

## **Editorial: Digitization in business models and entrepreneurship**

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# *Editorial*

## *Digitization in business models and entrepreneurship*

The purpose of this special issue was to explore new ways of seeing and theorizing information systems (IS) in the context of business models and entrepreneurship. Rapid developments in information technology have fostered challenges and changes to existing firms and have provided new opportunities to IT-based start-ups such as Google, Facebook, Alibaba and Spotify. These firms are driving innovation and changing the economic landscape by creating new industries and markets as well as changing the existing ones. They create new types of value for their customers and thus are able to attract an increasing number of customers on a daily basis. In this realm, the business model concept has rapidly been gaining attention in IS research (Hedman & Kalling, 2003; Bonaccorsi *et al.*, 2006; Clemons, 2009; Al-Debei & Avison, 2010; Deodhar *et al.*, 2012; Veit *et al.*, 2014), which has the potential to understand current and emerging businesses and leads to a successful business logic (Amit & Zott, 2001; Zott *et al.*, 2011). This special issue seeks to foster the discussion around the topic of business models and IT-driven entrepreneurship in the IS discipline and presents five papers.

The first paper, 'Business model development, founders' social capital and the success of early stage internet start-ups: a mixed-method study', by Olav Spiegel, Puja Abbassi, Matthäus Paul Zylka, Daniel Schlagwein, Kai Fischbach and Detlef Schoder, focuses on successful early internet start-ups. They apply a mixed-method methodology and in the exploratory part find that internet start-up business models are in a permanent state of flux and change. The success is very much dependent on the social capital of the founders. In the second explanatory part, they test the initial findings in a social network analysis of 70 internet start-ups and their 145 founders and find strong evidence of the importance of founders' social capital in the early stage of internet start-up. The result extends our understanding of success in early internet start-up and the role of founders' social capital in the design of early business models.

The second paper, 'Business models and opportunity creation: how IT entrepreneurs create and develop business models under uncertainty', written by Arto Ojala, focuses on entrepreneurship in the IT sector. He explores, in particular, how entrepreneurs develop business models for markets that do not yet exist and where technologies are constantly changing. In a case study of how a small software firm developed its business model over a 15-year period in the cloud gaming market, the findings show that business models evolve through an iterative process accompanied by constant reassessment.

The third paper, 'Understanding the influence of absorptive capacity and ambidexterity on the process of business model change — the case of on-premise and cloud-computing software', by Johann J. Kranz, André Hanelt and Lutz M. Kolbe, provides insights into how and why

business models change over time. They do this in the context of software-as-a-service. Drawing on the case studies of six incumbent software vendors, they investigate how incumbents adopt their business model. They propose a theoretical model that integrates absorptive capacity and organizational ambidexterity. The paper identifies the role of technological factors in changing business models.

Philipp Ebel, Ulrich Bretschneider and Jan Marco Leimeister present the fourth paper, 'Leveraging virtual business model innovation: a framework for designing business model development tools', which develops a framework for the design and management of business models. The framework provides a systematization of activities when developing and managing business models. The results from their study emphasize the importance of collaboration between participants in a business model design project and provide designers of new business models with a tool to support the design process.

The fifth and final paper by Andrea Giessmann and Christine Legner on 'Designing business models for cloud platforms' presents a study on platform-as-a-service (PaaS). In particular, they develop a design theory for PaaS business models based on an action design research study in a large global software company. The contribution of this study is a set of design principles that helps create a flourishing software ecosystem for PaaS.

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