Chapter 2

Fostering Innovation and Value Creation Through Ecosystems: Case of Digital Business Models and Digital Platforms

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ABSTRACT

Ecosystems are gaining ever-increasing importance in digital business environments. New digital business models implemented using digital platforms heavily rely on ecosystem network. Thus, it is worthwhile investigating what role ecosystems play in the process of the digital transformation of companies. This chapter provides a theoretical background of the ecosystem research concerning digital trends, such as digital transformation, digital platforms, and digital service innovation. To deeper understand how ecosystem postulates are applied in companies, case study findings from two companies operating in the service and manufacturing sector are presented. Moreover, the ecosystem role is observed in selected companies both in the process of innovation generation (value creation), as well as in the implemented digital business model (value capture).

INTRODUCTION

During the last decade, massive improvements in information reach, computing, communication, and connectivity, have made digital technologies key emerging technologies that can fundamentally impact DOI: 10.4018/978-1-7998-2799-3.ch002
the business environment, which includes the impact on services, processes, business models and whole industries. In a very short time, the term *digital* became very popular. It changed the usual vocabulary of information science from information technology (IT) to digital technologies; from IT strategy to digital strategy, also introducing what we now call *digital disruption* and *digital economy*. Another notable change of course happened in technological governance in organizations (Spremic, 2017). From mainly internally oriented IT governance mode, organizations shifted to an externally focused use of digital technologies. On the one hand, the IT initiatives have become more internally focused, mainly intending to align with the current business process. Digital technologies, on the other hand, have become externally oriented, thus enabling digital services proliferation and enhancement of customer experience. These changes of organizational focus came along with disrupting the current business model, changing the organizational culture and affecting the entire business ecosystem (Ivančić, Vukšić, & Spremić, 2019).

Furthermore, ecosystems role is obtaining ever-increasing importance in digital environments (Gartner, 2017). Social networks, and other sorts of digital platforms available for customers and partners, as well as knowledge and innovation harvesting settings that include academia, are all examples of ecosystems of the digital age.

Therefore, the shift from IT to digital technologies opened new research directions, namely on how ecosystems research and applications can be correlated with digital transformation, business model innovation, and digital business models in modern organizations. Furthermore, Scharmer and Kaeufer (2013) bring an extensive analysis of current economic trends and models in the world. In its most broaden sense; ecosystem economy can be comprehended as developing a business around the intersectoral collaboration between the participant of the system, thus having in mind collective awareness of the system and actors in the surroundings. As a result, innovated business models, mostly supported by digital technologies are emerging. It can be concluded from their analysis that economic systems will become more and more oriented towards the ecosystem model.

This chapter aims to shed some light onto this forthcoming phenomenon. The main objective of this chapter is to explore how digital transformation and digitally enhanced services are fostering innovation throughout ecosystems and digital platforms. In order to do so, the research objectives of this chapter are defined as follows.

**RO1:** Give a brief literature overview on the ecosystem research and related trends.

**RO2:** Explore what role do ecosystem actors play in companies. More specifically, **RO2(a):** Explore what role do ecosystem actors play in innovation processes in companies., and; **RO2(b):** Explore what role do ecosystem actors play in digital business model in companies.

**DIGITAL TRANSFORMATION AND SERVICE INNOVATION**

Digital transformation is a holistic term for organizational changes induced by digital technologies. It includes some of the well-known concepts such as business process management methods, operational backbone of enterprise systems, and change management initiatives in the process of digitally transforming (Ivančić et al., 2019). However, a distinct goal of digital transformation in companies is to foster innovation and disruption of existing business models and services, enabled by digital technologies (Kane, Palmer, Nguyen Phillips, Kiron, & Buckley, 2016).