



Ecosystems for the Rest of Us

To BCG's network around the world,

I'm writing this from our worldwide partners' meeting—the first to be held in person in two and a half years. Some of the most energizing moments for me at these meetings are the conversations I get to have with colleagues, and already this week I've had some great ones with a few of the Fellows from the BCG Henderson Institute (BHI)—our seven-year-old think tank and home to some of our most compelling thought leadership.

I'm eager to share, for example, what I learned from BHI's Ulrich Pidun, who, along with Martin Reeves, spearheaded four years of dedicated research on business ecosystems and recently published this report on the topic: [What Is Your Business Ecosystem Strategy?](#)

I know that many leaders of large companies are wrestling with this and are unsure how to define their strategy. In addition to providing a clear assessment framework, the BHI research revealed several critical findings.

More than half of the S&P Global 100 companies are already engaged in one or more ecosystems, and in a recent BCG survey of 206 executives in multinational companies, 90% indicated that they planned to expand their activities in this field.

Both transaction-oriented business ecosystems (such as digital marketplaces that link buyers and sellers) and solution-oriented models (when a core firm orchestrates the offerings of several companies) can quickly generate eye-popping valuations.

Since 2015, more than 300 ecosystem startups have achieved unicorn status. Banks that substantially engage in ecosystems outperformed their less active peers over the past five years in terms of TSR, price-book ratio, return on equity, and net income growth. And while most leaders assume that their companies need to become orchestrators of their own ecosystems, contributing to one can be just as financially attractive.

Given that success, as well as the big tech ecosystem players that are now numbered among the world's most valuable companies, it's no surprise that ecosystems are high on the strategic agendas in many organizations.

But here's the inconvenient truth: most business ecosystems fail. BHI found that not even 15% were sustainable in the long run. What's worse, failure tends to take its time. Seven out of ten failed ecosystems made it into the scale phase and spent on average \$18 million before their demise.

The biggest challenge for firms that want to become ecosystem players is the required shift in mindset. Instead of aiming just to beat the competition, they need to reward imagination over efficiency, focus outwardly rather than looking in, pursue value creation instead of capture, and shift to collaboration from hierarchical control.

Every company can benefit from mastering the ins and outs of ecosystems, but figuring out how best to get involved can be strategically and financially challenging. I think you'll find the framework provided in this BHI report, linked to below along with other reports based on this research, to be a very helpful guide.

Until next time,

A handwritten signature in dark ink, appearing to read "Rich", with a stylized flourish at the end.

Rich Lesser
Global Chair

Further Reading



What Is Your Business Ecosystem Strategy?

Drawing on the insights gleaned from years of ecosystem research, we offer a step-by-step framework for developing an incumbent company's ecosystem strategy.

[READ MORE →](#)



How Do You Succeed as a Business Ecosystem Contributor?

You don't need to be the orchestrator of a business ecosystem to capture its benefits. Ecosystem contributors can win too, if they focus on certain strategic imperatives.

[READ MORE →](#)



How Do You Manage a Business Ecosystem?

For long-term success, orchestrators must keep an eye on the five main building blocks of ecosystem governance and pick the right model.

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