetition the project involves. For some firms it can even be beneficial to have different business models depending on what a project requires. Furthermore, we argue that horizontal and vertical coopetition cannot be seen separately; instead they often occur at the same time. This leads us to the conclusion that business models and coopetition should be considered as a dynamic non-linear model that ease and support the flexibility needed, where the focal firm can shift roles depending on the project.

Secondly, from the theoretical framework some connections between coopetition and business models were beheld. These connections we visualized through figure 1 where the linkages could be seen. However, through our analysis we see that it only shows half of the picture, and based on the empirical findings we argue that other linkages should be added to the figure. These connections are regarding the building blocks of customers and offers, and coopetition. We argue that they should be seen in direct relation to each other. As mentioned in the analysis, the coopetition literature has so far mainly focused on the upstream coopetition, i.e. technological innovation and R&D, and not the downstream coopetition, i.e. customer demand. The driver of upstream coopetition is evident in our empirical findings; still customer demand is a strong driving factor behind coopetition and cooperation. This reinforces the argument that coopetition and business models should be connected. Customers and offers are important aspects in the business model literature, but the analysis shows that it also needs to be linked in the coopetition literature. According to this we argue that the whole picture needs to be visualized, which implies that we have added a linkage between coopetition and the building blocks of customer and offers (see figure 3).
Thirdly, it is clear that coopetition and cooperation can bring resources and capabilities to the business model. This connection was to some extent already identified through our theoretical framework (see figure 1), and confirmed by the empirical findings. This underlines the importance to keep the connection between coopetition and the building block of infrastructure. However, it is also evidentiary that the business model can bring benefits to cooperation and coopetition, this because business models can ease the engagement of coopetition and cooperation. By developing principles and guidelines for coopetition in the business model, it is easier to manage. That is the reason for why we have chosen to add an arrow in the linkage between coopetition and the building block of infrastructure (see figure 3).

Fourthly, it is important to integrate coopetition with the business model for value capturing. We have identified from the theoretical framework that value capture plays a central part in both coopetition and business models (see figure 1). However, the meaning of it is to some extent different depending on through which perspective it is seen. Value capture in coopetition differ from value capture in business models, since it does not refer to value capture directly from customers, which it does in business model theory and in our empirical findings. In coopetition, the value captured depends on the individual firm’s capabilities, which can be found in the firm’s business model. Therefore, we argue that it is important to integrate coopetition and business models also from a value capture perspective. We can however see that it is not always easy for firms to capture value, and they need to innovate and develop how they capture value. It is not only in relation to coopetition that firms need to consider their value capturing methods, but also when they do not cooperate and engage in coopetition.

One thing that we have found in relation to value capture in coopetition is that there is a level of risk involved, especially in downstream coopetition. From our analysis, it shows that SMEs and larger firms handle the risks involved in value capturing in coopetition differently. The larger firms handle it by formal agreements and by their power positions. To SMEs, strong relationships on an individual level are instead a way to handle the risks. We have found that principles in the business model are a way to manage value capture in coopetition while remaining flexible. From this we conclude that both large firms and SMEs need to develop principles and guidelines in their business models in order to lower risk, and increase the value captured. In all the above key findings we have found that principles in the business model regarding when, why and how to engage in coopetition is important. It is important for firms to understand when, why and how to engage in coopetition in order to create, deliver and capture the most value possible.
7.1.2 Principles in the business model
From our analysis we can see the importance of principles and guidelines for coopetition in the business model. Questions regarding when, why and how to engage in it have appeared. It is clear that in today's business environment, firms cannot fulfill customer demands by themselves. However, because of the complex nature of coopetition and the risks that it may imply, it is important to have support by principles and guidelines in the business model. Further, this will contribute to more beneficial decisions on when to engage in coopetition. It can bring opportunities to create and capture more value, and evidently also to strengthen the value proposition and to deliver increased value to customers. However, it is the question of when the positive outcomes outweigh the negative ones of risks and complexity. Incentives behind the principle for “when” can be changes in the external environment such as convergence of markets, changes in customer demand, a need for strengthened market position. “Why” can be referred to the ability to offer a more attractive value proposition, to answer to direct customer requirements, to innovate or to enter new markets. We have identified that direct customer demands often are reasons for why firms engage in cooperation or coopetition. It is therefore important to be prepared for cooperation or coopetition, leading us into the next question of “how”. “How” involves if the firm can answer to the two above with resources and capabilities possessed in its own business model, or if it needs to engage in coopetition. Further, if it is beneficial to engage in coopetition it is important to know how to be able to take the most suitable role depending on situation, either if it is hand in hand or as embedded. Firms might need to adapt or change the business model, so it aligns with the engagement in coopetition. Furthermore, it is important to have principles on how to manage the risks in value capturing by either formal agreements or strong individual relationships, depending on size and power.

We have shown that there are clear connections between the two concepts of coopetition and business models, both from the theoretical framework and from the
analysis of the empirical findings (see figure 3). Furthermore, we have developed three questions that relates to the principles in the business model of when, why and how to handle coopetition (see figure 4).

**Figure 4. Principles in the business model for coopetition**

### 7.2 Answers to the problem definition

The stated problem definition that we aim to answer:

*How can coopetition and business models be integrated, and what effects does it have on firms’ value creation, delivery & capturing?*

The connection between coopetition and business models was to some extent clear from the theoretical framework, only by seeing them through the lenses of each other. However, there were still some question marks on the connection between coopetition and business models, which we could fill with the empirical findings. Based both on the connection we found through the theoretical framework and empirical findings, they can be integrated by bringing in coopetition in all of the building blocks of the business model. Coopetition both upstream and downstream interact with the business model, but in different building blocks. Upstream coopetition mainly interacts with the infrastructure building block, but also the financial building block. Downstream coopetition mainly interacts with the customer and offers building block, but also the financial building block. We can see that integration between coopetition and business models can have a positive influence on firms’ value creation, delivery and capture seen from both perspectives. Coopetition help firms to expand its value
proposition and deliver value demanded from the customers. It can give additional resources and capabilities to what the firms have internally in its business model and can contribute to increased value creation. In both coopetition and business models the potential value capture depends on the focal firm’s capabilities. To possess these capabilities within the business model, the value capture can increase, both direct from customers in downstream coopetition, and value stemming from the upstream coopetition. By developing principles and guidelines for coopetition in the business model, building on when, why and how, the connection between the two concepts can bring several benefits for the focal firm such as increased value.

7.3 Contributions and implications
This study has contributed theoretically both to the coopetition literature and the business model literature. The study has also brought managerial implications. We will now discuss the contributions and implications in more detail.

7.3.1 Theoretical contributions
According to Bengtsson & Kock (2014, p. 184), there has been a need for a developed understanding of the impact from coopetition on business model and strategy. This study contributes to the understanding of how the connection between coopetition and firms strategy, through business models, can bring benefits to the focal firm. Furthermore, that coopetition and business models get stronger and more advantageous when interacting with each other. It is clear that most business model literature focus on business models of one focal firm (Lambert & Davidson, 2013, p. 669; Mason & Spring, 2011, p. 1033). However, by connecting coopetition and business models we widen the perspective and underline the importance to consider external actors within the business model. Ritala et al. (2014, p. 248) study introduced the coopetition-based business model, but as they state, there is a need for further studies to develop the concept and the understanding for the connections between the concepts. Ritala et al. (2014, p. 247) have studied coopetition-based business models on a network level, arguing that firms can benefit from sharing business models with competitors. However, as we argue that the business model can bring competitive advantages to individual firms we have studied coopetition and business models on a firm level. In accordance with this we argue that we have contributed to the research area with a perspective that is more applicable for the individual firm, independent of its size and power. Therefore, we also argue that this thesis contributes to the foundation of this research area and that it is an interesting subject to develop further. The analysis in this thesis shows that coopetition often occur downstream and in these situations are initiated by the customers. This has not been the focus of coopetition research, and shows that this study has contributed to the research area. We have brought theory closer to reality by introducing for example downstream coopetition as an important part, based on empirically valid case studies.

7.3.2 Managerial implications
From the conclusion we can tell that the results have managerial implications. There is a lack of understanding among managers about the business model concept, and lack of principles and guidelines for how to manage cooperation and coopetition. This in turn can lead to that cooperation and coopetition is perceived as risky, which is a reason for why firms can be resistant to cooperate or engage in coopetition. Firstly,
we suggest that managers formulate clear business models in order to be able to develop principles and guidelines as support for cooperative and coopetitive engagement. This will help them understand when, why and how to engage in cooperation and coopetition in order to create, deliver and capture the most value possible. Secondly, we have found that to be able to handle risk involved in coopetition, managers of SMEs should build strong relationships in order to make the perceived risk go down. Managers of larger firms should mainly manage risk through formal agreements. This aligns with our suggestion of having principles and guidelines in the business model, in which the before mentioned tools need to be incorporated. Thirdly, this is important since we have identified the need for role flexibility, and managers need to be prepared to cooperate or engage in coopetition in order to meet customer demands. This further point to the importance of firms developing business models which are flexible and adaptive to support the different firm roles.

7.3.3 Societal implications
Coopetition and business models can together have positive implications on sustainability. Our results can be used in order to improve firms’ sustainable development. By engage in coopetition, firms can together develop more sustainable solutions within their business models at lower risks than separately. Increased sustainability can also be achieved in the business model by learning from a more “sustainable” firm through coopetition. If more firms become sustainable, it is beneficial for the society. From the empirical findings it is clear that firms want to increase the number of people with IT-competences, which they cooperate to achieve.

7.4 Future Research
Coopetition is a relatively new research area, and with a few exceptions, such as Ritala et al.’s (2014) study on coopetition-based business model on network level, coopetition and business model have not been studied together. This in turn demonstrates the many unexplored areas within the new subject which need further studies. We have in this study briefly touched the areas of principles and guidelines of coopetition that business models can provide. As our study is based on a relatively small sample, our findings are not generalizable to other firms or industries. Therefore we argue that it would be useful to do quantitative study to further explore the subject. This also relates to risk involved in coopetition, which has not yet been explored properly in the coopetition literature. To further explore the risks involved with coopetition, we recommend a quantitative study, and based on the results develop more substantial principles as tools for managers and firms. Another area that would be suitable to further study through a quantitative study is how SMEs handle individual relationship to manage coopetition in the business model. It would also be valuable to further explore how the reasoning behind decision making for coopetition and business model configuration look like, in order to complement the understanding for how to design the substantial principles and tools. Furthermore, coopetition and business models can be studied in regard to sustainability development and how firms can cooperate in order to achieve a more sustainable business models. Apart from the interesting subjects of coopetition and business model, the industries in which the interview firms operate in is interesting in themselves because of the convergence and rapid changes.
8. Quality criteria

In this chapter we will evaluate the quality of this study through the four quality criteria of credibility, transferability, dependability, and confirmability.

According to Tjora & Torhell (2012, p. 159) three often used indicators of quality in qualitative research is dependability, transferability and credibility which can be seen as the counterpart of the most common quantitative quality indicators of reliability, generalizability and validity. While they use the same terms as in quantitative research for discussing quality in qualitative research, we will adopt the terms dependability, transferability and credibility for the indicators. We have judged that the three quality indicators for qualitative research mentioned by Tjora & Torhell (2012, p. 159) to be important to use in this study, with an addition of confirmability. While dependability, transferability and credibility cover whether the results of the study are likely to be applicable to other situations or not, and if the results are believable, confirmability is important since it is cover to what degree our values have influenced the study (Bryman & Bell, 2011, p. 43).

8.1 Credibility

We have chosen to do qualitative research because it allows social context to be taken into account. As there can be several possible views of the social reality, it is important to achieve credibility which determines the acceptability of the findings in the study (Bryman & Bell, 2011, p. 396). We have studied industry-specific terms and jargons and by other different actions undertaken described in chapter 4 of Practical methodology, ensured that we have understood the participants’ social reality. It is still a risk that the participants might have another view of reality since they are in that industry and possess a deeper knowledge about the industry and the firm. To achieve credibility of the findings, the research should be carried out with regard to good practice and the findings should be correct in that sense that the researchers have understood the social world of the participants (Bryman & Bell, 2011, p. 369). The match between the participant’s constructions and the researcher’s representation of these constructions determine credibility (Halldórsson & Aastrup, 2003, p. 327). Furthermore, Halldórsson & Aastrup (2003, p. 327) indicates that the participants can have an important role in correcting the reality drawn by the researchers. Before the publishing of this study, we sent it to all participants, in order to give them the opportunity read it and correct if there were some misunderstandings. This action taken ensures a higher credibility as the participants can confirm that their social context has been interpreted correctly. Small corrections of misunderstandings have been done in the chapter on empirical findings on the request of some of the participant firms. However, it has not affected the results from the analysis.

8.2 Transferability

Transferability is referred to the matter whether the results can be transferred and applied in other situations and contexts or not (Carson et al., 2001, p. 29), and to what extent the study is able to make general asserts about the world (Halldórsson & Aastrup, 2003, p. 327). In this study, the results and findings might have transferability to other firms within a similar industry as the participating firms or to
other similar situations where cooperation and coopetition are apparent. To improve the transferability, the researchers of a qualitative study are often advised to provide detailed and substantial information of the research and methodology, as it allows the readers to make an informed judgement of the study’s degree of transferability to other situations (Bryman & Bell, 2011, p. 398; Carson et al., 2001, p. 30). Furthermore, Carson et al. (2001, p. 69) mean that transferability can be achieved by using various respondents. The degree of transferability within this study, increases with the variety of different firms, but lacks from the limited numbers of participants and industries. These limitations are drawbacks that we are aware of but were necessary because of the short timeframe and lack of resources. However, with regard to the rich information of the research process, our aim is to let the readers make the judgement if the results are transferable or not.

8.3 Dependability
Bryman & Bell (2011, p. 43) mean that dependability refers to the study’s possibility to be applied at other times. Dependability can be achieved by documenting the process and method decisions (Halldórsson & Aastrup, 2003, p. 328) and the researchers should keep complete information and records from all phases of the research process accessible (Bryman & Bell, 2011, p. 398). To ensure dependability we have saved the recordings of the interviews, transcribed the interviews and have the interview guide available. Transparency also contributes to the degree to which the study is dependable, since it could through this transparency more likely be done the same way in at other times (Tjora & Torhell, 2012, p. 159). Tjora & Torhell, 2012, p. 169-170) argue that this transparency is one of the most important quality criteria for research since it gives a reliability to the study to see how data has been collected, what choices the researchers have done along the way, if there has been problems during the process and what theories have been used as support. We have also described the process of theoretical choices and practical procedures during empirical data collection and the analysis in separate method chapter with follow in a logic order for the reader to easily understand and connect it to the concerned chapters. In chapter 2 on Theoretical method we have declared search words that through a systematic procedure lead to research which made up the theoretical framework. By narrating criteria and the actions taken in choosing participants for empirical data collection, and by narrating the steps taken in coding and analyzing the empirical data such as showing the categories under which we have categorized it we can ensure that the study can be executed in a similar way again. We have followed and interview guide and categorized and coded empirical data in order to stick to a systematic work procedure through the process of the study, which we have declared for in chapter 4 on Practical method.

8.4 Confirmability
The last quality criterion, confirmability, ensures that the findings represent the results of the empirical research and not the researchers’ biases (Halldórsson & Aastrup, 2003, p. 328). Bryman & Bell (2011, p. 43) defines this criteria as to what extent the researchers’ values have influenced the findings of the study. We have through our study worked to ensure confirmability by stating the preconceptions that us as researcher have that might influence confirmability, and in that way we have facilitated for the readers of this study to get an understanding for how our value might have affected parts of the study. Further information on our preconceptions can
be found in the chapter 2 on Theoretical method. Although there might be parts of the study where we have been unable to avoid our values to influence the results of the study, as far as to our knowledge and understanding worked to avoid it. Complete objectivity is impossible in business research, but the researchers can show that they have acted in good faith and that they do not have allowed personal values to sway the research and findings (Bryman & Bell, p. 398). Since we are aware of preconceptions that might have influenced the study we have been able to work in good faith in order to avoid values to interfere with the results of the study, not making it biased. The degree of confirmability increases if it is easy to trace the results and interpretations of the study back to the original source (Halldórrsson & Aastrup, 2003, p. 328). We have therefore saved the original sources of recordings from the interviews held as a compliment to the transcribed material, in order to make it possible for readers to be able to judge and understand if our interpretations have affected or biased the results.
Referencelist


### APPENDIX 1

Summary of central terms within the theoretical framework.

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Context</th>
<th>Key findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lou</td>
<td>2007</td>
<td>Coopetition in global firms</td>
<td>Experience and mindset important to effectively manage coopetition (p. 143). Important to care for coopetitive relationships, balance competition and cooperation and to design and set boundaries for coopetition (p. 143).</td>
</tr>
<tr>
<td>Gnyawali &amp; Park</td>
<td>2011</td>
<td>Coopetition between large firms</td>
<td>Firms’ need for value creation and value capture, and need to balance the elements of coopetition lead to dynamism in coopetition (p. 652). Important with the right mindset and capabilities to create and capture the biggest value (p. 659).</td>
</tr>
<tr>
<td>Bengtsson &amp; Kock</td>
<td>2014</td>
<td>Coopetition</td>
<td>Value creation and value capture are contradictions in coopetition, just like competition and cooperation are contradictions (p. 184).</td>
</tr>
<tr>
<td>Raza-Ullah et al.</td>
<td>2014</td>
<td>Coopetition and emotions</td>
<td>Contradictory emotions arise in coopetitive relationships and they are therefore hard to manage (p. 28)</td>
</tr>
<tr>
<td>Bengtsson &amp; Johansson</td>
<td>2014</td>
<td>Coopetition in SMEs</td>
<td>SMEs need to engage in coopetition with large firms in some markets (p. 421). The asymmetric relationships need to be balanced for SMEs to not get locked in large firms value chains (p. 421).</td>
</tr>
<tr>
<td>Park et al.</td>
<td>2014</td>
<td>Coopetition</td>
<td>Creating value by knowledge sharing in coopetitive relationships, knowledge acquisition and generation effectiveness within firm, i.e. value capture (p. 211)</td>
</tr>
<tr>
<td>Teece</td>
<td>2010</td>
<td>Business model</td>
<td>A Business model reflects management’s hypothesis about what customer want, how they want it, how the firm can organize to best meet those needs, and get paid for doing so and lastly make a profit (p. 172). Without a well-developed business model, firms will fail to either deliver or to capture value from their innovations (p. 172).</td>
</tr>
</tbody>
</table>
| Osterwalder             | 2010 | Business                  | “A business model describes the rationale of
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Type of Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&amp; Pigneur</td>
<td></td>
<td>model</td>
<td><em>how an organization creates, delivers and captures value”</em> (p. 14).</td>
</tr>
<tr>
<td>Shafer et al.</td>
<td>2005</td>
<td>Business model</td>
<td>The survival of all for-profit firms is linked to their ability to both create and capture value, thus business models are relevant to all these (p. 206).</td>
</tr>
<tr>
<td>Zott et al.</td>
<td>2011</td>
<td>Business model</td>
<td>The business model literature that focuses on how value is captured by the focal firm, it recognizes that value is created through the focal firm in concert with its partners (p. 1037).</td>
</tr>
<tr>
<td>Ritala &amp; Saino</td>
<td>2014</td>
<td>Coopetition (and business model)</td>
<td>Existing technology and radically new business model to create value to customers (p. 157). Coopetition for innovation to create greater value (p. 158). Differentiated offerings to capture value (p. 160). Business model to do this for firm-specific value capture (p. 161).</td>
</tr>
<tr>
<td>Ritala et al.</td>
<td>2014</td>
<td>Coopetition and business model</td>
<td>By involving competitors into the business model, benefits from coopetition can be realized (p. 247). They argue that the business model is a help to create and capture value from coopetition (p. 247).</td>
</tr>
</tbody>
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APPENDIX 2

Interview guide
English

We write a degree project within the field of Business Administration. We write about new business models and how different kinds of cooperation and relationships between actors look and affect business models. We have focused on two industries, the IT-industry and the telecommunication industry, since they are dynamic and go through rapid changes.

- The study will be published online, and be available for the public. Can we use your and the company’s names in the study?
- You can discontinue the interview at any stage if you feel uncomfortable with answering any of the questions.
- Can we record the interview?

Introduction

- Can you describe your role in the company?
- Can you briefly describe the company’s business?
- Can you describe the different business units in the company?
- How are the different business units organized, and how do they differ from each other?
  - In what business unit do you work?

Business models

- Can you tell us about a central project within that business unit?
- Can you tell us about a product or service that you offer?
- Can you tell us about how you develop a business offer around that product/service?
- What does the process from development to customer look like?
  - *How do you deliver the business offer to customers?*
  - *How do you deliver value to customers?*
  - What stages of that process do you consider the most critical/important?
- How often does the way in which you do business change?
  - Why does it change?
  - How does it change?
  - Are those kinds of changes deliberate, strategic decisions, or do they not deliberate? Please, give examples.
  - What do you see as the driving factor for this kind of change?
  - Do you work actively on developing the way you do business?
  - What impact does technological change have on the way you do business?
- How do you earn money within this business unit?
  - Has that changed over time?
    - Why?
    - How?
- Do you have one or many explicitly stated business models?
YES: Do you see your business models as a way to gain competitive advantage?
How do you associate value to your business models?

**Cooperation with competitors**
- Do you cooperate with other companies at the moment?
  - YES: What does that cooperation look like?
  - How does a typical cooperation look like? Please, give examples.
    - What type of actors are involved?
    - For what reasons?
  - NO: Have you done before? Please, explain this cooperation.
    - How did the cooperation end?
    - Why?
- Do you cooperate with any of your competitors?
  - YES: What does this type of cooperation look like?
  - What type of actors do you have that kind of relationship with?
  - In what areas do you cooperate?
  - For what reasons?
  - Have you had any difficulties in that cooperation?
  - Would you consider the cooperation successful?
  - What did you gain from it?
- How does cooperation with competitors affect the way in which you do business?
- Do you change the way in which you do business in relation to cooperating with competitors?
  - How?
  - Why?
- How does cooperation with competitors affect daily activities?
- Do you have any guidelines on how to manage cooperation with competitors?
  - YES: Can you describe them?
  - NO: Do you think it would make a difference if you had?
APPENDIX 3

Interview guide
Swedish

Vi skriver examensarbete inom företagsekonomi. Vi skriver om nya affärsmodeller och hur olika samarbeten och relationer mellan aktörer ser ut och påverkar affärsmodeller. Vi har riktat in oss på två branscher, IT-branschen och telekommunikationsbranschen, eftersom de är dynamiska och genomgår snabba förändringar.

- Studien kommer att publiceras på internet och finnas tillgänglig för allmänheten. Går det bra att vi använder ditt och företagets namn i studien?
- Du kan avbryta intervjun när som helst om det inte känns bra att svara på frågorna.
- Går det bra att vi spelar in intervjun?

Introduktion
- Kan du beskriva din roll i företaget?
- Kan du kortfattat beskriva er verksamhet?
- Kan du beskriva olika affärsområden inom ert företag?
- Hur är de olika affärsområdena organisera och hur skiljer de sig åt?
  - Inom vilket affärsområde jobbar du?

Affärsmodeller
- Kan du berätta om ett centralt projekt inom det affärsområdet?
- Kan du berätta om en produkt eller service som ni erbjuder?
- Kan du förklara hur ni utvecklar ett affärserbjudande kring den produkten/tjänsten?
- Hur ser processen ut från utveckling till kund?
  - Hur levererar ni affärserbjudandet ut till kund?
  - Hur levererar ni värdet till kund?
  - Vilka delar i denna process anser du vara mest kritiska/viktiga?
- Hur ofta förändras sättet som ni gör affärer på?
  - Varför förändras det?
  - Hur förändras det?
  - Är det medvetna, strategiska beslut som ligger till grund för förändringen eller har de omedvetet vuxit fram? Ge gärna exempel.
  - Vad ser du som utlösende faktor för sådan förändring?
  - Arbetar ni aktivt med att utveckla sätt som ni gör affärer på?
  - Vad har teknologisk innovation för inverkan på sättet som ni gör affärer på?
- Hur tjänar in pengar inom detta affärsområde?
  - Har detta förändrats över tid?
    - Varför?
    - Hur?

- Har ni en eller flera uttalade affärsmodeller i er verksamhet?
  - JA: Ser ni era affärsmodeller som ett sätt att skapa konkurrensfördelar?
  - Hur kopplar ni värde till er affärsmodell?
Samarbete med konkurrenter

- Samarbetar ni med något annat företag för tillfället?
  - JA: Hur ser detta samarbetet ut?
  - Eller hur ser ett typiskt samarbete ut? Kan du ge exempel.
    - Vilken typ av aktörer är involverade?
    - Av vilka anledningar/bakgrundsfaktorer?
  - NEJ: Har ni gjort det tidigare? Förklara gärna detta samarbete.
    - Hur avslutades samarbetet?
    - Varför?

- Samarbetar ni med någon av era konkurrenter?
  - JA: hur ser detta samarbetet ut?
  - Vilka typer av aktörer har ni en sådan relation med?
  - Vilka områden samarbetar ni inom?
  - Av vilka anledningar?
  - Har ni mött några svårigheter i samarbetet?
  - Ser du samarbetet som framgångsrikt?
  - Vad får ni ut av det?

- Hur påverkar era samarbeten med konkurrenter ert sätt att göra affärer på?
- Ändrar ni sättet att göra affärer på i samband med samarbeten med konkurrenter?
  - Hur?
  - Varför?

- Hur påverkar samarbeten med konkurrenter era dagliga aktiviteter?
- Har ni några riktlinjer för hur ni ska hantera samarbeten med konkurrenter?
  - JA: kan du beskriva dem?

NEJ: tror du att det skulle göra skillnad om ni hade det?