Calling for Collaborations

A Case Study of Swedish Telecom Industry

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Abstract

Title: Calling for Collaborations – A Case Study of Swedish Telecom Industry

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Background: The operators are in an exposed position where they need to do expensive investments in infrastructure to meet the increased use of data traffic, and at the same time they are facing stagnation in traditional revenues. There is a need to become more innovative, and one way of doing so is through partnerships.

Purpose: *The aim of this thesis is to increase knowledge of the key success factors in interfirm collaborations between operators and content providers from an innovation perspective.*

Method: A qualitative study was conducted and a theoretical framework was developed. Based on the theoretical framework, semi-structured interviews were conducted with people working within the telecom industry, covering all major operators and various content providers. The framework was then refined and expanded based on the empirical findings using a pattern-matching approach.

Conclusions: The study shows the critical success factors for collaborations in the telecom industry. In addition to the preliminary framework, new factors emerged from the empirical findings.

Key words: Telecom industry, Innovation, Partnerships, Operators, Content providers.

Acknowledgements

When we first started outlining our project plan in the skilifts of Val Thorens, the project of writing a thesis felt endless and the end of May very far away. It is almost frightening how time flies and that we now find ourselves only days from graduation. It has been an exciting journey from which we have learned a lot.

Definitions

ARPU – (Average Revenue Per User) – A measurement used primarily within the telecom industry, total revenue divided by the number of subscribers

Bought media – Purchased time and promotional space

Capabilities – Describes the accumulation of learning that the company possesses

Churn - Measure of the number of individuals or items moving into or out of a collective over a specific period of time

Content provider – Also known as VAS (Value-Added Services) provider, a term for all services beyond voice calls

Earned media - Favorable publicity gained through promotional efforts other than advertising, such as PR

Go-to-Market - The mechanism by which a firm proposes to deliver their unique value proposition to the target market

NDA – (Non Disclosure Agreement) – a legal contract that outlines confidential material that two parties wish to share with one another but wish to restrict access to third parties

Operator – Telecommunications operator, providing services such as telephony and data communications access

Owned media - Media, content and assets that the brand controls, such as websites, blogs, newsletters and brand social media accounts

OTT – (Over-The-Top) Content – Online delivery without the network provider being involved in the control or distribution of the content itself. E.g. Google, Facebook

Resources – Relates to inputs to production owned by the company and can be classified as tangible (e.g. financial (cash, securities)), physical (e.g. location, plant, machinery) and intangible (e.g. technology (patents, copyrights), HR, culture)

Revenue-share agreement – An agreement where revenues are shared between involved parts

Strategic alliance - A strategic alliance involves at least two partner firms that remain legally independent after the alliance is formed, share benefits and managerial control over the performance of assigned tasks, and make continuing

contributions in one or more strategic areas, such as technology or products (Todeva & Knoke, 2005)

Time-to-Market - The length of time it takes from a product being pictured until it is available for sale

URL-link – (Uniform Resource Locator) - A web address

VoIP – (Voice over Internet Protocol) – Voice communications transmitted over public Internet or private IP networks

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1 Introduction

The introduction chapter starts with an empirical background, followed by a theoretical problematization that leads to the purpose of the study. Then follows a view of the disposition and some comments regarding the delimitations.

1.1 Background

Global mobile growth has, after a decade of dramatic increases, begun to stall and the ARPU has been declining for some time (Nelson & van den Dam, 2010). Between 2005-2010 the volume of call minutes across fixed and mobile only have increased by a few percent but during the same time Over-The-Top (OTT) communications including Voice-over-Internet-Protocol (VoIP) and instant messaging have increased enormously. This changing face of communication and massive growth of OTT-services is a challenge for the industry and there is a strong need to become better at monetizing from it. For the end of the last decade the growth of mobile broadband combined with aggressive pricing and attractive packages (all included) helped to mitigate the declines in overall revenues. It also helped accelerating consumer adoption and increase mobile broadband traffic. The global mobile data traffic has increased enormously, during 2011 global mobile data traffic was over eight times greater than the total global Internet traffic was in 2000 (Cisco, 2012). This has led to a decoupling of traffic and revenue. Historically traffic and revenue have followed the same path, but costs are now no longer matching revenues to deliver the ever increasing amount of data in a network mainly build for narrowband voices and lightweight downloads. With the increased demand for mobile broadband the existing business model, where the customer has limitless data access, is no longer sustainable (Nelson & van den Dam, 2010). Together the mobile operators are struggling with increased usage of data traffic, which requires large investments in networks. At the same time, OTT-applications like Skype and WhatsApp, are cannibalizing the mobile operators voice and SMS revenues. The mobile operators revenues are largely driven by voice usage and therefore they need to change their business model (Sweers, 2011).

Operators have primarily two things left; access and voice calls and they are gradually loosing voice calls to VoIP-clients. Today they are afraid of becoming bit byte providers (Helgesson, 2012). It is important to keep in mind that the operators own the infrastructure, which gives them a power position and they therefore also need to take advantage of the situation (Höglund, 2012). From a study it is found that based on a typical pricing (US$/bit) in advanced markets the customers willingness to pay is much higher for text messaging ($1.00) and Mobile voice ($0,10) than for Mobile Internet ($0,01) (Sweers, 2011). Together with the increased data traffic, mainly from the growth in use of mobile Internet instead of more traditional revenues (voice calls, SMS), this confirms the problem the operators have with their current business models. Another problem the operators have is retaining their

existing customer base and maximizing its value (Meakin, 2011). It is expensive to get a new customer so it is important to get customers to stay over time and thus lowering churn (Englund, 2012). In order to manage this they need to optimize the experience customers are looking for (Meakin, 2011). Operators can either accept that value is moving away from traditional connectivity towards new value-added services (VAS) or collaborate to fight the trend (Brereton, 2011). It is however important to keep in mind that many content and application providers have an international reach and do not depend on a single operator to generate economies of scope, so it is possible for them to be the dominant part in a collaboration (Sweers, 2011).

Ernesto Gardelliano, CEO Movistar Argentina (member of Telefónica Group), states that mobile growth is primarily linked to mobile Internet and value-added services and he means that growth in the digital economy will make room for a new business model connecting customers and suppliers through a platform. Within Movistar Argentina innovation is an important factor for growth and it can be created, not only by technology, but also by seeing things from a different point of view. For the company it is important to find new ways to innovate and to learn from others outside the organization (Meakin, 2011). They are forced to collaborate in order to find and keep revenue streams (Höglund, 2011).

During the last couple of months the Swedish telecom industry has experienced some interesting changes. There has been a price war between two of Sweden's biggest operators, Tre and Tele2, where both have cut prices in half on their all-included subscription (Di, 2012). Various big partnerships have been launched, Telia have entered a partnership with the payment service iZettle and Tre have entered a partnership with the video service Voddler (Gunnarsson, 2012; Billner, 2012). Telia has announced that they will soon start to charge their customers for using VoIP-clients such as Skype and Viber (DN, 2012). These different examples show the big challenges that the industry and the Swedish market are facing.

In sum the operators on today's market are in an exposed position where they have to do expensive investments in the infrastructure to meet the increased use of data traffic and at the same time they face stagnation in revenues because of reduced customer use of traditional voice and SMS services (Nelson & van den Dam, 2010). To meet these problems the operators must become more innovative (Meakin, 2011).

1.2 Problematization

Chesbrough (2011) states that one of the positive effects of the open service innovation phenomena is to avoid getting caught in the commodity trap, which is a common problem for product-focused companies. The commodity trap is explained as a result of success within industry and product development where focus lies on

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selling products based on costs rather than created value. Today it is harder for companies to differentiate their process knowledge. The product lifecycle becomes shorter and shorter before new improved ones appear and the manufacturing of products is moving to areas of the world with low costs. Chesbrough means that it is important to confront the limits of product-focused innovation in order to innovate and create growth. With innovation in services companies can create a sustainable way of growth and also reduce the probability of getting caught in the commodity trap. In other words focus can be moved away from cutting costs into incorporating value-added services based on internal and external innovations. (Chesbrough, 2011)

To improve the competitiveness of companies, interfirm collaborations have become increasingly important. In industries such as telecoms, biotech and automobiles, alliances have become a way to meet globalization and radical technological change. Alliances, joint ventures, and other forms of collaborations have become key to narrow the gap between firm's current resources and its future requirements. These collaborations provide access to external resources, provide synergies and foster learning and change (Hoffmann & Schlosser, 2001). Alliances can take different structural forms, ranging from full ownership to short-time contracts. In industries such as telecom looser types of collaborations seems to be preferable since competitive advantages are more fragile and change rapidly (Bengtsson, Holmqvist & Larsson, 1998).

Higher return on equity, better return on investment, and higher success rates are a couple of outcomes awaiting companies that actively seek alliances, compared to companies that avoid building interfirm relations or seek integration through mergers and acquisitions. There is however limited knowledge of the formation process, the dynamics and evolution of interfirm collaboration and what factors that determine success rate in strategic alliances (Todeva & Knoke, 2005).

Given the background and the problems the industry and especially the operators are facing, with the increase of costs in infrastructure investments and the declining revenues, there is a clear need for innovation. One way of achieving innovation is by partnerships and outside knowledge. There is therefore a need to look at both the need for innovation as well as the need for partnerships and alliances to establish how to best overcome the obstacles that the industry faces. This has led to the inclusion of strategy and alliance literature and together with innovation literature it has laid the foundation for the purpose of this study.

1.3 Purpose

The aim of this thesis is to increase knowledge of the key success factors in interfirm collaborations between operators and content providers from an innovation perspective.

1.4 Disposition

The study will continue with the theoretical study and a preliminary theoretical framework and key success factors, as a first theoretical answer to the purpose. It will be followed by the methodological approach and considerations of the study. Having this particular order is in accordance with APA-standards. Since the methodology mainly discusses how the empirical study is performed, it is essential that the reader is familiar with the theoretical reflections. The methodology chapter is followed by the empirical results. The analysis will then put the empirical results in relation to the theoretical study. By doing so, the theoretical framework is tested, refined and expanded. Finally, the conclusions will be presented in order to answer the purpose of the study.

1 Introduction   2 Theory   3 Methodology   4 Empirical Fidings   5 Analysis   6 Conclusions

Figure 1. Disposition

1.5 Delimitations

The focus of this study is vertical interfirm collaboration. Therefore horizontal collaborations, e.g. between operators, are not within scope. Interfirm collaborations also mean that we will not look deeper into the different aspects of intrafirm collaborations, that is, within one firm. With that said, alliances are not a homogenous form of interfirm collaboration (Edgren & Skärvad, 2010), so the collaborations studied will reasonably differ from each other in various aspects.

Alliances can be categorized by dividing them in contract-based and owner-based alliances. Owner-based alliances refer to joint ventures and consortiums and such more fully integrated collaborations (Edgren & Skärvad, 2010). This study will not enter deeper in these types of collaborations but focus more on contract-based collaborations.

2 Theory

This chapter will present the theory, starting with innovation and then continuing to alliance theory. All the factors that were found in the theoretical study will then be summed up in a framework. The chapter therefore ends with a preliminary theoretical framework and some clarifications of it.

The theoretical study encompasses both innovation and alliance theory. The innovation literature firstly deals with a more general picture of innovation. With theories from Davila, Epstein & Shelton (2006) the importance of different types of innovation is described. This leads to the involvement of Chesbrough's (2003) literature about open innovation. Chesbrough (2011) describes how companies should offer services instead of products, and these new theories connect to his previous work on open innovation. Since Davila et al. mention that innovation can be achieved by partnering up with others, and Chesbrough states the innovation is best achieved by absorbing both internal and external knowledge; the theoretical study then turns to alliances. Strategy literature regarding alliances and collaborations is studied in order to describe important aspects that should be included in order to achieve successful partnerships. These thoughts origin from various theoretical perspectives, where the perspectives that mainly attend to it are transaction cost economics and resource-based theory. Organizational learning theory was also included since alliances can be viewed as a way to increase such learning. All theoretical findings, both from innovation and alliance literature, are then synthesized to a theoretical framework. A first overview of the framework can be found in Figure 2.

Innovation Theory

1. Innovation Risk Attitude
2. Commodity Avoidance
3. Customer Engagement
4. Customer User Pattern
5. Lead Users as Innovators
6. Development Work
7. Venture Capital Insight
8. Managing Intellectual Property
9. Partner Effect on Business Model
10. Bias for Action
11. Change Leadership

Alliance Theory

Transaction Cost Economics
12. Trust
13. Opportunism
14. Shared Decision-making
15. Non-recoverable Investments
16. Reputation
17. Legal Structure
18. Definitions of Rights & Duties
19. Conflict Resolution Mechanism
20. Frequent Interaction
21. Time Horizon
22. Termination
23. Top Management Support

Resource-Based View
24. Resource Contribution
25. Alliance Objectives and Business Strategy Fit
26. Firm Similarities
27. Cultural Fit
28. Strategic Interdependence

Organizational Learning
29. Capacity to Learn
30. Protecting Resources
31. Quick and Measurable Results
32. Review of Alliance Performance

Figure 2. Framework overview

2.1 Innovation

Innovation is a widely used term and can be defined in many ways. Before continuing further into innovation theory a definition is in place. OECD defines innovation as follows:

> An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. (OECD, 2005)

2.1.1 Innovation Types

A common misconception is that innovation is always about something new. Davila, Epstein & Shelton (2006) describe three types of innovation that include a mixture of both new and existing technology and business models. The three different types of innovation are incremental, semi-radical and radical. Incremental innovation mostly comes from small improvements to existing products and business processes. The process can be seen as a problem-solving task with a clear goal but unknown path. Radical innovation can be seen as the opposite of incremental innovation resulting in completely new products or services. It is described as an exercise in exploration, where the path might be known but what will be found is unknown. Semi-radical innovation is found between these two extremes. It is a combination of both incremental and radical innovation and it can appear in different ways. The three types of innovation are visualized in the Innovation Framework (see Figure 3). Innovation can according to Davila et al. be driven in two ways, either from a technology perspective (y-axis) or from a business model perspective (x-axis). (Davila et al., 2006)
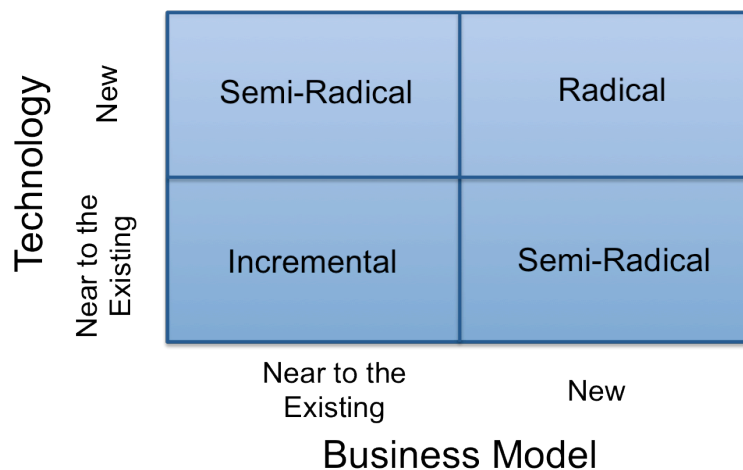
Figure 3. Innovation Matrix

For incremental innovation there are small changes in either technology or business model, but to a large extent these remain unchanged. The semi-radical innovations give little or no change in technology or business model, but greater change in the other. The radical innovations create changes in both technology and business model. According to Davila et al. a company should focus on having a mixture of different types of innovation in order to perform at its best. There needs to be a balance between radical, semi-radical and incremental innovation. (Davila et al., 2006)

2.1.1.1   Incremental Innovation

Most companies' innovation portfolios aim for incremental innovation, this type of innovation usually receives the majority of the innovation investments, in order to achieve smaller changes in either technology or business model. It is used to get the most out of existing products and services without doing major investments or changes. Incremental innovation should not be seen as unimportant, it is in fact a cornerstone of a company's development. By being able to do smaller improvements in the technology and business model it can protect the company from loosing market share and profitability, or both. If the company has too little incremental innovation it can damage the companies situation as well, by opening up for competitors to free ride on the company´s innovations. One of the reasons why so many companies have been focusing on this type of innovation during the years, except for providing the best use of existing products with limited change, is because it is easy. They have simply found it easier to work with incremental changes since it is easier to predict, instead of going for the semi-radical and radical ones. (Davila et al., 2006)

2.1.1.2   Semi-Radical Innovation

Semi-radical innovation can in contrast to incremental innovation create substantial changes to the competitive environment. It involves semi-radical changes in business model or technology, but not in both. Many times semi-radical changes in one dimension lead to changes in the other but not as dramatic. This two-stage innovation process can create great potential of value creation and it is therefore important that companies are able to manage this type of innovation. Companies are usually very good at managing innovation in one of the dimensions but seldom both, which creates a disadvantage to the competitors that are able to manage both. (Davila et al., 2006)

2.1.1.3   Radical Innovation

Radical innovations create significant changes in both technology and business model and often lead to substantial changes in the competitive environment in an industry. Even though radical innovations can put a company in the lead it should be approached carefully. These are investments with low probability of realization and by investing too much in them they can erase valuable resources that could be better used on incremental or semi-radical innovations. It is therefore important to

have and maintain a balanced portfolio of radical innovations in order to match the business needs. Davila et al. describe three potential ways of how companies can enable radical innovation; by partnering with outside companies, by having management commitment to support ideas outside the company and by the availability of resources to support breakthrough ideas. Potential barriers to achieving radical innovation, except from being very costly to develop, could be that incentives are primarily focused on avoiding risk, radical innovations are hard to implement in manufacturing and it could also be because of perceived competition with existing business. (Davila et al., 2006)

2.1.2 Open Services Innovation

Chesbrough have created a framework for how to create a change in mindset and move away from a cost focused perspective. The framework for creating open services innovations is based on four concepts that need to be established. First, companies should think of their business as an open services business by creating and sustaining differentiation in a commodity world. The second concept is to co-create with customers and create an experience that they will value and appreciate. Third, the company should use open innovation to speed up and deepen services innovation and the fourth and last is to transform the business model with open service innovation and create a platform business model to profit from other innovation activities as well. (Chesbrough, 2011)

Thinking about a business as a service is by Chesbrough (2011) explained as the classic formulation of seeing the business as a chain of economic activities adding value to the product. In Porter's (1998) product-driven business model the service appears first in the end of the process (see Figure 4).
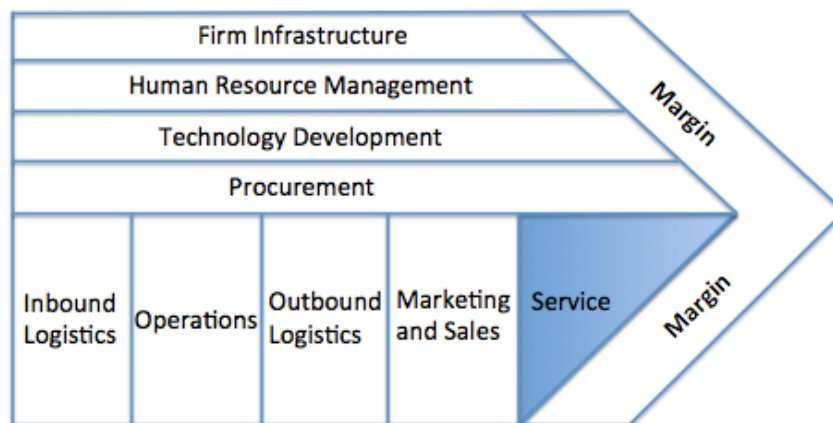
Figure 4. Porter's Value Chain

This is a very product-focused approach and in order to think of the business from an open service innovation perspective it is necessary to understand that the important parts of the development process take place together with the product

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through the whole process. It is therefore important to move away from Porter´s old model and look at it from another perspective. An alternative model from an open service innovation view is presented and it is called the open services value chain, see Figure 5. (Chesbrough, 2011)
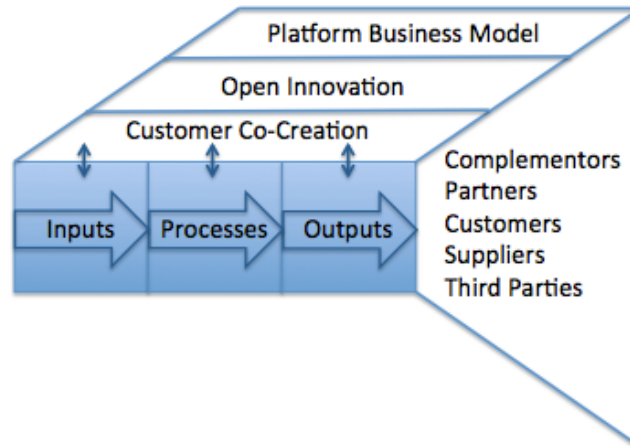
Figure 5. Chesbrough's Open Service Innovation

With this approach, inputs, processes and outputs are not only interacting with internal support functions but also with customers (customer co-creation), external sources of ideas, technologies and services (open innovation) and it could even attract third-party investment and support (platform business model). (Chesbrough, 2011)

2.1.3   Co-creation with Customer

When companies think of their business as a service it is much more difficult to develop specifications and it is harder for the customers to compare specifications and especially to explain more about their needs when it comes to services. Their choices will differ more between customers as well, which makes it harder for the supplier to have an on-size-fits-all thinking to serve the customer. It creates tension between standardization that reduces costs and customization, and offering a higher value for the customer. (Chesbrough, 2011)

2.1.3.1   Tacit Knowledge
Much of the knowledge from providing or buying services is based on experience and depends on tacit knowledge and this is the factor that creates the tension between standardization and customization (Chesbrough, 2011). With the open innovation paradigm the customer took a new role and became a co-producer and a part of the innovation process (Chesbrough, 2003). Tacit knowledge is hard and expensive to analyze and write down, which makes it difficult for suppliers to understand what the customer really wants. If a company is able to manage the tacit knowledge and the customers´ user pattern (e.g. from registering their use in a system) it can create a competitive advantage. It provides the opportunity to learn

from what the customers do and by knowing more about the customers than competitors it can become valuable information to predict future customer needs and also differentiate the company from others. (Chesbrough, 2011)

2.1.3.2 Lead Users as Innovators

Erik von Hippel (1988) states in his book that the best innovators are the users. This conclusion is drawn from research within the field of innovation of scientific instruments. This differs from other innovation literature where the manufacturer normally is seen as the innovator and recognizes needs, creates prototypes, etc. Von Hippel also mentions that it is even harder to determine user needs for new products within fields of rapid change, such as for example the high tech industry. By user-led innovation von Hippel means that there are problems with using for example focus groups. These methods are a bit limited and rely too much on how well they are formed, and by using lead users this could be a solution to the problem. They face needs that will become common much earlier than other users and they would have large benefits of a solution to those needs. Therefore they can be used as a need-forecasting laboratory for marketing research. Before lead users can be identified in a given category of interest, a trend needs to be identified where these users have a leading position. (Von Hippel, 1988)

2.1.4 Open Innovation

The open innovation paradigm was coined because of skepticism to the old term of closed innovation where companies focused on using internal R&D, see Figure 6. Internal R&D was seen as an entry- barrier for competitors and would give the company great possibilities for economies of scale. When everything was done within the company assumptions were made that outside the company the knowledge was limited, which led companies to rely on the resources and capabilities within. Because of the increasing availability and mobility of skilled workers, the venture capital market, external options for internal ideas and the increasing capability of external suppliers, Chesbrough stated that these factors have eroded the closed innovation paradigm. The linkage between research and development has loosened because of the erosion factors. Knowledge is not hidden within companies internal R&D departments and therefore companies cannot afford having potential ideas waiting because then they can leak outside the organization.

Open innovation replaced the earlier paradigm of closed innovation. It means that external and internal ideas are on the same level of importance for the company. With todays knowledge it is possible to focus in one area without doing everything alone. Instead of limiting research in order to invent new knowledge, good research needs to access and integrate external knowledge as well. Deep understanding is still valuable but it needs to be put in a bigger context of how it can be improved by linking and building on the investigations and achievements of others. Researchers´ performance needs to be evaluated in different ways (Chesbrough, 2003).
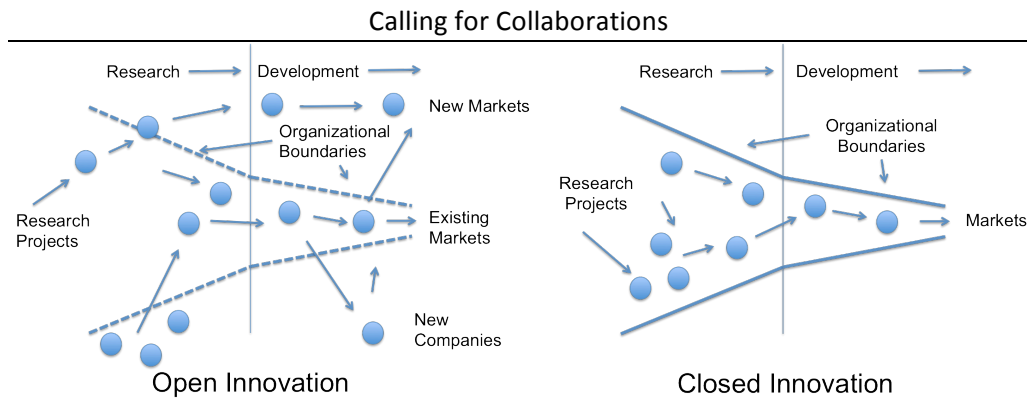
Figure 6. The Open Innovation and Closed Innovation structures

Companies now need to learn how to leverage the distributed landscape of knowledge instead of avoiding it and focusing on their internal research. The companies cannot wait for their ideas to be used internally but instead the new logic opens up for taking technology to market in different ways. One thought is that the companies R&D strategy should benefit from start-up companies ability to initiate multiple organizational experiments to commercialize technologies. With the open innovation mindset the old ideas that usually were put on the shelf and seen as costs now instead should be seen as opportunities and new potential business platforms. Companies can manage new technology in three different ways; include it in their current business model, licensing the technology to other companies or by creating new ventures offering the technology in new business areas. (Chesbrough, 2011)

From a closed innovation approach, venture capital was seen as something that should be avoided. With the open innovation mindset this has changed and venture capital is instead seen as a possibility to experiment with new technologies. Open innovation firms use companies financed by venture capital to observe new potential markets. Some open innovation firms also have their own internal venture capital to improve their innovation process. This could create spin-offs and bring new technology to the market. (Chesbrough, 2003)

Companies with the open innovation mindset think of intellectual property such as patents as an integrated part of technology strategies. They are willing to manage it within the firm and they are interested in both selling intellectual property as well as buying it. Because of the fast changes in useful knowledge the thought of intellectual property is transformed. Companies need to access, digest and utilize knowledge and they cannot any longer think of their knowledge as static. Instead of excluding others from using the knowledge and technology, companies can manage intellectual property in a way to profit from it. (Chesbrough, 2003)

2.1.4.1 Economies of Scale and Scope

There are mainly two economic forces underlying open innovation in services: economies of scale and economies of scope. Economies of scale are explained as the

more of an item that is produced, the less does each item cost. In an open innovation environment economies of scale contribute in two levels. First of all, to supply a service, it requires a lot of fixed investments (e.g. to access, store, retrieve and use the requisite information). The second level of contribution comes from increased knowledge stored through more transactions and use. It can be explained as developing better knowledge over more volume and leveraging that knowledge through future volume in turn. These types of economies of scale can drive open innovation in services and by extending it outside the organization it can increase the possibilities of economies of scale. The effects of economies of scale mainly come from "inside-out openness" where the company shares, on the company's terms, their core processes with others in purpose of increasing revenue, for example by licensing. (Chesbrough, 2011)

Economies of scope are explained as the result from offering different items from a single source, often without adding too much cost. Because of the critical role the customer has, economies of scope are very important from a service perspective. A process offering the possibility of satisfying a wide variety of customers´ needs gives the customer a lot of economic benefits which provides business benefit to the company and more revenue from existing customer relationships. Other possible positive effects could be that the customer is more likely to stay over time because the business is a more significant provider to the customer. It can also create a better understanding of the customer and open up for finding unmet needs or hidden costs. Economies of scope come, unlike economies of scale, from an "outside-in openness", which allows companies to add service offers beyond and outside their own knowledge and experience. The additional services extend the offer and provide more value for the customer. (Chesbrough, 2011)

2.1.5 Business Model Innovation

A business model provides a coherent framework and is supposed to take products, services or technologies as input in order to convert them through customers and markets into economic output. The purpose of the business model is to create value for a business and then to capture some of that value for the organization. A business model can be described from different functions. Articulating the value proposition refers to the value created for the user by the offering and answers what type of customer problem that should be solved. Identifying a market segment is important to find the users to whom the offering is useful and for what purpose. Defining the structure of the value chain is important to distribute the offering and decide on the extra assets needed. It also includes the company´s suppliers and customers. Specifying the revenue generation by estimating cost structure of producing the offering and target margins from the profit potential are also important functions. Describing the company´s position within the value network, including linkages to suppliers, customers and identification of potential customers and complementors as well. Subsequently, formulating the competitive strategy to

hold advantage over competitor is one key factor for sustaining competitiveness by gaining access to different key resources. (Chesbrough, 2011)

Chesbrough describes different ways of how the business model can be changed in order to adapt it to capturing services innovation. It is possible to redesign the value chain and create a more effective service. By using economies of scope it is possible to take over one of the customer´s processes, which can give useful insights from a customer perspective and enable potential improvements and reduce costs. Another option is to change the business model by creating new ways of how to charge for it. This often changes other parts of the business model as for example the value proposition. Innovation in a business model could also be achieved by linking into a larger business network. A network makes it possible for the company to specialize the service by teaming up with others, such as complementary providers of other services. By creating the company´s own network it is possible to build a platform for the service and possible benefits from this is that it can attract other providers to your network and also give customers an assortment of choices, without forcing the company to invest in the offer of these choices. (Chesbrough, 2011)

2.1.5.1   A Bias for Action

In order to meet change firms need to have a bias for action, especially in situations of rapid change. For start-up companies this is one of their key advantages, they have no old deep-rooted business model to protect and defend. Instead they are able to try something, observe the response, adapt to that response and try something else. Larger companies have more resources but do not normally have the ability to make these quick decisions so while the small companies lack resources they instead can adapt more quickly to new situations. Chesbrough cites Darwin regarding the need for change, and how vital it is. Darwin said, "it is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change." (Chesbrough, 2011)

For larger companies one way to increase bias for action is to pay close attention to relevant start-up firms, in order to see what they are experimenting with. If they have raised outside capital the chances are big that they are trying to compete with a different business model. By learning from start-ups it can stimulate creative thinking and get other larger companies to revisit their own business model. A positive aspect is that most start-ups are eager to enter into discussions with larger companies because they are seeking partnerships, alliances, possible customers, and third-party validation of their companies. (Chesbrough, 2011)

2.1.5.2   Leading Business Model Change

When it comes to changing a company's business model the most important part is to manage and lead the change within the organization. In smaller organizations the CEO may be ideally suited for the task but in larger firms there is probably a need to rely on middle managers, which creates a distance that makes it harder for the CEO

to know what is best for the firm. Another problem that stems from relying on the CEO is that he or she usually got the position under the current business model. The CEO might sometimes retard the possibility of innovation instead of leading it. Outside investors are also sources of potential inertia since the current business model is a part of what they have based their investments on. Another potential inertia is the common situation of general managers rotating position in firms every couple of years. Instead of changing the business model, because of reasons such as lack of time, they are trying to do what they can with the existing one. This also reduces the risk of failure there could be with a complete new business model. (Chesbrough, 2011)

2.2   Alliances

Alliance research is characterized by a notable diversity regarding conceptual frameworks and applied methods. There are at least two main explanations in current theories for firm existence, firm boundaries and interfirm collaboration: transaction cost theory and resource-based theory. These theories are therefore the main focus in this study when it comes to alliance theory. Minimizing total transaction costs is the primary aim in transaction cost theory and organizational form should be chosen after such criterion to obtain the most transaction-cost-efficient form. The resource-based view explains the firm as a bundle of resources and alliance logic is to assimilate additional resources that cannot be purchased in the external market nor built internally, the latter due to cost, risk and time limitations (Hoffmann & Schlosser, 2001).

There is a lack of knowledge regarding success factors of alliances. Hoffmann and Schlosser (2001) list the success factors that influence alliance success in their survey of Austrian companies. These factors, or independent variables if you want, range from matters regarding strategic orientation and structural configuration to trust and mutual understanding and can be derived from various theoretical perspectives. The variables are derived from theory of transaction-cost economics, resource-based view, knowledge-based view, as well as sociological approaches to interfirm collaboration (inter-organizational theory) and general management theories. Out of all the success factors, the critical success factors involved all theoretical perspectives which shows that the argument of which theory that is superior is useless and that it is better to strive to find a productive synthesis instead. The critical success factors were however not the same as the companies listed as perceived success factors, implying that the importance of the critical success factors were underestimated (Hoffmann & Schlosser, 2001).

Alliances are typically referred to as strategic alliances because the organizational form of a network is typical when there is a strategic and long-term commitment to the collaboration (Edgren & Skärvad, 2010). The overall motive of forming strategic alliances is that the partnering companies consider that they will accomplish their

goals more efficiently by collaborating. According to Edgren & Skärvad the foremost reasons for network organizations to emerge are cost advantages and/or specialization advantages of different types. Other reasons include attaining increased striking power on the market or to increase flexibility in the organization. Another important and common reason is to reinforce and draw advantage of innovative driving forces in the network. Organizational networks can be defined as a contract-based organizational form that is kept together by continuous negotiation and renegotiation of contracts. This differs from a traditional organization structure that is held together by common ownership and hierarchical structure, instead of contracts. These contracts can range from being strictly formal to more informal, trust-based formats (Edgren & Skärvad, 2010).

2.2.1 Transaction Cost Economics

Alliances, or networks, are generic terms for all hybrid modes between vertical integration and the market. The view of the firm as a governance structure, i.e. an organizational structure, is the fundament of transaction cost economics. Instead of focusing on price and output, transaction cost economics focuses on the allocation of economic activity across alternative modes of organization such as markets and firms (Williamson, 2008). This perspective comes from Coase's work (1937) regarding the transaction of the make-or-buy decision. Coase discusses the logic of the organizational hierarchy versus the co-ordination force of the price mechanism in the market, "The main reason why it is profitable to establish a firm would seem to be that there is a cost of using the price mechanism" (Coase, 1937, p.390). These transaction costs refer to costs such as the cost of discovering the relevant price, negotiating, contracting and control. Although contracts are not eliminated when there is a firm, they are greatly reduced. Vertical integrating will thus lead to a lower price compared to the market transaction (Coase, 1937).

But there is also a limit to the coordination mechanism of the firm since there is a cost of organizing additional transactions within the firm (Coase, 1937). The extent to which the price mechanism is replaced, that is the amount of vertical integration, varies. Three modes of governance structures can be distinguished; spot markets, hybrid modes of contracting and hierarchies (Williamson, 2008). The simplest form of market transactions is the spot market where all obligations between the buyer and seller are fulfilled on the spot, such as buying candy over the counter. When the market mechanism fails, the exchange mechanism will move towards a bureaucratic organization, i.e. a hierarchy (Ouchi, 1980). Hybrid modes are all intermediate governance structures. Each generic mode of governance has its variation of attributes with its weaknesses and strengths. Depending on mode of governance, this gives rise to different transaction costs. When moving from the market towards hierarchy it implies compromised incentives and added bureaucratic costs (Williamson, 2008). The strength of the hybrid modes is the possibility to combine strengths from both the hierarchy and market forms. That is, avoiding the bureaucratic transaction costs of the hierarchy as well as the transaction costs that

arise from using the market (Edgren & Skärvad, 2010). The different governance structures exist because at certain conditions, they each offer the lowest transaction cost. This efficiency criterion is central in transaction cost economics when determining whether a transaction takes place on the market or in a hierarchy (Ouchi, 1980).

The transaction cost consequences of spot markets and hierarchies can be explained as a function of asset specificity, which is a dimension that has extensive implications for governance. As asset specificity builds up, so does bilateral dependency which give rise to contractual complications. Although hierarchies has an initial disadvantage compared to spot markets with high bureaucratic costs, as asset specificity increases the transaction costs related to spot markets will in fact become higher than for hierarchies (Williamson, 2008). Alliances are considered the most suitable alternative when asset specificity is average and there is a limited need for control. For companies facing high environmental uncertainty alliances can be an alternative even when asset specificity is high due to the need for strategic flexibility (Hoffmann & Schlosser, 2001; Williamson, 1991).

2.2.1.1 Trust and Opportunism

Transaction costs can be mitigated by trust. Interpersonal and interorganizational trust is a type of social capital that not only reduces negotiation costs but also is considered a predictor of alliance success. Relational governance with coordination mechanisms such as reciprocity norms, and interorganizational trust is a way to handle the uncertainty related to contracting. This idea of relational governance does however contrast with the opportunism mechanism described in transaction cost economics and agency theory. Formal contracts are common in new alliances with no previous collaboration since they act as legal protections against potential opportunism (Todeva & Knoke, 2005). As trust increases with repeated collaborations, informal processes replace more formal governance structures and protections (Ring & Van de Ven, 1994). By substituting more formal forms of control mechanisms, trust thus reduce transaction costs associated with the alliance such as searching for information about potential partners and monitoring (Todeva & Knoke, 2005; Gulati, 1995). Especially in the implementation phase of collaboration, interorganizational trust can help to overcome the parties' initial suspicion about possible partner opportunism (Todeva & Knoke, 2005).

The importance of interorganizational trust relationships between cooperation partners is demonstrated in transaction-cost theory. Trust lowers the need for control, which leads to lower transaction costs. The chances of success will increase if the companies can build on an established trust-based relationship (Hoffman & Schlosser, 2001; Gulati, 1995). The success of the collaboration can be endangered by opportunistic behavior of partners. A lack of trust leads to higher transaction costs due to the need of costly safeguards against opportunistic behavior. Trust can

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however be built by commitments from each partner to emphasize the importance of the collaboration and indicate trustworthiness (Hoffmann & Schlosser, 2001).

Parkhe defines opportunistic behavior as when "one firm may not abide by the terms of agreement in order to exploit the other for short-term gain" (Parkhe, 1993, p.828). Withholding information, failing to fulfill promises or obligations, appropriation of the partner's key resources, and late payments are all examples of such opportunistic behavior. The perception of opportunism tends to diminish with increasing collaboration since trust evolves with increasing interaction. Growing trust leads to an increased willingness to put oneself at risk. Opportunistic behavior also affects the performance of an alliance, and Parkhe found that the performance was negatively related to the extent to which the parties perceive each other as behaving opportunistically. The need for contractual safeguards does however increase with the perception of opportunistic behavior (Parkhe, 1993).

2.2.1.2 Committing: Shared Decision-making and Non-recoverable Investments

Trust and commitment can be seen as a result of the partners' investment and involvement in the relationship (Parkhe, 1993; Saxton, 1997). Close interaction and investments in alliances through shared decision-making lead to a reduction of the likelihood of opportunism, and if opportunism is present, it is likely to be recognized. High participation in and knowledge of strategic decisions and actions therefore decrease information asymmetry and helps establishing trust and commitment. Shared decision-making was thus found to have a positive impact on firm success (Saxton, 1997; Todeva & Knoke, 2005). Shared decision-making also facilitates organizational learning, since the ability to assimilate knowledge from a partner requires close involvement in the alliance and its decision-making processes (Saxton, 1997).

The degree of shared decision-making and similarities between firms are presumed to reflect trust and commitment, factors that have been scrutinized in the work of for example Parkhe (1993). Since trust may difficult to directly measure, a high degree of shared decision-making can be seen as a condition or determinant of trust (Saxton, 1997; Butler, 1991).

Non-recoverable investments reduce a partner's gain from cheating, which besides inducing trust also lowers the risk for opportunistic behavior. Previous research also supports that alliances with a high degree of commitment of non-recoverable investments tend to be more stable and high performing (Parkhe, 1993).

2.2.1.3 Reputation

Both past behaviors and reputation can be used as a proxy for knowledge of opportunistic intentions. Depending on the reputation, this might lead to an increase of transaction costs, which would have a negative impact on alliance

performance since it would reduce alliance efficiency (Parkhe, 1993). The importance of reputation has been acknowledged in various theories of the firm; transaction cost economics, resource-based view, and agency theory, to name a couple. A firm's reputation can reflect its characteristics in areas of management, product quality and financial performance and is considered an important factor in alliance success (Saxton, 1997). From a resource-based point of view, a positive reputation can be seen as a source of sustained competitive advantage due to its imperfect imitability. This because a firm's reputation is a result of its history and that may make it imperfectly imitable. A firm's reputation can also be seen as informal social relations between the firm and key stakeholders making it socially complex and therefore hard to imitate. It is not certain that guarantees or other long-term contracts can substitute reputation (Barney, 1991). A positive reputation can also lower transaction costs of alliances by lowering search and monitoring costs. Reputation also signals trustworthiness and the perceived risk of opportunistic behavior (Saxton, 1997). Saxton studied how partner and relationship characteristics affect alliance outcome and found that partner reputation had a positive impact on alliance success (Saxton, 1997; Todeva & Knoke, 2005). There is also a spillover effect, so reputation gained in one alliance can be valuable in future collaborations (Das & Teng, 2003).

2.2.1.4 Legal Structure, Definitions of Rights & Duties, and Conflict Resolution Mechanism

The bigger the potential losses from being exploited by a partner, the more a firm will try to reduce its vulnerability by legal agreements incorporating strong safeguards. Opportunistic behavior thus increases the need for contractual safeguards (Parkhe, 1993). Minimizing behavioral uncertainty and the resulting need for control is what determines whether an alliance is successful according to transaction-cost theory. High uncertainty will increase transaction costs due to the increased costs of control and therefore reduce alliance efficiency. By establishing precise definitions of rights, i.e. how to share the output, and duties, i.e. the input to the collaboration, transaction costs will be minimized (Hoffmann & Schlosser, 2001). This was found to be a critical success factor for alliance performance among the companies Hoffmann and Schlosser studied. Potential conflicts should therefore be avoided early by establishing precise targets and task definitions. This reduces the risk of conflict concerning input in the co-operation (duties) and sharing of output (rights). The agreement should include specific markets, geographic areas and target groups. It should define the input of each participant (duties) as well as the distribution of profits and losses. Included here are also the rights to utilize the output, e.g. patents (Hoffmann & Schlosser, 2001).

Interfirm conflict is the degree to which partner firms have competing interests, preferences, and practices that cannot be merged in an alliance. It can accrue from too many differences in strategic orientation, technological systems, corporate cultures, risk perception, and managerial practices. It can also come from the

individual firms effort to maximize their benefit. Incompatible goals, resource allocation disagreements, opportunistic behavior, etc. are all sources of such conflicts. Due to interfirm conflicts, partnering firms aim for increased control. Interfirm conflicts are negatively related to alliance performance (Das & Teng, 2003). Well-defined rights and duties will lower the risk of disputes concerning input and output to the collaboration and lead to lower costs for conflict resolution (Hoffmann & Schlosser, 2001). Integrated conflict resolution mechanisms that ensure fairness and procedural justice also have a positive impact on corporate learning (Todeva & Knoke, 2005).

2.2.1.5 Shadow of the Future: Frequent Interaction, Time Horizon, and Termination

In game theory, reciprocal behavior is studied in the "shadow of the future", meaning that through expectations of reciprocity and anticipated gains from mutual cooperation, the future casts a shadow back upon the present, and affecting current behavior patterns. The longer the shadow of the future, the better cooperative performance is promoted. Time horizon can be measured as the intended duration time at the time of launch, which can be both indefinite or with an explicit time goal. In Parkhe's (1993) research 1-3 was considered short-term and long-term 5 years or more. Two other elements that fortify reciprocal behavior are frequent interactions and behavioral transparency. Frequency of interaction can be measured as the times senior executives meet a year or the frequency of communication at lower levels. High behavioral transparency is the speed and reliability with which alliance partners learn about each other's action. Parkhe found strong support that long time horizons, frequent interactions, and high behavioral transparency encourages reciprocal behavior. These factors thus lengthen the shadow of the future and promote cooperative outcomes (Parkhe, 1993).

In order to prevent later disagreement, alliance termination and its prerequisites and conditions should be defined early in the collaboration. Termination is a difficult and delicate matter because there is a risk of loosing reputation as a fair and trustworthy partner, jeopardizing future collaboration opportunities (Hoffmann & Schlosser, 2001).

2.2.1.6 Top Management Support

Although it can be a measurement of frequency of interaction between firms, when implementing an alliance, senior executive commitment and support is considered an important success factor as well. Top management maintains the relationship with the partner and supports the collaboration in his or her own company. The commitment to the collaboration is important in the battle to make sufficient resources available for the alliance (Hoffmann & Schlosser, 2001).

2.2.2   Resource-Based View

The resource-based view of the firm suggests that the firm should be analyzed from a resource point rather than a product side (Wernerfelt, 1984). Firm resources include:

> All assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. (Barney, 1991, p.101)

This implies that not all firm attributes are resources (Barney, 1991). Examples of resources are brand names, in-house knowledge of technology, trade contacts, and machinery (Wernerfelt, 1984). These can be classified into three categories: physical capital resources, human capital resources, and organizational capital resources (Barney, 1991).

According to the resource-based view, the underlying logic of alliances is the value-creation potential when firm resources are pooled together. "It is to aggregate, share, or exchange valuable resources with other firms when these resources cannot be efficiently obtained through market exchanges or mergers/acquisitions" (Das & Teng, 2000). Whereas transaction cost theory emphasizes cost minimization, the resource-based view emphasizes value maximization by pooling resources together. When a firm is implementing a value creating strategy, i.e. deploying the strengths of their resources, which is not simultaneously being implemented by any current or potential competitor it is said to have a competitive advantage. When that applies and other firms are unable to duplicate the benefits of that strategy the firm is said to have a sustained competitive advantage (Barney, 1991). The reason why no competitor is implementing the same strategy would be that they do not possess the appropriate resources (Das & Teng, 2000).

If all firm possessed the same resources then there would be no strategy that could be implemented by one of these firms that could not also be implemented by any of the others. So when resources are homogenous and completely mobile, it is not possible for any firm to achieve a sustainable competitive advantage. The resource-based view has two base assumptions: that there exists resource heterogeneity and that resources are imperfectly mobile. All resources do not hold potential of sustained competitive advantage. But those that have potential share four attributes; they are valuable, rare, imperfectly imitable, and not easily substitutable. There are up to three underlying factors for resources to be imperfectly imitable; dependence on unique historical conditions, the link between resource and sustained competitive advantage is casually ambiguous, and the resource being socially complex (e.g. a firm's culture, reputation among suppliers and customers, interpersonal relations among managers) (Barney, 1991). Due to these characteristics of firm resources, trading resources becomes a strategic necessity.

Value is created by combining existing resources with the ones of partnering firms (Das & Teng, 2000).

2.2.2.1 Resource Contributions: Contributing Strengths, Finding Complementary Resources and Achieving Synergies

Among the critical success factors Hoffmann & Schlosser (2001) found for companies is the contribution of specific strengths and looking for complementary resources. This factor originates from the resource-based view since interorganizational relationships are seen as resource linkages that provide synergies by sharing or transferring resources. A company seeking an alliance partner must contribute with individual strengths and have excess resources to offer. Since collaborations provide access to the partners resources and therefore improves the companies own resource base, a factor that affects alliance success is to choose a partner that has definitive strengths in the field of collaboration (Hoffmann & Schlosser, 2001).

Collective strengths and interdependency are according to Das & Teng (2003) positively related to alliance performance. Collective strengths refer to the sum of all resource endowments of the alliance. "These strengths are derived from the synergistic combining of partner resources and are utilized to create value in the alliance entity" (Das & Teng, 2003, p.291). Since the basic rationale for alliances according to the resource-based view is to combine the resources of the partners to exploit opportunities that otherwise would not be possible, it is logical that the more collective strengths an alliance has it increases the chances for successful performance (Das & Teng, 2003). Also originating from the resource-based view, the need to establish required resources is also a success factor for alliance success. The resources primarily refer to the tangible and intangible assets, employees and financial funds required. Each party must provide the resources and decide whether these should remain private property or be mutually owned (Hoffmann & Schlosser, 2001).

2.2.2.2 Alliance Objectives and Business Strategy Fit

In addition to strengths, partnering companies should look for complementary or similar resources since this will create synergies when combined. Complementary contributions also require the companies' business strategies to be compatible (Hoffmann & Schlosser, 2001). According to Todeva and Knoke (2005), an important driver for alliance formation is the strategic intentions of the firms. "A decision to cooperate is not a responsive action, but is fundamentally a strategic intent" (Todeva & Knoke, 2005, p.129). Since alliances are regarded as a way to implement strategies and achieve strategic goals the strategic analysis "must evaluate if and how an alliance can improve the company's strategic position in this particular business" (Hoffmann Schlosser, 2001, p.360). That alliance objectives should be derived from business strategy is thus considered a critical factor for alliance success (Hoffmann & Schlosser, 2001).

2.2.2.3 Firm Similarities and Cultural Fit

Similarities between partners refer to the extent to which a firm's resources and capabilities are similar or related to those of its alliance partner. Saxton (1997) found that strategic similarities between partners had a positive impact on alliance success (Saxton, 1997; Todeva & Knoke, 2005). It may enable firms to better identify and appreciate the contribution of a partner and make a selection that leads to a successful outcome. Organizational learning theory suggests that a common frame of reference facilitates the learning process. Similarities between firms thus help to establish trust and learning and will increase the likelihood of a successful alliance. However, Saxton found that similarities in organizational characteristics (e.g. culture, human resources) where negatively related to alliance outcomes. So although similarities in strategic factors such as manufacturing are important to alliance success, a "culture clash" is not necessarily negative for alliance success (Saxton, 1997).

Joint business expertise and agreement of fundamental values are considered important prerequisite for future success. When selecting a partner the cultural fit between the companies should be considered. The collaboration should lean towards creating a common understanding and philosophy between the partnering firms (Hoffmann & Schlosser, 2001).

2.2.2.4 Strategic Interdependence

Strategic interdependence is considered a significant feature of successful alliances in dynamic markets (Todeva & Knoke, 2005; Das & Teng, 2003). An alliance creates interdependence between the involved companies and brings benefits in the form of intangible assets and also forces the companies to make continuing contributions to their partnership. The legal form of the partnership can be viewed as the way partnering firms choose to control their dependence in the alliance. Inequalities in the resources contributed and controlled by each partner can impede trust due to the partners' unequal capacities to fulfill their obligations (Todeva & Knoke, 2005).

Interdependence is important since the relative dependence between firms also determines their relative power. Hoffmann & Schlosser (2001) list reciprocity and strategic dependence as an important dimension of alliance success since it determines the power structure and might lead to instability in the collaboration if there is an unequal power structure (Hoffmann & Schlosser, 2001). No dependence, that is if the partners do not need each other any more, poses a risk to alliance survival and therefore also its success. Additionally, interdependence leads to increased commitment and trust (Das & Teng, 2003). Collective strengths and interdependency are according to Das & Teng positively related to alliance performance.

2.2.3 Organizational Learning

From an organizational learning perspective, alliances are one of the mechanisms firms use to learn. The ability to assimilate knowledge from a partner requires close involvement in the alliance and its decision-making processes, further strengthening the value of shared decision-making. Organizational learning is also facilitated by similarities in resources and capabilities between the partnering firms, since it creates a common frame of reference (Saxton, 1997).

2.2.3.1 Sharing: Capacity to Learn and Protecting Resources

Alliances can be considered "learning races", meaning that the partner that appropriates the others knowledge fastest will have the greatest success in the collaboration. The capacity to learn from partners consists of the desire (intent) to learn and current learning capability (the absorptive capacity of the company). The success in learning will depend on the firm's learning capacity and the degree of transparency of the partner's knowledge (Hoffmann & Schlosser, 2001). Organizational learning enhances firms long-run performance and competitive advantage. It consists of firms acquiring, assimilating and applying new information, knowledge and skills. There is however a risk of opportunism when giving partners access to intangible assets. Trust emerges through repeated collaboration and is an important factor to neutralize the fear for opportunistic behavior and higher levels of social capital (trust, respect and friendship) and integrated conflict resolution mechanisms that ensure fairness and procedural justice increase corporate learning (Todeva & Knoke, 2005).

Alliances can be viewed as an organizational form that facilitates quick and flexible learning, but this might not be successful for both partners. It can give rise to an undesirable drain of expertise that endangers competitiveness, why the risk of "outlearning" should be discussed early on to avoid disputes. If the exchange of information is restrictive, this will have a negative impact on the possibilities of interorganizational learning (Hoffmann & Schlosser, 2001). The exchange of information should be monitored and mobility barriers increased if there is a desire to prevent undesirable drain of expertise (Hoffmann & Schlosser, 2001).

2.2.3.2 Quick and Measurable Results and Review of Alliance Performance

Speedy implementation of measures and fast results are considered a critical success factor in alliances. Quick and measurable results form the base for a successful co-operation and early success helps to convince doubters and strengthen alliance management (Hoffmann & Schlosser, 2001). There is also a need for reviewing the performance of the alliance as the collaboration progresses. There is a need for reciprocity and adaptability to improve alliance success (Hoffman & Schlosser, 2001; Doz, 1996). Reviewing performance allows firms to take full advantage of the alliance potential and helps to detect if the collaboration is heading in the wrong direction (Hoffmann & Schlosser, 2001).

2.3 Theoretical Framework

By going through the literature within the fields of innovation and alliances, there has appeared a rich and nuanced picture of the critical success factors that affect collaborations. Including both a more company-wide innovation perspective as well as more specifically within the specific collaboration. Therefore, the factors connected to innovation are often at a higher level whereas the alliance factors tend to be at a more specific level. The factors are consequently listed in that order, starting with the ones related to innovation and followed by the ones related to alliances. The factors are not listed in order of precedence since there are no suggestions in theory of how the factors would relate to each other in terms of relative importance, nor is it the aim of the study. The factors have been gathered from the following theoretical perspectives: open innovation, transaction cost theory, resource-based view/theory, and organizational learning. The theoretical framework is summarized in the Table 1 below.

The framework aims at giving insight into innovation work and collaborations and point out what the critical success factors are. It also forms a theoretical foundation for the empirical investigation in order to establish the relative importance of the factors and explore whether there exists other factors that are of importance.

	Factor	Reference
	Innovation	
1	Innovation Risk Attitude	(Davila et al., 2006)
2	Commodity Avoidance	(Chesbrough, 2011)
3	Customer Engagement	(Chesbrough, 2011)
4	Customer User Pattern	(Chesbrough, 2011)
5	Lead Users as Innovators	(Von Hippel, 1988)
6	Development Work	(Chesbrough, 2003; Chesbrough, 2011)
7	Venture Capital Insight	(Chesbrough, 2003)
8	Managing Intellectual Property	(Chesbrough, 2003)
9	Partner Effect on Business Model	(Chesbrough, 2003; Chesbrough, 2011)
10	Bias for Action	(Chesbrough, 2011)
11	Change Leadership	(Chesbrough, 2011)
	Alliances	
12	Trust	(Todeva & Knoke, 2005; Gulati, 1995; Ring & Van de Ven, 1994)
13	Opportunism	(Hoffmann & Schlosser, 2001; Parkhe, 1993)
14	Shared Decision-Making	(Saxton, 1997; Butler, 1991)
15	Non-Recoverable Investments	(Parkhe, 1993)

16	Reputation	(Parkhe, 1993; Saxton, 1997; Barney, 1991; Das & Teng, 2003)
17	Legal Structure	(Parkhe, 1993)
18	Definition of Rights and Duties	(Hoffmann & Schlosser, 2001)
19	Conflict Resolution Mechanism	(Todeva & Knoke, 2005)
20	Frequent Interaction	(Parkhe, 1993)
21	Time Horizon	(Parkhe, 1993)
22	Termination	(Hoffmann & Schlosser, 2001)
23	Top Management Support	(Hoffmann & Schlosser, 2001)
24	Resource Contribution (contributing strengths, finding complementary resources, achieving synergies)	(Hoffmann & Schlosser, 2001; Das & Teng, 2003)
25	Alliance Objectives and Business Strategy Fit	(Hoffmann & Schlosser, 2001; Todeva & Knoke, 2005)
26	Firm Similarities	(Saxton, 1997; Todeva & Knoke, 2005)
27	Cultural Fit	(Saxton, 1997; Hoffmann & Schlosser, 2001)
28	Strategic Interdependence	(Todeva & Knoke, 2005; Das & Teng 2003; Hoffmann & Schlosser 2001)
29	Capacity to Learn	(Hoffmann & Schlosser, 2001; Todeva & Knoke, 2005)
30	Protecting Resources	(Hoffmann & Schlosser, 2001)
31	Quick and Measurable Results	(Hoffmann & Schlosser, 2001)
32	Review of Alliance Performance	(Hoffmann & Schlosser, 2001; Doz, 1996)

Table 1. Summary of critical success factors

2.3.1 Framework Clarifications

Bias for Action and Change Leadership both deal with the need to act. Bias for Action regards the need to act quickly and the capacity of doing so. Change Leadership regards the responsibility of change and where in the organization that lies. Both factors do however depend on the size of the company. Change Leadership and Top Management Support are two factors that both deal with leadership. Change Leadership refers to who has the responsibility and is in charge of accomplishing innovation and business model change. This differs between large and small enterprises, in the latter it mainly lies on top management but keeping in mind that there rarely exists a significant hierarchy. Top Management Support regards the support of top management in the collaboration and making sure there are enough resources dedicated to the partnership, thus not related to carrying out changes within the organization.

Development Work and Capacity to Learn both regard how to assimilate knowledge. However Development Works regards the company-wide ability and ambition whereas Capacity to Learn is just in the particular collaboration and with that specific partner.

Managing Intellectual Property regards the ability to trade property rights, both buying and selling. Although Development Work regards the ability to assimilate knowledge and includes taking in external ideas as well as exporting internal ideas, it does not specifically concern the trading of rights, why these are two distinct factors. Managing Intellectual Property is not to be confused with Protecting Resources, the latter is how the knowledge is shared in the specific collaboration and if it exists any barriers between the partners in order to prevent the sharing.

Lead Users as Innovators and Customer Engagement are factors that both deal with the involvement of the customers/users. But as the first factor's name reveals it is not the involvement of all users but rather the early adopters, which are at the front end of new fields of application. Customer Engagement on the other hand explains the involvement throughout the innovation and development processes of all customers, which can be seen more as the average customer than the leading ones.

Although part of Parkhe's (1993) shadow of the future, behavioral reciprocity is not considered an own factor since it has a strong resemblance with Shared Decision-Making. It is the speed and reliability with which each firm learns about the partner's action, a goal that is fulfilled with the current factor Shared Decision-Making.

Legal Structure and Definition of Rights and Duties both touch upon the way of how the collaboration is regulated. But Legal Structure regards the formal agreements, if there are any and their magnitude. Definition of Rights and Duties comprises how meticulously everything is defined in the agreements.

Cultural Fit is lifted out as a separate factor from Firm Similarities since it in the studied literature was emphasized to be of particular importance.

3 Methodology

The research approach is described in this chapter. It is followed by a discussion of the different choices regarding study method and case selection. It also describes theoretical choices and the data collection methods. It ends with a description of the method of analysis.

3.1 Research Approach

This study followed a mainly deductive approach, allowing a certain degree of induction. This means that expectations of the phenomenon that is studied were created based on existing theory. Thereafter empirical data was gathered in order to see if the created expectations corresponded with reality. The approach was however designed to allow new empirical findings to emerge, not necessarily related to previously studied theory, which is why the study has traces of induction. There is a risk of having previous explicit expectations that could limit the information, in that only information that seems relevant is gathered to validate the expectations. This could perhaps lead to missing important information and this risk has been taken into account (Jacobsen, 2000).

A theoretical framework was developed from the theory as a first, theoretical, answer to the to the purpose. Thereafter the theoretical framework was explored empirically, mainly throughout interviews, as an empirical answer to the purpose. As a third step the theoretical framework was matched to the empirical findings to give an answer to the study's purpose. By doing so a final theoretical framework was developed that incorporated the new empirical findings.

The study had a qualitative approach since the aim was to get a nuanced understanding and in-depth picture of the cases studied. Although a qualitative approach is usually associated with generating theories, it can also be used for testing them (Bryman & Bell, 2007).

3.2 Case Study

When focus lies on contemporary phenomenon and when the investigator has little control over events, case studies are in general the preferred strategy (Yin, 2003). It is therefore the chosen method for this study since it became possible to retain a holistic view and meaningful characteristics of real-life events, such as organizational and managerial processes. The choice of which research strategy to use is determined by three conditions; the type of research question, the extent of the investigators control over actual events, and if focus is on contemporary or historical events. Questions of "how" and "why" have an explanatory character and case studies are one of various preferred research strategies. An alternative is history but

it is preferred when focus is on historical events (when dealing with the "dead" past) whereas case studies are preferred for contemporary events. The case study adds two sources of evidence: direct observation of the events and interviews with persons involved in it (Yin, 2003). The latter has been used as a main source of evidence in this study.

The criticism towards case study as a research method includes not following systematic procedures, and thus allowing biased views to influence the direction of the findings and conclusions. It is vital as an investigator to report all evidence fairly. Another concern regarding the case study is that it tends to provide little basis for generalization. Although not providing generalization to populations or universes, case studies are generalizable to theoretical propositions. The goal is to expand and generalize theories (analytic generalization) and not to count frequencies (statistical generalization). Although sometimes treated that way, case study is not only a data collection tactic or a design feature; it is a complete research strategy (Yin, 2003). It is not to be confused with qualitative research, since it can also include or entirely consist of quantitative data. A case study "relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis" (Yin, 2003, p.14).

The development of theory prior to the data collection phase, as done in this study, is typical for case studies (Yin, 2003). This theoretical proposition is needed to have a sufficient blueprint for the study, that is, "a hypothetical story about why acts, events, structure, and thoughts occur" (Sutton & Staw, 1995, p.378). This helped in order to provide guidance in determining what data to collect and how to analyze it. The previously gathered theory was then used as a template with which the empirical results of the case study were compared. This is what Yin (2003) refers to as analytical generalization.

Single- and multiple case studies are merely two variations of case study designs. This study consists of a multiple case study to reduce the vulnerability associated with single case studies. Compared to single cases studies, analytical conclusions that arise independently from multiple cases are more powerful. Additionally, since the context of the cases is likely to differ, if a common conclusion is possible, this will drastically have expanded the external generalizability of the findings. Multiple cases strengthen the external validity as well (Yin, 2003). A multiple case study was chosen because of those many benefits. The study can be considered to be more robust with this approach. When deciding upon the number of cases to study that would be sufficient there is no need for a sampling logic as in multiple respondents in a survey (Yin, 2003). The decision should instead reflect the number of case replications that you need or would like to have, where an important consideration would be the impact of external conditions. If external conditions are not thought to create much

variation in the studied phenomenon, a smaller number of replications are needed (Yin, 2003).

3.2.1   Case Selection

This study encompasses various successful interfirm collaborations in the Swedish telecom industry. From an innovation perspective, the Swedish market is an interesting market to study. It is considered a good test market due to well-established technical infrastructure. The consumers are progressive and quick to adapt to new technology. The social welfare system also functions as a good safety net, which makes it possible to bet on an innovative idea even if it would lead to failure (Englund, 2012). From an operator perspective, Sweden is also a good market to study. TeliaSonera was the first operator in the world to introduce a 4G-network (Ahlbom, 2011). In order to get a rich understanding of the telecom industry, all the major operators on the Swedish market are represented in the study as well as various content providers that cover a broad range of service types. Due to the fact that external conditions were not thought to create much variation, there was not found to be a need to include various content providers that offered the same type of service, but to limit it to one content provider for each type of service.

Four cases are studied; the collaboration between Telia and Storegate (storage service), the collaboration between Tre and Storytel (audiobooks), Telenor and WiMP (music service), as well as Tele2 (no particular partnership). However, other respondents within the different operators were interviewed, which enabled additional information regarding other partnerships and collaboration strategy in general to emerge.

There is however a need to define successful collaboration. It is recognized hard to evaluate success of alliances. Alliance durability can be considered as a measure, or the alliances contribution to improving strategic positioning and competitiveness (Hoffman & Schlosser, 2001). Initial and overall satisfaction, as assessed by the partnering firms, can also be used as a measure of alliance outcome (Saxton, 1997). We choose to define a successful alliance as one that is currently up and running and where both parties are satisfied with the alliance set-up (without feeling crushed or exploited) and that it is a mutual effort. The study only treats cases that are considered to be successful alliances.

3.3   Theoretical Framework

The theoretical framework presented in Chapter 2 includes factors from various theoretical perspectives that treat alliances and interfirm collaborations. The two primary perspectives were transaction cost theory and resource-based theory. Additionally, some factors in the framework originated from an organizational learning perspective. The collaborations were also studied through an innovation

perspective with factors originating from the innovation literature. The preliminary framework included key success factors that in sum gave a holistic view of collaborations and innovation. In order to test the theoretical framework, each factor was converted into one or more interview questions. Although a preliminary framework was developed, the aim was not to limit the study to those factors, but to leave room for new empirical findings that could lead to an expansion or refinement of the theoretical framework.

3.4   Data Collection

Two of the main sources of evidence were utilized, documentation and interviews (Yin, 2003). Documentation has the benefits of being stable, exact and broad covering. It was a suitable source for creating an understanding for the telecom industry and the motives regarding collaborations. This was complemented with interviews since these permit a targeted approach due to their direct focus on the case study topic and could provide more insight (Yin, 2003).

3.4.1   Documentation

The documentation used to get a deeper understanding of the telecom industry and interfirm collaboration was mainly based upon studies of the future prospects of telecom industry and newspaper articles. These provided a more overall understanding but did not treat in-depth collaborations or the underlying dynamics of these, why interviews also were used as sources of evidence.

3.4.2   Interviews

Interviews are one of the most important sources of case study information (Yin 2003). These took the form of a guided conversation where it was vital to both satisfy the needs of the line of inquiry as well as simultaneously putting forward unthreatening questions. Case study interviews are often of an open-ended nature and of a conversational type but more likely following a certain set of questions (Yin, 2003). It was important to appear genuinely naïve about the topic and allow the respondent to provide a fresh angle and avoid leading questions. All interviews were recorded so more effort could be spent on carrying on the conversation, listening closely and conveying trustworthiness, instead of taking notes and failing to capture all that is said. Raw data captured this way, recording it, is considered the ideal when it comes to qualitative methods (Jacobsen, 2000). Although time consuming, all interviews were transcribed in order to assure that nothing was missed. Due to the vague nature of some of the topics, such as innovation, it facilitated the further analysis.

Initially, five informative interviews were performed. These were with people in the industry, either within the specific companies studied and others with more general information regarding the development of the Swedish telecom industry. This was

done in order to get more insight in the purpose and possibilities of successful collaborations. After developing a theoretical framework more in-depth interviews were performed. For the in-depth interviews a semi-structured approach was used. With this approach it was easier to let the interview become flexible and let the interviewed person give their point of view of the topics discussed. This type of interview also gives the opportunity of getting deeper and more detailed answers, and since various cases were studied the semi-structured way was preferable because of the enhanced possibility of comparing the different cases (Bryman & Bell, 2005).

The interviews were grounded on the theoretical framework and an interview guide was created based on these theories, see Appendix I. The interview guide was used to cover all relevant subjects and minimize the risk of loosing or forgetting important parts. The interviews started with more general questions to avoid guiding the respondents to an answer and instead give them the possibility to more freely discuss their thoughts on important factors regarding collaborations and innovation. The knowledge of the fact that investigators tend to be biased made this part important in order to actually capture what the spontaneous answers would be, instead of seeking for the theoretical ones. All interviews were performed face-to-face. Generally, people tend to be more willing to discuss sensitive matters in person in comparison to telephone interviews. It is easier to create a more familiar atmosphere, which is hard to obtain in impersonal media as for example over the phone (Jacobsen, 2002). Since the areas of inquiry could be regarded as strategically critical and confidential, it made it even more important to establish a trustworthy connection. All interviews were performed in a, for the respondents, familiar environment in order to get a relaxed atmosphere.

3.4.2.1 Choice of Respondents

The case study is largely based on 14 individual interviews. The selection of respondents was made on an information basis, that is, those that could provide us with abundant and relevant information of collaborations in Swedish telecom (Jacobsen, 2002). Some of the interviews were from the operators' perspective and the others from a content provider perspective. This gave useful insights in the collaboration based on information from both parts. Product managers at all four of the major Swedish operators were interviewed. Two of them were in charge of partner services at Tre, one was Product Manager for mobile at Tele2, and at Telenor the Head of Content and Services for both Telenor and Bredbandsbolaget was interviewed. At Telia interviews were held with the Product Manager responsible for the Storegate collaboration as well as the person responsible for the strategic partnerships within the mobile division. The content providers included services of storage, audiobooks and music. One of the founders of Storegate (storage service) was interviewed, the marketing responsible at Storytel (audiobooks) and the CEO of WiMP (music service). Nyström was interviewed for his extensive knowledge of the telecom industry as he previously was running other

content provider companies before becoming CEO of WiMP. All of the respondents at the content providers were either directly responsible for the operator collaborations or directly involved in the day-to-day work of the partnerships. Although most respondents were people directly involved in interfirm collaborations, others with more of a birds-eye perspective such as investors and analysts of the telecom industry were also interviewed to get a more complete view. An overview of the respondents is presented in Table 2.

Name	Position	Company
Håkan Billing	Senior Key Account Manager	Telia
Anette Bohman	Head of Content & Services	Telenor & Bredbandsbolaget
Johan Englund	Investment Manager	Industrifonden
Richard Feigin	Product Manager Internet & Partner Services	Tre (Hi3G Access AB)
Bertil Hedén	Founder	Storegate
Staffan Helgesson	General Partner	Creandum Advisor AB
Victor Höglund	Analyst	RedEye
Caroline Kjaergaard	Product Manager Content & Partner Services	Tre (Hi3G Access AB)
Peter Neikell	Global Product Manager	TeliaSonera
Olof Norell	Commercial Product Manager Mobile	Tele2
Fredrik Nyström	CEO	WiMP Sweden
Ambra Pierrou	Marketing	Storytel
Pär-Jörgen Pärsson	Partner	Northzone Ventures

Table 2. List of respondents

3.5 Analysis

When it came to analyzing the case study, a pattern-matching logic was used. With a pattern-matching approach empirical findings are matched with theory. The pattern-matching approach has especially two purposes. First, it is used in order to find overlaps between the theoretical framework and the empirical findings because if there are it can help the case study to strengthen its internal validity. Second, it is used in order to visualize the empirical findings, without overlap, that can enable the possibility of development or refinement of the preliminary framework Yin, 2003). The pattern-matching approach is visualized in Figure 7. In this study, all transcriptions from the interviews were searched in order to circle the different factors and investigate whether there existed an overlap or not.
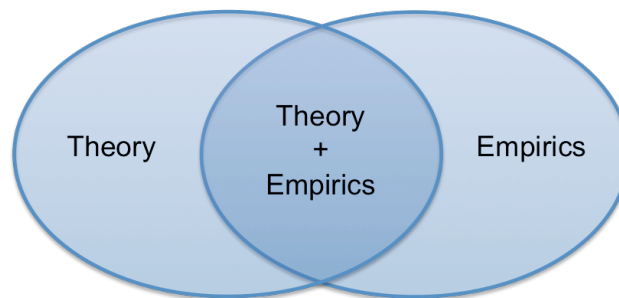
Figure 7. Pattern-matching

In this analysis three different aspects of validity are used in order to discuss the thoughts of internal validity. Glaser (1978) writes about integration, relevance, and explanatory power. Integration describes how theoretical constructs and components are relevant and inter-related. Relevance describes whether the results are important to people familiar within the research area and if the results can be useful in the theoretical or empirical context of the study and create more depth. Explanatory power can be seen as the workability of the research and is best determined by the comparison of related theories and research. (Glaser, 1978)

4 The Telecom Industry

This chapter presents the empirical study of the telecom industry. It follows the same order as the theoretical study, first the innovation aspect is presented and then it continues on to collaborations. The new empirical findings are found in the end of the chapter, and the entire chapter is summarized with a few comments.

4.1 Innovation

4.1.1 Innovation Risk Attitude

Innovation in Sweden has taken a new direction, previously investments were done in traditional technology innovation but today it has shifted towards more of a software perspective. One reason for this is, according to Englund at Industrifonden, that software-based investments are less capital-intensive and therefore these increase the ability of achieving economies of scale (Englund, 2012). Sweden as a country has been good at innovation but there is a lack of knowledge and interest in innovating the business model. The CEO at WiMP mentions that a lot of people underestimate the importance of sales and how difficult it can be (Nyström, 2012).

A Senior Key Account Manager at Telia describes a tension between being innovative and being innovative enough in order to offer interesting services. When something is innovative enough then it is something new or at least new to the customer and this creates problem within the organization because it is not easy to implement something new when no one knows what it is. It is very important to include the risk factor when it comes to innovation. (Billing 2012)

> Innovation for me is to a large extent a matter of dealing with business risk and if you remove the risk it is more of an improvement. (Billing, 2012)

Telia´s financial power opens up for great opportunities to be innovative and they need to invest today in order to win tomorrow. Innovation can be either from a technology perspective or from an offer to customer perspective, but the risk factor affects both approaches in the same way (Billing, 2012).

From Telia's perspective the partner company must be financially viable. When it comes to bigger partnerships the product must be fully developed, especially if the partnerships will be included in major Swedish marketing campaigns (Billing, 2012). Telenor is of the same opinion as Telia and the partner's product must be almost ready to use if a partnership should be interesting. The partner company´s maturity can also affect the potential of a partnership (Bohman, 2012).

According to Tre´s work with partners they do not want to partner up too early with companies, when they might not even have capital. If the partner company would go down, Tre would have to take care of all the existing customers (Kjaergaard, 2012).

Another Product Manager at Tre however thinks it is possible to enter partnerships anytime and it could be when a company is about to release their first product ever (Feigin, 2012). Kjaergaard at Tre is of the same opinion and says that you can allow more risk taking in shorter partnerships, for two or three months, and if it does not work bring it to an end. But she also means that when it comes to long-term services where the customers pay each month to access the service it is more important to have a reliable partner (Kjaergaard, 2012).

Tele2 is working with innovation and new ideas from three levels, where they at the top have a department called Innovation Forum. Innovation Forum receives ideas from people within the organization (from all countries) at all levels. The ideas can after further analysis regarding market potential etc. become implemented. Next level is New Ventures, on group level, also working with bringing new ideas to the market. One example is WyWallet, a partnership between the four biggest operators, which has resulted in a new mobile payment solution. The third level, closest to the market, is local (Tele2 Sweden) and it is where all the product managers work. None of the levels are dependent on the others and the product managers can bring new products to the market without involving the two levels above. Innovation Forum and New Ventures are always coming with new ideas and sometimes they become a part of the product managers tasks. Innovation Forum and New Ventures can be more involved in the development processes of new products and services while at product manager level it is more about receiving ready to launch products and take decisions on how to brand it, with Tele2's or the partners brand. One target goal for Tele2 is to deliver a certain amount of innovative products every year and as an example Innovation Forum develop a certain amount of new ideas, which are evaluated every quarter. Norell says that almost 95 percent of all new ideas come from Innovation Forum. (Norell, 2012)

4.1.2 Commodity Avoidance

The partnerships make it possible for the operators to differentiate themselves from each other since their general offer, the subscription, is more or less the same. With the services the operators can offer value on top of their original business (Höglund, 2012). It is all about finding the service that provides the feeling of something extra and that adds value to the customer. The CEO of WiMP states that the operators have reduced churn by the use of music services and mentions that even if some operators still compete on price it will not matter in the end. Music services help to lower churn rates and add value to the customer by working with digital communication, Facebook and news letters (Nyström, 2012). Englund at Industrifonden is of the same opinion and thinks that the operators are using value-added services as a marketing strategy to differentiate the offer instead of reducing price and gives a comparable example from consumer goods, "It is cheaper to give away a dish brush than lowering the price on detergent" (Englund, 2012).

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From Tele2´s point of view, partnerships either have the purpose of generating income or adding value to the customer and Tele2´s brand. An example of extra value is an application where the customer gets access to a database with recipes, it does not cost anything extra for the customer but it generates extra value. The focus of Tele2's innovation work is however the collaborations that generate money even though one problem is the difficulty of charging the customers. (Norell, 2012)

From Telia's perspective the purpose of working with partnerships is to increase the value of Telia´s brand and increase the customers use of their phones. The company is a premium brand and if Telia would not have partnerships the customers would only focus on cost. Since Telia thinks of their brand as a premium brand, and they are perceived as the most expensive operator, cost focus is not an option. By finding extra value in services they can make their brand stronger (Billing, 2012). The customers will get extra value from having Telia as their operator and Telia´s core values are best coverage and best quality, which also demands the most interesting services on the market (Billing, 2012). Partnerships are very important from a customer acquisition perspective. While best coverage and quality attract older customers (35+), the partnerships can attract a younger segment by adding value to them (Billing, 2012). Nyström at WiMP also confirms the importance of partnerships from a customer acquisition perspective (Nyström, 2012).

> The streaming services have always been partnering with the operators, there is a natural win situation for the operators seen from a customer acquisition perspective. (Nyström, 2012)

Telenor are currently developing bigger long-term partnerships such as partnerships with Google but they are not yet up-and-running in Sweden. These partnerships require more coordination and investments and are a group level decision but they are also the type partnerships that can create high value. Other smaller partnerships are easier and quicker to implement but they are mostly more short-term, so in order for Telenor to excel on its partner potential it requires bigger long-term partnerships. (Bohman, 2012)

From the operators perspective they want their customers to stay so it is necessary for them to have the value-added services. With value-added services they can get more loyal customers because it is more difficult to end the music service that is included in the subscription than it is to end the relationship with the operator. (Nyström, 2012)

4.1.3 Customer Engagement

The operators are working with customer involvement from different perspectives, but there is a general use of focus groups. Telenor, Tre and Tele2 use focus groups and this is done mainly in the beginning of a development process. Whether Telia does or does not use focus groups is however not confirmed.

At Tele2 the customer is mainly involved in the beginning of a development process. The customer involvement does not take place until the project is started, in the pre-study. In Tele2´s innovation process there is a step where new services are tested by end-users before the real development process starts. The Commercial Product Manager for Mobile at Tele2 is every second week at the customer support talking to customers and listening to their problems and thoughts. Thereby Tele2 can get useful insights and possible improvements to their products and services. (Norell, 2012)

> Most of our ideas, are not taken out of thin air, but built on general feelings expressed by the customer…the customer, we always try to work from their perspective, with the customer in the middle, but honestly we are forgetting the customer pretty often too. (Norell, 2012)

One example of how Telia work with innovation is to always increase the company´s ability of understanding the customer. In addition to performing a lot of internal research, Telia also follows different institutes like Statistics Sweden and Swedish Quality Index. According to Billing it is not very common to involve the customer in the development process of new services and products, it is more built on an internal feeling within Telia of what the customer would like to have. (Billing, 2012)

The communication with customers at Tre is mostly build on their use of digital channels where they through SMS and surveys can understand the customer. Among other ways they listen to what young people are looking for, for example from The Youth Barometer, a survey that maps young peoples attitudes, values and behavior within a number of areas. Kjaergaard at Tre thinks it is important to keep in mind that it is not possible to do too many surveys but rather try to stay updated. Customer involvement takes as for the other operators place mostly in the beginning of a new process. It is not a set process within Tre and from Kjaergaard ´s view it does not happen very often (Kjaergaard, 2012). Feigin states that the involvement of the customers is a continuous process at Tre, where data (complaints and wishes) from the customer support is collected and used in order to design new services or improve existing ones. A lot of information comes from the customer support and they have meetings where product managers and others within the organization of Tre discuss and analyze the collected information (Feigin, 2012).

Among content providers an explicit example of customer engagement is Storytel that has created a way of including the consumer in the development process. Because there are considered to be too few audiobooks released annually, Storytel has come up with the idea of letting the users read and record audiobooks and then release them from Storytel's software application. With this solution it is possible to satisfy more customers and also attract customers because of an extended offer. It can also increase the customers' use of their smartphones. (Pierrou, 2012)

4.1.4   Customer User Pattern

The Head of Content and Services at Telenor thinks that one of the biggest assets within telecom is the knowledge of handling the customer cycle and how to maximize profit from every customer. As well as investing in services directly related to the customers' preferences (Bohman, 2012). A possible example could be giving away a free streaming of a Champions League game to a customer that is a football fan.

Tre also has a good ability to select target groups very well, on a detailed level, which makes it easy to communicate with the specific target group. Tre has information about the customers such as subscription, what cellphone they have, how old they are, etc. Together with information from the customer support it can be used to reach specific customers. All this data is ready to use, which gives the possibility of quick implementations and short Time-to-Market for new services and offers (Kjaergaard, 2012). The ability to track customers and CRM is something that also Telenor believes operators to be good at, however, there is room for improvement. OTT actors are better at knowing what customers do and when, something that operators have to adopt (Bohman, 2012).

> We have a billing relation with our customers, we know exactly their user patterns but we are not good at managing that information – we can get much more efficient using such data. Our target is to excel the customer experience and offer better quality. I think a lot of innovation is going on within these areas today. Facebook and Google can follow the users every step, and we need to become as good as they are to understand how to use customer data in a right way. (Bohman, 2012)

4.1.5   Lead Users as Innovators

When it comes to understanding customer needs, Billing at Telia thinks it is hard to get customers to express what they want, his experience is that customers many times do not know what they want to have next. Regarding value-added services the customers do not have much input and Billing believes that customers want Telia to give them a variety to choose from (Billing, 2012). Niekell at Telia is of the same opinion, after evaluating customer surveys it was found that the customers are unaware of what they want next. If Neikell looks at their average customers they do not want to have too advanced services, they are not early adopters, but instead they want the services to be stable, secure and easy to use. One way of measuring how well a newly launched service is received by the customers is from the feedback from the customer support (Neikell, 2012).

Telenor has improved their process of involving the customer in the development of new products and propositions. Previously it was more of an ad hoc process but now they are trying to work more systematically to understand the customers' needs.

One tool Telenor uses is customer panels where the customers can share important thoughts of new potential products. The Head of Content and Services at Telenor means that the operators have used general surveys for a long time but with this new approach they will hopefully generate more useful information from the customers and a deeper insight. (Bohman, 2012)

Tre also uses focus groups when it comes to evaluating new products. At Tre they work a lot with helping the customer, and there is an ongoing program with the purpose to teach everyone to make the most of their smartphone and to improve user experience. For some customers this is the first meeting with a smartphone and the project aims at helping them to take the first steps. Feigin also states that the customers' knowledge sometimes is limited and that Tre´s mission is to enlighten the users. (Feigin, 2012)

> Much of my work involves trying to find trends and patterns and in order to find real innovative solutions it is necessary to be way ahead of the customer. (Feigin, 2012)

Tele2 uses focus groups where people are gathered and observed by Tele2 from behind mirrors. Norell thinks that in order to achieve innovation, the source is to listen to the customer. From the customer support Tele2 is able to get new ideas from customers and these ideas could sometimes be taken to the Innovation Forum and become, if they are good enough, new products or services. (Norell, 2012)

The operators are in a difficult position because of the new services such as VoIP-clients and they need to act fast on this development. It is very costly and the operators must stay updated while the customer on the other hand becomes more savvy and smart enough to choose on its own between services such as Dropbox and iCloud. (Englund, 2012)

4.1.6 Development Work

The Commercial Product Manager Mobile at Tele2 thinks the partner contributes with know-how for products beyond Tele2´s core competences and contributes with a more innovative product than the company´s existing product portfolio. Tele2 believes partnerships will prevent churn by adding extra value to the customer so they become more likely to stay over time. (Norell, 2012)

Nowadays Telia does not have any development in-house, it is a part of their strategy. It is too expensive and the best knowledge can be found outside the company (Billing, 2012). Telia used to develop new products but not anymore, Neikell says that it is not their core competence and that the best knowledge can be found together with a partner. The process for bringing new services to the market is relatively informal. Within the group working with the "Digital Home" sometimes new ideas can come from someone saying "What if we should do like this?" and

then the development process is started within the product development group (Neikell, 2012).

Telenor does not have a special innovation process, at least not in Sweden. It is a big company and there is a lot of research going in within the organization involving strategic units trying to find what should be developed and where future investments should be done. A typical way for Telenor to work with innovation and new ideas is to, when a potential business is found, establish a separate unit that works with the project isolated from other operations. One example of an innovation project within Telenor is the development of Comoyo, an Internet-based platform focused on providing services to the consumer market (teknikfreak.se, 2012). With the establishment of different partnerships Telenor gets access to innovation and smart ideas within digital content and services. It is not Telenor's core business to do this themselves. The operators will probably never become best at finding new innovative digital solutions besides the actual access services (Bohman, 2012).

At Tre the initiative to new ideas and services many times can come from different people within the organization but it is not a consequent process for how to handle new ideas. One critical factor for the decision-making of a new idea is the revenue potential. Kjaergaard thinks of Tre as an innovative organization, they are young, quick and fast moving. The company has no internal process for innovation but Kjaergaard believes there to be an open attitude to new ideas within the company. There are forums where new ideas are discussed but with more of a market focus rather than an innovation focus. Tre used to develop services on their own but not anymore. It was too expensive and Tre hade to do all the investments in back-end and technology. With partnerships, the partners instead makes the investments and Tre does not need to invest in parts outside their core business. Today Tre works with partners instead, this so they can reach the best technology and then integrate it in their technological process and billing system (Kjaergaard, 2012).

From a content provider perspective, WiMP can see what Telenor's customers are listening to, and further on this information can be used in collaborations with artists. If Telenor for example would want to sponsor a music event and choose different artists depending on what customers they would like to attract. (Nyström, 2012)

Höglund at Redeye mentions that in order to increase revenue the partnerships give the operators a possibility to offer their customer base to a content provider. Often the operators require an exclusive partnership and a revenue share agreement. A comment on the matter of customer base is the number of customers the different operators have and the impact it can have on the partner. (Höglund, 2012)

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> Let's say Telenor has about 1 million customers, let's say that you [the partner] have a reasonable take on 600 000. If Telia has 4 million, who should we choose? (Höglund, 2012)

The Head of Content and Services at Telenor believe that Telenor, and operators overall, have great knowledge in customer management and that they are good at following the customers behavior and user patterns. Furthermore operators have a strong distribution power via their digital and physical distribution channels (bills, mails, stores, etc.). These assets are useful for the content providers in order understand customer needs and increase their distribution. In this way content providers can reach out to more customers. The purpose of Telenor working with partners is to create a more attractive product portfolio to the customer. Through partnerships they are able to include more innovative services that can increase their own products attractiveness. This is mainly because Telenor does not have the competences or resources to drive such innovation themselves. But more importantly, it is more efficient and trustworthy to let other more fast-moving companies handle such innovation. Another positive benefit from the partnerships and value-added services is that it can generate happier customers and hopefully prevent churn due to more loyal customers. (Bohman 2012)

From Feigin´s work within Tre, new ideas are found from monitoring the external environment and by following the market and predict the customer's direction and future interests (Feigin, 2012). Kjaergaard is of the same opinion and thinks that when Tre searches for new ideas it is important to look outside the company and listen to the customers and target groups. With partnerships Tre hopes to extend the offer to customer and broaden the company´s product portfolio (Kjaergaard, 2012). It is not Tre´s core competence to develop these services and therefore the partnerships are important to be able to offer several services. Thanks to partnerships Tre can add extra features and possible uses of the phone and this can increase the benefit such as for example with Storytel where it is possible to have audiobooks in the phone (Feigin, 2012).

The founder of Storegate says that when the partnership with Telia was in the development phase there was also an alternative for Telia to create the service in-house (Hedén, 2012).

> We could offer the product to the market, the whole chain from activating the service to billing the end user, and I think we had the service up-and-running in eight weeks, instead of the much longer time that Telia said it would take. First Telia wanted to develop the service in-house but they decided to focus on the offer to customer rather than developing the technology, it was not a part of Telia´s strategy. (Hedén, 2012)

4.1.7 Venture Capital Insight

Tele2 have had internal venture capital but not any longer because it was too expensive and required too many working hours. Now they are mainly focused on working with collaborations and at Tele2 being responsible for developing value-adding services is equal to being responsible for partnerships. (Norell, 2012)

In Sweden, Telenor does not have any venture capital related work going on but on group level there is a company called Telenor Next. They work with investments in different companies such as mobile advertising and security solutions. However, Telenor sometimes collaborates with other venture capital companies in order to find new innovative companies on the market. Telenor is not an investment company and when they look for partnerships they look for a win-win situation – not just "money on the table". Therefore it is important for the partners to have a solid business and portfolio on its own. (Bohman, 2012)

M&A is not a part of Tre´s business and the company does not have the necessary resources or ambition to build up other companies. Feigin thinks of Tre itself as a start-up company. He mentions that Telia perhaps can have more such activity, and that Microsoft and Google buy a lot of innovation in order to package it into their products. Tre's owner group, Hong Kong based Hutchison Whampoa, has a venture capital company that works on a global level called Horizon Ventures with companies like Spotify in their portfolio. Tre Sweden benefits from being a part of a global group; it generates extra strength in attracting partners on a global level (Feigin, 2012).

Telia has an internal venture department and they mainly focus on buying other operators and services that are a part of Telia´s core business. When the service is located outside Telia's core business it is probably not a relevant investment for Telia (Billing, 2012). Storegate chose to enter into a partnership with Telia when they were about to introduce their back-up service. One of the reasons was because instead of using millions in venture capital for marketing they wanted to team up with companies within the security segment as for example banks, insurance companies and operators. (Hedén, 2012)

Helgesson at Creandum mentions that bigger European companies have been relatively bad at buying smaller companies with the motivation that there is a resistance in paying for smaller companies. In USA it is called Research and Acquisition (R&A) rather than Research and Development (R&D) and this is something Helgesson thinks European companies should become better at. (Helgesson, 2012)

4.1.8 Managing Intellectual Property

When Telenor enter partnerships it is important to define how the partners will handle new intellectual property. There is always a risk of "giving away" innovation

to partners when a partnership is discussed since you share insights on market needs and the "do's and don't's" for delivering a new service to the market (Bohman, 2012). Between Telia and Storegate, the intellectual property is regulated in the legal agreement (Neikell, 2012). For Tre, it is important that the partner is responsible and manages the intellectual property because then Tre can avoid being involved in potential problems (Kjaergaard, 2012).

From a content provider perspective they many times do the opposite and are offering their intellectual property to the operators in different ways. Two examples are Storytel where the have the properties for their books and WiMP where they offer the music rights (Pierrou 2012; Nyström 2012).

4.1.9 Partner Effect on Business Model

Generally the operators think of the partnerships as a possibility to increase revenue streams. At Tele2, partnerships affect the value chain since they no longer need to develop these products on their own and it also makes it possible for the company to come closer to the customer (Norell, 2012).

Telia´s main purpose with partnerships is to improve the value proposition and increase the customer value in order to create a feeling of getting more with Telia as an operator. Because of the changes in today´s technology it is important to be innovative, when the customer starts to use VoIP it is important to find a suitable business model for it (Billing, 2012). Less traditional content providers, such as mobile VoIP actors, are also starting to see the benefits of collaborating with the operators since they, via operators, could offer an increased quality of service (technically over the network) as well as a broader distribution of the services to the target groups (Bohman, 2012). VoIP is generally considered as the next big thing that operators have to take a stance on and one of various signs that there is a need to focus on the core service, which Englund at Industrifonden regards to be operating infrastructure (Englund, 2012).

> It's about as cost efficient as possible being able to deliver as large quantities of data as possible, and also try to charge for it in the best way possible. (Englund, 2012)

The choice lies between banning the VoIP-services or adapting the business model and offer customers the possibility to make free calls. It does however cut margins drastically and is an enormous change of mindset as well as a tough decision (Englund, 2012). Continuously banning VoIP-clients is not going to be a viable strategy in a competitive environment (Helgesson, 2012).

From a business model perspective Telenor's partnerships are important to find a proper value proposition and define customer benefits within the specific partnership. The service/content must solve a problem for the customer otherwise it

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will not be successful. The services and content derived from these partnerships affect Telenor in three ways. Either they increase Telenor's profit through more profitable customers (ARPU), or they can prevent churn through more loyal customers or it can increase Telenor's brand value. (Bohman, 2012)

> Our core business is to invest in networks and customers, and providing a good service to our customers. On top of this we need to find interesting partners that can strengthen our core. (Bohman, 2012)

From Tre's perspective the partnerships will generate revenue and/or increase their brand value (Kjaergaard 2012; Feigin, 2012). Partners are thus chosen upon the ability to attract a large amount of customers, a requirement most services fail to fulfill except perhaps music and motion picture. Because of that, Billing at Telia notices that it would make sense to look wider, offering more of a smorgasbord of services. Still with strong brands but perhaps not the same magnitude as earlier (Billing, 2012). When it comes to movie services it is crucial to build volume in the sense of reaching out broadly to the customer base. There has to be plenty of movie titles and multiple devices; otherwise it becomes too expensive (Kjaergaard, 2012). Telenor also consider a weak content catalogue as an obstacle to succeeding (Bohman, 2012).

From a content provider perspective the CEO at WiMP describes that the development of music services started as white label services, but it was not defensible because it was too costly. Instead of white labeling, the service now has its own brand and in order to achieve economies of scale the content provider has teamed up with partners. He also states that the operators have reduced churn by the use of music services. (Nyström, 2012)

Höglund at Redeye believes the partnerships to be very important from a shareholder perspective. Companies teaming up with innovation companies within the telecom business are much more interesting than the ones that do not. He means it is necessary and a sign of where they are heading. It is about finding out "which one of the operators is Kodak and who is IBM". (Höglund, 2012)

4.1.10 Bias for Action

The operators differ seen from a bias for action perspective. Telia is a giant organization that employs more people than perhaps necessary. An Investment Manager at Industrifonden states that one reason for this is because Telia comes from the old monopolistic era in the operator business. Telenor has the similar problem because of its origin from the Norwegian monopoly. Tre´s organization is much smaller and Tele2´s organization has become smaller over the time. Englund believes Tre and Tele2 to be more agile than Telia and Telenor. (Englund, 2012)

Tele2 mainly works with collaborations because they think of themselves as a young and hungry company continuously moving forward while at the same time changing their business in order to generate income. Norell mentions the partner as the part that "make it happen", they are often very hungry and are the ones driving change (Norell, 2012). At Storytel, it was an initiative from the CEO to let the customers record audiobooks (Pierrou, 2012).

At Telia and the "Digital Home" there exist both internal and external projects, where the partnership with Storegate represents an external example. The Global Product Manager at Telia responsible for the Storegate collaboration has identified one major difference with the Storegate partnership compared to internal projects and it is the possibility of faster change. Internal projects need to be evaluated and pass checkpoints more often while the Storegate partnership includes less administration and no internal product development process. Neikell at Telia thinks it is more demanding with internal projects. In the collaboration most problems are under Storegate's responsibility and Telia as a company is not involved in the same way. It is also easier and quicker to work with Storegate as a company because then Telia does not need to be involved in every decision (Neikell, 2012). With Storegate, Telia gets a shorter Time-to-Market. The founder of Storegate says that a big reason why the partnership with Storegate became reality was because of one driving spirit at Telia who wanted the Storegate service and made it happen (Hedén, 2012). The Head of Content and Services at Telenor has a similar opinion and says that most of the output regarding collaborations within Telenor so far is a result of the work of dedicated people further down in the organization (Bohman, 2012).

4.1.11 Change Leadership

For bigger investments the Tele2 board needs to confirm the investment, but after that they are not involved in the operational decisions. Thereafter it is the product manager that is ultimately responsible for the partnership. Norell at Tele2 thinks that the best knowledge for bringing new services to the market comes from being close to the market and to the customer (Norell, 2012). Telia has the same thoughts as Tele2, and Billing's experience says that the best ideas come from the lower parts of the organization and closer to the customer. Top management could come up with new ideas but it is not so common anymore. Top management is included in the decision-making of new investments but to what extent depends on the size of the initial investment (Billing, 2012).

At Telenor, the thoughts differ from Telia and Tele2. Nowadays most of the initiative to innovate comes from top-down decisions, mainly because they have the resources. This is not to be confused with the fact that most services that reach the market come from further down in the organization. But when it comes to innovation initiatives, these are considered to come top-down. The market units' targets are foremost to deliver results, in other words, customers and profitability. Ideas and new thoughts are commonly brought to discussion bottom-up but when

an innovation project is to be implemented, it is mostly a top-down decision. (Bohman, 2012)

Kjaergaard´s position as a product owner is a position high up in the Tre organization and together with her colleagues they are responsible for everything such as pricing for broadband and mobility, services, voice and foreign calls. All decisions are made within her unit and between the product managers (Kjaergaard, 2012). Even when it comes to termination, Feigin for example has the mandate to terminate local partnerships (Feigin, 2012).

Höglund at Redeye states that one problem for bigger companies is that if a manager should plan longer than a couple of years in terms of budget it will not give him or her much in return. Many times managers only hold the position for a few years and if a manager does a large investment, then someone else will get the revenues from that investment. Because of that managers instead think of what can benefit them, often in a shorter perspective. Smaller companies within telecom are however better at doing large investments today with the thought and aim of growing later on. (Höglund, 2012)

4.2 Alliances

4.2.1 Trust

Trust is acknowledged to be something that grows over time and it comes down to the ability to deliver (Neikell, 2012). Trust is build when both parties deliver what is promised; the ability to deliver is mentioned by various respondents when asked about how trust is achieved (Pierrou, 2012; Neikell, 2012; Feigin, 2012). At Tele2, openness from start and setting a level of ambition is also considered key to building trust. The goal with the collaboration needs to be set and followed up, why a close dialogue is important as well (Norell, 2012). Openness with numbers is important at Tre, especially since interaction sometimes is limited (Feigin, 2012). Kjaergaard at Tre also states the importance of having the same level of ambition and openness between partnering firms in order to achieve trust. She also points out that there is not a need to have knowledge and insight into all of Tre as a company, or vice versa, in order to have a viable partnership (Kjaergaard, 2012).

Trust needs to be earned, just as in personal relations. Collaborations are very dependent of the people in it. It can take a year to build a good relation, "it is awfully important in this type of business and collaboration, it makes it much easier" (Hedén, 2012). The CEO at WiMP also equates trust with relations, "all business works that way, personal relations between individuals. Each individual symbolizes the company's business in one way or another" (Nyström, 2012). But trust is sometimes seen as mainly interorganizational and as a business trust that is created. Although there is a need of trusting the people you work with, the bottom line is

keeping what have been promises and agreed in the formal agreements (Billing, 2012).

A good relation is various times mentioned as important. At Telenor they talk about the importance of working with "good people", sometimes saying no to collaborations if there is a lack of confidence (Bohman, 2012). Generally when asked about trust and confidence, respondents have emphasized the personal relations (Hedén, 2012; Nyström, 2012). One of the Global Product Managers at Telia regards the relationship to be the single most important factor, and he emphasizes the importance of the contact person, clarifying it as follows:

> Easy to deal with and talk to, if you call and ask they respond quickly and provide a good flow of information…Simple really, what makes it click with one person but not another. It is the same in business as in private. (Neikell, 2012)

The collaboration between Tele2 and MYMobileSecurity is according to Norell a typical example of how the collaborations are constructed (Norell, 2012).

> It was up and running in three weeks, almost 20 000 customers today and we make 50 percent of the business. MYMobileSecurity were recently appointed the world's best mobile safety supplier. Typical example, its one person from here and one from there…It's a great example of collaboration, typical example where we make money but also partially create added value. (Norell, 2012)

When Nyström talks about continuity, he stresses the need of a person being dedicated to the collaboration partner in order to be top of mind. Otherwise you do not stand out as a content provider among other services (Nyström, 2012). From an investor's perspective, Englund mentions the risk capital cliché that they rather invest in a good team and a bad product than the other way around. Since they know how much it is going to take in matters of adjustments, the team needs to be extremely agile and passionate. The weighted importance of the team is roughly 60-70 percent. But the relationship is also stressed as important since the time period usually is 5-6 years. "Therefore, I use to turn it around when the entrepreneurs come here, and ask 'Why do you want me as investor?'" (Englund, 2012). He emphasizes that is not only a matter of the investor choosing the entrepreneur, but just as much the other way around (Englund, 2012).

4.2.2 Opportunism

Open dialogue and frequent interaction lowers the risk of opportunistic behavior. By having continues contact multiple times a week, Neikell at Telia certifies that there has so far not been any conflict with Storegate that could not be resolved over e-mail or phone (Neikell, 2012). At Tele2, the risk of opportunism is compared to the

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prisoner's dilemma, where the partnering firms could gain a bigger benefit from a higher degree of cooperation but instead gives preference to what benefits the own company most. Similar to Telia, they diminish this risk by having continuous follow up and a tight dialogue (Norell, 2012). At Telia the legal agreements are generally considered the principal way of managing opportunism (Billing, 2012).

Opportunism is not always seen as a risk but more as working by the conditions of the market. It is constantly there and obvious since the partnering firms are two businesses with requirements of profitability:

> Partners have their goals and requirements and I am in complete agreement with the fact that they need to work towards those [goals]. I expect them to think the same of me and therefore, there will always be inquiries along the way. By having a common understanding of achieving success a partnership will be fruitful. (Feigin, 2012)

Opportunism is not considered an issue at WiMP either, mainly because of the common goal of the partners to increasing customer loyalty (Nyström, 2012). The risk of opportunism is lowered by the long period of time that precedes the signing of papers, a dialogue that can go on for months. A partnership is never entered so fast that you do not get to know the other company. But Kjaergaard at Tre acknowledges that all partnerships always come with an amount of risk, "if you want to do a collaboration you have to risk a little bit as well" (Kjaergaard, 2012). The risk-taking aspect of partnering is acknowledged at Telenor as well. Even if there can be long discussions preceding agreements there are no guaranties of avoiding opportunistic behavior completely (Bohman, 2012).

4.2.3 Committing: Shared Decision-making and Non-recoverable Investments

When making decisions, Telia-Storegate have a joint discussion and come to an agreement of what needs to be done. Regarding non-recoverable investments, Telia previously had the ownership of the hardware in the collaboration with Storegate. This was however reversed in the latest agreement (Neikell, 2012). Although the storage system can be seen as a non-recoverable investment, Storegate does not regard there to be any particular investment in the collaboration (Hedén, 2012). Telia's general approach is to avoid irreversible investments and rather paying for the services consecutively, which in turn can be done more or less up-front. There is usually a variable cost depending on the amount of customers and some kind of volume commitment, most commonly a minimum level (Billing, 2012).

In the collaboration between Tre and Storytel the contact is considerably more sporadic. The decisions are made jointly but there are no particular investments from Storytel's side (Pierrou, 2012). At Tre, the decision-making process is described as a dialogue, "it is not regulated between us and Storytel who takes the decision"

(Feigin, 2012). Similar to Storytel, Tre does not do any particular investments, even if they are open to do so. These would however not be directly in the service, such as developing or building the service. It usually involves investing in getting the service out on the market and increase usage and engagement. Even if it would not be financial investments, the campaigns etc. would still require resources and there is always a direct labor cost as well as an alternative cost of such investment since something else has to be left out of the promotional space (Feigin, 2012). In a way, there is always an investment since exposure and marketing can be seen as such. The commitment is thus often in the form of marketing or volume commitments. Although Kjaergaard at Tre believes that the best way of entering partnerships is to build it up slowly and have an ambition level rather than a volume commitment (Kjaergaard, 2012).

> So you set reasonable levels, reasonable and not to high expectations. Preferably building up slowly, that you enter into a collaboration with an ambition level rather than volume commitments I usually say…Many believe that just because you collaborate with Tre or any other operator, that we can grow and become huge because we reach so many customers. I think it's a miss in a collaboration and it's unfortunate if you haven't got that understanding, and the same goes for us. (Kjaergaard, 2012)

At Telenor the partner investment consists of committed distribution and marketing and sometimes a subvention, such as free trial months. Similar to Tre, the rationale behind this is that marketing is also a cost, "SMS, e-mail, invoice inserts, etc. such communication to our customer base to get attention…that is also money" (Bohman, 2012). Tele2 usually makes some form of investment in invoicing or technical integration. When looking at non-recoverable investments, Norell at Tele2 believes most of the collaborations to include an investment, ranging from 50.000 SEK to 1,5 million SEK. "Often some form of investment. In the end we recover about half of the investments" (Norell, 2012). Tele2 admits that it is not always easy to measure since the payback is sometimes not connected directly to the product (Norell, 2012). At Telia, when developing new services there are two parallel processes, regarding the technological realization and the business decision. It is always a matter of commercial decision and valuation. The decision procedure depends on the investment requirement, where decisions are taken higher up in the organization as the investments get bigger (Billing, 2012).

4.2.4   Reputation

When discussing reputation, respondents make a direct connection to brand. Telia considers a benefit to be to draw advantage of the partners name. If it is an unknown company that is up for a partnership, the service has to be really good to be considered (Neikell, 2012). At Tre, a partner prospect with a bad reputation for any reason or with values that are not the same as Tre's is a complete no-go (Feigin, 2012). The reputation is important for Telenor as well, where it also is associated

with the brand. Both the perception of a partner brand and their content/service is important, as well as how the service relates to the Telenor brand. The Head of Content and Services at Telenor consider it to be "the alpha and omega, we don't want to be associated with something that doesn't have a good feel to it" (Bohman, 2012). The brand awareness is not necessarily the one of the partnering firm. Tele2 has certain values and codes of conduct regarding environmental issues, child labor, etc. and this is something partners must follow. The agreements have a paragraph that allows Tele2 to terminate the collaboration if there is a potential damage to the Tele2 brand (Norell, 2012). The reputation affects the choice of partnership and it can even be a reason to neglect entering in a partnership. A bad reputation leaves more to prove, and give rise to increased scrutiny of customer inflow and a more active involvement (Pierrou, 2012).

4.2.5   Legal Structure, Definition of Rights & Duties, and Conflict Resolution Mechanism

The legal agreements for the different collaborations can be excessive and it is the very foundation of most of the collaborations. In the Telia-Storegate collaboration a large part is regulated in the main agreement. Everything from price levels of storage, price of apps, and down to hour rates for professional services (consulting) is included. The purchase order is done at a high level at Telia on an annual basis and includes the partnership budget. Storegate is seen as a supplier, there is no revenue-share in the agreement. Telia obtains the profits and pay license fees and by the hour for professional services. The clear price mechanism allows flexibility in defining what each part should contribute. Telia comes with proposals and Storegate are free to calculate whether it will be included in the general storage service or if Telia needs to pay separately for professional services. In that case, "when we have reached our decision, we go to Storegate and say ok, we want it…then we add it and pay up" (Neikell, 2012). From Storegate's perspective, the definition of rights and duties are regarded as firmly regulated. What belongs to Telia, exclusivity deals, immaterial rights, etc. is all regulated in the agreement (Hedén, 2012). Conflict resolution is seen as a dialogue, a living process, although nothing big really has come up so far (Neikell, 2012). Hedén at Storegate does not recall any conflicts either:

> It has basically never happened, we have a good understanding and I don't really know what type of conflict it would be. Well, perhaps if they wanted a product to be exclusive for a limited time but then they would pay extra for a professional service for that functionality. (Hedén, 2012)

Similar to others in the industry, Kjaergaard does not consider herself to ever have been in a conflict or at enmity with any partner to Tre (Kjaergaard, 2012). At Telia, the risk of opportunistic behavior is what makes the agreement thick as a book, "there cannot be any uncertainties in this type of collaborations"(Billing, 2012). The agreement strictly regulates input and output:

> Once the agreement is signed there is not so much more to do between us. We have an economic arrangement, what it costs us, a technical part on how it should work between our systems and a third part which is marketing. (Billing, 2012)

In Storytel's case there is an agreement somewhere in the background, but no new agreements are written for the smaller campaigns that go out, neither are any conflicts considered to exist. A part from how to split revenues in a form of revenue-share agreement, the input and output is somewhat vaguely set (Pierrou, 2012). There is no standard agreement in Tre's case, each partnership is different depending on the partner and partnership set up, although rights and duties are often defined. Global partners, such as Google, are more one-way communication where Google provides Tre with more or less standard terms and there is a high involvement of legal departments that constantly manage agreements and changes. With international partnerships and different legal systems, long agreement processes impede reaching the market quickly and Feigin states that it is often easier to achieve a fast Time-to-Market on the Swedish market compared to a cross-border partnership (Feigin, 2012). Generally, there is a main agreement that is set up and as time goes it is complemented with appendix, all set up with the help of a big legal department. Developing agreements is considered a lengthy matter (Kjaergaard, 2012). WiMP points out that agreements are often large to begin with and when renegotiated, if anything, they tend to become even larger (Nyström, 2012).

At Tele2, defining rights and duties is done extremely closely. Agreements are extensive and usually do not decrease over time. (Norell, 2012)

> Our legal department is probably what frightens small partners the most, we have a way of working and a standard agreement that protects us from a lot. (Norell, 2012)

Conflicts are resolved in a straightforward manner, Tele2 does not hesitate to put pressure on underperforming partners and terminate something that continuously does not deliver. If action plans and evaluations do not help, "it's thanks and goodbye. Put harshly, we're not in it to make love; we're here to make money" (Norell, 2012). This is however mainly when the collaborations are required to be income generating since it is harder to do such an evaluation for the purely value-adding collaborations (Norell 2012).

Even though there are legal agreements and NDA's (Non Disclosure Agreements) it can still be hard to be legally protected, it is a risk taking and a learning process. Telenor tries to safeguard themselves through agreements but there is also a backside of becoming too focused on agreements. (Bohman, 2012)

> If you can't even talk to a partner because you have to sign this and that agreement first, it puts a brake on the innovation power and ability to cooperate, I don't believe in that either. (Bohman, 2012)

This might mean taking the risk of an idea generated with a partner that pops up elsewhere in another collaboration. But at Telenor they are quick to forgive and forget. (Bohman, 2012)

> The important thing is to find services that benefit our customers. We can't sit here and sulk, if it becomes The thing, that everybody just loves that service, I'm open to talking to them again as soon as their exclusivity deal with the other partner ends. (Bohman, 2012)

4.2.6 Frequent Interaction

In the Telia-Storegate collaboration, the interaction is principally daily with bi-weekly coordination meetings. These include service improvements, action points and planning ahead. Bigger coordination group meetings are held 4-5 times a year that include people from both organizations (Neikell, 2012). The Storytel-Tre collaboration has a more sporadic interaction, ranging from every other week to every month. Mostly by e-mail since it is the most time efficient way of communicating, and time is a scarce resource. Meeting face-to-face is desirable but rare, especially in global collaborations. Feigin mentions that in the partnership with Facebook, it took 6 months before he actually met the contact person at Facebook with whom he had been e-mailing and talking to over the phone all along (Feigin, 2012). The interaction can sometimes be left to another department, such as IT, and the ongoing reporting will thus be in-house and not directly towards the collaboration partner (Kjaergaard, 2012). The product managers do however have quite different areas of responsibility. Neikell at Telia is responsible for storage and back up within the "Digital Home" and Feigin at Tre has about 10 partnerships up and running and 15 under discussion, with partners and services from a great variety of areas (Neikell 2012; Feigin 2012). Nyström at WiMP points out continuity as an important aspect of collaborations:

> The collaboration needs to be continuous, many do a deal and then nothing happens…You need to build on it all the time and all of a sudden the focus is elsewhere and then you are gone. It is a matter of constantly be visible and remembered, being top of mind in their [operators] marketing. (Nyström, 2012)

4.2.7 Time Horizon and Termination

The time horizons of the collaborations are usually equal to the agreement time. At Telia-Storegate, the current agreement is two years, with an option to extend it one additional year. If not deliberately ended by one of the partners, the extension is automatic (Neikell, 2012). Tele2 has a similar approach with three years as a

common time horizon and dismiss collaborations that are predicted to last only a couple of months. "There are obviously exceptions but the majority has to be [longer], it [the investment] is often not recovered before two years" (Norell, 2012). Norell also regards termination date as equivalent to agreement time, but has noticed that most small companies tend to want to collaborate forever (Norell, 2012). A parallel can be drawn to Storytel's attitude, where no termination date is really set, the time horizon is considered to be more infinite (Pierrou, 2012).

One aspect of the time horizon is pure survival. At Tre economic situation is one aspect upon which partnering firms are evaluated, together with price and reputation (Kjaergaard, 2012). At Telia that evaluation includes a technical aspect, an organizational aspect (partner company) and a survival aspect. "We are going to be around for 300 years so we need a partner that manages the agreement period" (Billing, 2012). The operator needs to know that the service is up and running for as long as the collaboration is running, without going under (Kjaergaard, 2012). But too long agreements are not desirable for service collaborations:

> I do rarely want to go into lengthy agreements because I think there is so much happening in the market… Do we know if we have customers in one year? Six months? You don't know that, therefore I believe that in this ever-changing world, you don't want to enter into too long agreements. (Kjaergaard, 2012)

Discussions are then held a couple of months before termination date but it is rare that collaborations last only one year, they are often renegotiated (Kjaergaard, 2012).

> Those months are more that you have a possibility to get out if there is something. Because it can also be very good so you want to continue and then you want to have that right as well. So it is equally important from our point of view that we have the right to continue if it is successful. (Kjaergaard, 2012)

The time horizon for the collaborations at Telenor varies, but similar to Tre it can be one year and then extended automatically. That leaves the partnering firms with the option of termination if things are not working out. However, the termination is often thought of from the very start and included in a paragraph of the agreement. Telenor also tries to have the option to negotiate on extension first, before the partner company goes in to discussion with other potential partners. Originally, Bredbandsbolaget (part of the Telenor group) collaborated with Spotify before they entered into an exclusive collaboration with Telia. Telia could probably provide more distribution power and perhaps more financial support to Spotify than Bredbandsbolaget. Bohman believes that Telia paid Spotify a significant amount in order to get exclusive rights, it is however only a speculation. However,

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Bredbandsbolaget's initial partnership with Spotify was very successful and first of its kind and strengthened the "innovative feeling" of Spotify's market launch. (Bohman, 2012)

4.2.8   Top Management Support

At Tre Sweden, the mandate to terminate lies at product manager level (Feigin, 2012). So does negotiation and agreement preparation (Kjaergaard, 2012). Although the CEO signs the agreements, the top management involvement is more a legal formality; the CEO does not take part in the discussions regarding most of the partnerships. Sometimes top management is involved, if the partnership is of strategic or other importance (Feigin, 2012). The executive group takes decisions regarding investments, so there is an involvement at higher level, but the proposals are delivered from the product manager (Kjaergaard, 2012). At Telia, the top management involvement is also related to investment. The larger the amounts, the higher up the involvement. At Telia it is likewise the product managers that come up with the proposals and partnering decisions (Billing, 2012). At Tele2 the executive group has to approve all investments over 5 000 EUR, but that is where their involvement starts and ends, after that it is simply up to the product manager (Norell, 2012).

4.2.9   Resource Contribution

4.2.9.1   Telia - Storegate

Telia does not regard the partnerships as their core business. The partners stand for the technical knowledge as well as a large part of the innovation since it is a matter of product and service development. Telia contributes financial funds and Storegate sells them a service with everything included; capacity, storage of server halls, heating, etc. (Neikell, 2012). The financial strength is especially important in the cases where Telia give the service away for free during a period of time. Marketing is also a crucial part of Telia's input, and they consider themselves to be the ones that market the most among the Swedish operators (Billing, 2012). In 2011, Telia was with its 650 million SEK in gross investment in media exposure (bought media) ranked number 4 among Swedish companies. However, place 7-9 was occupied by Telenor, Tele2 and Tre spending 430, 387 and 382 million SEK respectively (Thambert, 2012). But wide media exposure requires that the service be something that speaks to a wide range of customers, targeting everybody in a way, such as music or motion picture does (Billing, 2012).

Storegate regards their major contribution to the Telia collaboration to be Time-to-Market. When the collaboration was initiated, Telia's billing system could not bill for the service and it would have taken several months longer to launch the service (Hedén, 2012). He continues:

> That is our strength, flexibility, we can adapt to their interface and get a shorter Time-to-Market. It took eight weeks, that is how fast it was up!
> One big problem for operators is when big vendors like for example Ericsson and Nokia comes with a mega system and say 'you can do this much but you have to solve all the packaging yourselves'…We offer a ready-to-launch solution for Telia; billing, first line support, develop new services, hosting, re-brand it to Telia, etc. (Hedén, 2012)

From the very start, Storegate wanted to offer their own brand to Telia's customer, in the same way they did with for example TryggHansa, Folksam, IDG and other brands and sign a revenue share agreement with Telia. The current set-up with Telia where the service is white labeled was thus not Storegate's original intention (Hedén, 2012).

However, safe storage was so close to Telia's core business that Telia wanted it branded as a Telia service. Therefore the service is now white labeled and basically an outsourcing agreement with Telia, instead of Storegate, owning the customer base. But Storegate also sells directly to end customers under their own brand. The underlying contribution from Storegate is increasing customer loyalty and decreasing churn since it becomes more complicated to switch operator, the founder of Storegate compares it to switching bank (Hedén, 2012). This lock-in effect is considered a major influence from the smaller content provider due the effect on churn and can be found in other areas than digital storage, playlists in Spotify is another example (Englund, 2012).

4.2.9.2 Tele2

Tele2 regards distribution of the service, as well as access to the customer base, to be their contribution. The partners contribute with the know-how of a product that is not Tele2's core competence and with profits to Tele2. (Norell, 2012)

> They have another competence compared to us, they are the ones that make it happen…Time is the most critical resource which results in that I assist with Go-to-Market and how to work with the customer while they work with getting it [the service] out there and basically just use my expertise and our distribution network. (Norell, 2012)

Because despite how good the content provider's service is, it has to get out there, and that is where Tele2 comes in. (Norell, 2012)

> Content is King, but distribution is King Kong. (Norell, 2012)

4.2.9.3 Tre - Storytel

From Storytel's perspective, the strength of the operator is the distribution, whereas the service and the added value is their contribution (Pierrou, 2012). Kjaergaard at

Tre clarifies that remark by saying that a strong brand and strong content are the biggest benefits of the partner (Kjaergaard, 2012). Pierrou also lifts the loyalty of the Storytel customer, they use the service 24/7 and it constantly reminds the user of his or her phone, which is ideal for the operators (Pierrou, 2012). But being dependent on operators as a distribution channel can be regarded as limiting due to limited ability to build a brand, constant press of margins and because it is hard to collaborate with several operators and one therefore automatically renounces between 20-40% of the Swedish market (Englund, 2012).

Tre's contribution in a partnership is market knowledge, exposure to the customer base and the direct dialogue with the customers, which basically means working with owned media (Tre's webpage, pre-installation in the device, etc.) and earned media (PR) (Feigin, 2012). But there is no financial input; the "payment" is the marketing and reaching out to end customers. As previously mentioned, Tre sees that the resource contribution from their side is their knowledge of customer user patterns (Kjaergaard, 2012).

4.2.9.4   Telenor - WiMP

In WiMP's case, they contribute with the technology, rights clearance with the music industry and also the knowledge of how to market the music, all in order to lower churn (Nyström, 2012). Regarding Telenor's contribution to the collaboration, distribution and getting out to a large customer base quickly is the primary offer to partners (Bohman, 2012). As previously mentioned, tracking customers and CRM is also considered one of the operators strengths. The customer base is a vital factor when collaborating with bigger OTT as well; it is not only smaller content providers that want to get a hold of that. Feedback on business development and Go-to-Market knowledge are also contributions from Telenor's side. Marketing as well, partnering with an operator is an efficient way of getting access to extensive marketing investments. It helps build the content providers brand, in Telenor's case partners such as Voddler had great use of such exposure (Bohman, 2012).

> Voddler wouldn't have gotten as far as they did in such short time if they weren't a part of our TV-commercials, and there was a lot of PR. It is a big value for them since they otherwise would have had to invest all that exposure themselves. (Bohman, 2012)

A common misunderstanding, maybe nourished by collaborations such as perhaps Telia-Spotify, is that the operators are willing to pour money into collaborations. Although Telenor is financially strong, they want the partnership to be sound, a win-win. That often requires the content provider to have financiers, whether it is venture capitalists or private investors, in order to secure needed investments in their technology. A strong evaluation criterion when choosing partners is that someone (external) believes in the idea and is willing to risk money for the company. (Bohman, 2012)

4.2.10 Alliance Objectives and Business Strategy Fit

Although developing a storage service such as Storegate was something that Telia perhaps could and would have done in-house, the strategy for Telia is not to develop technical services but to sell services and be good at bundling them, why someone else can handle the production of the service (Hedén, 2012). The explicit strategy is to not develop in-house at Telia, mainly because of two reasons; it is too expensive to do everything in-house and that smaller companies have a stronger innovative force (Billing, 2012).

At Tele2, alliance existence is a direct consequence of business strategy; Tele2 wants to be thought of as an innovative brand. The goals of annually delivering innovative products and services, whether they create revenue or other softer values, align alliance and business strategies (Norell, 2012). At Tre, such alignment is also considered to exist since the overall strategy is to foster collaborations and partners and increase Tre's revenues (Feigin 2012). For content providers, having partners is considered a given part of their business strategy (Nyström 2012; Pierrou 2012).

4.2.11 Firm Similarities and Cultural Fit

Whether Storytel and Tre are similar as companies is a question that remains unanswered, Pierrou does not consider that she knows that much about how Tre works (Pierrou, 2012). Since the interaction is limited to a few people and there is rarely any interaction face-to-face, Feigin finds it hard to say much about Storytel's culture or similarities between Tre and Storytel. In general, the personal chemistry is regarded as more important than organizational culture. The common ambition to grow in the market is however clear, which forms a good platform to collaborate (Feigin, 2012). Tre is a fast paced company that is not afraid to stand out and dare to do new things, and that is an approach that Kjaergaard believe that the partners must share. Additionally, she believes that the short processes, Tre can launch a campaign in a week, is much appreciated by partners (Kjaergaard, 2012).

At WiMP the question of how similar they are to Telenor is not perceived as easily answered (Nyström, 2012). At Telenor the question about cultural similarities also causes certain reflection. "I haven't really thought of it that way actually. But that could also be a way to find partners, that stand for our values and culture" (Bohman, 2012). But even though there is no systematic thought on matching organizational cultures, Bohman emphasis the importance of dealing with good people. That they are pleasant to work with, have a sound business feeling, and of course there must always be a strong match in brand values and target groups (Bohman, 2012). At Telia, the importance of organizational culture is barely considered:

> Not really, they have their company and we have ours…Just because it works with my contact persons, if I were to be replaced, or them, it might not work out. (Neikell, 2012)

Since the companies are not that integrated, the importance of the contact person is substantial (Neikell, 2012). When looking at Telia and Spotify, the firm similarities are few. Telia has been around since the 19th century and Spotify for barely a decade, with completely different organizational cultures. They do however believe to speak the same language when it comes to the customer (Billing, 2012).

4.2.12 Strategic Interdependence

In the Storegate-Telia collaboration there is certain interdependence. Storegate has a form of lock-in effect on Telia since Telia is dependent on Storegate to deliver a service, and a change of supplier would lead to badwill for Telia. Even though there has been procurement processes with various suppliers of storage services in the past, Storegate has managed to keep their position as a partner. The power balance might however be unequal, "my gut feeling tells me that it is easier for us to change supplier than for them to find an equally large customer" (Neikell, 2012). Which resembles Storegate's view, "when one is as small as we are, we do the outermost to satisfy our biggest customer's needs" (Hedén, 2012). The risk of badwill or bad publicity is one of few factors that are acknowledged to give partnering firms to operators some leverage on the power balance (Englund, 2012). Englund at Industrifonden describes the dependence as follows:

> It is hard, one does not build any brand, and to the extent that some form of co-branding is achieved, it rarely gets any impact. There is a constant pressure due to the competition out there, which the operators exploit to shop around. An agreement means very little in practice, if Telia would announce that they want to end things with Spotify, they will. Perhaps not in that case however, it is such a big [collaboration] so it would give rise to too much bad publicity. (Englund, 2012)

Survival is also mentioned at Telia as a source of imbalance between them and their partners. Once the decision of partnership is made and the details are negotiated, there is a limit of how far you can push it. (Neikell, 2012)

> You can't break their back, 'this price doesn't work', etc. You could do that but you can't, so you have to reach a limit where it is reasonable for us, where we feel that it can fly. Otherwise you could push a little bit more, and a little bit more…then they could go into bankruptcy in a year because they couldn't handle it. (Neikell, 2012)

Storytel is very dependent on the operators for the service to function. Although not necessarily seeing an imbalance, Pierrou recognizes that Tre have a great variety of services that they could offer their customers and that they probably do not need Storytel. (Pierrou, 2012)

> I do believe that it favors both parties even if it is not a critical collaboration. It's not like we offer the only payment method or the only form of calling, it's just a nice extra. (Pierrou, 2012)

Feigin describes the Google collaboration to entail something of a power imbalance, where Tre is the weaker part that at any time has to align with the prerequisites set by Google (Feigin, 2012). Other big collaborations, such as Telia-Apple, are also described as more of a one-way collaboration. In the case of Telia-Spotify, there is an exclusive agreement regarding that Telia be the only operator that the partner collaborates with, but Spotify is however not prevented from selling their own service as well (Billing, 2012). Storegate also deploys a multichannel strategy, selling both to end customers and through the Telia-labeled version (Hedén, 2012). WiMP always labels their service with their own brand and gets the service out on different levels, ultimately a multichannel approach (Nyström, 2012). Alternative distribution channels to operators could for example be to become a part of a so-called "smart-hub" on LG's or Samsung's TV application or create an app (Höglund, 2012). One of the General Partners at Creandum mentions that it is much easier to create an app on Appstore or Android Market compared to working with operators (Helgesson, 2012).

It is important to have a backup and not having operators as the only sales channel, since it is takes a long time to come through as a content provider in their scheduling. Based on experience from his previous companies, the CEO at WiMP believes one should keep in mind that it generally is a matter of extremely long processes with operators. He recalls talking to Orange in Spain for 13 months without accomplishing a deal, and another example where negotiations went on for 26 months with a French operator before the deal became reality. (Nyström, 2012)

> It is hard to avoid because it depends on the cycles of the operators. If you have excellent timing, that they are out looking for exactly what the innovator has to offer, it is fantastic. But otherwise you end up among all the others in one single long scheduling. Then they have to decide whether it should happen in Q1, Q2 or Q3, that is the disadvantage as I see it. (Nyström, 2012)

Getting out on a broad scale and building volume is hard, why partners need Telenor's customer base and marketing power perhaps more than the other way around depending in what phase the partner is. A newly established partner unknown to the market is fully dependent on Telenor and that the customers like the service. Whereas for partners that are more mature Telenor are dependent on getting access to their services, brand and recognition. As an example, Spotify probably do not have the same problem of building volume any longer. Bohman reasons that the state of dependence is contingent to where in the development

each company is and how strong each brand is, "it is extensively on a brand level I would say". (Bohman, 2012)

Tele2 strives for a power balance. If they would get a dominant position they make sure to lower the guard and to be on the same page with the partner, that it is a 50/50 participation. "I always try to point out that we do this together, we don't get there if we don't hold hands" (Norell, 2012). Norell does in fact believe that they need the partners more than the other way around since the partners often are very driven and have amazing ideas. But because of Tele2's sheer size, that power structure becomes less obvious. (Norell, 2012)

4.2.13 Capacity to Learn

Although no explicit aspiration to learn from each other exists, Neikell at Telia perceives Storegate to be very sensitive to Telia's opinions since it in the past has come up many new ideas regarding improvements in user interface or completely new functions (Neikell, 2012). In the Tre-Storytel collaboration, neither Storytel nor Tre sees the collaboration as connected to any learning (Pierrou, 2012; Feigin, 2012).

> My view of it is that you take care of what you do best. They to that best [audiobooks] and it is much better that they build up the knowledge further than the knowledge to be transferred here. (Feigin, 2012)

The knowledge transfer at Tele2 takes the form of workshops, both in the start-up phase as well as under the time of collaboration. The work consists of product development and juggling ideas back and forth. Although very dependent of individuals, it is a company-broad ambition. Time is however considered the critical and determining factor (Norell, 2012). Workshops are also carried out in the WiMP-Telenor collaboration, with the aim of syncing the ideas the partners have regarding the collaboration as well as discussing problems and future scenarios (Bohman, 2012; Nyström, 2012). During these workshops, Telenor help partners with innovation and business development. Since Telenor regards their core business to be subscription services, they can help out on how to best package the content in a way to get customers to pay, which target groups to focus on, how to bundle the service, etc. Telenor is gladly involved in developing the shape of the service; it depends on how open the partner is to taking it in and seeing that involvement as an asset. For example, smaller companies sometimes only have a beta-version of the service where Telenor can be involved in testing and development things like user interface (Bohman, 2012).

4.2.14 Protecting Resources

There is perceived to exist openness in what is shared in the collaborations, although there is always an NDA and the agreement that limits further spreading (Hedén, 2012). At Tre, there is no perceived risk of sharing too much and it is therefore

nothing they safeguard against (Kjaergaard, 2012). When asked about barriers to sharing, Tele2 gives the following view:

> No I don't believe that is the case. We do have NDA's but they [partners] often have much more to loose than we do. In that sense, you have to build a partnership on loyalty and trust, and if you start with limiting the exchange and what you can tell, the collaboration is probably doomed to go under. (Norell, 2012)

Even if there are NDA's and the agreement clearly states how to treat intellectual property that arises from the collaboration, it can still be hard to tell who really came up with a certain idea. (Bohman, 2012)

> You are having a conversation, a workshop, you come up with a smart idea or maybe ask the right questions…You can't always protect yourself legally, it is a risk worth taking for taking part of the innovation. (Bohman, 2012)

4.2.15 Quick and Measurable Results and Review of Alliance Performance

The alliance performance is measured in profits, and since Storegate takes care of the billing, they can pretty much follow the distribution of revenues (Hedén, 2012). The review of alliance performance is done in-house at Telia whereas the review with Storegate is more current and informal (Neikell, 2012). At Storytel, the review is also done in-house and not directly with partner. With the help of URL-links, they can directly see how a campaign has progressed. Fast results are not important per se but if the campaign is short obviously results have to be fast as well (Pierrou, 2012). Tre confirms that the review can be done solely in-house. Reviewing performance is a procedure of analyzing monthly numbers and seeing what the trend is and if it is downwards, try to act on it (Feigin, 2012). A partnership does not end just because it is a downward trend but perhaps there is a need for more exposure:

> It depends on what product it is and again, if we have done an investment and have a monthly cost, yes of course, then we have to provide more exposure. More so than if it is a simpler partnership with a revenue share model. (Kjaergaard, 2012)

Performance is measured at Tele2 as in- and outflow of capital and customers. The review of performance is however more varying than the KPI's for measuring it, it is very individual and up to the product manager. Even though there are templates for it and the ambition of reviewing, it is not so strictly established in the organization (Norell, 2012). Measuring results is not always easy since it is hard to isolate the effect of the partnership, but what is clear is that the value-added services affect the buying decision tremendously and is an important piece of the puzzle. The development of the customer base and the activation rate of the service is however

measurable. The churn rate after a free trial period of a service is also followed (Billing, 2012).

4.3 New Findings

4.3.1 Brand

At Tre, they are not afraid to bring out another brand to the customers, which they see as a strength. It does not have to be a Tre-labeled product that is offered to the customer base (Kjaergaard, 2012). Generally in partnerships with Telia, to be really interesting for a big collaboration it requires an extremely good service or that there exists some benefit of the partners brand. A strong brand is however never enough, "we don't do anything with just a good name, it requires a good product" (Neikell, 2012). But a strong brand is better exposure-wise; it gives increased visibility in certain contexts and the collaboration with the Swedish "Melodifestivalen" is an example of such. Neikell speculates that it is probably simpler to collaborate with more unknown partners because renowned brands are bigger on their own and are so large that they prioritize elsewhere. At Storegate, Telia are highly prioritized and communication is always without hindrance (Neikell, 2012).

When it comes to strategic partnerships, the brand is important since the strategy is to lift the partner's brand. The partner needs to able to stand on it's own and it cannot be a cool service which is completely unknown. There has to be a value in the brand, so it becomes even more premium after the collaboration with Telia. The collaborations also serve the purpose of building an attraction to the Telia brand. Combining Telia's own services with other services are very important from a brand-building perspective. It is crucial since without collaborations and value-added services it comes down to price directly, which is a lost battle for Telia. "Telia is a premium brand and we will always be the most expensive, customers shall get a premium value with Telia" (Billing, 2012). From Telia's perspective, the value-added services are mainly brand building; there are generally no revenue requirements on them (Billing, 2012).

There are almost no services that are labeled with the Telia brand, those that existed have little by little been faded out. The motive being that the Telia brand was not believed to strengthen the service and that it is better to take in services that are known on the market. The only area where the Telia brand is thought to strengthen the service is for communication-related services, such as the case with the Storegate service that is labeled "Telia Safe Storage" (Billing, 2012). Historically, the market has various times proven that the operators are not credible in providing in-house manufactured services. The operators simply do not have a reputation of providing good services of their own. Englund at Industrifonden also describes that it is hard to build a brand when collaborating with operators, or at least hard to get

any impact (Englund, 2012). Helgesson at Creandum has an example regarding the brand Jays that make earphones:

> They initially worked very much with the operators and allowing them to brand the products. We modified that model because we mean that you build very little shareholder-value if you just white label your products. So we wanted them to build the brand Jays instead. (Helgesson, 2012)

4.3.2 Willingness to Pay

There is a broad problem of being able to charge for services since there exist many services that are free of charge. At Telia it is stresses that charging for services such as storage is hard because of the difficulty to illustrate what the customer is paying for. Presenting the service in a way so the customer understands the value, that is where Telia need to get although they are not there yet (Neikell, 2012). At Telia there is no demand for the value-added services to isolated generate revenue, it is obtained together with the subscription (Billing, 2012).

> We believe on the kind of offer where it is free, we have tested to charge for it but it is not as effective. However, when the subscription turns into a full price version it is possible to earn money on it. (Billing, 2012)

At Tele2, they see the value-added services in a life cycle perspective. If for example the life cycle is 8 months, the first 1-3 months are given away for free or subsidized, and then a monthly cost is put on the service. They can also choose not to charge for it at all but on average a customer pays for a service for around 8-12 months (Norell, 2012). At Tre there is also talk about cycles, but referring to how fast paced the industry is, a lot can happen in only 6 months. "What actors and phones that are popular, what services are being used, and pricing strategies, it is constantly happening" (Feigin, 2012). Since a new mindset might be needed within 6 months it is more important to remain flexible than having a long-term strategies that cannot be modified (Feigin, 2012).

4.3.3 Owning the Customer

The importance of owning the customer base became evident in the Storegate-Telia collaboration. The original arrangement gave Storegate the ownership but with the white label solution Telia owns the customer (Hedén, 2012). At Telia the main issue in collaborations is generally customer ownership, especially when it comes close to the end of the agreements (Billing, 2012).

> We attract customers and in many cases we take care of the billing and then when the agreement termination approaches, you wonder, whose customer is it?...Closure is tricky in collaborations...We can't just let go of the customers once you end the collaboration, it is as simple as that. (Billing, 2012)

When discussing what to commit into collaborations, apart from the financial exchange and committed volume, "it is all about what happens to the customer base once the agreement is over, that is, who owns the customer" (Billing, 2012). It is important to clarify this in the agreement in order to avoid misunderstandings between the involved parts. (Billing, 2012)

At Tre, Kjaergaard prefers it that they take care of billing, that all ends up on the Tre invoice. It requires a technical implementation to get the service in to Tre's systems, but that is the preferred way. (Kjaergaard, 2012)

> We don't just pass on to a partner, traffic and such. It should be felt that you have it [the service] in your phone or broadband. (Kjaergaard, 2012)

4.3.4 Customer-Supplier Relation

On various occasions, respondents return to talking about each other as customers and suppliers. When asked about how to choose collaborations, Hedén at Storegate says: "We don't choose partners, we search for customers". And regarding the general view of the collaboration he sees it as Telia being their largest customer. Telia's contribution is regarded to be selling the service. "They buy a commodity from us and we have put a price on all our services, then they put a slightly higher price out to their customers" (Hedén, 2012). The same goes for Telenor, they are also considered to be customers (Hedén, 2012). The collaboration as a purchasing process is mentioned both at Telia and Tre (Neikell 2012; Kjaergaard, 2012). When asked about how the choice of partners is conducted, Kjaergaard gives the example of how to choose a new streaming partner. They did not know whether or not to continue with the partner Aspiro, so a RFQ (Request For Quotation) was sent out to a number of companies, saying "hi we went to look at a new partnership…we want an offer on this, it requires this and that" and getting a number of comparable proposals in return (Kjaergaard, 2012).

4.4 Chapter Summary

When interviewing people in the industry, it became evident that certain aspects of the collaborations were perceived as more important than others since some questions generated a lot more extensive answers and passionate discussions. There were obvious variations among the different collaborations due to their underlying differences. Still, a couple of factors stood out, which are summarized below.

- The operators are risk averse (Innovation Risk Attitude)
- The customers tend to only be involved in the beginning of innovation and product development processes (Customer Engagement)
- Customers are not regarded as knowledgeable lead users (Lead Users as Innovators)

- Interpersonal relations and trust are regarded to be key in collaborations (Trust)
- There are almost no non-recoverable investments made (Non-recoverable Investments)
- Operators do not have a nuanced view of reputation but tend to have a large focus on brand (Reputation, Brand)
- The agreements tend to be extensive and are preceded by long negotiations (Legal Structure)
- There does not seem to be any conflicts or processes on how to resolve them (Conflict Resolution Mechanism)
- There is a big variation in how much interaction there is between collaboration partners and the role of that interaction (Frequent Interaction)
- The partnerships have a quite short time horizon, with the agreement time being considered as the deadline (Time Horizon)
- Top management does not seem to be particularly involved in the collaborations (Top Management Support)
- The partnering firms do not recognize many firm similarities between them (Firm Similarities)
- Barely anyone of the respondents could say something about the culture of the partnering firm (Cultural Fit)
- There was seldom any intention of learning from the partner (Capacity to Learn)
- The process of reviewing performance was not so profound (Review of Alliance Performance)
- There was a large emphasis on the importance of brands, both the own brand but also to collaborate with strong brands (Brand)
- A problem that exists is how to make the customer understand the value of the service and to be willing to pay for it (Willingness to Pay)
- A major consideration in the partnerships is the ownership of the customer (Owning the Customer)
- Although speaking of partners and collaborations, these are often referred to as customers and suppliers (Customer-Supplier Relation)

5 Analysis

The chapter consists of a comparative analysis between the theoretical and empirical results of the study. The aim is to shed light on the differences and similarities between theory and empirical findings. A new theoretical framework is then presented together with a short discussion of the changes made to it. The chapter ends with some comments on managerial implications.

5.1 Innovation

5.1.1 Innovation Risk Attitude

Davila et al. (2006) describes that a healthy company should have a certain amount of incremental, semi-radical and radical innovations to perform at its best. One way of achieving radical innovations is by teaming up with other companies, which is something the operators do with their partnerships with content providers. According to the empirical study it is found that the operators in general look for companies that have a developed product and are in a relatively solid financial situation. From Telia's perspective this is especially important if they will include the partner in a bigger marketing campaign. Tre mentions that they would like to avoid the risk of standing alone with the existing customer base if the partner company goes bankrupt. When Tre looks at partnerships both Feigin and Kjaergaard think it is possible to allow more risk taking if the partnerships only should last under a shorter time period, for example 2-3 months. In sum these statements show that the operators in general have a relatively low willingness to take risk when it comes to partnering up with content providers. A result from this is that these partnerships might limit the possibilities to achieve innovative services and products and become more of an incremental solution or a semi-radical depending on the business model and its innovation approach. Whether there are radical innovation projects or not within other parts of the organizations remains unanswered.

Tele2 is the only operator that has a well-grounded innovation process where the company is able to pick up new ideas. The Innovation Forum is evaluated from how many new products they deliver. Focusing on specific goals of a certain amount of new products instead of innovation height might reduce the possibility of developing radical innovations. Tele2 works with three levels of development (Innovation Forum, New Ventures and Tele2 Sweden (local)), which could facilitate the possibility of developing new ideas with different incremental, semi-radical or radical approaches.

5.1.2 Commodity Avoidance

Chesbrough (2011) discusses the importance of leaving a cost focused perspective and instead offer a higher value to the customer. From the empirical study the

operators offer similar core services and it is the access to voice and data traffic. This is something the operators are well aware of and by using the value-added services the main purpose with partnerships is to offer a higher value to the customer and differentiate the offer. The services should be seen as something extra that can increase the customer value.

Even though the operators are aware of the higher value that should be created from the value-added services it is also stated that it is difficult to earn money on them. It is difficult to measure how well the services perform because some of the partnerships do not generate revenues but they can increase other values such as brand value. The difficulty in measuring the performance also makes it harder to perceive the real benefits from the partnerships.

5.1.3 Customer Engagement

In order to work from an open innovation perspective one important aspect according to Chesbrough (2011) is to involve the customer throughout the whole development process. The empirical study shows that this is not very common between the operators and service providers. Instead the customers are mainly involved in the beginning of the process and then afterwards when the service is implemented. This is when the operators receive feedback from the customer support in order to improve existing services, as for example Tele2 who get information from the customer support by having their product managers there every second week. Tele2's way of working with end-user testing can be seen as a more integrated customer engagement in the beginning of a development process compared to what the other operators have described. There are indications that new ideas can come from internal thoughts based on someone's feeling of what the customers want, this is mentioned by both Tele2 and Telia. Thoughts within the company inspire new services rather than emerging from a genuine customer understanding.

The content providers way of working is similar to the operators except for Storytel that has included their customers directly in the development process, where they are a part of the process and contributes with the recording of audiobooks.

5.1.4 Customer User Pattern

If a company is able to manage customers' habits when it comes to the use of services, Chesbrough (2011) says it can create a competitive advantage. With the possibility of following the customers' use of a service without them explicitly communicating it, this information could be used and transformed into new services or possible improvements to existing ones. Since it is stated from different respondents that the operators can follow the customers very well this also confirms how well aware they are of its importance. What is not confirmed though is how well the operators use this information or even develop the potential benefits from

it. At Telenor it is stated that they have great information about their customers but that they need to be better at managing it.

5.1.5 Lead Users as Innovators

Von Hippel (1988) states that in order to find innovative and new ideas it is important to find the lead users because they can early point out what will become common further on. This is especially important in industries of rapid change. From the operators perspective it is stated that the customers are not very good at knowing what they would like to have next. The theory also says that the use of focus groups could be limiting because it depends too much on how the group is assembled. Since almost every operator uses focus groups to uncover the customers' needs and thoughts, it could be a potential problem in order to find more innovative solutions. Together with Englund´s thoughts of a savvier customer it increases the importance of finding the most useful customers in the search for innovative solutions.

5.1.6 Development Work

This factor was developed in order to find out if the operators work from an open innovation perspective when it comes to developing new services. Chesbrough (2003) states that a company should not totally rely on its own abilities but instead adapt and act on internal as well as external knowledge. Today's environment is more demanding and therefore companies cannot only rely on their own abilities. One part of the theories focuses on R&D and how companies should include the knowledge out there in order to create more competitive solutions. In the empirical study the operators are working according to this new perspective and the partners generally come with more innovative solutions and with know-how about products beyond the operators competences. Earlier, the operators used to have a lot of internal R&D and they used to develop their own services but it is not so common anymore, for example as Telia states that it is too expensive and that the best knowledge is outside the company. Some internal development is still done but this work manly focuses on their core businesses. One insight is that this factor might have played out its role because today it is very common to use outside knowledge. Interesting though is Telia´s first approach to the Storegate partnership where they wanted to develop their own solution instead of using Storegate´s back-up service. This is a typical example of a closed innovation approach to new knowledge and Telia wanted to do the service in-house instead of using the external knowledge and innovation power from someone else.

Chesbrough (2011) writes that there are mainly two economical forces underlying open innovation in services, economies of scale and scope. The effects of economies of scale mainly come from when the company shares one of its core processes with others with the purpose of increasing revenue. From the empirical study it became evident that one of the operators bigger assets is the customer base and the information it provides about customers and target groups. The customer base is

something the operators are letting the content providers access in order to reach out to more customers. So at the same time as the operators use content providers in order to increase the customer value they also can increase revenue because of different agreements such as revenue-share agreements. From a content provider perspective the customer base gives great opportunities to reach out to specific customers and at the same time letting the operators use their intellectual property such as music rights.

Economies of scope are important from a service perspective. It becomes possible to offer different items from one source (the operator), which will give the customers economical benefits and give the company the possibility of increased revenues. Chesbrough (2011) states that one possible outcome is that the customers will be more likely to stay over time because they are more dependent on one provider for different services. When the operators provide the value-added services combined with their own services it opens up for creating economies of scope. The customer will be more dependent on the operator and it seems to be working. From the empirical study it is stated that the music services have reduced churn, which is one of the biggest problems for the operators.

5.1.7 Venture Capital Insight

According to Chesbrough (2003) companies should have a positive approach to venture capital. It is important because it opens up for experiments with new technologies and companies financed by venture capital can be observed in order to find new potential markets. The theory also mentions that some open innovation firms have their own internal venture capital, which can create spin-offs and bring new technology to the market. The operators do not work much with venture capital within the company at a local level (Swedish market) but some of them have special companies on group level working with it. Telia, Tre and Telenor have internal venture capital, however in different ways. Tre works with venture capital from their company Horizon Ventures on a global level. Telenor also works with venture capital on a global level and through their company Telenor Next. Telenor is also the company that expressed a true interest in following other venture capitalists in order to find new innovative possibilities. Telia works with venture capital from a perspective of mostly buying other operators and services close to their core business.

In the empirical study a new concept called Research and Acquisition (R&A) was introduced. Since it is less common for operators to develop their own services it is an interesting concept to further analyze, especially if the development work is so outsourced that the companies just buy it from others. With this perspective maybe the operators should become better at buying companies in order to achieve innovation and being able to create a higher value to the customer.

5.1.8   Managing Intellectual Property

Chesbrough (2003) thinks it is important to distribute intellectual property in order to profit from it by both selling and buying intellectual property. Since it from the empirical study was found that the operators do not work so much with developing intellectual property in-house and therefore not selling it this factor is not really fulfilled from the operators' perspective. The general idea is that the content providers supply the intellectual property, which could be seen as the operators buying intellectual property from the partner agreement. For example Storytel offers the rights for their audiobooks to Tre and WiMP offers their music rights to Telenor, which makes it possible for the operators to absorb intellectual property. This also means that the content providers sell their intellectual property and therefore can profit from it in a bigger context by getting more users from the operators´ distribution channels. From the empirical study this factor was not that obvious to the respondents and it was more seen as a way of contributing with different knowledge.

5.1.9   Partner Effect on Business Model

According to Chesbrough (2011) a business model provides a coherent framework with the purpose of creating value for a business. From the theories it is also stated that possible ways of changing a business model could be by redesigning the value chain and by linking the business into a larger business network. This factor provides a better understanding of in what part of a business model the partnerships have greatest impact. The biggest effect from the partnerships on the operators' business model is related to the value proposition. The increased value it creates to the customer supposedly increases revenues for the operators in one way or another. As for example Telia states that it is not necessary to generate new revenue streams from partnerships but it should give the customer a feeling of something extra with Telia. This in turn could lead to new revenue streams by getting new customers or keeping the existing for longer periods, thus lowering churn. One way of looking at the partnerships is to see them as a way for the operators to take over one of the customer´s buying processes. If the operator offers more services the customers do not need to make the buying decision totally on their own and it allows the operators to charge more from the customer.

Höglund's statement that the partnerships are important from a shareholder perspective is an interesting observation. Innovative companies is obviously something analysts look at and in that case the partnerships can give positive effects on the view of a company/operator, which can affect not only the shareholder value but also parts of the business model. The partnerships could also be seen as something that is necessary to do because companies not partnering up will risk looking less innovative, and therefore not interested in change. This in turn can give even more negative effects seen from an investor's perspective.

5.1.10 Bias for Action

In order to meet change Chesbrough (2011) says that it is important to have a bias for action, especially in situations of rapid change. From the empirical study the general point of view differed between the operators, where Tre and Tele2 are more agile than Telenor and Telia. The feeling of inertia from the operators' organizations is also found in the empirical study and to some extent confirmed by them as well. This is one of the reasons why the operators have partnerships. Both Tele2 and Telia express the benefit of a more agile partner than themselves. Neikell at Telia thinks it is easier to manage the partnership with Storegate and not necessarily involve the entire Telia organization in every decision. Norell at Tele2 also mentions that the partner many times is the hungry part and the one that makes it happen.

The content providers have a better approach to bias for action. In the Telia-Storegate partnership, Hedén at Storegate mentions the shorter Time-to-Market Telia got with Storegate compared to if Telia should have developed the service in-house. The theories about bias for action are basically confirmed by the empirical study and the smaller content providers are quicker and more adaptable to change and the bigger operators are slower. Through the partnerships it is possible for the operators be more flexible and for the content providers it is possible to take advantage of resources that the operators have access to.

5.1.11 Change Leadership

When it comes to changing a business model, the most important part is leading the change. Chesbrough (2011) is somewhat skeptical to involving the CEO and higher levels of management because they can be distanced from what really needs to be done and therefore retard the change process. When the operators create new partnerships it is not obvious that it would be a CEO decision. This is in line with the theories of increasing the possibilities to get more innovation without involving top management in the decisions. Even if top management is involved in the decision-making of initial investments it is further on more of a product manager decision. This opens up for less inertia when it comes to creating change in the business model. Both Telia and Tele2 describe this situation and that the board is more involved in investment decisions rather than the actual partnership. From Telenor's point of view it is more common that the innovation ideas come from top management level which in order to Chesbrough's theories could be a possible problem and create inertia.

From a content provider perspective the theories state that in smaller organizations the CEO might be ideally suited for creating change. One example of this is Storytel's decision of including the customer in the recording of audiobooks. This decision was taken from the CEO and could be seen as an example of where a CEO decision can be suitable.

Höglund's observation of the problems with managers doing bigger investments are in line with Chesbrough's thoughts of managers rotating positions and instead of changing a business model they keep the old one to reduce the risk of failure. This is probably a common problem for bigger companies in general, but the fact that Höglund mentions it about the operators makes it interesting for this study.

5.2 Alliances

5.2.1 Trust and Opportunism

According to transaction cost theory, trust lowers the need for control and thus transaction costs. It is therefore a predictor of alliance success. It became very obvious when interviewing people in the industry that trust is an important factor in collaborations. Trust can be divided between interorganizational trust and interpersonal trust. At Telia, Billing points out that interorganizational trust in the end is more important than interpersonal trust. This picture does however collide with the view of the people involved in the Telia-Storegate collaboration, where the interpersonal trust is emphasized. In general, it is the interpersonal trust that stands out as the most important form. There is no need for the entire organizations to get acquainted; contact persons are enough for a viable partnership. The contact persons are tremendously important at all four operators. At Telenor they talk about the need of good people, and Telia-Storegate compares the collaboration to any other personal relationship, it works in the same way. Since many collaborations in fact come down to one person in each partnering firm that to a great extent are responsible for the entire collaboration, having the right person on the other end is crucial.

The extent to which the partnering firms perceive each other as opportunistic will have an effect on the collaboration. Parkhe (1993) stated that the more the partners perceived each other as opportunistic, the worse it is for the partnership. A measure of this can be the contractual safeguards, which increase with the perception of opportunism. The agreements are generally very large in the studied partnerships; this should be viewed as a clear sign of the perception of great opportunism. Interestingly, there are many of the respondents that did not see any opportunism at all. At Tre it is seen as the market force and at WiMP it is not an issue either. Although some of the operators mention that it can be seen as the prisoners dilemma or that the agreements are a way of managing opportunism, the risk never really seem to bother them. However, with lengthy negotiations and agreements that remove the threat of opportunism, there should not be much opportunism left to worry about.

5.2.2 Committing: Shared Decision-making and Non-recoverable Investments

Shared decision-making has according to Saxton (1997) an impact on both opportunism and organizational learning and is highly desirable. In the studied collaborations, there are no indications that the decisions would not be made jointly. It is not a prominent characteristic either, which implies that there is potential to increase the degree of shared decision-making.

Non-recoverable investments are, similar to shared decision-making, a factor that has an impact on opportunistic behavior as well as trust. The existence of such investments leads according to theory to stable and high-performing collaborations. In reality, this is not the case, Telia's strategy is rather the contrary. In the Telia-Storegate collaboration there are no specific investments and the same goes for the Tre-Storytel collaboration. Tre does however put light on the fact that there is an alternative cost. The particular partnership takes up place in the promotional space of the operator and that automatically leaves something else out. This is a thought that is evident at Telenor as well. This alternative cost is however a very light version of investment, and not really what the theories of Parkhe (1993) require. At Tre, it is even so that committing in volumes etc. is preferably avoided. Although Tele2 expresses that most collaborations involves investments, it is not completely clear if these are non-recoverable or if they are of the same type of marketing effort that Telenor and Tre refer to.

5.2.3 Reputation

Like previous factors, reputation has an impact on trust and opportunism. That is because a firm's reputation can signal trustworthiness and the perceived risk of opportunism. But reputation includes various areas according to Saxton (1997): management, product quality and financial performance. The various dimensions of the factor are however not apparent in the empirical findings. The association is directly to brand, which at the best can be seen as the product quality part in theory. The reputation regarding management and financial performance is not evident in real life other than that the partner must have a minimum level of financial performance, which basically means not go into bankruptcy. But the importance of the brand is evident. Since reputation in product quality can be seen as a source of sustainable competitive advantage due to the difficulty of imitation, and because of the potential spillover effect to other collaborations, it is fairly understandable that the operators want to protect their own brand. An example being Tele2, where they can terminate the collaboration if it risks to harms their brand. Because of the reputation and brand being socially complex and hard to imitate, from a resource-based perspective it is natural that brand is a resource that therefore needs to be acquired, such as in a collaboration. A bad reputation is generally a no-go, or at least the heightened risk of opportunism is closely monitored.

5.2.4 Legal Structure, Definition of Rights & Duties, and Conflict Resolution Mechanism

As previously mentioned, strong safeguards in the form of legal agreements is a sign of opportunistic behavior. This increases transaction costs and therefore legal agreements are a sign of high transaction costs. Legal agreements are extensive and this would therefore be something negative. The examples are plenty, the Telia-Storegate contract includes hourly rates for everything that could possibly emerge, agreements tend to be book thick and Tele2 admits that their legal department might seem frightening. Of the large agreements follows quite naturally that the definition of the rights to input and output for each partner is meticulously settled. The only indication of the contrary is the Storytel-Tre collaboration where Pierrou at Storytel is not really sure of how the underlying agreement looks and does not consider input and output to be so strictly defined. It is also evident that there is some variation in the thickness of the contract depending on the partner. Feigin at Tre indicates that global partnerships are more complicated than local ones and that Time-to-Market is much shorter in the collaborations that are limited to the Swedish market. A partial explanation might be partner size; Google and Apple are lifted as example of partnerships with more of a one-way communication.

Conflicts are not generally perceived to exist, or at least no one of the respondents revealed any indication of conflicts existing. Previous research by Das & Teng (2003) has showed that conflicts are negatively related to alliance performance and that there is a need for conflict resolution mechanisms. There are no evidence of such mechanisms or processes being a reality in the collaborations that were studied. The exception would perhaps be Tele2, where underperforming partnerships are remedied with action plans. It does however appear to be more of an evaluation mechanism from Tele2's side than an integrated mechanism between the partners.

5.2.5 Frequent Interaction

The degree of frequent interaction can be measured in two ways according to Parkhe (1993). Either as the times senior executives meet a year or the frequency of communication at lower levels. Since the involvement of senior executives seems to be limited in the collaborations, communication at lower levels is a better measure in this study. The reality is however divided; on one side there are collaborations with very frequent interaction such as Storegate-Telia and on the other collaborations such as the Storytel-Tre where interaction is very scarce. This probably depends on the size of the two operators and the product managers' fields of responsibility. However a dialogue does not necessarily need to include frequent interaction, and since frequent interaction additionally is a subjective measure, it does not generally seem to be of great importance in the partnerships.

5.2.6 Time Horizon and Termination

A longer time horizon is according to Parkhe (1993) regarded as beneficial for the collaboration. Time horizon can either be indefinite or with an explicit time limit. Using Parkhe's (1993) time dimensions, all of the studied collaborations can be said to be short-term. All four operators have time horizons that at the very most are three years, sometimes shorter. Tele2 states that collaborations need to last a couple of years since it takes a year or two to recover the investment, placing them as the more long-term thinking among operators, together with Telia. Tre has a notably more short-term thinking, which is explained with the fast paced market and the difficulty of knowing whether there will exist a demand. The indefinite time horizon is only found at the content providers. Since all operators are found within Parkhe's short-term boundaries, it can be seen as a quite cowardly stance. They both want to be able to get out of partnerships but at the same time having the right to continue, however without committing in advance. The partner needs to be up and running throughout the agreement time, but there is not much indication of any interest of them being around later on.

All operators see the time horizon to be the length of the agreement, making the termination date very clear. Without considering the actual time horizon, the fact that the termination is defined early in the collaboration is in line with theory. However, not all collaborations are ended when the agreement time ends, they are often prolonged. If this circumstance creates expectations of the collaboration time being longer than agreement time it could, according to theory, be negative.

5.2.7 Top Management Support

The involvement of top management in the collaborations is fairly limited. Most of the work of finding a partnership and concluding an agreement is at product manager level. The involvement is basically limited to authorizing investments, which is not the same as taking the battle to make sufficient resources available and handling the relationship with partners that Hoffmann & Schlosser (2001) refers to. At the operators today that responsibility seems to lie on the table of the product managers.

5.2.8 Resource Contribution

The factor of resource contribution has various aspects. It is about contributing strengths, finding complementary resources and achieving synergies of combining the firms' resources (Hoffmann & Schlosser, 2001; Das & Teng, 2003). All these aspects are covered in reality as well. The operators generally contribute with marketing and distribution to their large customer bases. In Telia's case, they contribute financial funds, both in the sense of paying for the service, the Storegate collaboration can be viewed as a regular purchase order, but also because they usually give it away for free to the customer for a varying period of time. Although marketing is sometimes regarded as an alternative cost, it can also be an actual cost

of marketing. All the operators are big spenders when it comes to buying media, although Telia wins the battle with a margin of about 200 million SEK. The knowledge of the customer and their user patterns is also mentioned as an operator strength and can be seen as a type of resource contribution. Sometimes the operators contribute with a Go-to-Market strategy, both Telenor and Tele2 mentions this as one of their advantages. However, content providers provide a faster Time-to-Market, which is the case in the Telia-Storegate collaboration to name an example.

The content providers obviously contribute the content, and the know-how of the service, which lies outside the operators' field of expertise. A strong brand is also mentioned as the content providers contribution, even if there are examples of white labeling, such as in the Storegate-Telia collaboration. The reason in that case was that the service was close to Telia's core business. In that particular collaboration the partner also contributes technical knowledge and innovative force. The technology is also mentioned as a contribution in WiMP's case. The underlying contribution of all content providers, no matter what specific service they have, is nevertheless to help out with the operators major issues of increasing customer loyalty and reducing churn.

All in all, it becomes obvious that the operators and the content providers do have different strengths that they put into the collaboration, and that these are complementary. Although the synergies could be more obvious, they certainly exist.

5.2.9 Alliance Objectives and Business Strategy Fit

According to theory, alliance objectives should be derived from business strategy in order for the collaboration to be successful. At Telia the explicit strategy is to not develop services in-house but to find good partnerships instead. Tele2 has a similar approach and for the content providers collaborations most certainly is a part of business strategy. So in sum, deriving alliance objectives from business strategy seem to be the case in reality, and there is no indication of the contrary, making it an important factor.

5.2.10 Firm Similarities and Cultural Fit

The question of firm similarities gave rise to a lot of silent pauses. Although given some examples of areas of firm similarities, such as marketing efforts, information systems, structure, human resources, etc., it did not seem to become easier to answer. The only confident answer concerned Telia-Spotify, and it was an emphatic no. Insufficient knowledge of the partnering firm was mentioned as a reason to the silence, as well as the lack of previous reflection of the matter. Regarding cultural fit, there was no real perception of it among respondents. Kjaergaard at Tre mentions that partners do have to be fast paced and willing to try new things, but that certainly is not enough to state that there exists a cultural fit. Saxton's (1997) research does however also imply that a so-called "cultural clash" might not

necessarily be negative. However, the answers of the respondents were so vague and the knowledge regarding the partnering firms culture so low that it seems that they did not even know if there exists a cultural clash, except for perhaps Telia.

5.2.11 Strategic Interdependence

Inequalities in the resource contributions between partners can impede trust, why according to Das & Teng (2003), interdependence leads to increased commitment and trust. Reciprocity and strategic interdependence is therefore a success factor in alliances. Empirically it does however seem to be much more dependency from content providers than interdependence between the partnering firms.

The Telia-Storegate collaboration does not include an equal power balance since Storegate "jumps" if Telia says so. The fact that Telia also speaks in terms of breaking someone's back reveals that imbalance. In the Storytel-Tre collaboration a similar imbalance, although not explicit, seem to be in place. Pierrou calls their service a nice extra, but does give two examples of services that would imply more of a balance. If their service had been the only payment method or the only form of calling, more interdependency would probably exist.

There exists examples of operators being the dependent party, when partnering with Apple and Google, these are more of one-way collaborations with the power balance being to the operators disadvantage. However, at Tele2 the general view is that they are more dependent of partners, but their size makes it less obvious. It could perhaps be so that the size not only makes it less obvious, but also tips the dependency to their favor, and thus making the content provider more dependent of Tele2. Another reason for the lack of interdependence is the requirement to fit into the cycles of the operators. If the content providers service does not happen to be exactly what the operator is looking for at the moment, it is easy to get stuck in scheduling.

There are however some signs of interdependency as well. The fact that a change of supplier would lead to badwill makes the Telia-Storegate collaboration somewhat more equal. The risk of badwill and bad publicity of changing or ending a partnership is in fact a way to increase strategic interdependence. For most of the content providers, the operators are not the only distribution channel. Having other channels makes them less dependent of the operators, but could according to Das & Teng (2003) be considered as a risk to alliance survival since it is a sign of partners not needing each other any more. Other potential distribution channels such as creating apps might pose a risk to the collaborations in general. At Telenor, the interdependence is regarded to be based on brand strength. That could be a partial explanation to why Spotify is less dependent of operators (or other partners for that matter) nowadays. The fact that they do not have the same issue of achieving volume is also something that would explain their power. It could therefore be

viewed as a collaboration between two equals with less power imbalance and a good example of a successful partnership thanks to the reasons above.

5.2.12 Capacity to Learn and Protecting Resources

Since organizational learning according to organizational theory enhances a firm's long-run performance and competitive advantage, it is considered desirable. However, there does not seem to exist much ambition to learn from each other in the studied collaborations. Some, such as Tre and Storytel, do not perceive any learning. Others, such as Telia and Storegate perceive some learning. Tele2 and Telenor have workshops with their partners, but even in those cases, there is no explicit ambition of learning from each other. Although Telia expresses that they contribute with new ideas to partner services, and Telenor has an explicit willingness to help partners, it is more vague than Hoffmann & Schlosser (2001) expresses. Therefore, since there is a lack of intent and therefore probably a limited capacity, the learning capacity can be regarded as fairly peripheral.

As a consequence of the limited learning, "outlearning" is not really considered as a risk by the respondents. Some respondents express a perceived openness in the sharing of information and that having barriers and limits to sharing makes the collaboration predestined to fail. But the agreements and NDA's, quite extensive as previously mentioned, play a role in this matter as well. These undoubtedly regulate much of what can be said and done, and thus regulate any possible undesirable drain of expertise. Although there always exists a risk taking because you cannot always protect yourself legally according to Bohman at Telenor.

What Hoffmann & Schlosser (2001) mentions regarding the negative impact of being restrictive with information is however also perceived in reality. Both at Tele2 and Telenor, they acknowledge that it limits the collaboration, or as Bohman says, "it puts a brake on the innovation power and ability to cooperate, I don't believe in that either". In the end, even though there is recognition of the downside with restricting resource sharing, the large agreements speak for themselves. They regulate much of the collaborations and probably limit them as well.

5.2.13 Quick and Measurable Results and Review of Alliance Performance

Hoffmann & Schlosser (2001) emphasizes the need of quick and measurable results. The importance of quick results is not obvious in reality, however, all partnerships still fall under the limits of being short-termed according to Parkhe (1993) why the conclusion that all results in fact need to be quick is not that farfetched. Measurement of results is nevertheless regarded as important and is performed in most partnerships. In- and outflow of capital and customers is measured and the operators follow the trends of these ratios. Review of alliance performance, which in theory is regarded as important in order to reap the full potential of the partnership and detect if it is going in the right direction, could be better. It was revealed that the review in many cases was done in-house, and not together with partners.

Whether done together with partners or not, reviewing performance is at Tre not always done so strictly. At Tele2 they admit that they could get better at reviewing alliance performance. In general, measuring results can be hard due to the difficulty of isolating the effect of the partnership. A final comment regarding the limited reviewing is the short time horizons of the partnerships. If the entire collaboration is short-term that could explain the limited evaluation.

5.3 New Findings

5.3.1 Willingness to Pay

One problem that is identified in the empirical study is the difficulty of actually getting the customers to pay for the value-added services. There is a problem in both customers' willingness to pay and even if the customer is willing to pay then it will probably only be for a shorter time period. This is something the operators are well aware of and this could be a possible limitation in order to find new innovative ideas that could become even more valuable in the future. The willingness to pay is a critical factor because on one hand it is stated that value-added services reduce churn which indicates that the customers are more likely to stay, but on the other hand customers do not want to pay for it. Combined with the possibilities for the customers to find similar services for free it is even more critical. Osterwalder (2010) has created a canvas for Business Model Generation that discusses the possibilities of potential improvements in a business model such as how to charge for a product and different ways of doing so.

5.3.2 Brand

The importance of brands became evident when asking respondents about reputation. It was clear that the brand effect was nuanced. Various operators emphasized the importance to strengthen the own operators brand, among them Tele2 and Telia. At Telia, the collaborations with content providers are seen as brand building for the own brand and Telia see that they benefit from the partners brand. They are open to expose other brands, much like Tre, and Telia also sees that strong brands are good in order to achieve more exposure for the entire collaboration, such as the example with Melodifestivalen. At Telia, the Telia-branded services have been faded out in all areas but communication. Since collaborations generally are regarded as not being core business, the fact that the communication-related services and collaborations are labeled with their own brand can be viewed as a willingness to gamble with non-core business but not with the very core. Be that as it may, the overall strategy is to lift partner's brands. That idea rhymes well with the view among venture capitalists, which is that building brand is essential to increase shareholder-value. Building a brand should therefore be the strategy of content providers as well. From a resource-based perspective, brand can be perceived as a sustainable competitive advantage and is thus an important and interesting matter to study. Consequently, brand is an important factor to take into account in the

studied collaborations. In brand management theory the work of Kapferer (2008) and Aaker (1996) is guiding in the matter of building a brand and developing a brand strategy.

5.3.3   Owning the Customer

Another aspect of collaborations that surged from the empirical results is the importance of owning the customer. This matter became especially evident at Telia and Tre. However, since it was not originally one of the factors that were investigated, it is likely to be a major concern at the two remaining operators as well. A way of increasing control of the customers is to be in charge of the billing relation, an advantage that has been utilized by the operators. The customers should feel that it is Tre that provides the service. So although being open for taking in an external brand and entering a collaboration, as well as providing the partner with distribution and access to customers, the ownership of the customer should remain with the operator. It is an aspect of great importance when negotiating, entering, and terminating a partnership. Osterwalder's (2010) canvas for Business Model Generation mentions how to work with customer relationships and how to better understand the customer and come closer to them, thus improving the customer contact and become more visible.

5.3.4   Customer-Supplier Relation

Although the importance of relations as such are stressed as vital in order to achieve trust, defining what the collaboration really should be called seems to be complicated. On one hand, all the collaborations studied are in fact referred to as collaborations, and these are undoubtedly real partnerships. But many aspects of the collaborations resemble pure market transactions. The fact that the Storegate service is even referred to as a commodity indicates that it is something that could be traded on a spot market. According to transaction cost theory, collaborations are regarded as a hybrid type of governance structure, somewhere in between organizations and market transactions. The previous mentioned statement of commodity rather belongs in a description of a pure market structure. Additionally, the operator is often referred to as the customer and the content provider as the supplier. In various cases, such as at Telia and Tre, they talk about the collaboration as a purchase process. Which does not seem like the jointly effort that a collaboration should be but more like a pure purchase in a market transaction, making it an interesting aspect of the studied collaborations. Literature on supply chain management (SCM) could help to further put light on the customer-supplier relation and the value chain perspective, such as the work of Mentzer, Min & Zacharia (2000) regarding interfirm partnering in SCM.

5.4 New Theoretical Framework

All in all, of the original 32 factors 19 were perceived as important to partnerships, the remaining 13 were however not clear to be key success factors. Four factors emerged from the empirical study: Willingness to Pay, Brand, Owning the Customer and Customer-Supplier Relation.

There has also appeared a need to refine the factors of the preliminary framework. Managing Intellectual Property was observed in the empirical findings as well but not as characteristic as in theory, why it is merged under Development Works since it can be seen as a way of assimilating knowledge. Cultural Fit is another factor that originally was separated since it in theory was emphasized as particularly important, although it could be seen as a part of Firm Similarities. Since it was not perceived as important in the studied cases, it has been merged under Firm Similarities. For the same reason, Conflict Resolution Mechanism is merged under Definition of Rights and Duties. Shared Decision-Making was unlike the previous mentioned factors, important empirically as well. However, it is almost intuitive that some form of joint decision-making should take place. According to Saxton (1997) shared decision-making can be viewed as determinant of trust, why it would be logical to merge Shared Decision-Making under the factor Trust. See Table 3 for the refined and expanded framework.

	Factor	Reference
	Innovation	
1	Innovation Risk Attitude	(Davila et al, 2006)
2	Commodity Avoidance	(Chesbrough, 2011)
3	Customer Engagement	(Chesbrough, 2011)
4	Customer User Pattern	(Chesbrough, 2011)
5	Lead Users as Innovators	(Von Hippel, 1988)
6 (8)	Development Work	(Chesbrough, 2003; Chesbrough, 2011)
7	Venture Capital Insight	(Chesbrough, 2003)
8	Managing Intellectual Property	(Chesbrough, 2003)
9	Partner Effect on Business Model	(Chesbrough, 2003; Chesbrough, 2011)
10	Bias for Action	(Chesbrough, 2011)
11	Change Leadership	(Chesbrough, 2011)
Extension of framework		
A	Willingness to Pay	(Empirical finding)
	Alliances	
12 (14)	Trust	(Todeva & Knoke, 2005; Gulati, 1995; Ring & Van de Ven, 1994)
13	Opportunism	(Hoffmann & Schlosser, 2001;

		Parkhe, 1993)
14	Shared Decision-Making	(Saxton, 1997; Butler, 1991)
15	Non-Recoverable Investments	(Parkhe, 1993)
16	Reputation	(Parkhe, 1993; Saxton, 1997; Barney, 1991; Das & Teng, 2003)
17	Legal Structure	(Parkhe, 1993)
18 (19)	Definition of Rights and Duties	(Hoffmann & Schlosser, 2001)
19	Conflict Resolution Mechanism	(Todeva & Knoke, 2005)
20	Frequent Interaction	(Parkhe, 1993)
21	Time Horizon	(Parkhe, 1993)
22	Termination	(Hoffmann & Schlosser, 2001)
23	Top Management Support	(Hoffmann & Schlosser, 2001)
24	Resource Contribution (contributing strengths, finding complementary resources, achieving synergies)	(Hoffmann & Schlosser, 2001; Das & Teng, 2003)
25	Alliance Objectives and Business Strategy Fit	(Hoffmann & Schlosser, 2001; Todeva & Knoke, 2005)
26 (27)	Firm Similarities	(Saxton, 1997; Todeva & Knoke, 2005)
27	Cultural Fit	(Saxton, 1997; Hoffmann & Schlosser, 2001)
28	Strategic Interdependence	(Todeva & Knoke, 2005; Das & Teng 2003; Hoffmann & Schlosser 2001)
29	Capacity to Learn	(Hoffmann & Schlosser, 2001; Todeva & Knoke, 2005)
30	Protecting Resources	(Hoffmann & Schlosser, 2001)
31	Quick and Measurable Results	(Hoffmann & Schlosser, 2001)
32	Review of Alliance Performance	(Hoffmann & Schlosser, 2001; Doz, 1996)
Extension of framework		
B	Brand	(Empirical finding)
C	Owning the Customer	(Empirical finding)
D	Customer-Supplier Relation	(Empirical finding)

Table 3. Summary of critical success factors, including new empirical findings

5.5 Managerial Implications

Some of the empirical findings were not in line with what was indicated in theory and consequently the basis of the framework. These are synthesized below.

- Since collaborations are viewed as a way of obtaining innovation from the operators' perspective, it could be wise to consider collaborating with partners where there is a change of obtaining radical innovation, since it now seems to be limited to more incremental innovation.
- From an innovation perspective, a higher risk taking would be beneficial.
- The operators already work with understanding the customers user patterns, they acknowledge the need to become better and since it is difficult to follow the customer needs when it comes to services (because it is harder for the customer to express the needs) it is important to become even better at this since it is a potential strength. The operators can segment their customers very well so the fact that they often look for partnerships to take out broadly (e.g. Spotify) is a bit contradictory. There is definitely potential in developing this capability further.
- Even though the operators seem to be well aware of the commodity trap, there are many indications that they are in fact caught in it.
- It could be beneficial for the operators to actually locate lead users and involve them in a higher degree since they can point out where the development is heading. Von Hippel also states that the involvement of lead users is particularly important in fast-paced industries.
- Increasing the customer engagement throughout the entire development process, and not only at the very beginning, could also be beneficial.
- The degree of shared-decision making and frequency of interaction in the collaborations could be increased in order to improve the perceived involvement in the partnership. However, it does seem to work fine without it in real life.
- It does not appear to be important to have firm similarities between the collaborating companies due to the limited contact surface.
- There seems to be a power imbalance in the studied collaborations, but there are also ways of decreasing such imbalance, such as the badwill that would arise if Telia would discontinue the Spotify partnership.
- The excessive agreements and NDA hinders the openness and sharing of information and knowledge in the partnerships.

6 Conclusions

The results of the study are summarized in this chapter. It is followed by a discussion of the study's validity, focusing on the aspects of integration, relevance, and explanatory power. Thereafter, suggestions for future research are presented.

6.1 Results

The purpose of the study was to increase knowledge of what factors that affect collaborations between operators and content providers in the telecom industry. This resulted in a theoretical framework listing the key success factors for collaborations from an innovation perspective. The aim was to refine and expand the framework by an empirical study, which also was the case since four new success factors emerged from the interviews. The new expanded framework is found in Table 3 (in Chapter 5). After the empirical study, some of the original theoretical factors, such as Managing Intellectual Property and Conflict Resolution Mechanism, were not perceived to be sufficiently essential why these were incorporated into similar factors. Among the original factors, 19 were perceived as important in both the theoretical and empirical studies. Two of these were merged with adjacent factors, leaving the new total at 17 factors. Together with the four new ones, these 21 factors are considered to be the critical success factors in collaborations between operators and content providers, see Table 4 below. The factors are not listed in order of precedence.

Key Success Factors	
Commodity Avoidance	Opportunism
Customer Engagement	Definition of Rights and Duties
Customer User Pattern	Legal Structure
Development Works	Termination
Venture Capital Insight	Resource Contribution
Partner Effect on Business Model	Quick and Measurable Results
Bias for Action	Review of Alliance Performance
Change Leadership	Alliance Objectives and Business
Trust	Strategy Fit
New Success Factors	
Willingness to Pay	Owning the Customer
Brand	Customer/Supplier Relation

Table 4. Success Factors

The Willingness to Pay was found to be a critical factor and could perhaps be explained by the fast pace of the industry and high degree of uncertainty. Both within the collaborations but also regarding what direction the customers might

take. In a way, it is surprising that operators do not look more to lead users since these could help them to find the right direction. Increasing the willingness to pay would be beneficial from a pure revenue perspective. Since many of the collaborations are evaluated on financial performance, this could open up for more partnerships within the industry.

The ownership of the customer is also important. The operators want to incorporate new services in their offer, but never by letting go of the customer ownership. If that really is beneficial for the collaborations in total can be questioned, but it is important to the operators to keep the customer. Therefore, Owning the Customer was also added as a key success factor. Osterwalder's (2010) research on business model innovation could help to shed light on this factor as well as on the previous factor of Willingness to Pay.

Brand also emerged as an important factor, and the importance goes both ways. The operators own brand needs to be strengthened and protected, and the content providers need to have a strong brand as well. Brand is a potential source of sustainable competitive advantage, which seems to strongly be the case in this particular industry and explains its importance. Digging further into brand management theory, such as Kapferer (2008) and Aaker (1996), could help clarify the structure of these matters. White labeling services and producing them in-house seem to be a declining trend, which speaks in favor of collaborations.

The fourth new factor is termed Customer-Supplier Relation and is in way a contradictory finding. All the studied collaborations are referred to as partnerships but it often comes down to being much more of a pure market relation, where the operators are the customers and the content providers suppliers of the services. This is perhaps a direct consequence of the short time horizon. If this is the direction in which the collaborations are heading, it resembles more a pure purchasing process. This relates to supply chain management literature and the work of Mentzer et al. (2000) regarding partnerships in this area could give deeper insights.

When looking at the factors that existed in theory, such as the factor of Frequent Interaction, it was found that the interaction between the two parts was not so frequent, which probably has increased the importance of personal relations where you must be able to trust the other part. This is a part of the explanation to why Trust was perceived as being a key success factor. Since the collaborations in the telecom industry have a relatively short-term perspective, this certainly has an impact as well. It is probably so that collaborations with a longer time horizon fulfill various of the factors that were not perceived as important in these collaborations, such as Time Horizon, Non-Recoverable Investments and Strategic Interdependence, to name a few. Correspondingly, factors such as Bias for Action, Termination and Definition of Rights and Duties might be factors that are more important in a shorter time horizon. Slightly surprising, factors such as Capacity to Learn, from the

organizational learning perspective, was not perceived as important. Since partnerships give access to new resources and capabilities, it should be something that the partnering firms try to assimilate. Limited learning ambitions and interaction between the partnering firms also speaks in favor of a more shortsighted view. It would be interesting to see what commitment in such factors, and more investments in the partnerships, would do for the success of the collaborations.

From the problematization discussion in the beginning of the study, it was clear that the operators are struggling with stagnating revenues and increased investments in infrastructure. When Chesbrough (2011) describes how companies should move away from a product focus and towards a service focus in order to avoid the commodity trap, outside knowledge and open innovation are important factors for success. Together with alliance literature describing the possible benefits from partnerships this led to the purpose of this study, to get a better understanding of collaborations between operators and content providers. The theoretical framework together with the empirical findings have resulted in a better understanding of what partnerships between operators and content providers look like, both according to input and output in the process but also what the different parts are looking for and what they contribute with. In sum the partnerships from the cases studied are built on rigorous contracts that once in place do not leave much room for negotiation and development. There is also a clear pattern of what resources that are contributed from the different parts. The operator provides the distribution and marketing and the content provider new technology and new concepts.

The operators are looking for new technology and innovation through the collaborations since they no longer have the same amount of in-house development as they used to have. This seems to be a consequence of trial-and-error where the operators have developed their own services but found it costly and hard to achieve the desired goals. Because of the operators' unwillingness to risk-taking in the partnerships, it might prevent the achievement of radical innovations. When operators find it suitable to enter a partnership it can be difficult to find both new technology and a new business model and as a result of this the partnerships end up leading to more incremental or semi-radical innovations. Since a company should have a mixture of the three types of innovation in order to be successful, and if the purpose is to find radical innovations through the partnerships, it can be hard to achieve the radical innovations through these types of partnerships. From the empirical findings the new factor Customer-Supplier Relation emerged, which means that the partnerships show signs of being more of a purchasing process rather than a close relationships. From the open innovation literature, in order to achieve innovation, it is important to continuously share knowledge and information between partners. The empirical findings show that so might not be the case, which further could limit the innovation potential. A possible solution could be either to look for innovation somewhere else or try to develop the partnerships into closer relationships including joint development. However, according to what resources

the involved parts contribute it seems as though they are satisfied with the partnerships. The operators have indicated the benefits of reduced churn and increased revenues and the content providers are able to reach out to more customers. But in order for the partnerships to help avoid the commodity trap, it would be preferable to create a plan for how to meet the problems with customers' unwillingness to pay and the possibility for customers to choose other services such as VoIP. This would also open up for better possibilities of owning the customer, which could be beneficial for the operators since it would give them the opportunity of being closer to their customers and appear as more important for the customers. If that can be done it will create more value for the customer and in the long-run open up for increased revenues and less focus on costs.

6.2   Validity Discussion

As previously mentioned in Chapter 3 (Methodology) three different aspects regarding validity are considered; integration, relevance and explanatory power (Glaser, 1978). Integration describes how theoretical constructs and components are relevant and inter-related. The integration of theoretical constructs and components was based on the theoretical framework and on the empirical findings. The proposed framework suggests that in order to find innovative solutions from partnerships it is central to understand both innovation and alliance strategies since they complement each other. It can therefore be concluded that the theories from innovation and alliance strategy are relevant in order to explain what factors affect interfirm collaborations in the telecom industry.

Relevance describes the importance and utility of the results. The framework will hopefully provide a relevant approach to innovation in alliances. Both within the telecom industry but also in other industries influenced by technology and characterized by rapid change. Since the framework is based on the Swedish telecom industry with a few large players (operators) it might be applicable within other industries with features of oligopolistic behavior. The Swedish telecom industry has its roots in an old monopolistic market, which could limit the possibility to use the framework in industries that resemble more of a free market. There may also be limited use in service sectors in general, because not all industries are under the same fast change and in the same need of innovation. The framework is mainly developed for students and researchers within the field of strategy, innovation and the industry. Hopefully, it will also be useful for people working within the telecom industry.

Explanatory power can be seen as the workability of the research and is best determined by the comparison of related theories and research. The explanatory power of the framework presented in this study compared to existing frameworks is mainly related to the cross-disciplinary innovation and strategy approach and the possible benefits and insights that emerge from that combination. From the alliance literature different perspectives are combined such as organizational learning,

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transaction cost theory and resource-based view, which hopefully will increase the strength of the findings. Parts of the innovation literature describes collaborations in different ways but not how these collaborations should look like or what they should contain in order to work. Therefore it is suggested that higher explanatory power can be found in a deeper understanding of how collaborations can appear in order to create innovative solutions. This would further strengthen the reason to merge innovation and alliance literature in the framework. The innovation literature is in turn applicable and important because the telecom industry is under rapid change and the companies must become better and faster at developing new ideas.

6.3   Future Research

This study has been limited to collaborations within a particular industry and market. Even though including all major players in the telecom industry, it would be interesting to broaden the research empirically. Either to another market, both within the Nordic region or other front edge markets such as perhaps the American or Japanese markets. Another direction would be to look at other industries within the Swedish market to see what similarities and differences that could exist. Yet another option is to expand the study theoretically. There are new empirical findings that suggest that other theoretical perspectives, such as marketing and brand theories (such as Kapferer (2008) and Aaker (1996)), would be meaningful to include in the theoretical framework and tested empirically. Another such theoretical approach would be to include more theory regarding business model innovation, such as Osterwalder's (2010) work. A financial perspective has also emerged as an interesting direction to investigate further, that is, what are the actual costs and revenues from the collaborations? Looking into how the collaborations impact the general revenue streams of the operators and content providers in order to ascertain the financial impact and importance of the partnerships.

Although there were factors in the framework that were not considered to be important in this particular study, in order to actually determine whether or not they should be included in the framework, a statistical study could performed. That would make it possible to exclude some of the factors in the framework, which can only be done through a statistical study. Doing a statistical questionnaire and including more content providers and/or people at the operators would be interesting in order to see if and how the results would differ compared to this study.

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Appendix I

Intervjuguide

• Berätta lite kort om vilka vi är, utbildning, etc.
• Syftet med intervjun, som är att få en uppfattning hur ni jobbar med samarbeten (eftersom vi generellt vill se hur det ser ut i branschen med vad som gör att ett samarbete går bra) - med tredjepartsföretag, specifika samarbetet med X. Och om innovationsarbetet.
• Hur det ska användas: Intervjun som underlag i exjobbet, Vi kommer intervjua samtliga fyra (Tele2, Tre, Telenor, TeliaSonera) i uppsatsen eftersom vi vill skapa en generell modell/bild snarare än något operatörsspecifikt. För att kunna genomföra uppsatsen så har vi fått sponsring vilket praktiskt resulterar i att uppsatsen kommer att göras om till en kortare rapport.
• Undrar du något speciellt?
• Kan vi spela in intervjun?

• Berätta kort om din position på Företaget, vad du gör där, etc.

Innovation, allmänt
• Vad är innovation i den här branschen?
• Hur tjänar man pengar på det?
• Vad förknippar du med innovation?
• Hur arbetar ni med innovation?
• Var i organisationen kommer initiativen till att arbeta med innovation?

Innovation, faktorer
• Hur ser processen ut för framtagandet av nya tjänster? (Development Work, Innovation Risk Attitude)
• Vilket engagemang finns från olika parter i denna process? (Development Work)
• Kan du inte berätta lite om hur ni arbetar med att integrera nya tjänster i bolaget vem som ansvarar för det? (Change Leadership)?
• Hur involverar ni kunden i samband med framtagandet av nya tjänster och samarbeten och hur uppfattar ni kundens kunskap? (Customer User Pattern)
• Hur fångar ni upp kundens behov?(Customer Engagement)
• Hur arbetar ni med att få kunden att stanna? (Commodity Avoidance, Development Work)
• Vad gör ni med idéer gällande nya tjänster som kommer upp inom organisationen?(Change Leadership, Development Work)

- Var anser ni att den bästa kunskapen finns vid framtagandet av nya tjänster? Hur arbetar ni med att styra den? (Lead Users as Innovators, Development Work)
- Vad är er inställning till venture capital-bolag och vad har ni för kontakt med denna typ av verksamhet? (Venture Capital Insight)
- Hur arbetar ni med immateriella rättigheter? (Managing Intellectual Property)

Samarbeten, allmänt

- Hur ser ni på samarbeten? (Denna typ av samarbeten i branschen?)
- Hur viktiga är samarbeten?
- Vad är viktigt i samarbetet? Vad behöver "finnas" för att det ska gå bra?
- Varför ingår ni i samarbeten?
- Specifikt detta samarbetet? Vad är bakgrunden/anledningen till det?
- Kan du berätta om det specifika samarbetet? (Hur väljer ni partner? Vad går ni på?)

Samarbeten, faktorer

(Resurser: materiella (lokaler, maskiner), immateriella (patent, licenser), finansiella (cash), HR (anställda))

- Vilka resurser bidrar ni med? (Resource Contribution)
- Vilka resurser söker ni hos samarbetspartnern? (Resource Contribution)
- Hur förhåller sig dessa till (de resurser partnern bidrar med) varandra? (liknande, kompletterande) (Resource Contribution, Firm Similarities)
- Hur lika är företagen med avseende på marknadsföring, informationssystem, struktur, teknik, kunder, kultur, HR**?** (Firm Similarities, Cultural Fit)
- Hur hänger samarbetets mål ihop med företagets övergripande strategi? Partnerns strategi? (Alliance Objectives and Business Strategy Fit)
- Vilken är den största fördelen med er om man sätter det i relation till den samarbetande parten? (Bias for Action)
- Hur påverkar samarbetet er affärsmodell? (Vilka är de kritiska delarna i en affärsmodell?) (Partner Effect on Business Model)
- Jobbar ni något med innovation av affärsmodellen? (Commodity Avoidance, Partner Effect on Business Model)
- Hur mäter ni samarbetets resultat? Behöver det vara snabba resultat? (Quick and Measurable Results)
- Hur utvärderas alliansens resultat? görs det löpande? (Review of Alliance Performance)
- Hur ser lärandet/kunskapsöverföringen ut mellan företagen? (har ni någon uttrycklig avsikt att lära av varandra, hur görs det) (Capacity to Learn)

- Finns det några skyddsmekanismer mot att "dela för mycket"? (Protecting Resources)
- Vad är viktigt för en välfungerande relation? (Allmänt, be dem konkretisera)
- Hur är förtroendet i dessa samarbetet? Hur uppnår man förtroende? (Trust)
- Upplever ni att det finns någon risk för att samarbetspartnern vänder kappan efter vinden och gör vad som för tillfället gagnar deras intressen bäst? Som att de undanhåller information, lever inte upp till vad de lovat, utnyttja partnerns teknik eller nyckelpersoner, sena betalningar. Hur motverkar ni den risken? (Opportunism)
- Hur noga är skyldigheter/åtaganden (input) och rättigheter (till output) definierade? (Definition of Rights and Duties)?
- Om det uppstår konflikter, hur hanterar ni dem? (Conflict Resolution Mechanism)
- Vad har ni för legal form på samarbetet? Förändring över tid? (Legal Structure)
- Hur är det ömsesidiga beroendet mellan parterna? Behöver man varandra lika mycket? Maktobalans? (Strategic Interdepence)
- Hur fattas besluten i samarbetet och av vem? (Shared Decision-Making)?
- Hur frekvent interagerar ni? Och på vilket sätt? (Frequent Interaction)
- Hur involverade är top mgmt/mellanchefer i samarbetet? (Top Management Support)
- Gör ni några "oåterkallerliga" (sunk cost) investeringar? (Non-Recoverable Investments)?
- Vad är det för tidshorisont ni har med samarbetet? (Time Horizon)
- Redan satt och bestämt när det slutar? (Termination)
- Hur påverkar samarbetspartnerns rykte er inställning till att gå in i samarbetet? (Reputation)
- Har ni någon gemensam värdegrund/riktlinjer/kulturtanke? (Cultural Fit)
- Är det något som vi har missat att ta upp, eller något du vill tillägga angående vad som är viktigt för samarbeten?