Resource Reconfiguration in an Emerging Industry:
A Case Study of Ericsson in The Emerging Internet of Things (IoT)

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ABSTRACT

It is well established in the literature, when exploring opportunities in new markets firms engage in resource reconfiguration activities in which firms modify their resource base to meet the new requirements (1) (2). Although early studies acknowledge that resource reconfiguration is socially complex and dynamics (3), the empirical studies to illustrate how reconfiguration strategy evolve across time and the underlying mechanisms that drive these changes are scarce. Through an inductive case study of Ericsson's journey in pursuing emerging opportunities in the IoT industry, this study aims to investigate the complex process of incumbents' resource reconfiguration in emerging industry and how the ambiguities regarding the future of the industry influence reconfiguration decisions. In addition, this study intends to make theoretical contributions to resource orchestration literature (4) by highlighting the role of managers in orchestrating internal and external resources, and by uncovering the complexities faced by managers when coordinating resources between the core and emerging businesses.

INTRODUCTION

This study explores how a large and established firm reconfigures its resource base to pursue opportunities in emerging industries by addressing these questions:

1) How reconfiguration strategy evolves across time? and What are the drivers and the underlying mechanisms of such change?

2) How managers reconfigure resources of the firm's core and emerging business? And what are the managerial capabilities required to successfully reconfigure the firm's resource base?

METHODOLOGY

The study will be conducted in two level of analysis:

- **Firms level**

An Inductive and longitudinal (single) case study for theory building. Data collection from 2012

- **Programs (i.e. project) level**

Multiple-case studies of Ericsson's initiatives in IoT

(i.e. Smart Manufacturing, Smart Utilities, Smart city, and Connected Vehicle)

- **Data Sources**

Interview

Direct Observation

Internal Documents

Published Reports

PRELIMINARY FINDINGS

1. Different Phases of Ericsson's Resource Reconfiguration Strategy for IoT Industry

Phase I: 2012 – Mid 2014

Motivation
Leverage core assets for new application areas

Aspirational Performance
Core business:
Advancement mode
Emerging business:
Some initial success

Future Interpretation of IoT
Technology: Connectivity as the foundation of IoT
Market: Operators are not fast enough in IoT Market

Reconfiguration Activity
Co-deployment of resources, Internal recombination

Phase II: Mid 2014 – Mid 2016

Motivation
Transformation from single industry to multiple industry portfolio

Aspirational Performance
Core business:
Advancement mode
Emerging business:
Some initial success

Future Interpretation of IoT
Technology: High degree of technology & ecosystem fragmentation
Market: Operators' position in value chain is not clear

Reconfiguration Activity
Acquisition, Alliances with industry partners, Resource redeployment

Phase III: Mid 2016 – Nov. 2017

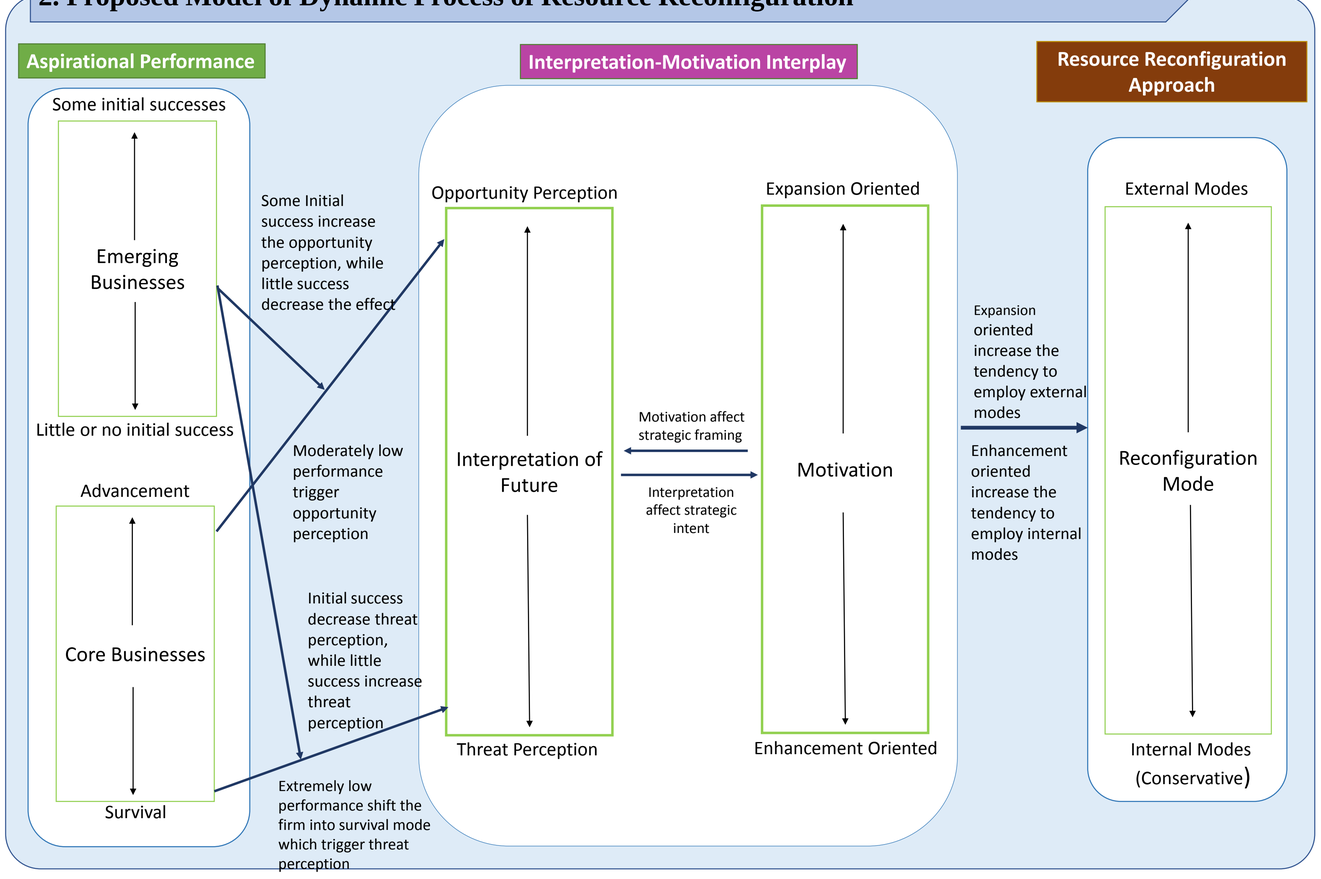
Motivation
Secure and strengthen core businesses, while pursuing new profitable growth area

Aspirational Performance
Core business:
Survival Mode
Emerging business:
Low initial success

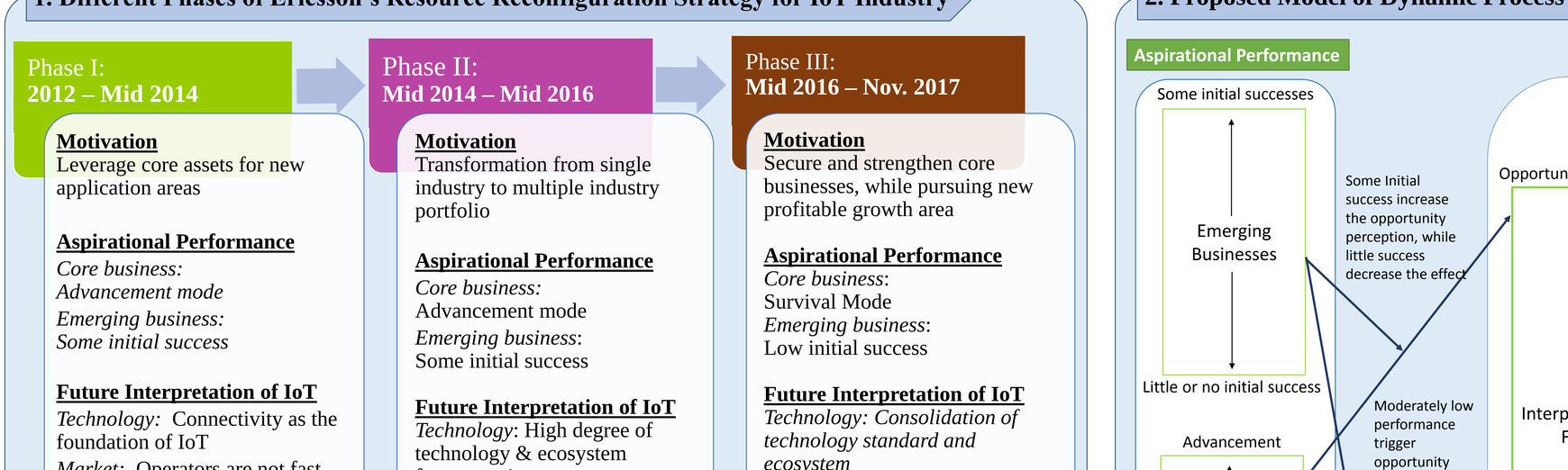
Future Interpretation of IoT
Technology: Consolidation of technology standard and ecosystem
Market: Increased focus on IoT from the Operators

Reconfiguration Activity
Resource co-deployment, Alliances with operators and other players in the ecosystem

2. Proposed Model of Dynamic Process of Resource Reconfiguration



3. Multi-Sided Resource Orchestration



NEXT STEPS

1. Investigate multiple motivations and interpretations of future among different business units and its relations to business unit-level reconfiguration and firm-level reconfiguration
2. Compare and contrast managerial actions in relation to reconfiguration activities among the four IoT initiatives in Ericsson

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