



Equipe de Recherche sur la Firme et l'Industrie  
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## **EURAS - European Academy for Standardization**

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# **Strategies In Electronic**

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# Introduction

## What we wanted to do

We wanted to check that the firms participating into the institutional formal process adopted coopetition as a strategy

## What we did

We analysed the case of the electronic documents format

## What we found

We found that coopetition was not effectively implemented



# Theoretical background

## • Competition

Shapiro and Varian (1999) : Deliberate strategies of “Standards Wars”:

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D’Aveni (2007) : “A company must build a stronghold to be in a position to set the standard for all in the market”

Blind (2002) : “The standardization process can be regarded as the extension of the competitive product development process” (To gain advantages in diffusion, and a higher anticipated demand)



# Theoretical background

## Coalition

“In mature markets, compatibility and incompatibility standards are, besides price setting, a parameter in the competition, but also in the coalition with other companies”. Blind (2002)

## • Coopetition

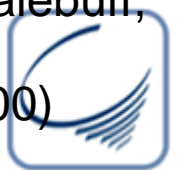
Coopetition is not only a strategy, it describes a nature of competitive relations.

This nature can be :

- competition (alliances and coalition belong to this paradigm)
- cooperation
- coopetition

Two approaches of coopetition exist :

- Cooperation and competition simultaneously (Brandenburger and Nalebuff, 1996).
- Cooperation and competition sequentially (Bengtsson and Kock, 2000)



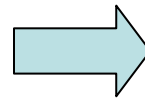
## Theoretical background

- Coopetition and institutional standardisation

Farrell and Saloner (1988)

- *de facto* standards implicate no prior cooperation within competitors

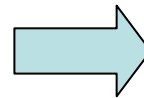
polarization.



**COMPETITION**

- *de jure* standards implicate an explicit communication and negotiation within competitors :

convergence



**COOPETITION**



## Standards in electronic documents format

- ODF - Open Document Format for Office Application - was validated by ISO.
- ECMA validated OOXML, then subjected this format to ISO.
- AFNOR represented the French position in ISO (Abstention)



# Methodology

## We observed :

- **The beginning of the process**
- Information of secondary nature: analysis of web sites and reviewing of documents
- Interviews of experts for standardization programs (AFNOR & OECD).
- **The development of the process**
- Participative observation of normative works within the electronic document format standardization commission (Afnor) (e-mail exchanges analysis - Social Network Analysis representation)
- **The end of the process**
- Information of secondary nature: analysis of web sites and reviewing of documents



# Results

## **Tensions for cooperation BEFORE normative works**

1. The behavior of the institutions
  - Some impose the usage of a normalized format in administrations
2. The strategic role of the instigators
  - OECD : “Which processes, standards, architectures, etc. are common and can lead to a maximum interworking?”



## Results

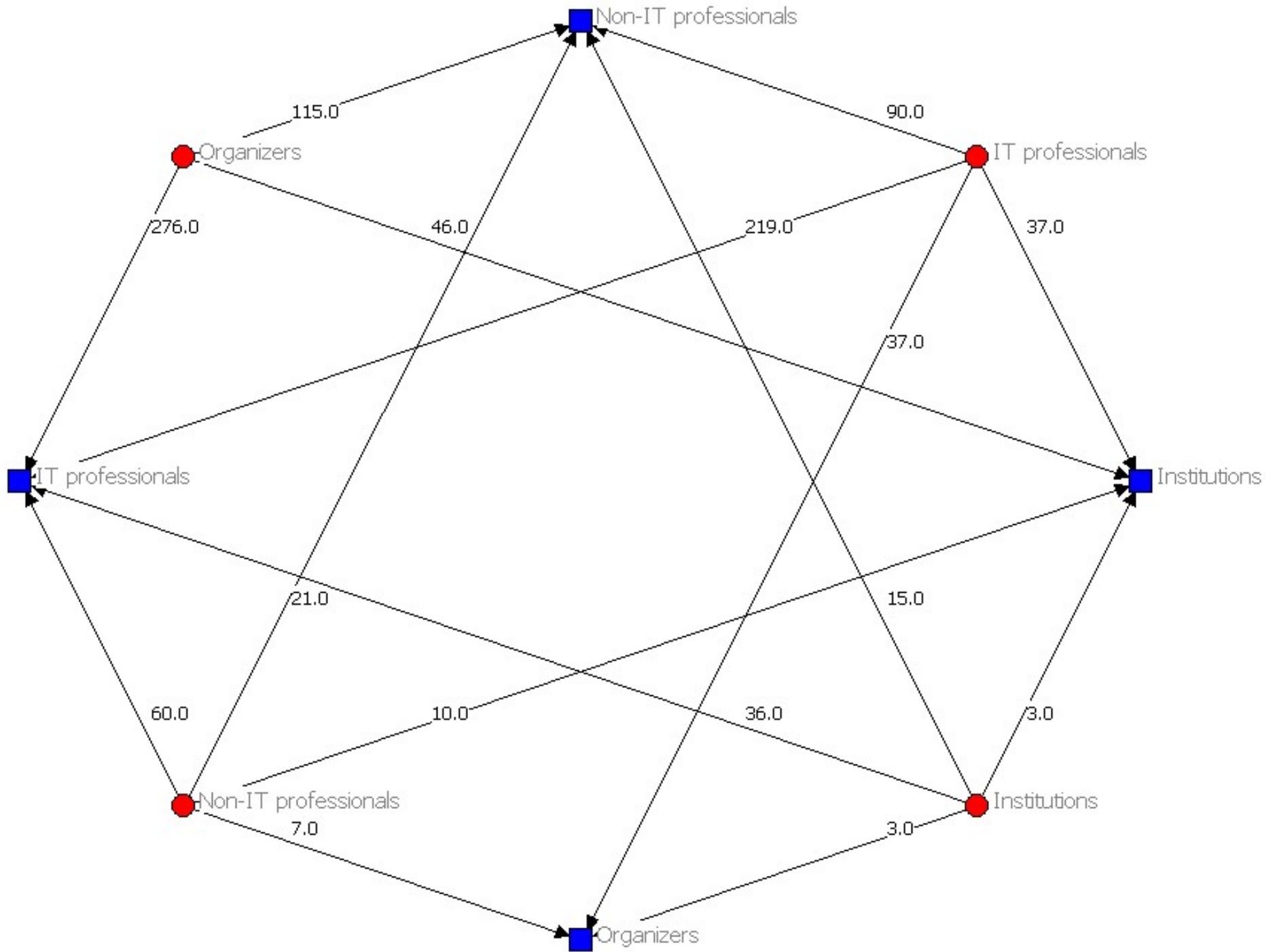
### **Analysis of cooperation within normative works**

Participating observation at the French commission of normalization (AFNOR).  
159 exchanged e-mails – 93 e-mails studied.

We aggregated senders and receivers as :

- Organizers : Members of Afnor
- IT professionals : belonging to the data-processing sector (IBM, Msft, etc.)
- Non-IT professionals : end-users' association, public organizations, etc.
- Institutions : Ministries (instigators or early adopters)





## Results

The IT professionals played the major role in the technical committee :

- They received more e-mails from organizers than other participants
- They sent more e-mails than other participants except organizers
- IT professionals exchanged together more than with other participants.  
Which signifies that Microsoft, IBM, IT companies played a large part in the process
- We did not observe a clear domination in the exchanges that would prevent cooperation

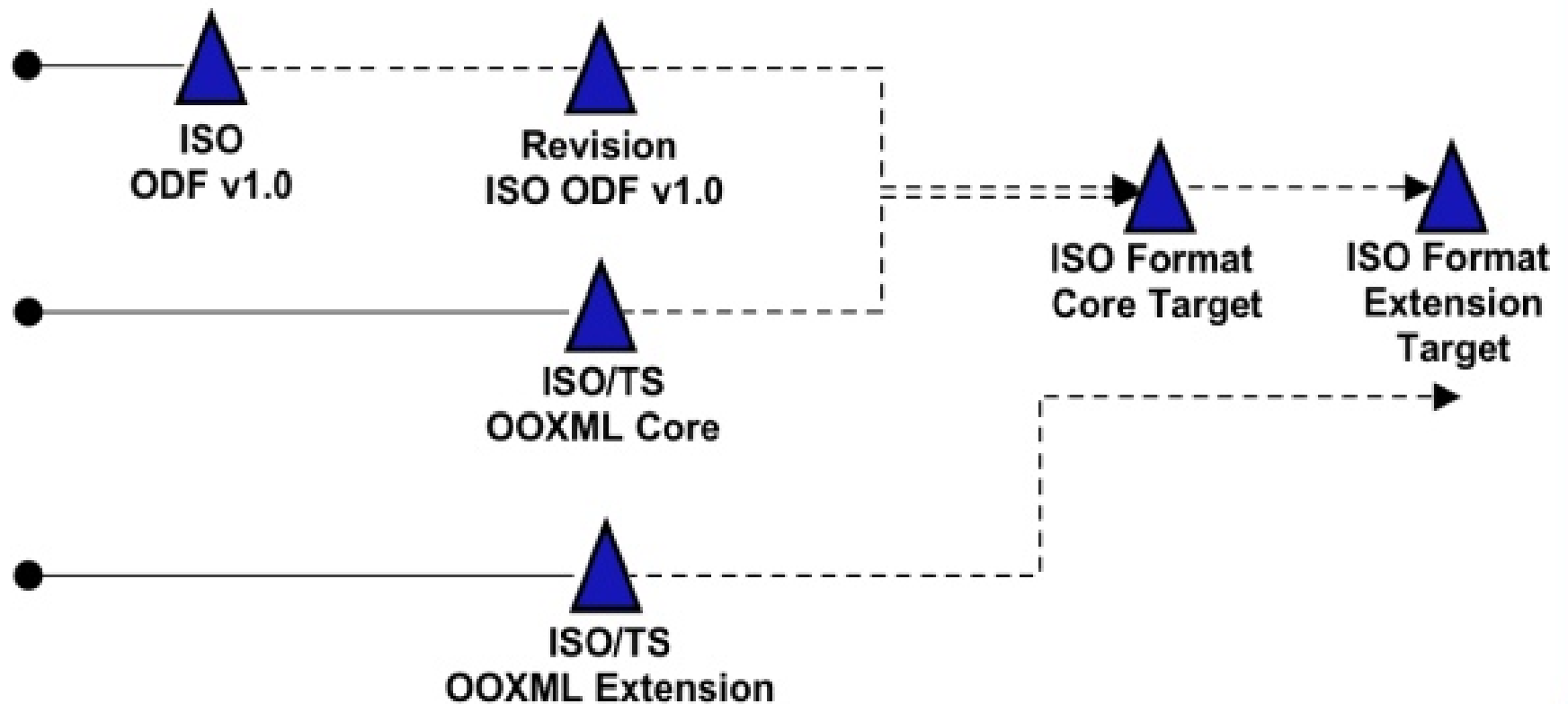


*Tension for cooperation within the normative works*

AFNOR 1st position : Press conference the 3 of September 2007

## Convergence of ODF and OOXML (AFNOR)

### Proposed Scenario for convergence of ODF and OOXML



## AFNOR 2d position : 31th of March 2008

### *Tension for competition before the end of the normative works*

At the last moment, Microsoft committed to improve OOXML.

Institutions participating in the TC, asked AFNOR to vote YES or ABSTENTION.

AFNOR changed its position and voted abstention.

Finally, OOXML was standardized by ISO.



## Results

### **Tensions for cooperation AFTER normative works**

AFNOR and ISO position was questioned in the media:

- Media suspect Microsoft of lobbying ministries
- Brazil, India and South Africa have filed appeals to the ISO/IEC approval of Microsoft's OOXML
- The competition between ODF and OOXML partisans starts again.

The market will decide which, of this two office documents standards will survive.



## Results

- **Finally, coopetition, as a real strategy, was not effectively implemented :**
  1. The result of the process (2 standards) does not correspond to a coopetition process (The process did not produce a common creation)
  2. At the end of the process, the competitors are still confronting
  3. All participants do not admit that coopetition was implemented



## Discussion

1. We postulated the existence of coopetition due to the necessity for competitors to cooperate. Now is cooperation a necessity in SDOs ?
2. We considered the neologism coopetition. Why do not we consider coalition or alliances ?
3. We presumed that we could see competitive strategies in applying Social Network Analysis. Wouldn't it be more productive to interrogate the actors ?
4. Finally, doesn't the competition paradigm suit better the analysis of strategies in SDOs ?
5. Is the standardization process perverted by competition ?
6. What would be a real coopetitive strategy ?



## Conclusion

- We analyzed the standard setting process through the paradigm of copetition.
- A participative observation of the French position enabled to identify three different phases of tension between cooperation and competition.
- We finally assume that copetition was not implemented as a strategy
- We have to more precisely define what would be a cooperative strategy

