Abstract

Within changing value networks, the profits and competitive advantages of participation reside dynamically at control points that are the positions of greatest value and/or power. The enterprises that hold these positions have a great deal of control over how the network operates, how the benefits are redistributed, and how this influences the execution of a digital business strategy. This article is based on a field study that provides preliminary, yet promising, empirical evidence that sheds light on the dynamic cycle of value creation and value capture points in digitally enabled networks in response to triggers related to technology and business strategy. We use the context of the European and U.S. broadcasting industry. Specifically, we illustrate how incremental innovations may shift value networks from static, vertically integrated networks to more loosely coupled networks, and how cross-boundary industry disruptions may then, in turn, shift those to two-sided markets. Based on our analysis we provide insights and implications for digital business strategy research and practice.

Keywords: Control points, incremental innovation, disruptive innovation, digital business strategy, value network