



**NEMODE**  
New Economic Models in the Digital Economy

# NEMODE Network+ Research Call

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## Call for Pilot Studies

### Platforms as New Economic Models in the Digital Economy

**Closing date: 17:00 (UK time) on 11th January 2013**

**Awarding date: 1<sup>st</sup> February 2013**

**Interim report delivery date: April 15<sup>th</sup> 2013**

**Final report delivery date: 2<sup>nd</sup> September 2013**

## Summary

Applicants are invited to apply for a short-term pilot study funding from the RCUK Digital Economy Theme (DE) NEMODE Network+. It is anticipated that a single pilot study will be selected, to last for no longer than 6 months in duration and is designed to further develop theoretical insights around *platforms as new economic models in the Digital Economy*.

## Background – Digital Economy

The Research Councils UK Digital Economy (DE) Theme is supporting research to rapidly realise the transformational impact of digital technologies on aspects of community life, cultural experiences, future society, and the economy.

To achieve this DE brings together a community of researchers (from diverse disciplines including social science, engineering, computer science, the arts and medical research) and users (people, business, government) to study, understand and find solutions to real problems.

The DE Theme has recently formed four ‘challenge areas’ and associated four networks: Communities and Culture; Sustainable Society; IT as a Utility; New Economic Models. This call focuses on the New Economic Models Network (NEMODE).

For more information please refer to the following websites:

NEMODE: <http://www.nemode.net/>

RCUK DE : <http://www.rcuk.ac.uk/research/xrcprogrammes/Digital/Pages/home.aspx>

## Background- DE New economic models Network +

NEMODE's research builds on existing research in business models, and has as the 'system in focus', the value constellation and the attendant economic models.

The business model considers such questions as how value is created and captured (Teece 2011). The economic model addresses issues around the structure, conduct and performance of firms in the market and considers new opportunities and new markets and the consideration of who does what and who gets what (Jacobides 2006).

NEMODE's research domain is multi-disciplinary; it includes for example, considerations of the latest technological developments through computer science, operations research and data analytics, marketing, social anthropology, behavioural psychology and operations management.

NEMODE will deliver among others: (1) A virtual centre of excellence for the field to inform the development of policy, (2) An increase in public awareness which would help stimulate new business opportunities, (3) The establishment of an internationally leading community of scholars and major whose research interest is in new economic models and their relationship to the digital economy.

## Background- Platforms

Products and services that bring together groups of users in two-sided networks are frequently termed platforms. They provide infrastructure and rules that facilitate the two groups' transactions and can take many guises. In some cases, platforms rely on physical products, as with consumers' credit cards and merchants' authorization terminals. In other cases, they are places providing services, like shopping malls or web-sites such as Monster and eBay.

Two-sided networks can be found in many industries, sharing the space with traditional product and service offerings. However, two-sided networks differ from other offerings in a fundamental way. In the traditional linear value chain, value moves from left to right: To the left of the company is cost; to the right is revenue. In two-sided networks, cost and revenue are both to the left and the right, because the platform has a distinct group of users on each side, (Eisenmann, 2006). The platform incurs costs in serving both groups and can collect revenue from each, although one side is often subsidized (e.g. free use of internet search services and pay-per-click schemes to interested advertisers).

Platform-mediated networks encompass users whose interactions are subject to network effects, along with intermediaries, who provide a platform that facilitates users' interactions. Such networks comprise a large and rapidly growing share of the world economy.

Firms in platform-mediated networks face distinctive management challenges. For example, traditional barriers to entry may no longer hold. Due to network effects, platform intermediaries often enjoy increasing returns to scale; their industries have room for only a few players. In many platform-mediated markets, network effects are so strong that a single platform prevails. When winners take most, little is left for losers, as evidenced by the spectacular success of some platform providers, for example, Microsoft, eBay, and Google.

## Themes for this call:

Despite the increasing interest in the platform theme the topic requires further research, particularly recognising the developments of the Digital Economy. NEMODE is especially interested in the development of research concerning:

1. Platform dynamics: how platforms emerge and evolve over time?
2. Economic models articulated around platforms.
3. In what contexts are platforms an appropriate economic model?

We anticipate that the output from the research will be a report including cases studies etc., however we are willing to discuss innovative forms of output including videos, workshops etc. Any research publications emerging from this work must acknowledge NEMODE. The lead investigator will also be expected to present their findings at a NEMODE workshop.

## Funding available

The project shall be funded for up to a maximum of 6 months with £50,000 available to fund the pilot study (Funded at 80% FEC according to Research Council funding regulations). Proposals should focus on exploring and developing research ideas, based on the concepts of platforms. Proposals should also hold the potential to identify future key research challenges in the context of new economic models in the digital economy (NEMODE) and they are likely to inform both subsequent NEMODE calls and wider RCUK DE themes.

Resources that can be requested under this call, and subject to RCUK funding regulation at 80% FEC, include:

- Investigator and researcher time;
- Travel and subsistence appropriate to delivery of the project;
- Conference and publications costs (e.g. open access journals)
- Equipment

## Applying and Submitting

Applications should address the following questions:

- 1) Aims, Objectives and Scope of Work:** Outline the scope of the project, ensure you clearly outline the main aims and objectives and how these will be achieved in the timescales
- 2) Expertise and Project Management:** Outline the applicants' relevant experiences and qualifications
- 3) Digital Economy:** Briefly outline how the proposal fits within RCUK Digital economy
- 4) Further Funding:** Briefly describe your approach to attracting further funding upon completion of study
- 5) Impact:** Describe the impact of the work
- 6) National Importance:** Describe in what way this work is of national importance
- 7) Justification of Resources:** Briefly outline how you anticipate spending the award. Eligible costs will be in line with Research Council funding guidelines and accordingly they will be at 80% FEC.

Questions 1 to 6 must fit within 3 pages.

Projects are limited to **6 months** in duration

Successful applicants will be notified in early February 2013, and should commence work within 1 month of award.

Please state clearly at the top of the first page the following details: PI Surname, PI First Name, Institution, Project Title, Relevance to call theme and all relevant contact details from the PI.

Applications should be submitted by e-mail to [K.V.Alves@exeter.ac.uk](mailto:K.V.Alves@exeter.ac.uk)

### Assessment process for applications

The assessment of these proposals will be a two stage process outlined as follows:

**Stage 1:** Early stage assessment will be made by the NEMODE team to assess the fit to the call criteria. All proposals that don't address the call will be unsuccessful at this stage.

**Stage 2:** A Peer Review panel from the NEMODE academic community will assess proposals according to the criteria below. The proposals will be scored against each of these criteria and ranked and the proposal that is rank 1<sup>st</sup> will be selected for the award. It is anticipated that only one award will be made.

All candidates will be informed of the results.

### Assessment Criteria

**Aims, Objectives and Scope of Work:** The research outlined demonstrates a clear development of appropriate research questions with clear aims and objectives that can be realistically delivered in the proposed timescales and budget. We will be looking for a proposal that demonstrates excellent novel research focussing on the key areas outlined in the call.

**Quality and Innovation:** A strong clear proposal that is technically sound. In addition the proposal is clearly innovative and demonstrates new methods and ideas for addressing the research requirements

**Expertise and project management:** The lead candidate has relevant expertise and can demonstrate academic excellence in this research area. In addition the research team is an appropriate group with the necessary experience to address the scope of the work and the team has clearly identified the project management, project plan and responsibilities.

**Does this address Digital Economy?:** Proposal has the potential to inform future research challenges for New Economic Models in the Digital Economy and addresses wider Digital Economy needs and objectives.

**Impact and National Importance:** The scope of work outlined has potential strong impact at a number of levels and demonstrates value to nationally important topics

## Engagement:

As a winning proposal, the team's involvement with the project is central to NEMODE priorities. It is expected that the winning team will have a NEMODE mentor and that they will engage with the core NEMODE team and meet regularly with their mentor. It is further expected that the winning team will also progress the work through future RCUK funding.

## Additional Grant Terms and Conditions:

Awards will be made under RCUK standard terms and conditions. Please note that this award is a contribution towards the incurred costs of a project activity from an existing RCUK award.

Please ensure that no commercial in confidence information is provided as part of your proposal.

## Key dates

Deadline for applications for pilot studies, submitted by email to [K.V.Alves@exeter.ac.uk](mailto:K.V.Alves@exeter.ac.uk)

17:00 (UK time) 11<sup>th</sup> January 2013.

Pilot studies awarded: 1<sup>st</sup> February 2013.

## Eligibility

As this call is a targeted funding opportunity provided via RCUK funding, higher education institutions, and some research council institutes and independent research organisations are eligible to apply. A list of eligible organisations to apply to RCUK is provided at:

<http://www.rcuk.ac.uk/research/Pages/Eligibilityforrcs.aspx>

## Contacts

For further information on the NEMODE Network+

<http://www.nemode.net>

For further details or to discuss your proposal, please contact:

NEMODE Network+ [K.V.Alves@exeter.ac.uk](mailto:K.V.Alves@exeter.ac.uk)

## References

Eisenmann, T., Parker, G., & Van Alstyne, M. W. (2006). Strategies for two-sided markets. *Harvard business review*, 84(10), 92.

Jacobides MG, Billinger 2006. Designing the boundaries of the firm: From "Make, Buy, or Ally" to the dynamic benefits of vertical architecture. *Organization Science* 17: 249-261.

Teece, D. J. (2011). *Dynamic Capabilities And Strategic Management: Organizing For Innovation And Growth*. Oxford University Press, Oxford.