Chapter 16
OpenSocial:
Structured Partnerships in the Context of Social Networking Platforms

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ABSTRACT

Building on the OpenSocial API suite, developers can create applications that are interoperable within the context of different social networks. Because social applications have access to a network's social graph, messaging systems and update feeds, the OpenSocial standard enables Internet-based businesses to create new kinds of value-creating partnerships without extending themselves beyond their own means or competencies. This chapter argues that by entering structured partnerships, e-ventures and social networks can gain sustainable competitive advantage by integrating their highly complementary resources and capabilities. Building on the Resource-based View (RBV) of the firm and the concept of core competencies, it is shown that both partners can significantly benefit from the technology-induced possibilities that arise from the OpenSocial standard.

INTRODUCTION

The dawn of the Internet in the last decade of the twentieth century induced a structural change in both social and economic spheres. By now, a significant portion of our social interaction happens on the Web (Raman, 2009). At the same time, new possibilities emerged with respect to how enterprises create value. An enterprise can create customer value not only by its physical activities, but also through the creation of value on an electronic level (Weiber, & Kollmann, 1998; Amit, & Zott, 2001; Lumpkin, & Dess, 2004). An entirely new business dimension which may be referred to as the Net Economy has emerged (Kollmann, 2006). It is characterized by numerous entrepreneurial e-ventures that generate revenue and profits independent from a physical value chain (Matlay, & Westhead, 2005) – often referred to as e-ventures (Kollmann, 2006; Kollmann & Häsel, 2007).

When e-ventures introduce their new business ideas to the market, entering partnerships with

DOI: 10.4018/978-1-61520-597-4.ch016

other Internet-based enterprises is a promising strategy as it enables the partners to create more attractive product offers and represents a basis for more efficiently and effectively communicating and distributing their products (Kollmann, 2006; Kollmann & Häsel, 2007). With the establishment of the Net Economy also the collaboration between enterprises reached a new level of quality. The wide, open and cost-effective infrastructure of the Internet allows a simple, fast exchange of data and thus a synchronisation of business processes over large distances (Kollmann & Häsel, 2008). In particular, URL addressable Application Programming Interfaces (APIs) which have become an integral part of the Web in the past years (Raman, 2009) induce new forms of structured collaboration between Internet-based enterprises and enable technology-orientated growth strategies (Volkmann & Tokarski, 2006).

Intensified attention is currently gained by APIs that allow for creating applications that can exist within the context of social networks, such as OpenSocial (OpenSocial Foundation, 2009). Social networks such as MySpace, Facebook or XING are all examples of very successful online communities with several millions of users. Technically, they are accommodated through networking software that maps a social graph. This enables individual members to create and maintain personal profiles and to manage their connections to other members within a network community (e.g. to friends, colleagues or business contacts). Social networks often permit the sending and receiving of messages, in addition to supporting so-called update feeds, which let users know about their contacts' activity within a given network.

By means of the OpenSocial API suite, a social network may grant third-party products access to its social graph (i.e., profile and contact data), as well as to any messaging systems or update feeds. Used by collaborating people, these products then create a far richer user experience than any product that exists outside a social graph context (Raman, 2009). In this chapter, it is argued that OpenSocial can be seen as an enabler for new kinds of value-creating partnerships between e-ventures and social networks. Building on the Resource-based View (RBV) of the firm and, in particular, the concept of core competencies, it is shown that both e-ventures and social networks can significantly benefit from the technology-induced possibilities that arise from the OpenSocial standard.

BACKGROUND

The OpenSocial API suite defines a set of programming interfaces for developing social applications that are interoperable on different social networking sites which are referred to as containers in this context. Different than applications that have been developed for proprietary environments such as the Facebook Platform (Graham, 2008), OpenSocial applications are interoperable within the context of multiple networks and build on standard technologies such as HTML and JavaScript.

Until it was made public in November 2007, the OpenSocial standard was driven primarily by Google. However, the standard was not suited for productive use at that time as there have been several shortcomings with respect to user interface and security. By now the specification is managed by the non-profit OpenSocial Foundation and has reached a stable state suitable for commercial use. In April 2009, more than 20 large social networking sites (amongst others MySpace, hi5, and orkut) have been using the OpenSocial standard to provide their users with social applications (OpenSocial Foundation, 2009).

Social applications are based on the gadget architecture originally developed by Google, which has been expanded on by interfaces which enable access to the social data found in the context of any given container. Gadgets are XML documents containing HTML and JavaScript code along with metadata. The XML specification of a gadget is rendered by the container and integrated into its