

Digital Platforms: Balancing Control and Generativity

Short Paper

Michael R. Blaschke

University of St. Gallen

Institute of Information Management

Müller-Friedberg-Strasse 8

9000 St. Gallen, Switzerland

michael.blaschke@unisg.ch

Maximilian Brosius

University of St. Gallen

Institute of Information Management

Müller-Friedberg-Strasse 8

9000 St. Gallen, Switzerland

maximilian.brosius@unisg.ch

Abstract

*Digital platforms—building blocks upon which third parties add complementary platform derivatives—afford organizations to mutually integrate resources in networked business ecosystems. Considering business ecosystems’ specificities, digital platforms require a delicate balance of two conflicting ends. While platform owners aim for stabilization to exploit the given ecosystem of third parties (**control**), third parties aim for autonomy to explore unanticipated avenues of resource integration (**generativity**). However, pure control makes adaptation difficult, while pure generativity suffers the costs of experimentation without gaining associated benefits. In turn, embracing the complementary benefits of simultaneous control and generativity is challenging given its inherent contradictions. Relying on an organizational ambidexterity perspective in reviewing digital platform literature, we extract a set of four modes of balancing control and generativity in digital platforms—contextual, structural, temporal, and domainal balance. These modes serve as theoretical foundation for subsequent steps of an overall empirical study.*

Keywords: Digital platform, digital ecosystem, organizational ambidexterity, balance, control, generativity, literature review

Introduction

A recent but rapidly growing discourse in information systems (IS) research seeks to understand the omnipresent digital platforms in today’s industries (De Reuver et al. 2017; Kazan et al. 2018; Parker et al. 2017). Prominent examples are social media platforms (e.g., *Facebook* and *LinkedIn*), operating system platforms (e.g., *Android* and *iOS*), payment platforms (e.g., *PayPal* and *Apple Pay*), and peer-to-peer platforms (e.g., *Uber* and *Airbnb*). Digital platforms refer to an extensible codebase serving as a building block upon which third parties can develop products, technologies, and services (Gawer 2011). Leading digital platform providers such as Apple (*iOS*), Alphabet (*Android*), and Microsoft (*Windows*) have become one of the most valuable companies (Statista 2017).

Digital platforms are characterized by *third-party* development, in which competition circles not only around a *controlled* value chain, but also around a *generative* recombination of third-party resources (Ghazawneh and Henfridsson 2013). In this regard, digital platforms are subject to a delicate tension between (1) maintaining *control* and, at the same time, (2) stimulating—*not* directly managing—*generativity* through dynamically recombining third-party resources. In this study, control refers to mechanisms that encourage desirable outputs or behaviors by third parties (Tiwana et al. 2010). In turn, generativity refers to “a technology’s overall capacity to produce unprompted change driven by large, varied and uncoordinated audiences” (Zittrain 2006, p. 1980). Notably, control and generativity here represent two *parallel* views (Eaton et al. 2015, pp. 219-220) that require balance as they often cause tensions or even conflicts.

Digital platform research has often seen control and generativity as incompatible and mutually exclusive goals (He and Wong 2004). As pure control makes adaptation difficult and pure generativity suffers the costs of experimentation without gaining associated benefits, digital platform research has started moving away from such an *either-or* approach to delicately *balancing* control and generativity. *Balancing* has in fact become the innate mindset of digital platform research (Ciborra et al. 2000; Tilson et al. 2010) and has inspired subsequent studies—referring to *control* and *generativity* with different words (e.g., governance, diversity, openness, flexibility, change) (De Reuver et al. 2017; Eaton et al. 2015; Ghazawneh and Henfridsson 2013; Henfridsson and Bygstad 2013; Lusch and Nambisan 2015). However, there are few, if any, theoretical accounts of what alternative modes and mechanisms digital platform owners can embrace in *simultaneously* obtaining control and generativity. We thus seek to bridge this void by addressing the following research question: *How do digital platforms balance simultaneous control and generativity?*

To this end, we base our investigation of how digital platforms balance their inherent control-generativity conflict on the analysis lens of *organizational ambidexterity* (referred to as *ambidexterity* in what follows) (Lavie et al. 2010). Ambidexterity denotes an organization's ability to balance conflicting goals that are *both* necessary for its sustained long-term performance (He and Wong 2004). Over the past years, scholars have been reiterating the potential of ambidexterity as an analysis lens to theorize how organizations balance goals that conflict one another (Lavie 2010). Specifically, ambidexterity research has conceptualized four modes of balancing conflicting goals (Lavie et al. 2010, p. 130), namely contextual, structural, temporal, and domainal ambidexterity. Relying on these four modes, we translate them into the realm of digital platforms to develop an understanding of how control and generativity may be purposefully balanced.

As part of an overall, mixed-methods research design, the article at hand reports insights of a structured review of digital platform literature, to be used as a basis for further steps of the overall study. The main contribution of the currently conducted step is a set of four specific modes of balancing control and generativity in digital platforms, namely *contextual*, *structural*, *temporal*, and *domainal balance*. These modes address the needs of control and generativity in a *balanced* manner in contrast to a pure *either-or* perspective. We offer these modes—in conjunction with their underlying mechanisms—to contribute to prospective theorizations on and understanding of digital platforms as well as their control-generativity conflict.

Conceptual Foundation

In this section, we first provide an overview on the state of digital platform research. We then introduce ambidexterity as the study's foundation for investigating how to balance control and generativity.

Digital Platforms: The Control-Generativity Conflict

The *platform* concept dates back to the late 1990s (Ciborra 1996; Kim and Kogut 1996), where research started to focus technology as a mediating factor on innovation activities of two cooperating actors (Rochet and Tirole 2003). In the mid-2000s, research started to focus platforms as a mediator for networked, multi-lateral innovation activities (Gupta et al. 2007). IS research then began to study platforms not only as integrator for different actors, but also as a central form of organizing technological innovation (Yoo et al. 2012). Today, the term *platform* is omnipresent in both IS and management research (De Reuver et al. 2017; Huang et al. 2018; Kazan et al. 2018; Parker et al. 2017; Thomas et al. 2015).

Viewed as central point of gravity within these networks, often also referred to as *ecosystem* (Parker et al. 2017), digital platforms facilitate value *co-creation* among multiple interdependent actors (Sarker et al. 2012). Whatsoever, *efficient* and *effective* value *co-creation* among these actors are anything but self-evident (Han et al. 2012). This is because such processes inherently necessitate a balance of two conflicting goals: (1) control by the platform owner (**control**) and (2) autonomy among *independent* third parties (**generativity**) (Ciborra et al. 2000; De Reuver et al. 2017; Ghazawneh and Henfridsson 2013; Henfridsson and Bygstad 2013; Lusch and Nambisan 2015; Tilson et al. 2010). Notably, the term *generativity* has been attached to many distinct concepts within and outside of IS research. The concept discussed here is that of Zittrain (2008; 2006) (see Table 1), because of its exposure among IS scholars sparked by two calls for research (Tilson et al. 2010; Yoo et al. 2010). Following this conceptualization, generativity can only be *stimulated* (not directly managed) by control mechanisms that *appropriately* bound participant behavior *without* excessively constraining a desired level of generativity.

Thriving digital platforms must therefore reconcile their central control, aiming for stabilization to exploit the given ecosystem of third parties, with third parties' autonomy, aiming for dynamism to explore unforeseen re-combinations of specialized third-party resources. *Apple*, for instance, effectively balances these conflicting goals. While it controls a restricted portfolio of hardware and software resources, it *simultaneously* relinquishes detailed product specifications, application programming interfaces (APIs), and software development kits (SDKs) to its third-party developers (*generativity*). Such generativity allows *Apple's* third-party developers to flexibly explore new application opportunities. In this research, we draw upon, integrate in, and extend such an **integrative view** on digital platforms, seeking to reconcile the outlined co-presence of (1) *heterogeneous third parties* who leverage innovation in the digital platforms (**generative view**) and (2) *powerful platform owners* that tightly control the platform (**control view**) (Eaton et al. 2015, pp. 119-220). The integrative view refers to digital platforms *simultaneously* being governed by (1) the owner's centralized control and (2) distributed third-party actors' autonomy (Reuver et al. 2017). For instance, Ghazawneh and Henfridsson (2013, p. 174) contribute a *resourcing-securing* model to pinpoint two key drivers in balancing control and emergence. Huber et al. (2017), in turn, develop a process theory that explains how and why different ways of practicing ecosystem-wide control are successful in navigating the tension between co-created value and control costs. However, such related work often relies on *extreme* single cases, such as *Apple's* iPhone platform. Moreover, these studies do not *explicitly* integrate third party perspectives in investigating ambidextrous digital platforms. Most importantly, related work offers limited theoretical accounts of what alternative modes and mechanisms digital platform owners can embrace to facilitate a *balanced combination* of control and generativity. Table 1 synthesizes the outlined concepts that represent our digital platform understanding in this study.

Table 1. Key Concepts in the Digital Platform Context	
Concept	Definition
<i>Digital Platform</i>	Extensible codebase serving as a building block upon which third parties develop complementary products, technologies, and services (Gawer 2011).
<i>Platform Owner</i>	Natural or legal entity that designs, implements, maintains, and/or manages a digital platform (Tan et al. 2015)
<i>Third Party</i>	Natural or legal entities that augment the platform with modules, services, and sales channels (Sarker et al. 2012)
<i>End User</i>	Natural or legal entities that use the resources available on the platform (Parker et al. 2017)
<i>Ecosystem</i>	A complex system of a platform, its collection of complementary extensions, and its related actors (Tiwana 2015)
<i>Control</i>	A platform owner's capacity to encourage desirable behaviors by third parties, and <i>vice versa</i> (Tiwana et al. 2010)
<i>Generativity</i>	A technology's overall capacity to produce unprompted change driven by large, varied and uncoordinated audiences (Lyytinen et al. 2016; Zittrain 2006, p. 1980)

Organizational Ambidexterity: The Analysis Lens

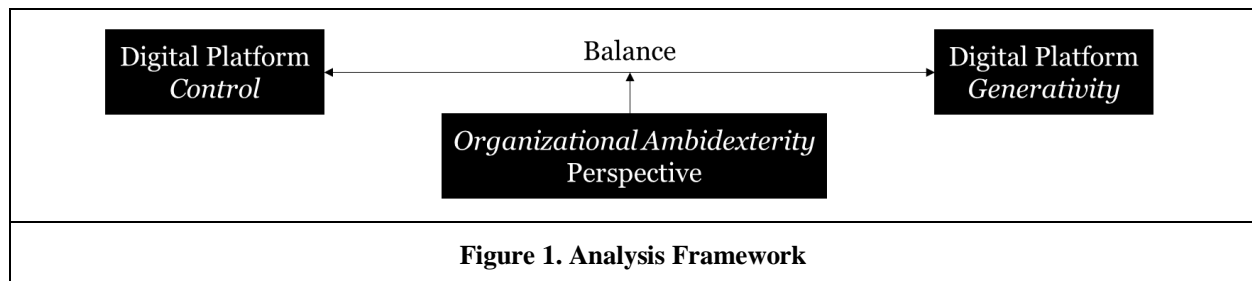
Ambidexterity refers to an organization's ability to balance *conflicting* goals that are both necessary for its long-term competitive survival (Raisch and Birkinshaw 2008). IS scholars have been reiterating the potential of ambidexterity as a research lens to theorize how organizations balance conflicting goals (Ramesh et al. 2012). Examples in IS research include the balance of exploration and exploitation (Im and Rai 2008), alignment and adaptability (Ramesh et al. 2012), alignment and discretion (Kietzmann et al. 2013), control and autonomy (Gregory and Keil 2014), as well as efficiency and innovation (Gregory et al. 2015).

The extant ambidexterity research has conceptualized four modes (see Table 2), namely *contextual*, *structural*, *temporal*, and *domainal* ambidexterity (Lavie et al. 2010, p. 130). In contextual ambidexterity, organizations simultaneously pursue two conflicting goals *situation-dependent*. Opting for a unique balance in each given situation, both goals become balanced overall, i.e. at all organizational levels (Raisch et al. 2009). Structural ambidexterity captures the notion that conflicting goals can be pursued simultaneously in *distinct* organizational units (Benner and Tushman 2003). While pursued in distinct organizational units, both conflicting goals become balanced at the organizational level (Raisch et al. 2009). Temporal ambidexterity separates the pursuit of two conflicting goals in time. Organizational units switch between episodes of control and generativity activities, which leads to a purposeful balance over time. Finally, domainal ambidexterity refers to the simultaneous pursuit of two conflicting goals in different organizational domains.

Like structural ambidexterity, the conflicting goals are balanced at the organizational level (Lavie 2010). Table 2 synthesizes the four conceptualized modes of ambidexterity.

Table 2. Ambidexterity's Modes of Balancing Exploration and Exploitation (Lavie et al. 2010, p. 130)	
Mode	Description
Contextual	Two conflicting goals are pursued <i>situation-dependent</i> and simultaneously at all organizational levels
Structural	Two conflicting goals are pursued simultaneously but in <i>distinct organizational units</i>
Temporal	Two conflicting goals are pursued in the same organizational unit but at <i>different points in time</i>
Domainal	Two conflicting goals are pursued simultaneously but in <i>particular organizational domains</i>

Based on (1) digital platforms' inherent control-generativity conflict and (2) the conceptualized four modes of ambidexterity (Table 2), we constitute our analysis framework (see Figure 1) to guide a structured review of digital platform literature. Specifically, we employ our analysis framework (see Figure 1) to identify how digital platforms balance control and generativity by context, structure, time, and domain, respectively. In what follows, we present our research method.



Research Method

This research-in-progress is embedded in an overall, three-stage mixed-methods research agenda: (1) literature review, (2) in-depth case studies, and (3) prescriptive knowledge. The paper at hand identifies modes and mechanisms of balancing control and generativity in digital platforms, serving as a basis to be used in the overall study's subsequent steps two and three (see Table 3). **Step one**, which is the scope of the paper at hand, is concerned with a structured review (Webster and Watson 2002) of digital platform literature (De Reuver et al. 2017) to identify modes and mechanisms of balancing digital platform's inherent control-generativity conflict (Ghazawneh and Henfridsson 2013). In **step 1.1**, we develop an analysis framework that serves as a coding scheme to guide the derivation of the targeted balancing modes and mechanisms (see Figure 1). We thereunto employ prior ambidexterity research that offers four *existing* modes of coping with the conflicting demands of *control* and *generativity* (Lavie et al. 2010, p. 130) (see Table 2). The resultant coding scheme thus comprises the codes *control*, *generativity*, and *balance* (to account for the control-generativity conflict), as well as *contextual*, *organizational*, *temporal*, and *domainal ambidexterity* (to account for the four conceptualized ambidexterity modes). In **step 1.2**, we create a pool of studies required to uncover the targeted balancing modes in digital platforms. To conduct our literature review, we include relevant studies on digital platforms, which are published in the *AIS Senior Scholars' Basket of Journals*. We search the Business Source Premier database employing the EBSCOhost search engine without time restrictions. The 14 selected papers contain the phrase "*digital platform**" in the abstract. We additionally include the four studies in the MISQ special on *Co-creating IT Value* (Grover and Kohli 2012) all of which ground on prime digital platform examples. A subsequent forward and backward search looks for further articles that focus on the control-generativity conflict, adding eleven further journal articles. In **step 1.3**, we rely on the methodological steps provided by Friend and Malshe (2016, p. 177). First, we identify *any* extract relating to occurrences of the constituents of the analysis framework (developed in step 1.1). We analyze conceptual background, case description, and result sections of each included paper. Second, these occurrences are organized based on underlying parallels and likenesses to arrive at first-order categories. We matched these first-order categories to organizational ambidexterity's four modes of balancing exploration and exploitation (Lavie et al. 2010, p. 130) (see Table 2). Third, the identified modes of balance are

then labeled as *contextual*, *organizational*, *temporal*, and *domainial balance* to reflect their main theoretical emphasis. For each mode, we analyze selected codes again to disentangle its underlying mechanism. In the following section, we present the four identified modes and mechanisms. The overall study’s subsequent steps 2 and 3 are discussed in the last section of this paper.

Step		Outcome	Scope
1	1.1	Develop an Analysis Framework	<i>Paper at hand</i>
	1.2	Select Relevant Papers	
	1.3	Derive Balancing Modes in Digital Platforms	
2	In-depth Case Studies	In-depth investigation of <i>success</i> and <i>failure</i> cases of digital platforms to inform the identified modes and mechanisms with empirical data: <ul style="list-style-type: none"> An empirical validation of the research model (from step 1) through primary and secondary empirical data Refined, adapted, and extended set of balancing modes and mechanisms serving as a testable research model 	Next steps
3	Prescriptive Knowledge	Prescriptive guidance for the effective design of digital platforms: <ul style="list-style-type: none"> A set of design principles to <i>guide</i> organizations in understanding, designing, implementing, and managing digital platforms A design theory based on balancing modes and mechanisms to <i>guide</i> digital platform design processes effectively and efficiently 	

Modes of Balancing Control and Generativity in Digital Platforms

Guided by the analysis framework (see Figure 1), we coded 29 digital platform papers. We extracted a set of four **modes** of balancing control and generativity in digital platforms, namely *contextual*, *organizational*, *temporal*, and *domainial balance* (see Table 4). This set of modes is drawn based on the premise that digital platforms seek both (1) for stabilization to exploit the given ecosystem of third-party actors (through *control*) and (2) for dynamism to explore new avenues of resource integration in adapting to third-party actors’ external stimuli (through *generativity*). Figure 2 integrates the identified modes into the revisited and updated analysis framework.

We further substantiate the modes in delineating their underlying explanatory **mechanisms** that *facilitate* the control-generativity balance within each mode (Bunge 2004). These mechanisms are essential for prospective empirical investigations of control-generativity conflicts in that they unbox how the proposed modes *work* (Henfridsson and Bygstad 2013). In what follows, we present the set of modes and mechanisms of balancing control and generativity in digital platforms.

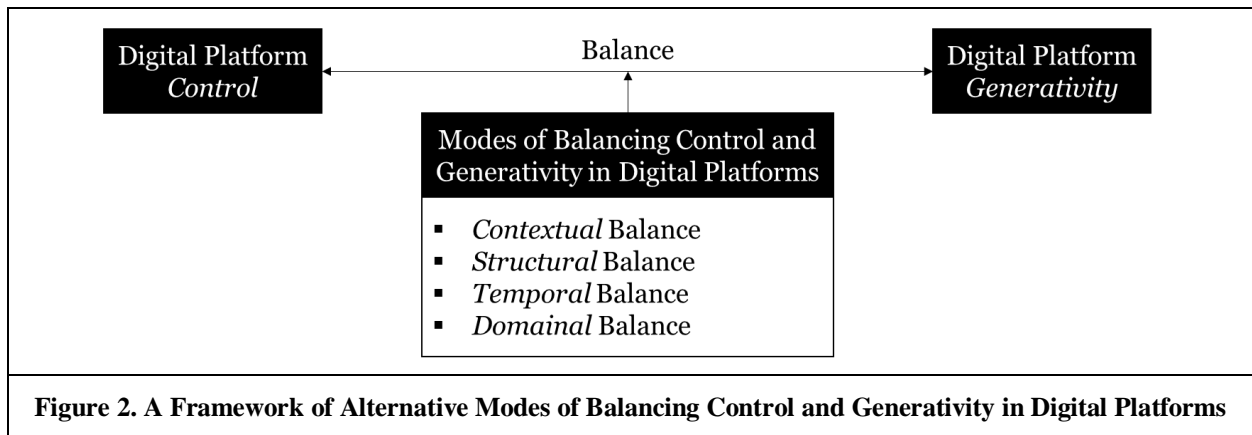


Figure 2. A Framework of Alternative Modes of Balancing Control and Generativity in Digital Platforms

Contextual balance denotes a form of *contextual* buffering between control and generativity activities in digital platforms. The platform owner maintains control and generativity (1) *simultaneously* at any given organizational level; and (2) *situation-dependent* for each third-party actor *individually* at a given time and location (**mode**). In effect, there is no *formalized* balance since each balance decision is made situation-dependently. This mode is primarily captured by a stream of digital platform research that focuses on *dyadic*—in contrast to *networked*—resource integration processes between the platform owner and *one* distinct third-party actor (e.g., Ceccagnoli et al. 2012; Parker et al. 2017; Sarker et al. 2012). That is, while digital platforms are viewed as key stone within *networked* ecosystems of thousands of loosely coupled third-party actors, the control-generativity conflict is balanced *contextually* at the locus of the *dyadic* owner-partner relation. For instance, Sarker et al. (2012) assert that Microsoft (*Windows*) employs contextually configured, fluid control-generativity constellations along three patterns of *dyadic* resource integration: *exchange*, *addition*, and *synergistic integration* of resources (**mechanism**).

Structural balance denotes a form of *spatial* buffering between concurrent control and generativity activities in digital platforms. The platform owner maintains control and generativity (1) *simultaneously* on ecosystem's macro level but (2) *either* imposes control on third-party actors of *one* type (e.g., development partners) *or* allows for generativity of partners of a different type (e.g., consulting partners). In this mode, *distinct* organizational units of the platform owner are responsible for *different* actor types. In effect, the control-generativity balance is made between distinct organizational units at the platform owner for different third-party actor roles (**mode**). This mode is primarily captured by digital platform research that focuses on the different natures of third-party actors and their competitive dynamics (e.g., Chellappa et al. 2010; Kazan et al. 2018; Lyytinen et al. 2016). Here, the control-generativity conflict is balanced *on the organizational level*. Typical distinctions include third-party actors' *novelty* (new or existing partner), *role* (development, service, or sale partner) (Sarker et al. 2012), and *innovation* (incremental or radical innovation partner) (Karimi and Walter 2015). For instance, Lyytinen et al. (2016, p. 59) propose four different types of actors with unique control-generativity constellations each. For instance, SAP (*SAP Cloud Platform*) runs one unit to negotiate and onboard *new* partners (*control*), while a different unit explores novel software with already *existing* partners (*generativity*) (**mechanism**).

Temporal balance denotes a form of *temporal* buffering between concurrent control and generativity activities in digital platforms. For each given third-party actor, control and generativity activities (1) coexist, but (2) at different points in time. That is, the platform owner switches *sequentially* between control and generativity for each given third-party actor. In effect, the control-generativity balance is made third-party actor-dependent over time (**mode**). This mode is primarily captured by a digital platform research stream that employs process views on the dynamics of digital platform evolution over time (e.g., Henfridsson and Bygstad 2013; Tan et al. 2015; Tiwana et al. 2010). This stream holds that the control-generativity conflict is balanced *temporally* by means of sequential shifts from control to generativity, and vice versa. These shifts are unique for each platform partner. Critical events in the evolution of the owner-partner relation trigger these shifts (Tan et al. 2015). To illustrate, Alibaba Group (*Alibaba.com*) predominantly maintained generativity to become a two-sided platform (1994-2004), relied on control to mitigate the threat of platform envelopment (2005-2006), and fostered generativity again to pursue a digital ecosystem strategy (2007-present) (Tan et al. 2015) (**mechanism**).

Domainal balance denotes a form of *domainal* buffering between concurrent control and generativity activities in digital platforms. A given third-party actor is subject to control in *one* domain (e.g., e-commerce) and granted autonomy in a *different* domain (e.g., search engine automation). The platform owner balances these domain-dependent control and generativity activities on the organizational level across domains. For instance, if a platform end user combines the e-commerce and the search engine automation applications, the platform partner reconciles occurring conflicts across these domains to facilitate a simultaneous operation of both applications. In effect, the control-generativity balance is made between distinct domains (**mode**). Digital platform research that focuses on digital platform architecture (e.g., Sørensen et al. 2015; Spagnoletti et al. 2015; Thomas et al. 2015) holds that digital platforms are constituted by multiple, varied, and interdependent architectural constituents, such as platform hardware, software, services, and sales. While hardware partners are often tightly controlled, sales partners are granted more autonomy in generating novel channels. For instance, Spagnoletti et al. (2015) differentiate a platform's *core*, *interfaces*, and *complements* as platforms' key architectural domains, each requiring different control-generativity configurations (**mechanism**).

Table 4. Alternative Modes of Balancing Control and Generativity in Digital Platforms

Mode	Balance Mechanism	Description	Visualization
Contextual Balance	Situation-dependent combination of concurrent control and generativity	A form of <i>contextual buffering</i> , whereby the platform owner maintains control and generativity activities (1) situation-dependent for each platform partner individually and (2) <i>simultaneously</i> at any given organizational level	
Structural Balance	Different types of partners are subject to either control or generativity	A form of <i>spatial buffering</i> , whereby the platform owner maintains control and generativity (1) <i>simultaneously</i> on the platform ecosystem level, but (2) are situated within distinct organizational units for distinct partner types (e.g., new and existing partners), respectively	
Temporal Balance	Sequential shifts over time from control to generativity, and vice versa	A form of <i>temporal buffering</i> , whereby control and generativity (1) coexist for the <i>same</i> given platform partner but (2) at different points in time, so that the platform owner switches sequentially between control and generativity for each platform partner	
Domainal Balance	Control in one domain with simultaneous generativity in another domain	A form of <i>domainal buffering</i> , whereby any given platform partner is subject to both control and generativity (1) in <i>particular</i> organizational domains while (2) the platform owner balances these domain-dependent control and generativity activities globally across domains	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Platform Owner </div> <div style="text-align: center;"> n^{th} Platform Partner </div> <div style="text-align: center;"> Control Activity </div> <div style="text-align: center;"> Generativity Activity </div> <div style="text-align: center;"> Control Relation </div> <div style="text-align: center;"> Generativity Relation </div> </div>			

Discussion and Next Steps

The primary step of our overall research design synthesizes a set of four specific and alternative modes of balancing control and generativity in digital platforms—*contextual*, *organizational*, *temporal*, and *domainal platform balance*. Grounded on organizational ambidexterity as research lens, the proposed modes account for digital platforms *simultaneously* seeking both (1) for stabilization to exploit the given ecosystem of third-party actors (through *control*) and (2) for dynamism to explore new avenues of resource integration in adapting to third-party actor’s external stimuli (through *generativity*). The results presented here contribute to the extant digital platform literature in that they conceptualize and structure the control-generativity conflict in distinct modes and mechanisms of balancing this conflict.

Building on **step one** (paper at hand), **step two** is concerned with an in-depth investigation of digital platform cases to empirically inform the identified modes and mechanisms based on *primary* and *secondary data*. The modes presented in this study will structure our data analysis. Concerning *primary data*, we have already gathered longitudinal data sets on two business-to-business digital platforms. While one case represents a *success* case, the other represents a *failure* case. The *success* case provides fruitful insights on how contemporary digital platforms implement the proposed modes. The *failure* case has overstressed generativity which has led to substantial costs of platform implementation. We opt for a *multiple* case study approach owing to digital platforms’ inherent and multifaceted complexity that accrues from a multitude of loosely-coupled third parties (static complexity) all of which dynamically co-evolve in varied patterns and rates of change over time (dynamic complexity) (Xia and Lee 2005). Concerning *secondary data*, we employ a case survey based on (i) 41 real-world instances of digital platforms collected by Henfridsson and Bygstad (2013, p. A5) and (ii) new cases of digital platform based on our literature review in *step one*. The case survey method allows to quantitatively analyze patterns across multiple case studies (Larsson 1993).

In **step three**, we guide an effective design of digital platforms that sustainably balances control and generativity. Digital platform literature has so far revealed little such prescriptive knowledge (De Reuver et al. 2017). This can partially be ascribed to the secrecy of all major platform owners, such as Apple (*iOS*), Alphabet (*Android*), or Microsoft (*Windows*). This secrecy makes reliable first-hand data on effective governance and design decisions almost impossible to ascertain. Through our access to success and failure cases, we hope to bridge this void through capturing tacit design knowledge embedded in the chosen cases and through theorizing it by means of a design science research approach—in the form of design principles and a design theory (Gregor and Hevner 2013).

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