

Index

- adoption and conversion funnel, 214, 213
- advertising, as revenue mechanism, 174
- affordances, 208, 214
- Age of Mass Collaboration, 36
- AI. *See* artificial intelligence
- AIA. *See* America Invents Act
- Airbnb, 205–206, 209–210
- algorithmic bias, 85, 86
- algorithms, as digital goods, 90–91
- Alliance for Telecommunication Industry Solutions (ATIS), 136
- Amazon
 - digital disruption of book market by, 42
 - Kindle device, 44
 - e-books platforms, 146, 146
 - patents for, 235–238
- America Invents Act (AIA), US (2012), 235
- analog knowledge, 3
- analog markets, digital disruption in, 19
- anchoring, as cognitive bias, 79
- anything-as-service revenue mechanism, 176
- Apple, 131
 - alternative digital music ecosystem for, 225
 - e-books and, 49–51
 - Epic Games litigation and, 154–155
 - iTunes, 225
 - network competition and, 132
 - technical systems for, 118–119
- AR. *See* multiplayer augmented reality games
- Arab Spring movement, 38
- architectural strategies, 222–227
- ARPANET, 26–27, 29
- artificial intelligence (AI), 86
 - machine decisions and, 84–85
 - machine learning and, 86
- Assange, Julian, 38
- assets. *See* data assets
- asymmetric information, 86
- ATIS. *See* Alliance for Telecommunication Industry Solutions
- audiobooks, 44–45
- authority, managerial, 160, 166
- autonomous trucking industry, 261, 260
- availability, as cognitive bias, 79
- average costs, 58–59, 64
- Baran, Paul, 25
- Barnes & Noble, in book market, 42–46
 - e-commerce for, 43–46
 - expansion of, 43–44
 - the Nook, 44
 - financial statements for (2008–2013), 52
- behavioral uncertainty, 7–8, 11
- beta users, 204, 214
- Bezos, Jeff, 42, 47, 235–238. *See also* Amazon
- bias. *See also* cognitive bias
 - algorithmic, 85, 86
- blockchain platforms, 118–119
- Bluetooth SIG, 136
- book market, digital disruption of, 42–51
 - Amazon and, 42
 - Kindle device, 44
 - audiobooks, 44–45
 - Barnes & Noble, 42–46
 - e-commerce for, 43–46
 - financial statements for (2008–2013), 52
 - book unit sales (2004–2015), 45
 - Borders books, 48
 - e-books
 - annual sales revenue for, 53
 - Apple and, 49–51
 - Barnes & Noble and, 43–46
 - ecosystem for, 47–48
 - increased market competition for, 45–46
 - pricing controversies for, 48–51
 - profit & loss for, 50
 - e-reader devices
 - early versions of, 47–48
 - Kindle device, 44
 - Rocketbook, 47
 - profit & loss for paper books, 50
 - Borders books, 48
 - boundary objects, 4–5
 - Brand, Stewart, 3, 117
 - break-even costs, 64
 - in business models, 184–185
 - in information production, 58–59
 - break-even scale, 188–189
- B2B markets. *See* digital innovations, business-to-business markets
- business ecosystems, 189
- business model design. *See* digital business model design
- business models. *See also* digital business model design; digital business models
 - case study, 185–188
 - competitor grid in, 186
 - value proposition in, 185–186
 - definition and scope of, 22

- business models (cont.)
 - for digital twins, 106–107
 - customers' willingness to pay, 106
 - incentive compatibility with users, 106–107
 - products for scale, 106
 - versioning and, 106
 - ecosystems for, 180–182
 - framework for, 182–188
 - break-even scale assessment, 184–185
 - price–cost margin, 184
 - revenue mechanisms, 182–183
 - scalability of innovation, 184
 - Total Addressable Market, 184
 - willingness to pay, 182–183
 - for information goods, 104–107
 - incentive compatibility with users, 104–106
 - product systems for scale, 104
 - willingness to pay in, 104–105
 - for Spotify, 243–244
 - theoretical approach to, 180–182
- business-to-business (B2B) markets, 171–172
- buyer matching, for digital platforms, 140
- California Consumer Privacy Act (CCPA), US, 98
- Calveley, Peter, 237
- Camp, Garrett, 189–190. *See also* Uber
- car sharing services. *See* Lyft; Uber
- CCPA. *See* California Consumer Privacy Act
- cellular networks, in mobile telecommunication systems, 32
- centralized networks, 25, 41
- Chesky, Brian, 209
- chicken-and-egg problem, 143–147
- cloud computing, 30–31, 41
- coevolution of technology, 29–30, 41
- cognitive bias
 - definition of, 86
 - human judgment and, 81–84
 - manipulation of, 82–83
 - online news consumption and, 81–84
 - of fake news, 83–84
 - manipulation in, 82–83
 - theoretical approach to, 78–80
 - types of, 79
 - valuation of information and, 80–81
 - for asymmetric information, 81
 - Curse of Knowledge, 81
 - willingness to pay and, 81
- communication networks. *See also* internet; next-generation communication networks
 - enhanced mobile broadband, 256
 - historical evolution of, 24
 - massive machine-type, 256–258
 - ultra-reliable low-latency, 256
- communication standards
 - competitive development and, 135–136
 - cooperative development of, 136–137
 - for intellectual property, 137
 - for mobile phone communications, 135
 - openness of networks moderated by, 134–137
 - origins of, 134–135
 - under Radio Act of 1912, 135
 - “standards war” in, 135–136
- Compaq computers, 30–31
- compatibility
 - in digital platforms, 143
 - network competition and, 131
 - between systems, 138
- competition. *See also* network competition
 - for Uber, 193–194
 - Lyft as, 193–194
 - value proposition and, 172
- competitive standard development, 135–136, 138
- complementary products, technologies, or services, 216, 227
- computer games. *See* Epic Games
- computers. *See also* mobile computing
 - personal
 - Compaq computers, 30–31
 - internet and, 29–30
 - as technical systems, 118
- confirmation bias, 79
- contracts. *See* employment contracts; market contracts
- cooperative standard development, 136–138
- Copyright Term Extension Act, US (1998), 229–230
- copyrights, 228–234
 - under Copyright Term Extension Act, 229–230
 - under Digital Millennium Copyright Act, 229–231
 - Digital Rights Management systems, 231
 - evolution of US regime, 231–234
 - inducement doctrine, 233
 - in peer-to-peer file sharing systems, 232–234
 - Sony Corporation, 231–232
 - exclusive rights under, 229, 240
 - infringement of, 230–231
 - indirect, 230
 - vicarious, 230–231
 - medium of expression and, 229
 - under Music Modernization Act, 234
 - original expression and, 240
 - of original works, 229
 - under Preventing Theft of Intellectual Property Act, 230
 - under Stop Online Piracy Act, 230
- cost leadership, in information production, 62–63
 - for competitive sellers, 63
- costs. *See also* break-even costs
 - average, 64

- break-even
 - in information production, 58–59
- break-even scale and, 188–189
- in digital business models, 168
- of fake news, 84
- fixed, 64
 - for information production, 58
- increasing returns to scale and, 64
- marginal, 64
 - for information production, 58–60
 - personalized pricing and, 68
- price–cost margin, 189
- search, 147
- structure of, 178
- switching
 - definition of, 127
 - lock in for, 126
 - network competition and, 133
 - as network strategy, 124–126
- total, 64
 - for information production, 58
- transaction, 147
 - price discrimination and, 67
- variable, 64
 - for information production, 58
- Cote, Denise L., 49–51
- Craigslist, 205–206
- credence goods, 96–97, 100–101
- cross-side network effects, 143, 147
- crowd-based capitalism, 190
- Curse of Knowledge, 86
- customer acquisition, in digital business model
 - design, 201–207
 - for digital innovators, 202
- DARPA. *See* Department of Defense Advanced Research Projects Agency
- data, inalienability of, 101
- data assets. *See also* digital twins
 - commercialization of, 96–100
 - of credence goods, 96–97
 - data value chains in, 97–98
 - excludability in, 100
 - of experience goods, 96–97
 - of intermediate goods, 96–97
 - strategic approaches to, 97
- devices and instruments for, 89
 - Internet of Things, 89
- digital transformation of, 89
- multiple uses of, 88
- theoretical approach to, 88–90
- data collection
 - under California Consumer Privacy Act, 98, 100
 - devices and instruments for, 89
 - Internet of Things, 89
 - under General Data Protection Regulation, 98, 100
 - multiple uses of, 88
 - theoretical approach to, 88–90
- data engineers, 96
- data goods, 90, 100–101
 - production and operation of, 91
- data harvesting, as revenue mechanism, 174
- data liberation, 95
- data scientists, 96
- data value
 - in commercialization of data assets, 97–98
 - creation for, 90–92
 - inalienability of, 98
- decentralized networks, 25, 41
- Department of Defense Advanced Research Projects Agency, 26–27. *See also* ARPANET
- design thinking, 208–209, 214
- designs, as intellectual property, 228
- differentiation strategies
 - definition of, 64
 - for digital innovation ecosystems, 219, 218
 - in information production, 58, 60–62
 - excludability as, 62
 - market power in, 60
 - monopolistic sellers, 61
- digital, definition of, 11
- digital business innovation, 3, 11. *See also* business models
 - analytical framework for, 39–41
 - behavioral uncertainty in, 7–8
 - boundary objects and, 4–5
 - challenges of, 6–8
 - generativity in, 7–8
 - historical development of, 4–6
 - market uncertainty in, 7
 - social construction of technology in, 7
 - technical uncertainty in, 7
 - theoretical approach to, 3–4
 - total cross-sector technology flows, 5–6
 - transition from mechanical technologies, 5
- digital business model design, 201–207
 - Airbnb, 205–206, 209–210
 - Craigslist, 205–206
 - customer acquisition, 201–207
 - for digital innovators, 202
 - design thinking in, 208–209
 - Dropbox, 204–205, 211
 - beta users, 204
 - viral marketing by, 205
 - ecosystem development in, 212–213
 - adoption and conversion funnel in, 213
 - through experimentation, 207–212
 - affordances in, 208
 - lean concept, 208
 - refutable hypothesis in, 210
 - social construction, 207
 - statistical power from, 210–211
 - GiveGab, 206–207

- digital business model design (cont.)
 - market segmentation in, 202–207
 - for business users, 203
 - go-to-market strategies, 202
 - for individual users, 203
- digital business models. *See also* revenue mechanisms
 - cost structures, 168
 - definition and scope of, 178
 - for digital twins, 106–107
 - customers' willingness to pay, 106
 - incentive compatibility with users, 106–107
 - products for scale, 106
 - versioning and, 106
 - Metcalf's Law, 170
 - for newspaper digital revenues, 111–114
 - scope of, 168
 - value configurations for, 168, 169
 - exceptional, 168–171
 - value networks in, 170
 - value propositions in, 168
 - value shops, 169–170
- digital businesses, products and services for, 4.
 - See also* business models
- digital competition, from disruptive innovation, 20–21
- digital disruption. *See* disruption
- digital economies, evolution of, 264–267
- digital goods, algorithms as, 90–91
- digital innovations. *See also* digital business innovation
 - architectural strategies for, 222–226
 - for business-to-business markets, 171–172
 - complementary products, technologies, or services, 216
 - customer acquisition and, 202
 - ecosystems for, 181
 - architectural strategies for, 222–226
 - differentiation strategies, 219, 218
 - input supply in, 224
 - monopsony of end users, 224
 - profit margins, 221–222
 - strategy frameworks for, 220
 - operational costs and, 171–172
 - theoretical approach to, 157
 - value configurations for, 169
 - value proposition in, 171–172
 - competitor grids, 172
- digital labor markets, 3
- Digital Millennium Copyright Act (DMCA), US (1998), 37, 229–231
- digital music ecosystems, 224
- digital platforms. *See* platforms
- digital police, 96
- digital pricing strategies
 - for digital platforms, 144–145
 - for e-books, 48–51
 - price discrimination in, 66
- digital revenue models, for newspapers, 108–109
 - business model for, 111–114
 - classified ads in, 108–109
 - for *The New York Times*, 108–114
 - business model for, 111–114
 - financial statement of operations (2002, 2008–2012), 113
 - paywalls, 112–114
 - risk factors in, 112–113
- Digital Rights Management (DRM) systems, 102–103, 231
- digital technologies, information communication through, 11
- digital transformation, 100–101
 - of data assets, 89
- digital trust, 140, 147
- digital twins, 89–90
 - business model design for, 106–107
 - customers' willingness to pay, 106
 - incentive compatibility with users, 106–107
 - products for scale, 106
 - versioning and, 106
 - construction of, 92–96
 - continuous learning for, 95–96
 - data engineers, 96
 - data liberation and, 95
 - data scientists and, 96
 - definition of, 5, 100–101
 - digital police, 96
 - enhancements for, 95–96
 - instrumentation of, 92–96
 - relentless digitization and, 95
 - software engineer, 96
 - source system engineer, 96
 - starting point for, 94–95
- digitalization
 - change as constant in, 1
 - definition of, 11
 - historical development of, 4–6
 - Internet of Things and, 5
 - origins of, 4–6
- digitization, 11–12
 - firms changed through, 159
 - for market contracts, 161–162
 - Industry 4.0 and, 5
 - Internet of Things and, 5
 - of manufacturing sector, 5
 - relentless, 95
- direct network effects, 119, 127
- discrimination. *See* price discrimination
- disruption, digital. *See also* book market
 - for incumbent firms, 15–19
 - in analog markets, 19
 - in global smartphone market, 17–19
 - Innovator's Dilemma, 15–16
 - with Open-Source Software systems, 16–17
 - for travel agencies, 17–18

- IT investment share of revenue and, 21
- in peer-to-peer content sharing, 20
- Producer Price Index and, 21
- purpose of, 19–21
- servitization and, 19
- theoretical approach to, 13
- disruptive innovation
 - definition of, 22
 - digital competition from, 20–21
 - in mobile computing, 14–15
 - website traffic by device type, 16
 - Moore's Law and, 14
 - performance trajectory with, 13–15
 - sustaining innovation with, 14
 - theoretical approach to, 13
 - value propositions for, 14
- distributed networks, 25, 41
- DMCA. *See* Digital Millennium Copyright Act
- DRM systems. *See* Digital Rights Management systems
- Dropbox, 204–205, 211
 - beta users, 204
 - viral marketing by, 205
- DVD player market
 - copyright challenges in, 231–232
 - network competition in, 130
- dynamic pricing, 67, 75
- e-books
 - Amazon digital platforms for, 146
 - annual sales revenue for, 53
 - Apple and, 49–51
 - Barnes & Noble and, 43–46
 - ecosystem for, 47–48
 - increased market competition for, 45–46
 - pricing controversies for, 48–51
 - profit & loss for, 50
- e-commerce, for Barnes & Noble, 43–46
 - the Nook, 44
- ecosystems, 189
 - for business models, 180–182
 - in digital business model design, 212–213
 - adoption and conversion funnel in, 213
 - for digital innovations, 181
 - architectural strategies for, 222–226
 - complementary products, technologies, or services, 216
 - differentiation strategies, 219, 218
 - input supply in, 224
 - monopsony of end users, 224
 - profit margins, 221–222
 - profitability factors, 216–222
 - strategy frameworks for, 220
 - for digital music, 224
 - for e-books, 47–48
 - for Snapchat, 180–182
- Edison, Thomas, 135–136
- Ek, Daniel, 241
- employment contracts, 160, 166
- endowment, as cognitive bias, 79
- Epic Games, 148–155
 - Apple and, 154–155
 - cost structure for, 151
 - game development competition, 152–153
 - Google and, 154–155
 - historical development of, 149–150
 - litigation issues, 154–155
 - network effects, 149
 - platform strategies for, 153–154
 - revenue model for, 150–151
- e-reader devices
 - early versions of, 47–48
 - Kindle device, 44
 - Rocketbook, 47
- European Union (EU), General Data Protection Act, 98
- exceptional value configurations, 168–171
- excludability, 64
 - in commercialization of assets, 100
 - as differentiation strategy, 62
 - of information goods, 100–101
- exclusive rights, 229, 240
- experience goods, 75, 96–97, 100–101
 - information as, 66
- fake news, 86
 - social costs of, 84
- fee-for-service, as revenue mechanism, 173
- Filo, David, 35
- firms
 - digitization as influence on, 159
 - for market contracts, 161–162
 - employment contracts, 160
 - hierarchical, 159–160, 163–165
 - managerial, 160
 - traditional, 161
 - inverted, 166, 165
 - theoretical approach to, 159
 - Upwork, 165
 - managerial authority in, 160
 - market contracts and, 159–160
 - digitization effects on, 161–162
 - organization of, 163–165
- first-degree pricing. *See* personalized pricing
- 5G wireless telecommunications
 - definition of, 41
 - features of, 34–35, 254–255
 - internet and, 32–35
 - Internet of Things and, 5, 34–35
 - multiplayer augmented reality games and, 264–267
 - New Radio, 33
- Fiverr, 3
- fixed costs, 64
 - for information production, 58
- Fortnite. *See* Epic Games

- framing, as cognitive bias, 79
 freemium networks, strategies for, 123–124
 freemium pricing, 72–75
 definition of, 73–74
- game theory, 144
 GDPR. *See* General Data Protection Regulation
 Gebbia, Joe, 209
 General Data Protection Regulation (GDPR),
 in EU, 98
 General Purpose Technologies, 11–12
 information and communication
 technologies as, 9
 generativity, 11–12
 in digital business innovation, 7–8
 of technologies, 7–8
 Gibson, William, 1
 GiveGab, 206–207
 Gnutella, 36–37
 goods. *See* data goods; experience goods;
 information goods
 Google, 35
 Epic Games litigation and, 154–155
 network competition and, 132
 go-to-market strategy (GTM), 202, 214
 Grokster, 232–234
 group pricing, 69, 76
 GTM. *See* go-to-market strategy
- hardware. *See also specific types*
 as revenue mechanism, 176, 177
 technical systems in, 119
 Hartman, Peri, 235–236
 hierarchical firms, 159–160, 163–165
 managerial, 160
 traditional, 161
 hierarchies, in organizations, 166
 Houston, Drew, 204
 human judgment, cognitive bias and, 81–84
 manipulation of, 82–83
- IEEE. *See* Institute for Electrical and Electronics Engineers
 imitability, 227
 inalienability of data, 101
 increasing returns to scale, 64
 information production and, 58–59
 incumbent firms, digital disruption for, 15–19
 in analog markets, 19
 in global smartphone market, 17–19
 Innovator's Dilemma, 15–16
 with Open-Source Software systems, 16–17
 for travel agencies, 17–18
 indirect infringement, of copyrights, 230
 indirect network effects, 119, 127
 inducement doctrine, copyrights and, 233
 Industry 4.0, digitization and, 5
- information, consumption of. *See also*
 cognitive bias
 by machines, 84–86
 The New York Times as, 104–106
 online news consumption, 81–84
 fake news and, 83–84
 manipulation in, 82–83
 information and communication
 technologies. *See also* 5G wireless
 telecommunications
 economic performance and, 8–11
 global impact of, 10–11
 President's Council of Advisors on Science
 and Technology on, 8
 stock market capitalization by
 company, 8–9
 as General Purpose Technologies, 9
 as Invention Machines, 10
 information distribution. *See also* data;
 information goods
 asymmetric, 86
 through digital technologies, 11
 excludability of, 100–101
 fake news and, 86
 through packet switching, 41
 information goods
 business model design principles for, 104–107
 incentive compatibility with users, 104–106
 product systems for scale, 104
 willingness to pay in, 104–105
 cost structure of, 59
 creation of, 91
 credence goods and, 103
 Digital Rights Management techniques for,
 102–103
 excludability of, 102–103
 experience goods and, 66, 103
 The New York Times as, 104–106
 nonrivalry and, 102
 theoretical approach to, 57
 information production
 average costs for, 58–59
 break-even costs in, 58–59
 cost leadership in, 62–63
 for competitive sellers, 63
 differentiation strategies in, 58, 60–62
 excludability as, 62
 market power in, 60
 monopolistic sellers, 61
 economics of, 57–60
 price pressure impacts, 59
 fixed costs for, 58
 increasing returns to scale, 58–59
 marginal costs for, 58–60
 sellers
 cost leadership for, 63
 differentiation strategies for, 61
 theoretical approach to, 57

- total costs for, 58
- variable costs for, 58
- infringement
 - of copyrights, 230–231
 - indirect infringement, 230
 - vicarious infringement, 230–231
 - of intellectual property rights, 240
- innovation. *See also* next-generation
 - communication networks
 - assessment of future opportunities, 256–264
 - digital business, 3, 11–12
 - disruptive
 - sustaining, 14
 - sustaining, 22
- Innovator's Dilemma, 15–16
- installed base, 120, 126
- Institute for Electrical and Electronics Engineers (IEEE), 118, 136–137
- intellectual property (IP), 138
 - communication standards for, 137
 - designs as, 228
 - infringement of, 240
 - under Preventing Theft of Intellectual Property Act, 230
 - theoretical approach to, 228–229
 - trademarks, 228
- intelligence. *See* artificial intelligence
- interfaces, 126
- intermediate goods, 96–97
- internet, 24–26
 - academic involvement in, 26–29
 - ARPANET, 26–27, 29
 - NSFNET, 27–29
 - USENET, 27, 29
 - cloud computing and, 30–31
 - in coevolution of technology, 29
 - computing power, 29–30
 - as distributed network, 25
 - expanded adoption of, 30, 31
 - government role in, 26–29
 - ARPANET, 26–27, 29
 - Department of Defense Advanced Research Projects Agency, 26–27
 - mobile telecommunication systems, 32–35
 - cellular networks, 32
 - 5G wireless, 32–35
 - generations of, 32–34
 - Internet of Things and, 32–33
 - origins of, 32–33
 - Moore's Law and, 30–31
 - as open system, 117–118
 - origins of, 24–25
 - packet switching, 26
 - personal computers and, 29–30
 - private enterprise and, 26–29
 - as social system, 29–32
 - TCP/IP information protocol and, 26–27
 - as technological system, 29–32
- Wireless Markup Language, 40
- World Wide Web, 35–39
 - Age of Mass Collaboration and, 36
 - Open-Source Software and, 36–37
 - origins of, 35–36
 - political transparency as result of, 38
- Internet of Things (IoT)
 - data assets and, 89
 - data collection and, 89
 - definition of, 41
 - digitization and, 5
 - 5G wireless telecommunications and, 5, 34–35
 - mobile telecommunication systems and, 32–33
 - wireless telecommunication industry and, 254–255
- interoperability, between systems, 138
 - network competition and, 131
- Invention Machines, 11–12
 - information and communication technologies as, 10
- inverted firms, 166, 165
- theoretical approach to, 159
- Uber, 191
- Upwork, 165
- investments. *See* strategic investments
- IoT. *See* Internet of Things
- IP. *See* intellectual property
- iTunes, 225
- Kahneman, Daniel, 78
- Kalanick, Travis, 189–190. *See also* Uber
- Kaphan, Shel, 235–236
- Kazaa, 36–37
- Kindle device, 44
- labor markets. *See* digital labor markets
- Lawton, Christopher, 48
- lean principles, as design concept, 208, 214
- learning. *See* machine learning
- Linux, 36
- liquidity, 140, 147
- lock in, of consumers, 124–126
 - network competition and, 133
- Lorentzon, Martin, 241
- loss aversion, as cognitive bias, 79
- Lyft, 193–194
- machine decisions, 84–86
 - algorithmic bias in, 85, 86
 - artificial intelligence and, 84–85
- machine learning, 86
 - machine decisions and, 84–85
- managerial authority, 166
- marginal costs, 64
 - for information production, 58–60
 - personalized pricing and, 68

- market contracts, 159–160, 166
 - digitization effects on, 161–162
 - organization of, 163–165
- market power, 64
 - in information production, 60
- market tipping, 129, 138
- market uncertainty, 7, 11–12
- marketing. *See* viral marketing strategies
- markets
 - competition for Spotify, 247–250
 - global market share, 248
 - multisided, 147
 - segments of, 214
 - viral, 214
- matching, as marketplace function, 147
- McLuhan, Marshall, 39
- Metcalfe's Law, 119, 126
 - digital business models and, 170
- mobile computing, disruptive innovation in, 14–15
 - website traffic by device type, 16
- mobile payment infrastructure, for Uber, 194–195
- mobile telecommunication systems, 32–35
 - Bluetooth SIG, 136
 - cellular networks, 32
 - 5G wireless, 32–35
 - generations of, 32–34
 - Internet of Things and, 32–33
 - origins of, 32–33
 - WAP protocol, 40
- modular systems, 117, 126
- Moore's Law, 14, 30–31
- Mulligan, Charlie, 206–207
- multi-mode networks. *See* two-mode networks
- multiplayer augmented reality games, with
 - geolocation, 258–260
 - 5G networks and, 264–267
- multisided markets, 142–143, 147
 - cross-side network effects, 143
 - same-side network effects, 143
- music industry, revenues by format, 234
- Music Modernization Act, US (2018), 234
- music streaming services, 241. *See also* Spotify
- Napster, 36–37
- network competition. *See also* communication standards
 - Apple and, 132
 - compatibility and, 131
 - control of networks, 132–134
 - customer lock in and, 133
 - Google and, 132
 - market tipping and, 129
 - network effects and, 133
 - openness of networks, 132–134
 - Application Programming Interfaces, 132
 - communication standards and, 134–137
 - in wireless telecommunication industry, 132–133
 - performance and, 131
 - switching costs and, 133
 - theoretical approach to, 129–130
 - between two competing technologies, 130
 - in DVD player market, 130
 - interoperability between systems, 131
- network demand, 121–123
 - growth in, 121–123
 - with heterogeneous customer preferences, 122
 - multiple equilibria and, 123
- network effects, 119–120. *See also* network competition
 - cross-side, 143, 147
 - direct, 119, 127
 - indirect, 119, 127
 - installed base, 120, 126
 - Metcalfe's Law, 119
 - network competition and, 133
 - same-side, 143, 147
- networks. *See also* network competition
 - centralized, 25, 41
 - control of, 132–134
 - decentralized, 25, 41
 - distributed, 41
 - of five nodes, 119
 - under Metcalfe's Law, 126
 - open, 138
 - in digital platforms, 143
 - strategies for, 119, 123–126
 - consumer lock in, 124–126
 - critical mass in, 123
 - definition of, 127, 147
 - for freemium networks, 123–124
 - switching costs, 124–126
 - vaporware, 124
 - TCP/IP information protocol, 26–27
 - theoretical approach to, 115, 117–119
 - two-mode, 119–121, 127
 - value, 179
 - in digital business models, 170
 - wireless sensor, 101
- New Radio, 33
- The New York Times*
 - digital revenue model for, 108–114
 - business model in, 111–114
 - financial statement of operations (2002, 2008–2012), 113
 - paywalls, 112–114
 - risk factors in, 112–113
 - as information good, 104–106
- newspapers. *See also The New York Times*
 - cost cutting by, 110–111
 - digital transformation of, 108–109
 - business model for, 111–114
 - classified ads in, 108–109
 - industry revenues for, 108
 - by category, 109
 - online advertising revenues, 109

- newsroom employee reductions and, 110
- operating expenditures, 110
- next-generation communication networks,
 - innovation with, 251–253
 - cycles of innovation in, 251–253
 - industry life cycle, 252, 253
 - stages of, 253, 254
- NGINX system, 17
- nonlinear pricing, 70, 76
- the Nook, 44
- NSFNET, 27–29

- online news consumption, 81–84
 - of fake news, 83–84
 - manipulation in, 82–83
- open networks, 138
 - in digital platforms, 143
 - network competition and, 132–134
 - Application Programming Interfaces, 132
 - communication standards and, 134–137
 - in wireless telecommunication industry, 132–133
- open systems, 117–118
- Open Signal, 92–93, 99
- Open-Source Software (OSS) systems
 - digital disruption with, 16–17
 - incumbent firms with, 16–17
 - NGINX system, 17
 - World Wide Web and, 36–37
- original expression, copyrights and, 240
- OSS systems. *See* Open-Source Software systems

- packet switching, 26
 - information distribution through, 41
- Pandora, 241–243
- patents, 228–229
 - for Amazon, 235–238
 - under America Invents Act, 235, 238–239
 - litigation for (1980–2020), 236, 238–239
 - for prior art, 235, 240
 - software, 234–239
- paywalls, for *The New York Times*, 112–114
- PC. *See* personal computer
- peer-to-peer content sharing
 - copyright regimes and, 232–234
 - digital disruption in, 20
 - Grokster, 232–234
 - Napster, 36–37
 - origins of, 36–37
- performance, network competition and, 131
- personal computer (PC)
 - Compaq computers, 30–31
 - internet and, 29–30
- personalized pricing, 67–68, 76
 - marginal costs and, 68
- PIPA. *See* Preventing Theft of Intellectual Property Act

- platforms, digital
 - buyer matching for, 140
 - chicken-and-egg problem, 143–146
 - game theory and, 144
 - compatibility strategies, 143
 - digital trust and, 140
 - liquidity and, 140
 - in multisided markets, 142–143
 - cross-side network effects, 143
 - same-side network effects, 143
 - openness strategies, 143
 - search costs, 140
 - by stock market valuation, 142
 - strategies for, 147
 - compatibility, 143
 - integration into complementary markets, 145–146
 - openness, 143
 - for platform pricing, 144–145
 - theoretical approach to, 140–141
 - transaction costs and, 140
- President's Council of Advisors on Science and Technology, 8
- Preventing Theft of Intellectual Property Act (PIPA), US, 230
- price discrimination
 - definition of, 76
 - in digital pricing strategies, 66
 - transaction costs and, 67
 - versioning and, 70–74, 76
 - freemium and, 72–75
 - for information products, 72
 - nonlinear pricing, 70
 - profit maximization with, 73
 - two-part tariffs, 70
- price–cost margin, 184, 189
- pricing. *See also* digital pricing strategies; price discrimination
 - dynamic, 67, 75
 - freemium, 72–75
 - definition of, 73–74
 - group, 69, 76
 - nonlinear, 70, 76
 - personalized, 67–68, 76
 - marginal costs and, 68
 - segmentation and, 69, 76
 - two-part tariffs in, 70, 76
 - willingness to pay and, 66, 76
- prior art, 235, 240
- Producer Price Index, 21
- psychological ownership, cognitive bias and, 79

- race, algorithmic bias and, 85, 86
- Radio Act of 1912, US, 135
- rare events, cognitive bias and, 79
- refutable hypothesis, 210, 214
- relentless digitization, 95
- representativeness, cognitive bias and, 79

- revenue mechanisms, 178
 - in business model frameworks, 182–183
 - in digital business models, 168, 172–177
 - advertising, 174
 - anything-as-service, 176
 - data harvesting, 174, 174
 - fee-for-service, 173
 - hardware products and systems, 176, 177
 - product sales, 176
 - software platform providers, 176
 - subscription models, 173–174
 - system integrators, 176
 - for Spotify, 245–246
 - cost of, 245–246
- Robinson-Patman Act, US, 66
- Rocketbook, 47
- Rosen, Hilary, 233
- same-side network effects, 143, 147
- scalable business, framework for, 184, 189
- Schiff, Adam, 82
- SDOs. *See* Standard Development Organizations
- search costs, 140, 147
- second-degree price discrimination. *See* versioning
- segmentation, of markets, 69, 76. *See also* group pricing
 - in digital business model design, 202–207
 - for business users, 203
 - go-to-market strategies, 202
 - for individual users, 203
- servitization, 19
- shared mobility. *See* Uber
- Skype, 123–124
- smart seaports, 260–264
- smartphone markets, digital disruption in, 17–19
- Snapchat, ecosystem for, 180–182
- Snowden, Edward, 38
- social construction, 207
 - definition of, 214
 - of technology, 12
 - in digital business innovation, 7
- social networks
 - social movements influenced by, 38–39
 - as technical systems, 118–119
 - Twitter, 131
- software
 - Open-Source Software systems
 - digital disruption with, 16–17
 - incumbent firms with, 16–17
 - NGINX system, 17
 - World Wide Web and, 36–37
 - as revenue mechanism, 176
 - technical systems in, 119
- software engineers, 96
- software patents, 234–239
- Sony Corporation, 231–232
- source system engineers, 96
- Spafford, Gene, 27
- Spiegel, Joel, 235–236
- Spotify, 241–250
 - business model for, 243–244
 - costs of, 246–247
 - financial operations, 245–247
 - historical growth of, 242–243
 - licensing agreements, 244–245
 - management of platform, 247
 - market competition for, 247–250
 - global market share, 248
 - research and development, 246
 - revenues for, 245–246
 - cost of, 245–246
 - sales and marketing, 246–247
 - users of, 244
- standard development. *See also* communication standards
 - Alliance for Telecommunication Industry and, 136
 - competitive, 135–136, 138
 - cooperative, 136–138
 - Institute for Electrical and Electronics Engineers and, 118, 136–137
 - technical standards through, 138
- Standard Development Organizations (SDOs), 138
- standards. *See* technical standards
- “standards war”, 135–136
- statistical power, 210–211, 214
- Stop Online Piracy Act, US, 230
- strategic investments, 227
- strategies. *See also* differentiation strategies; networks; platforms
 - architectural, 227
 - for commercialization of data assets, 97
 - for digital innovation ecosystems, 220
 - for digital pricing, 66
 - viral marketing, 214
- subscription model, as revenue mechanism, 173–174
 - for Spotify, 243–244
 - for Uber, 195
- Sulzberger, Arthur, Jr., 111–112
- Sweeney, Tim, 148, 149. *See also* Epic Games
- switching costs
 - definition of, 127
 - lock in for, 127
 - network competition and, 133
 - as network strategy, 124–126
- systems. *See also* technical systems
 - compatibility between, 138
 - interoperability between, 138
 - network competition and, 131
 - modular, 117, 126
 - technical standards for, 117, 127
 - theoretical approaches to, 117–119

- TAM. *See* Total Addressable Market
- TaskRabbit, 3
- TCP/IP. *See* Transmission Control Protocol/Internet Protocol
- technical standards, for systems, 117, 127
- technical systems, 118–119, 127
 for Apple, 118–119
 blockchain platforms as, 118–119
 computers as, 118
 digital platforms as, 118–119
 in hardware, 119
 social networks as, 118–119
 in software, 119
- technical uncertainty, 7, 12
- technology, technologies and. *See also* information and communication technologies; *specific technologies*
 coevolution of, 41
 internet role in, 29
 generativity of, 7–8
 social construction of, 12
 in digital business innovations, 7
- Tesla, Nikola, 135–136
- third-degree pricing. *See* group pricing; segmentation
- Torvalds, Linus, 36
- Total Addressable Market (TAM), 184, 189
- total costs, 64
 for information production, 58
- trademarks, 228
- transaction costs, 147
 for digital platforms, 140
 price discrimination and, 67
- Transmission Control Protocol/Internet Protocol (TCP/IP), 26–27
- trust. *See* digital trust
- Twitter, 131
- two-mode networks, 119–121, 127
- two-part tariffs, in pricing, 70, 76
- Uber, 189–198
 as crowd-based capitalism, 190
 expansion of products, 192–193
 as inverted firm, 191
 market competition for, 193–194
 Lyft as, 193–194
 mobile payment infrastructure, 194–195
 profitability of, 195–196
 financial statements (2018–2021), 196
 subscription model as revenue mechanism, 195
 regulatory challenges, 196–198
 user experience, 191–193
 value creation by, 190–191
- unauthorized users, excludability and, 64
- uncertainty
 behavioral, 7, 11
 market, 7, 11–12
 technical, 7, 12
- United States (US)
 America Invents Act, 235, 238–239
 California Consumer Privacy Act, 98, 100
 Copyright Term Extension Act, 229–230
 Digital Millennium Copyright Act, 37, 229–231
 Music Modernization Act, 234
 President's Council of Advisors on Science and Technology, 8
 Preventing Theft of Intellectual Property Act, 230
 Radio Act of 1912, 135
 Robinson–Patman Act, 66
 Stop Online Piracy Act, 230
- Upwork, 165
- US *See* United States
- USENET, 27, 29
- user experience, for Uber, 191–193
- value chains. *See also* data value; value shop
 configuration
 in commercialization of data assets, 97–98
 configuration of, 178
 for digital business models, 168–171
 exceptional, 168–171
 for Uber, 190–191
- value networks, 179
 in digital business models, 170
- value proposition, 22, 178
 in digital business models, 168
 for disruptive innovation, 14
- value shop configuration, 169–170, 179
- vaporware, 124
- variable costs, 64
 for information production, 58
- Varian, Hal, 72
- versioning, as second-degree price discrimination, 70–74, 76
 for digital twins, 106
 freemium and, 72–75
 for information products, 72
 nonlinear pricing, 70
 profit maximization with, 73
 two-part tariffs, 70
- vicarious infringement, of copyrights, 230–231
- viral marketing strategies, 214
 by Dropbox, 205
- WAP protocol, failure of, 40
- Waze, 92–93
- Westinghouse, George, 135–136
- WikiLeaks, 38
- willingness to pay, 76
 in business model framework, 182–183
 digital twins and, 106
 for information goods, 104–105

- Wireless Markup Language (WML), 40
wireless sensor networks, 93, 101
wireless telecommunication industry.
 See also 5G wireless
 telecommunications; mobile
 telecommunication systems
 Internet of Things and, 254–255
 network competition in, 132–133
WML. *See* Wireless Markup
 Language
- World Wide Web, 35–39. *See also specific
platforms*
 Age of Mass Collaboration and, 36
 Open-Source Software and, 36–37
 origins of, 35–36
 political transparency as result of, 38
Wozniack, Steve, 117
- Yang, Jerry, 35
YouTube, 37