

GROWING IN A BUSINESS THROUGH DIVERSIFICATION? TECHNOLOGY AND BUSINESS MODEL WISE!

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Research on technology diversification has typically been focused on firms' widened technological competencies measured by the distribution of patents across technological classes. In contrast, this paper explores technological diversification at the product level and the increasing interdependencies of different bodies of knowledge in products spurred by technology opportunities of cross-fertilizing technologies. This is analyzed by three case studies from mechanical engineering multi-national corporations, and their activities of integrating information and communication technologies (ICTs) into established products. We observe 'technology addition' a type of diversification of the technology base for a given product, where technologies are added but not substituted. The paper shows how the technology diversification, which leads to a value diversification, needs to be followed by a business model diversification for a successful realization of economic value.

Keywords: Business model, competencies, cross-fertilization, diversification, economies of scope, ICT, mechanical engineering, value appropriation