

Harvard Business Review



June 2002

Books in Brief

Platform Leadership

Annabelle Gawer and Michael A. Cusumano
(Harvard Business School Press, 2002)

Ever since the struggles of IBM and Apple in the 1980s, computer companies have realized that vertical integration leads to stagnation, not power. The most profitable businesses have instead focused on developing the basic product platforms around which networks of suppliers can form. But platform leaders must still carry out a delicate balancing act of cooperation and coercion: They need to limit the scope of their operations and share technology to encourage partners to develop innovative partners from grabbing the lion's share of profit in the industry. Other books have explained the dilemma, but this one from two professors offers insights into actual strategies. Every position, from Microsoft's extremely proprietary approach to Linux's open-source philosophy, has trade-offs. Tensions can arise not just with external partners, but even internally, as different organizational decisions lead to conflicts of interest. And as the book describes, these decisions are becoming important in other industries with complex products, such as cars and household appliances.

*How Intel, Microsoft, and
Cisco Drive Industry
Innovation*