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 (11,7). Although early studies acknowledge that resource reconfiguration is socially complex and dynamics (5), 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 (10) 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?

PRELIMINARY FINDINGS

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

**Phase I: Mid 2012 – Mid 2014**
- **Motivation:** Leverage core assets for new application areas
- **Aspirational Performance:** Core business: Advancement mode
- **Future Interpretation of IoT:** Technology: Connectivity as the foundation of IoT
- **Reconfiguration Activity:** Core business: Advancement mode

**Phase II: Mid 2014 – Mid 2016**
- **Motivation:** Transformation from single industry to multiple industry portfolio
- **Aspirational Performance:** Core business: Advancement mode
- **Future Interpretation of IoT:** Technology: High degree of technology & ecosystem fragmentation
- **Reconfiguration Activity:** Core business: Advancement mode

**Phase III: Mid 2016 – Nov. 2017**
- **Motivation:** Secure and strengthen core businesses, while pursuing new profitable growth area
- **Aspirational Performance:** Core business: Survival Mode
- **Future Interpretation of IoT:** Technology: Consolidation of technology standard and ecosystem
- **Reconfiguration Activity:** Core business: Advancement mode

2. Proposed Model of Dynamic Process of Resource Reconfiguration

**External Modes**
- Environment and external threat
- Environment and external opportunities

**Internal Modes**
- Resource co-deployment

**Internal Modes**
- Resource re-configuration

**Motivation**
- Opportunity Perception
- Threat Perception

**Interpretation:Motivation Interplay**
- Interprettion of Future
- Core Business
- Emerging Business

**Reconfiguration Approach**
- Resource reconfiguration

3. Multi-Sided Resource Orchestration

**IoT Ecosystem**
- Telekom Operators
- Device Manufacturers
- Application Partners
- Telecom Operators
- Application Partners

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

REFERENCES