

*Strategy Science Conference - Wharton School - May 1,  
2020*

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## **An Evolutionary Theory of Platform Firms**

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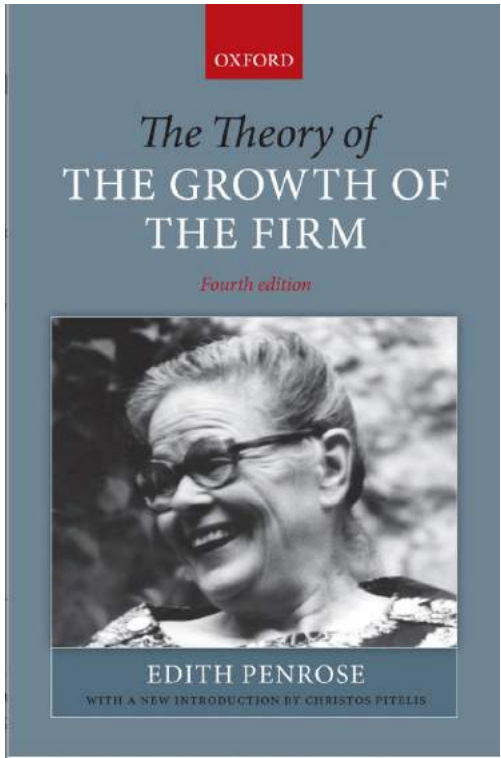
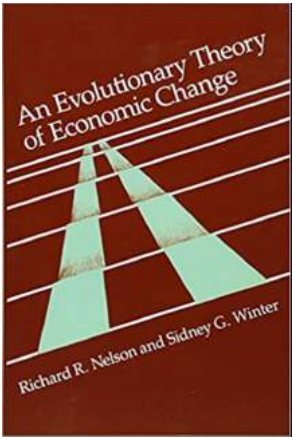
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**RIT** | **Saunders College of  
Business**

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**OUTLINE**

- I. Introduction & Research Questions**
- II. Qualitative Methodology**
  - Data Collection, Sample & Methods**
- III. Findings & Process Model**



# Evolution of Traditional Firms



# Research Question

How do platform firms evolve?

# Platform Firm Disruption

- Shaking the modern capitalist economy (Parker *et al.*, 2016).
- Transforming the "taken for granted" competition in the business environment into a platform-mediated one (Eisenmann *et al.*, 2010; Halaburda, *et al.*, 2017).
- With each platform firm achieving and controlling a significant percentage of market share in platform-mediated ecosystems, the assumption of "winners-take-all (or-most)" (Cusumano *et al.*, 2019) has gained significant ground among scholars and business intellectuals.

# Literature

## Platform Firm Disruption

- ❑ Significant attention has been paid to the impacts of platform organizations on traditional business environments (e.g., Jacobides et al., 2018; McIntyre & Srinivasan, 2017; Parker & Van Alstyne, 2017; Rietveld & Eggers, 2018; Rietveld, Schilling, & Bellavitis, 2018).

# Literature

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- ❑ Much less attention is paid to the evolution of these organizations.

# Qualitative Methods

## Data & Sample

- ❑ Theoretical sampling directed by evolving theory (Glaser & Strauss, 1967; Strauss, 1987).

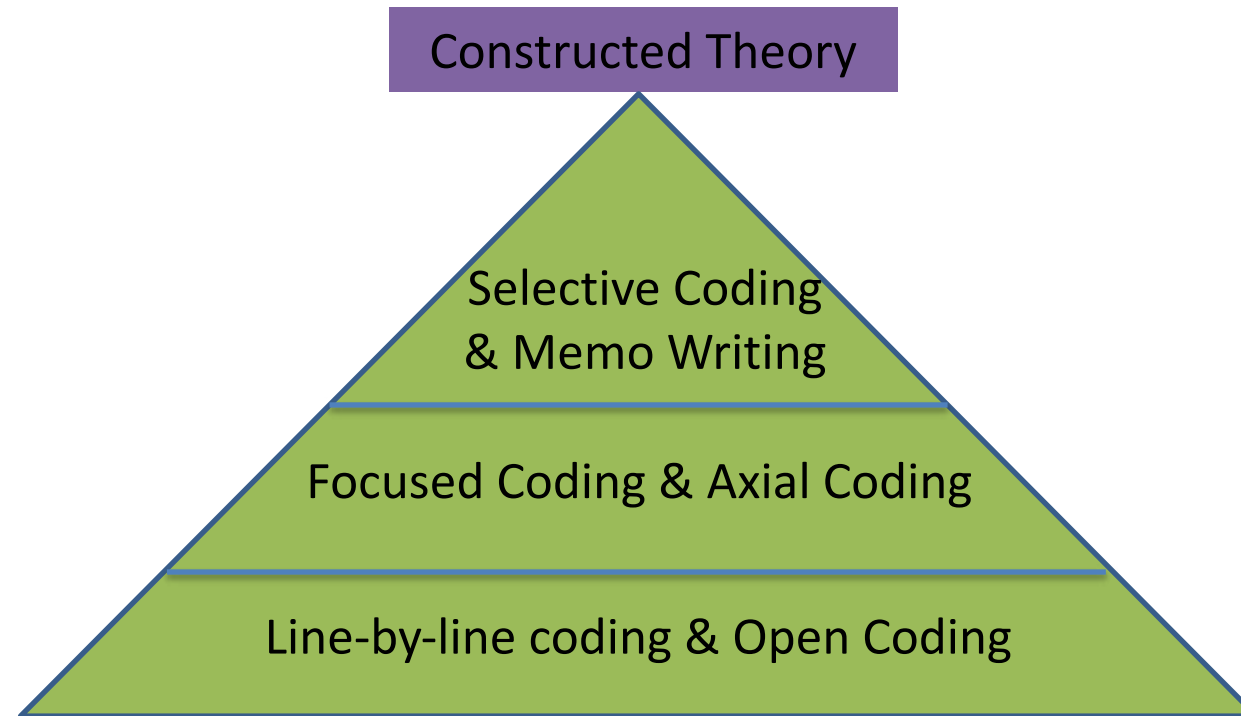


## Data & Sample

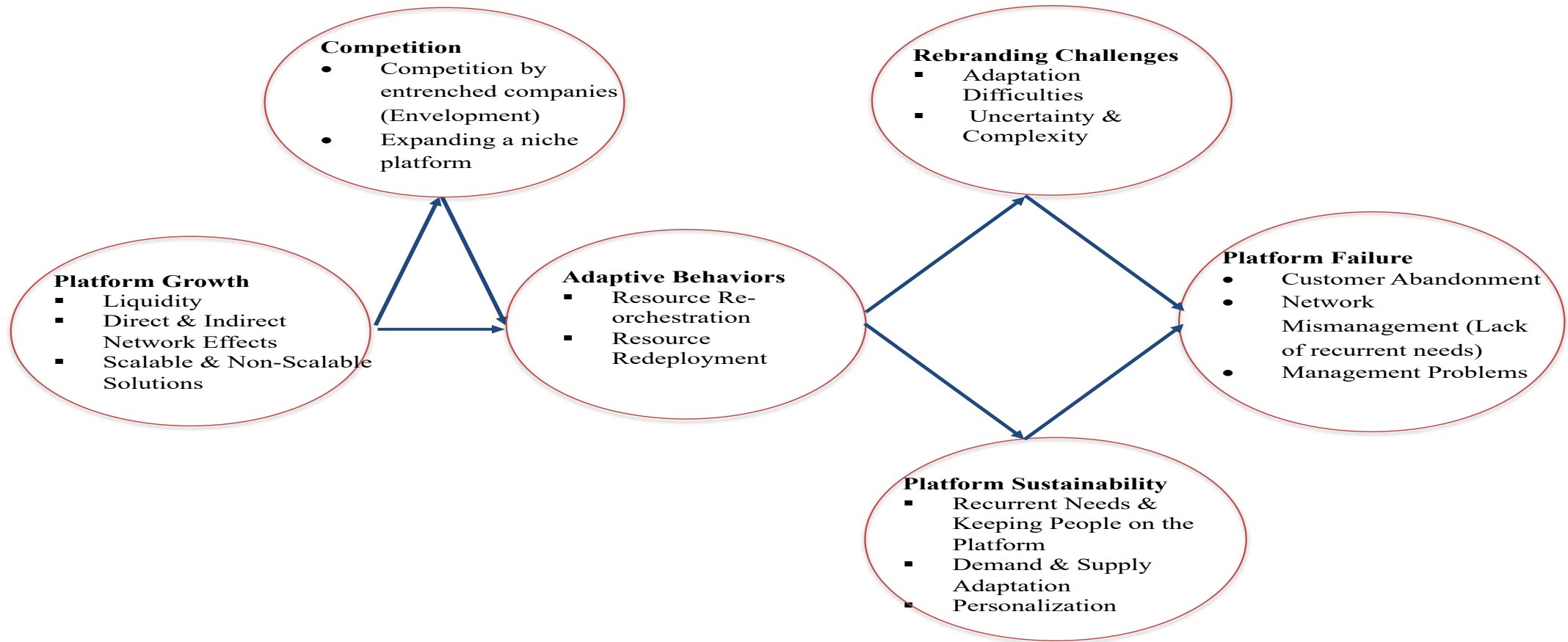
- ❖ 52 unstructured interviews with 50 founders, managers, and venture capitalists of platform firms.
  - 522 single space pages;
  - Range: 6-90 minutes;
  - Avg.: 24.71 minutes.
- ❖ 57 single-space pages of 34 review, forum, and analyst articles about 13 failed platform firms.

# Qualitative Methods

## Data Analysis

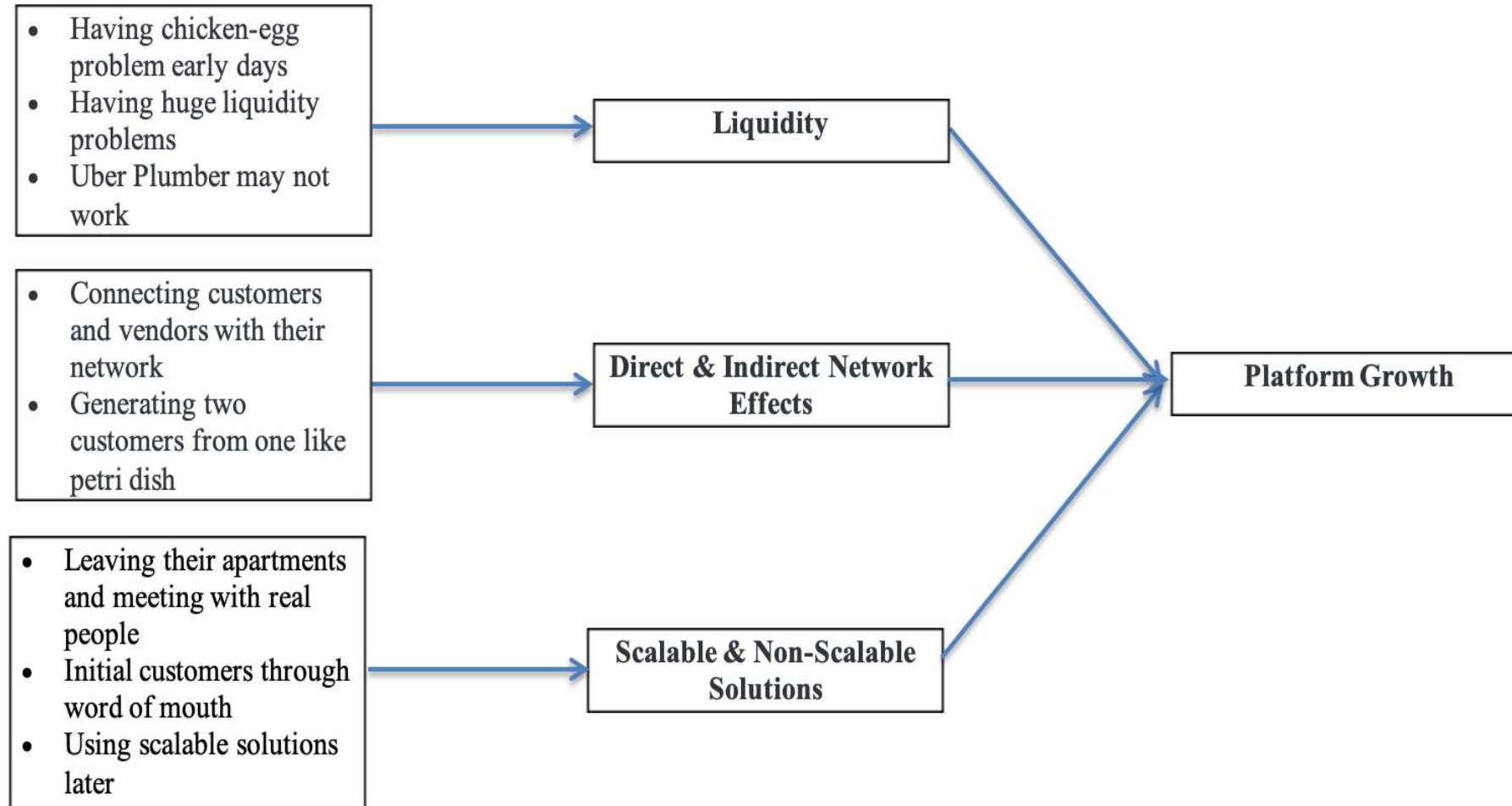


# An Evolutionary Model of Platform Firms



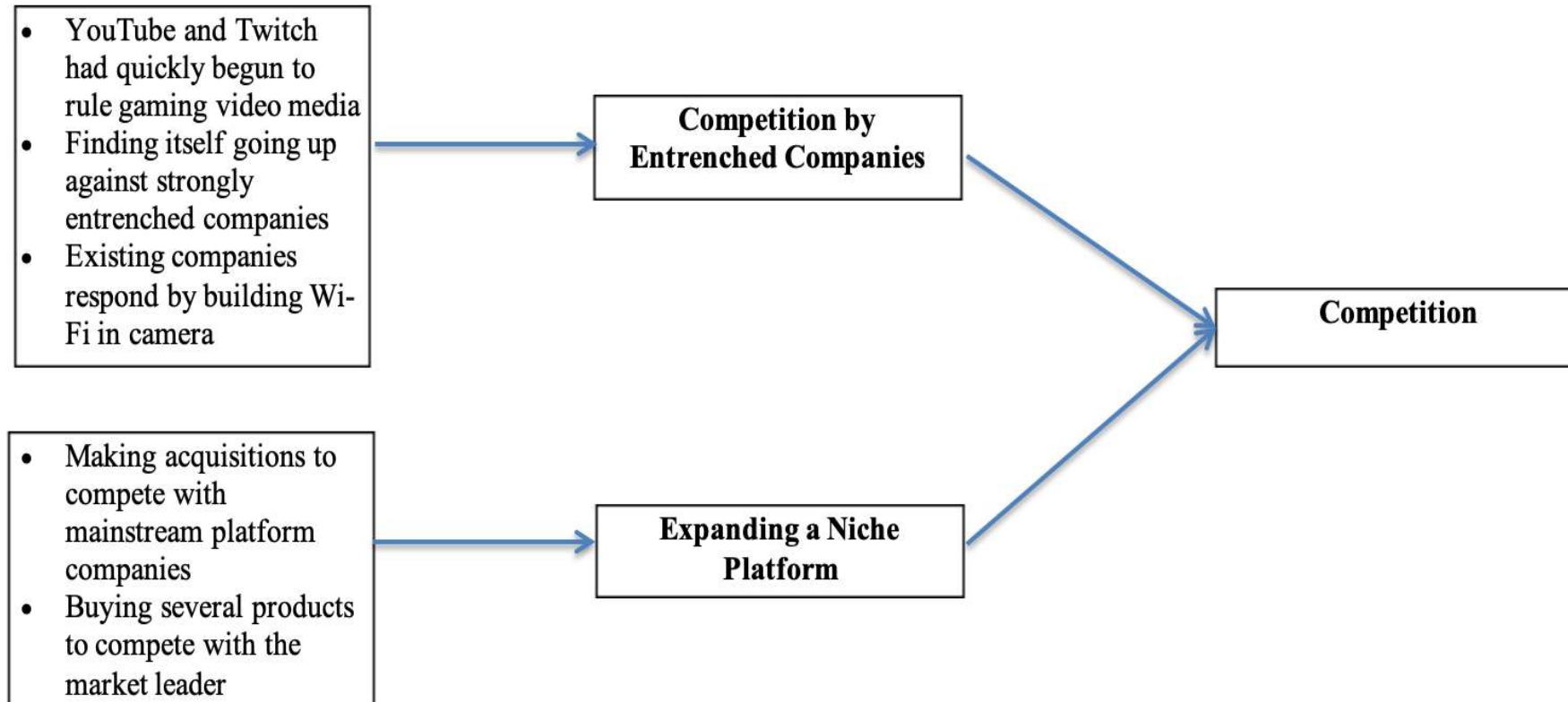
# Data Coding Structure

## Platform Growth



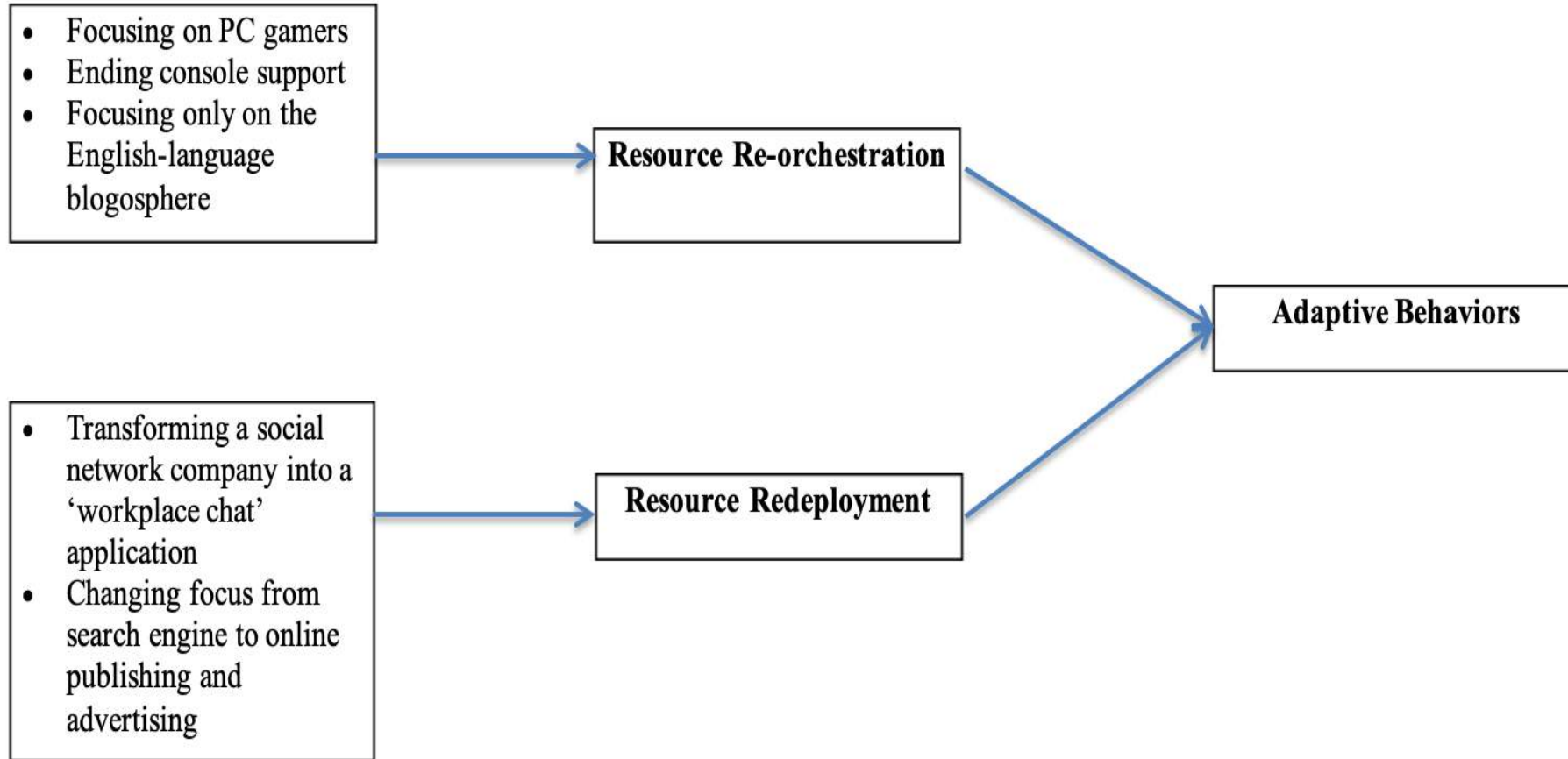
# Data Coding Structure

## Competition



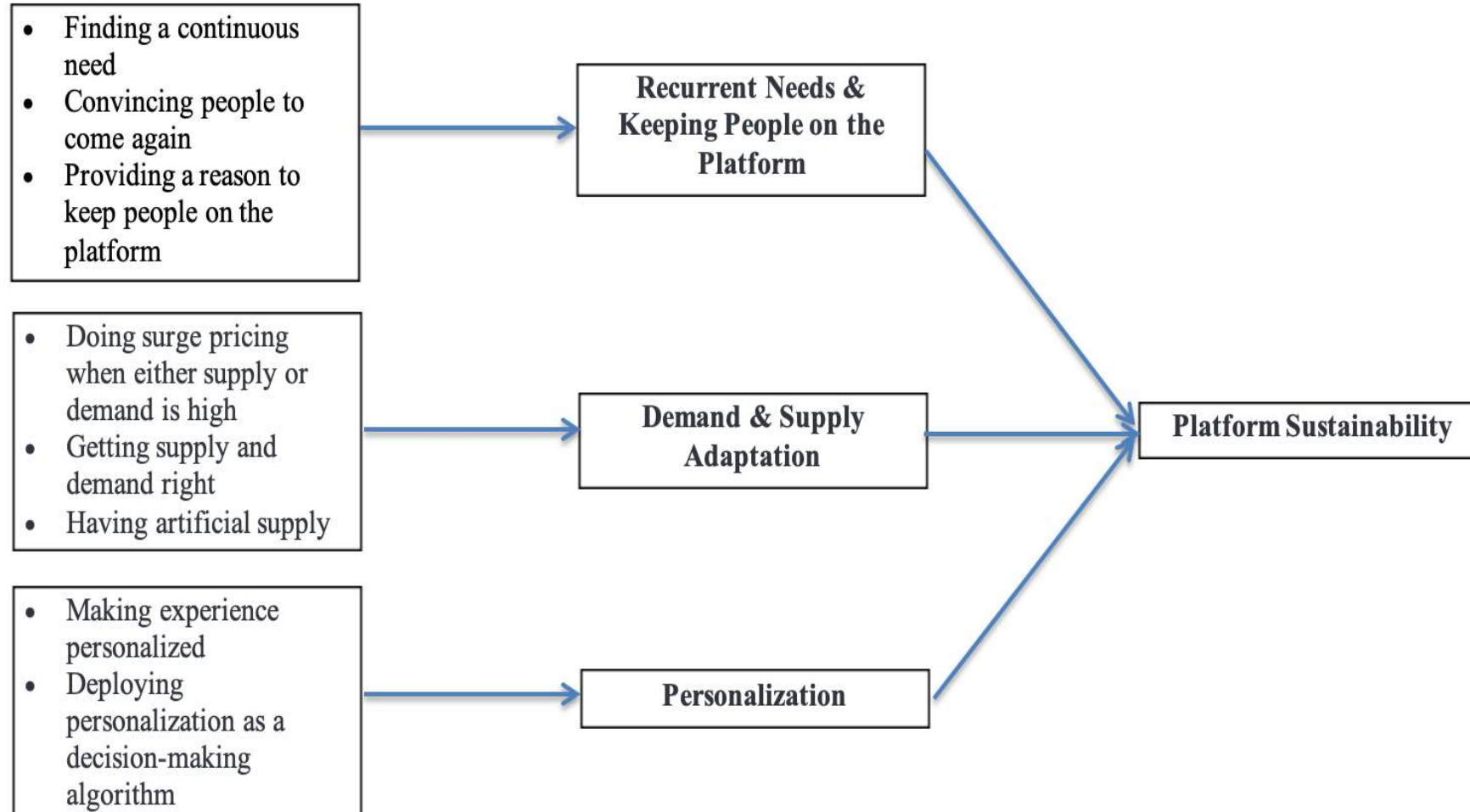
# Data Coding Structure

## Adaptive Behaviors



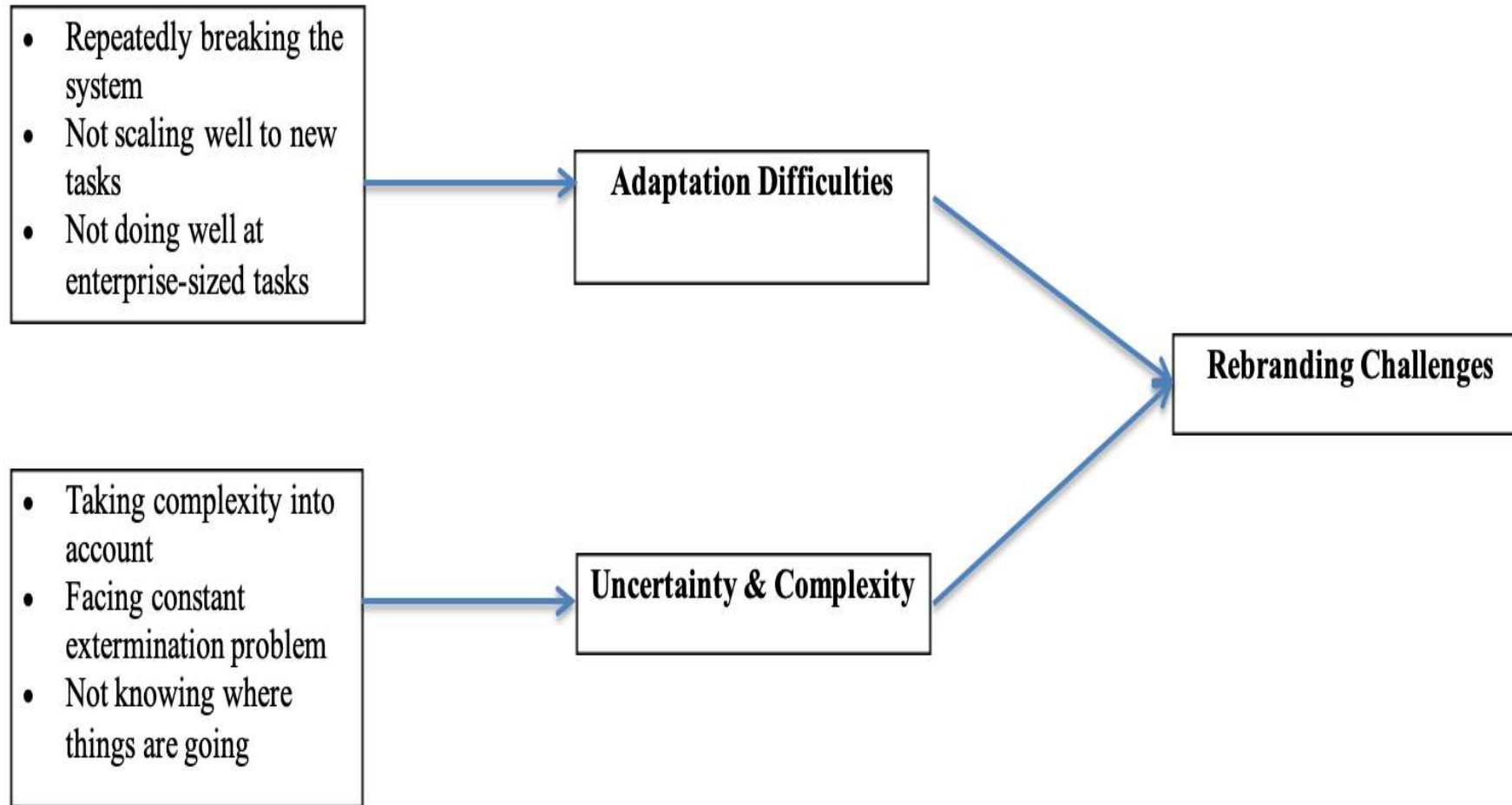
# Data Coding Structure

## Platform Sustainability



# Data Coding Structure

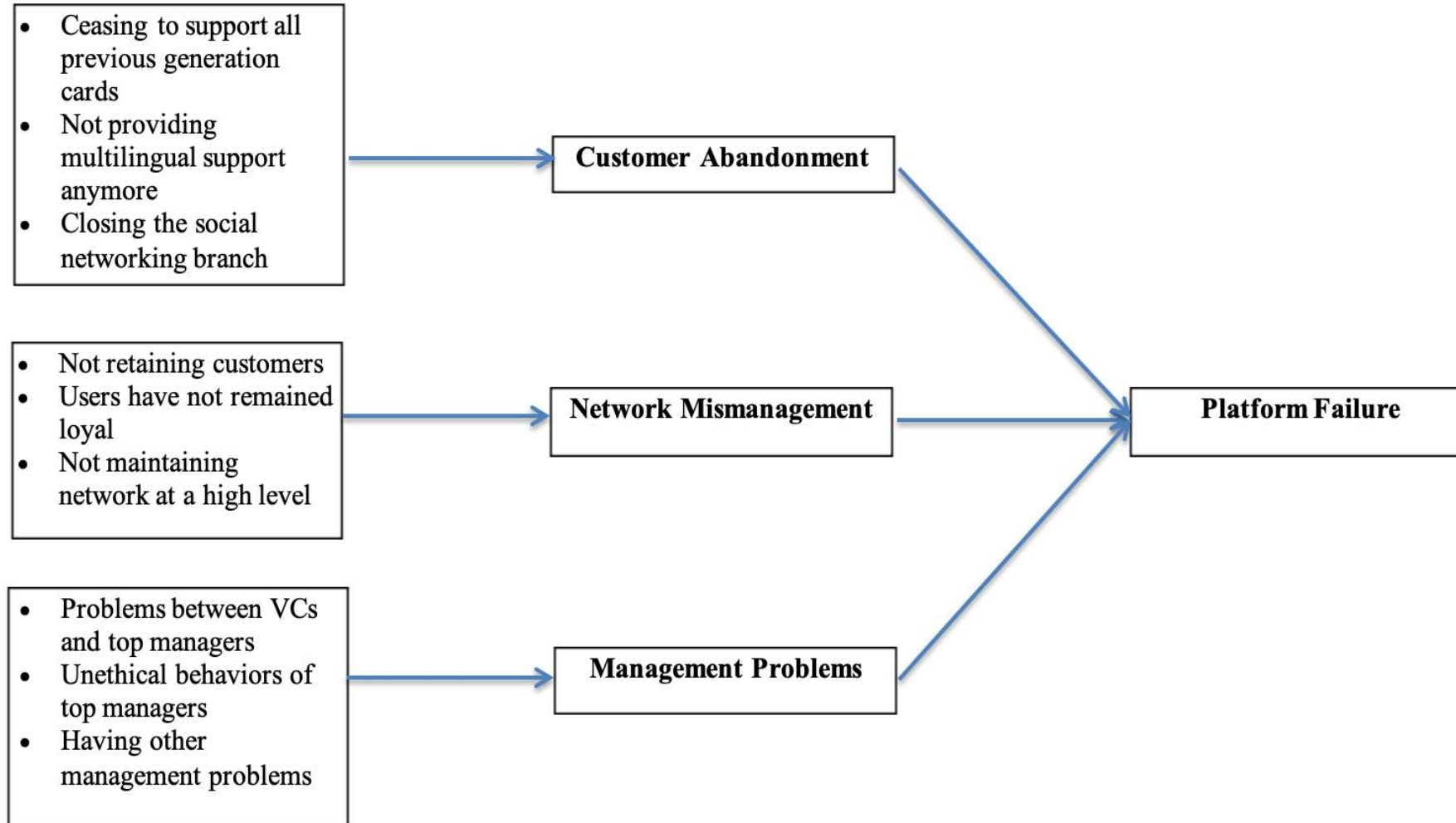
## Rebranding Challenges



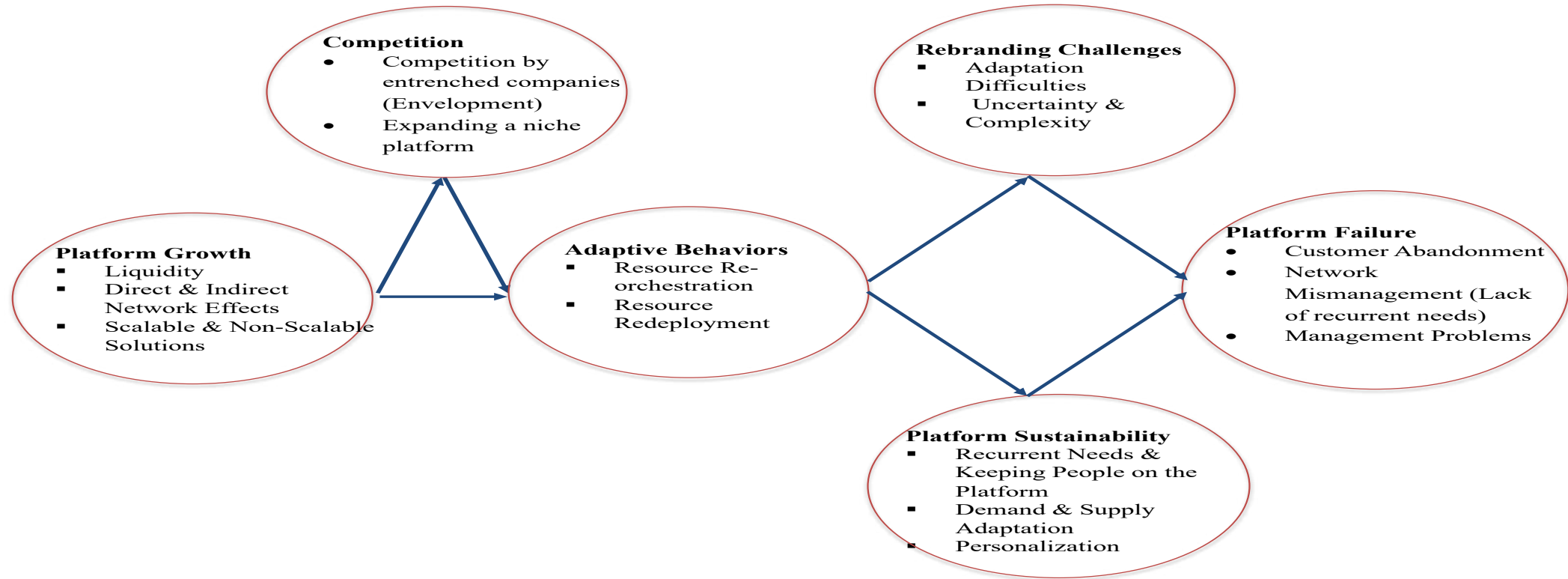


# Data Coding Structure

## Platform Failure



# An Evolutionary Model of Platform Firms



# Contributions



Moving the literature forward beyond the impacts of platform organizations on traditional business environment (e.g., Jacobides et al., 2018; McIntyre & Srinivasan, 2017; Rietveld & Eggers, 2018).



Building a theory about growth and evolution of platform firms (Penrose, 1959; Nelson & Winter, 1982).



Showing why the “winners-take-all” assumption is warranted only when firms reach platform sustainability stage.

Questions?