



EMERGING TRENDS

What Does an Ecosystem Manager Do?

By Ard-Pieter de Man, CSAP

Managing an ecosystem is a contradictory concept; nevertheless, a growing number of partnering managers are being tasked with leading and influencing their companies' business ecosystems. Here's what this emerging role looks like, based on interviews with 12 practitioners.

Increasing numbers of alliance managers are shifting their focus toward working in ecosystems. Some executives even have ecosystem manager as their job title. There is, however, considerable variety in what ecosystem managers do. In this article, I give insight into the various ecosystem roles that are emerging in practice. This also helps us to think about how these roles may evolve in the near future.

Ecosystems and their managers

The term ecosystem is used in many different ways by practitioners and academics. A relatively broad definition is that an ecosystem is a network of organizations and individuals that co-evolve their capabilities and roles and align their investments so as to create additional value and/or improve efficiency¹. The key element here is “co-evolve capabilities,” which means that the

partners learn from and with each other, with the aim to innovate. Ecosystems are also characterized by non-hierarchical forms of coordination², that is, there usually is not one organization that directs the course of the ecosystem. Instead, interactions among many partners determine the course of the ecosystem. Ecosystem manager is therefore a contradiction in terms: Ecosystems can perhaps be influenced, but they cannot be managed in the traditional, hierarchical sense.

scribed the ecosystem the company manages to deliver virtual desktops to Honda⁴. Together with its partners Dassault Systèmes, VMware, ANSYS, and HP, NVIDIA developed and continually improved its offering.

A second category encompasses portfolio-based ecosystems⁵. This category includes managers that define the term ecosystem at the level of their company or business units. For them, the alliance portfolio is the ecosystem. These managers are concerned with

Traditional Alliance Manager

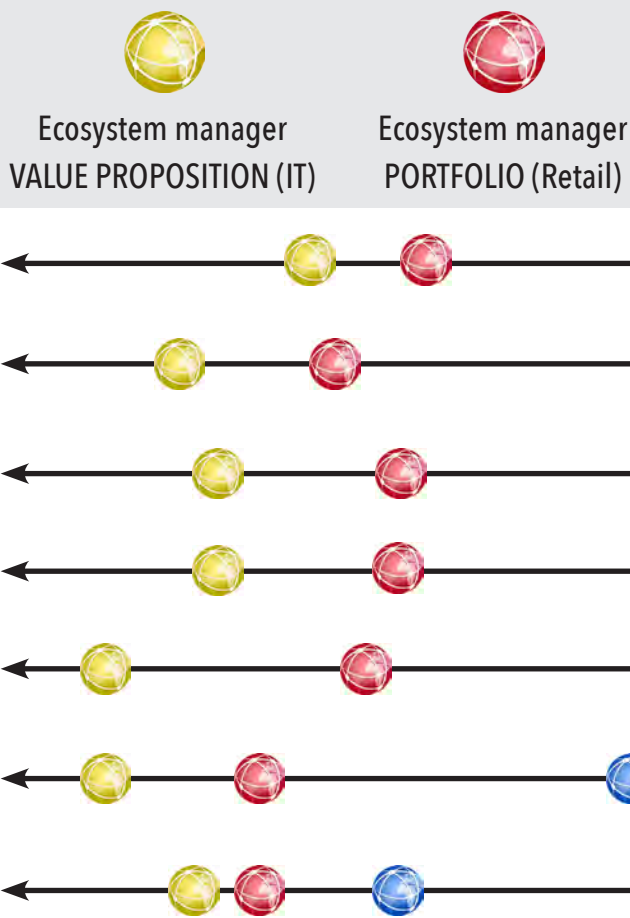


Figure 1: THE CONTINUUM OF ECOSYSTEM MANAGERS

Nevertheless, the term ecosystem manager has emerged in practice over the past few years. To get insight into what they do, I interviewed a dozen of them. Their jobs roughly fall into three categories. The first category manages multi-partner alliances in which partners jointly deliver a value proposition to a client³. Such value proposition-based ecosystems are particularly popular in high tech. For example, in a recent issue of *Strategic Alliance Magazine*, NVIDIA de-

filling gaps in their ecosystem, for example, to ensure they have a balanced and complementary set of partners with which to go to market. The difference with traditional alliance portfolio management is that they are much more active in searching for new value propositions and business models with the partners in their portfolio.

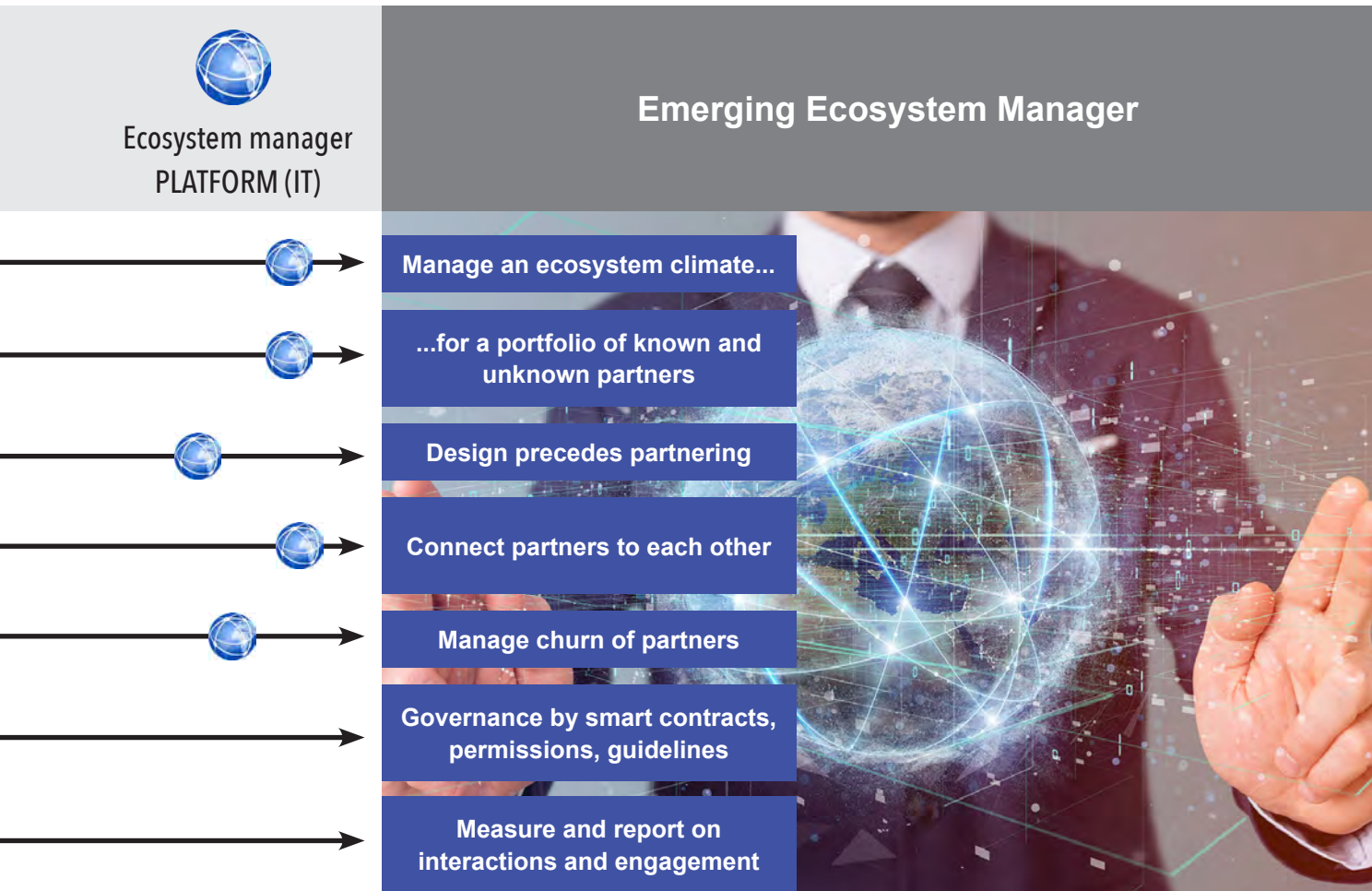
A final category involves platform-based ecosystems. Ecosystem managers of online platform organizations,

such as Apple, Google, or Facebook, focus on optimizing all external relationships of their company, including apps developers, suppliers, and clients. Of the three categories of ecosystem managers, this role diverges most from traditional alliance management.

To get a grip on how these different types of ecosystem managers relate to each, Figure 1 presents some key differences between them. It shows a continuum that lies between two extremes. The left side describes

combined with insights from the literature on ecosystems⁷.

Between these two extremes lies a continuum. Along this continuum I indicated the position of three managers I interviewed. They represent the three types of ecosystem managers mentioned above: value proposition-based, portfolio-based, and platform-based. This article first discusses the extremes of the continuum. Then we look at the three exam-



the role of traditional alliance managers. Of course, traditional alliance managers come in various shapes and sizes⁶, and the left column does not purport to give a full account of that diversity. It merely provides a useful baseline to depart from. The right side presents the roles performed by an emerging category of ecosystem managers that depart radically from traditional alliance management roles. This category is based on the more “extreme” cases in my interviews,

ples in the continuum.

The two sides of the continuum

A first difference is that traditional alliance managers manage bilateral relationships with one or a limited number of partners. The focus is on getting the one-on-one relationship right. Many of the ecosystem managers I interviewed pay less attention to one-on-one relationships simply because there are too many of them in an ecosystem. Their focus is more on creating a climate in

the ecosystem that enhances collaboration. They may do so by sharing information and knowledge, removing obstacles for collaboration, and organizing partner events. This not only benefits known and existing partners, but also partners that are not yet in the ecosystem but may be attracted to become an ecosystem partner. For example, for apps developers the presence of good development tools is a precondition to join an ecosystem. For platform organizations, developer conferences have become a standard element in the maintenance of a healthy ecosystem climate.

Attracting new partners to join an ecosystem differs markedly from traditional partner selection for alliances. The traditional partner selection process is about searching, prioritizing partners, and determining whether there is strategic, organizational, cultural, and operational fit with each prospective partner. Next, together with the partner, the alliance structure and governance are developed: partnering precedes the design. In online ecosystems, design precedes partnering. The majority of partners do not go through an extensive selection process. Instead they self-select: They determine whether it is interesting for them to join a platform or not. Think about app developers for Google or Apple platforms. They connect to those platforms if they want to, and can do so as long as they follow some general guidelines and stay within the law. To attract such partners, the ecosystem manager has to set the conditions for access to the ecosystem and the incentives in such a way that it becomes attractive for partners to sign up. Open interfaces (in an online environment facilitated by application programming interfaces, or APIs, and software developer kits) and a reasonable value-sharing formula are instrumental here⁸.

A further difference between traditional alliance managers and the emerging function of ecosystem managers lies in the fact that a traditional alliance manager's main concern is to connect alliance partners to his or her company. Helping staff of the partner to find their way in that company and vice versa is a very important task of traditional alliance managers that contributes substantially to successful collaboration. Ecosystem managers have a different focus: They play a role in connecting partners to each other to develop new value propositions. They search for partners in the ecosystem that have complementary capabilities and may profit from working together. An example I came

across was an ecosystem manager in a utility company who spotted an app measuring room temperature and an app to operate a thermostat in a home. Now they are connected, enabling the homeowner to remotely check temperature and adjust the intelligent thermostat. This adds more value for everyone involved than offering the two apps separately, thereby making the utility's innovation partners more successful and providing convenience and energy savings to the ecosystem's homeowner customers.

Following from the previous point, a key thing for traditional alliance managers to watch is churn inside partners. Knowing when people leave their position, knowing who succeeds them, and onboarding these per-

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sons are vital to keep an alliance alive. To keep an ecosystem alive, however, requires managing the churn of partners (i.e., the rate of entry and exit of partners in the ecosystem). When more partners leave than join, there is a problem: Apparently the conditions for access are too tight or the incentives for joining are not sufficiently compelling. Managers need to make this analysis and propose fitting actions. They also curate the partner network by monitoring whether there are undesirable partners and whether to end the relationship with them.

Governance is another issue where the roles of the two manager types differ. Traditional alliance managers focus on contracts and committees as main elements of the formal governance of a collaboration. Ecosystem managers have other means at their disposal to govern relationships. These include the use of smart contracts that automatically govern transactions, as well as different levels of permissions that are set for partners regarding access to intellectual property. Finally, they set standard guidelines that spell out the required behavior of partners working on the platform, rather than creating custom-made agreements with each partner individually.

A final point relates to the indicators by which traditional alliance managers are judged. Usually, they measure and report on pipeline-related issues. For market-oriented and channel alliances, these may relate to sales leads, proposals sent out, and deals won. For innovation alliances, these may be measures about ideas generated, patents applied for, number of projects brought to the next phase in the innovation funnel, or innovations introduced into the market. As one of the main tasks of ecosystem managers is to develop a healthy ecosystem climate, the relevant measures for them are about interactions and engagement. These can be measured in an online environment by tracking how often partners are active on the platform⁹. In offline environments, net promoter scores, 360-degree reviews, and survey-based instruments may help to get an overview of ecosystem health¹⁰.

Three types of ecosystem managers

In the continuum between the two extremes, Figure 1 depicts three exemplary cases of individuals I interviewed. A platform-based ecosystem manager is on the right side of the continuum. This manager was responsible for an online platform offering a variety of tools that help startups with their business. His task was to attract

developers to improve those tools, as well as to attract startups as clients and co-creators of the platform. His job scores closely to the right side of the continuum, with the exception of the elements of governance, measurement, and reporting. The latter two elements are still more traditional. The manager, however, believed that more online governance and measurement might develop over time. The platform for which he managed the ecosystem was still in an early phase of development. There was not yet sufficient data to measure engagement and interaction of partners in a meaningful way.

The other two roles may be more recognizable to ASAP members. Closer to the traditional alliance management role is a manager who is responsible for a value proposition-based ecosystem. This manager works with an ecosystem in which three parties combine data and streamline processes around salary payments and administration. The manager's role is different from traditional alliance management in three areas. First, the manager is not only concerned with the bilateral relationship between her company and the individual partners, but also works on improving the climate between the partners. She initiates offsite sessions and gets involved to solve issues between partners even when her own company is not affected by those issues. Second, connecting partners to each other is another part of the work she does. As the ecosystem has been around for some time, she knows many people in the partner companies. This makes it possible for her to connect individuals and partners that have not met before. Third, she not only reports about operational progress, she also regularly gauges the atmosphere in the ecosystem and reports about that to her management.

The third manager is responsible for a portfolio of fifty partners that collaborate in different constellations to develop new concepts in the retail sector. All partners help to bring his company's innovation initiatives further, and all partners benefit from increased learning. Some partners are large, some very small; some partners collaborate with many others in the portfolio, some with only one or two. The ecosystem climate is very important for this manager and he pays a lot of attention to involving all partners, connecting them to each other, and organizing joint events and challenges. The portfolio ecosystem diverges from the right side of the continuum in that the network is closed: The ecosystem manager determines who is allowed into the innovation

network and who is not. Most of the partners have been in the ecosystem for quite a while. The innovation initiative was co-developed with some core partners (partnering precedes design). Next, other partners were invited to join (for them, design preceded partnering). Occasionally, however, new partners enter or existing partners leave, and it is the task of the ecosystem manager to manage that process and if necessary fill the gap. Even though partner churn is limited, it is his specific task to address it. Closer to classical alliance management is that the ecosystem manager almost exclusively reports about the number of innovations that are introduced together with partners in the ecosystem. The extent to which partners are engaged is assessed based on gut feeling and is not reported to senior management.

How do the roles relate?

The roles described in Figure 1 do not function in isolation. First, neither of these roles is static. The manager of the value proposition-based ecosystem sees her role evolve in the direction of a platform ecosystem manager. An increasing number of companies are interested in working with the partners that initially established the ecosystem. This requires her to adapt her role and move to the right side of the continuum.

Second, there may be a hierarchical relationship between these roles. The portfolio ecosystem manager can spot opportunities to combine partners to deliver a new value proposition. A value proposition ecosystem manager may next manage this opportunity. In terms of career, a value proposition-based ecosystem manager may develop into a portfolio-based ecosystem manager.

Finally, the roles are not mutually exclusive and may be complementary. Alliances are part of ecosystems. A platform-based ecosystem manager may spot a partner to form a traditional alliance with. That alliance remains part of the overall ecosystem. This raises the question to what extent coordination between the alliance manager and the ecosystem manager is necessary.

Implications for alliance managers

The terms ecosystem and ecosystem manager mean different things to different people. Figure 1 is a first attempt to describe the different roles ecosystem managers have in practice. Alliance managers and ecosystem managers may also use this figure to reflect on their

role. Relevant questions include:

- Where am I on this continuum? Which roles do I fulfill? Are there any elements in Figure 1 I do not pay attention to?
- Where should I be? Does the way I fulfill my role fit with the type of ecosystem we have?
- What will be the next evolution in my role as alliance or ecosystem manager? Will our ecosystems develop further, and does that mean I need to move further to the right side of the continuum?
- Does my team have the capabilities required to function in an ecosystem? Which elements are developed well and where are the weaker spots?
- Do we have the three types of ecosystem manager in my company? Is it clear how these roles work together to get the optimal result for our company? ■

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