

Case Summary

Advantech: Evolution of its IoT Ecosystem Strategy

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Abstract

This case describes why and how Advantech Co., Ltd. (hereinafter referred to as Advantech) has transformed in the age of the Internet of Things. Aware of the ecosystem attributes of the IoT industry and committed to the company's principle of "altruism", Advantech strategically positioned itself as an "IoT platform provider" and an "enabler" for IoT applications. After carrying out a reform in terms of internal management, external cooperation, and development model, Advantech has evolved from an industrial computer maker to an IoT solution provider. Since the launch of the "co-creation model" at the end of 2016, Advantech has drawn attention from many excellent companies in traditional industries. With the Internet of Everything close at hand, Chairman KC Liu is well aware there are many challenges to overcome as Advantech strives to build an industrial IoT ecosystem, the "evolution" continues...

Case discussion will be carried out based on the three-step analysis for ecosystem strategy (seeing the ecosystem—choosing your position—winning the game) proposed by Ron Adner. Students will have a close look at the critical decisions made by Advantech as it made inroads into the ecosystem of IoT as well as its organizational transformation and exploration as the company implemented strategic decisions. Through this case, students will not only learn about the latest development of this emerging industry, IoT, but also gain a systematic understanding of "ecosystem strategy" and get to know a new corporate growth model called "co-creation".

Teaching Objectives

The core objective of this case is to introduce students to ecosystem and ecosystem strategy step-by-step and build their all-round capacities for industry analysis, strategic thinking and business model evaluation by carrying out multi-dimensional analyses of the choice and implementation of corporate ecosystem strategies; the analyses will adopt the three steps of analyzing the ecosystem strategy and other theories and tools. Questions for discussion will also be arranged to serve this core objective. Specific goals of this course are as follows.

1. Identify the ecosystem: How to analyze the complicated industrial network and value network from a cross-industry and cross-sector perspective so as to identify the ecosystem;
2. Analyze the ecosystem: Advantages and differences of the ecosystem compared with the vertical industry structure; why did Advantech choose the ecosystem strategy; how to promote the development of eco-clusters;
3. Analyze the ecosystem strategy adopted by Advantech at each stage through diversified and innovative analytical tools so as to develop students' capacities for strategic thinking and analysis;

4. Look deeper into the “co-creation” model of Advantech, identify its potential problems and risks and find solutions so as to develop students’ capacity for business model evaluation.