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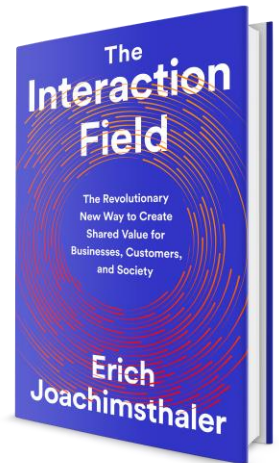
# THE INTERACTION FIELD

*The Revolutionary New Way to Create Shared Value for  
Businesses, Customers, and Society*

**ERICH JOACHIMSTHALER**

Publication Date: September 15, 2020

\$28.00 US / \$35.00 CAN • 240 pages  
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"A thrilling new way of looking at a successful business model for the future. This fascinating book contains great business stories—such as LEGO, John Deere, Alibaba, Flatiron Health, and more—as well as important thinking today's CEOs should become familiar with."

—Vijay Govindarajan, Coxe Distinguished Professor at Tuck at Dartmouth, *NYT* and *WSJ*  
Best Selling Author, *Three Box Solution: A Strategy For Leading Innovation*

"Undeniably compelling...at timely source for leaders who want to be relevant in the next decade."

—Beverly Anderson, President, Global Consumer Solutions, Equifax

"One of the most significant inflection points many businesses are facing is the reality that their fates are not in their own hands. Instead, they depend on the actions of ecosystem players. Joachimsthaler's insightful book is a timely guide for how to navigate this new context."

—Rita Gunther McGrath, Professor, Columbia Business School

"In this powerful and groundbreaking book, Joachimsthaler clearly demonstrates how platform thinking can be utilized to create shared value and drive new growth for companies and brands."

—David Collis, Adjunct Professor at Harvard Business School, author, *Corporate Strategy: Resources and the Scope of the Firm*

"A fascinating, practical and insightful book that brilliantly examines the value that platform thinking can bring to companies and brands in today's hyper-connected world."

—Sangeet Paul Choudary, CEO of Platformation Labs, International best-selling co-author, *Platform Revolution* and author of *Platform Scale*

"An engaging, insightful and immensely practical book on building strong brands and businesses delivering not just shareholder value but also shared value for companies, customers and society."

—Vince Hudson, Senior Vice President, Enterprise Marketing Strategy, American Express

Platforms and digital ecosystems are red-hot business models and have driven stock markets to new heights. Facebook, Apple, Amazon, Microsoft, and Alphabet now make up nearly 30 percent of the S&P, a historic height, and Apple has become the first \$2 trillion company, growing from \$1 trillion just two years ago. But these companies and brands aren't just stock market successes—they have also penetrated the everyday life of Americans. Nearly three quarters of all Americans have an Amazon Prime account, and about half have a Netflix account. Apple commands a dominating share of the market.

In contrast, this month, three well-known companies—ExxonMobil, Pfizer and Raytheon—were removed from the Dow Jones Industrial Index. ExxonMobil has been there for 92 years and Pfizer joined the index in 2004. These companies are the typical companies, the traditional value-chain companies that dominated the 20<sup>th</sup>

century. They have seen their growth rate slow, their ability to compete handcuffed, and their share price languish.

The massive challenge that companies face is this: it is damned difficult to build a platform or digital ecosystem, especially if you are not a technology company. Three recent studies by two leading consultancies, BCG and McKinsey showed that failure to build a platform or digital ecosystem hovers around 85% or more. Annabelle Gawer and Michael Cusumano—celebrated academics and two of the original platform theorists—found that of more than 250 platforms they studied, 80% failed.

In **THE INTERACTION FIELD: The Revolutionary New Way to Create Shared Value for Businesses, Customers, and Society** (PublicAffairs; September 15, 2020), **Erich Joachimsthaler** argues that leaders must stop obsessing about platforms and ecosystems and instead pay attention to building a new kind of company, an interaction field company. Companies that embrace this new model generate, facilitate, and benefit from interactions and data exchanges among multiple people and groups—from customers and stakeholders, but also from those you wouldn't expect to be in the mix, like suppliers, software developers, regulators, and even competitors. And everyone in the field works together to solve big, industry-wide, or complex and unpredictable societal problems.

In his new book, Joachimsthaler provides an in-depth look at interaction field companies in a variety of industries and presents a blueprint for creating one – whether transforming an existing company or building a startup from scratch.

Interaction field companies are just beginning to emerge, and the book explores how they work in heavy industries like agricultural equipment (John Deere), industrial metals (Klöckner & Co.), e-commerce (Alibaba), and in consumer businesses such as automobiles (Tesla, Waymo), health insurance (Discovery Health), cancer treatment (Roche's Flatiron Health), action cameras (GoPro), appliances (Haier), pet food (Mars Petcare), and fashion (Burberry, Gucci).

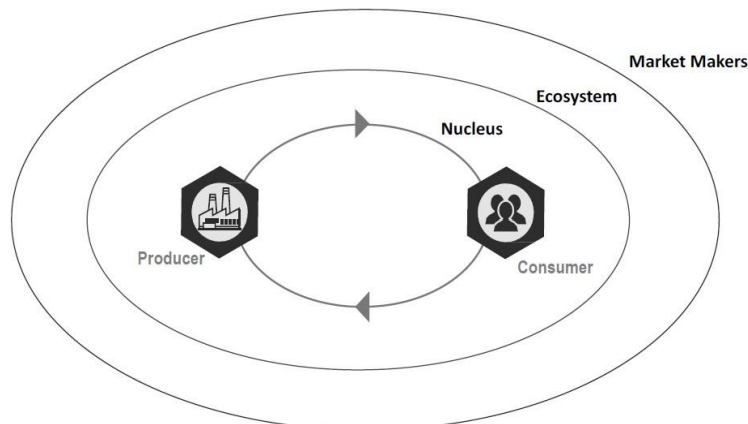
With deeply-researched case studies and astute analyses, **THE INTERACTION FIELD** introduces a revolutionary new way of doing business. Not only does this model allow companies to continuously innovate, evolve, and respond to ever rising customer expectations, but it also creates a new way to solve the immediate challenges of people today and also the major social and economic challenges of the future.



**Erich Joachimsthaler** is the Founder and CEO of VIVALDI, one of the largest independent global strategy and business transformation firms, with offices in the U.S., Europe, Latin America and Asia. He has lectured and held faculty positions at many of the world's leading business schools, including Harvard Business School, IESE, Yale, Columbia, Dartmouth and Duke. He is the author and co-author of more than a hundred articles published in highly-respected journals as well as of two award-winning books—*Brand Leadership* and *Hidden in Plain Sight*. Joachimsthaler has been featured in *USA Today*, *The New York Times*, *Wall Street Journal*, and on CNBC, among others, and writes regularly for *Harvard Business Review*. In 2017, he was voted a Top 25 Influencer of Chief Digital Officers, and he was inducted as the 2017 Fellow of the ISBM Institute for his lifetime contribution in academics, thought leadership and practice in marketing, strategy, and digital innovation. He lives in New York, NY.

# How To Build An Interaction Field Company

To create an interaction field company, you must design and build the three elements that constitute an interaction field: a **NUCLEUS** of participants, an **ECOSYSTEM** of partners and contributors, and a group of **MARKET MAKERS** that exert influence on the field, all of them linked through data.



The **NUCLEUS OF PARTICIPANTS** is typically the company, like John Deere or GoPro, and the customers—anyone who contributes to the core interactions on a regular basis. The traditional company has already established a business relationship with the participants in the nucleus, which is the foundation of the interactions.

The **ECOSYSTEM OF CONTRIBUTORS** is composed of partners in the company's business activity. But as part of the interaction field, data is shared between the nucleus participants and the ecosystem participants. Ecosystems in the interaction field are built on relationships that have been established over years. An example is the supplier relationship between Bosch, the automotive electronics company, and Daimler, the car manufacturer. They have a well-established supplier-buyer relationship based on the development, manufacture, and sale of electronic components for Mercedes-Benz vehicles.

The third group of participants is the **MARKET MAKERS**. These are entities that exert influence and enable the velocity in the interaction field. There are many types of entities that can be market makers, and the types differ from one interaction field to another. The US Department of Transportation, for example, regulates the automotive industry and hence is one type of market maker in an automaker's interaction field.

**HOW IT WORKS:** High interaction velocity is achieved when the three elements of the field work together to create network effects, learning effects, and virality. This leads to new shared and potentially enormous value for the participants in the field, the entire industry or category, and society as a whole.

What interaction field companies can do that value-chain companies, platforms, and digital ecosystems can't is solve a much more complex and diverse set of needs for consumers, while also addressing the intractable challenges of industries and categories and contributing to progress on major societal issues and concerns. It takes four steps to build such a company:

## 1. FRAMING: It solves new problems and intractable challenges for multiple participants

Platforms and digital ecosystems typically focus on solving narrow or existing problems, challenges or pain points for customers. Uber and Lyft remove frictions of hiring a taxi, and Blue Apron makes it easier to cook at home, for example. Interaction field companies frame the challenges they are solving in a much more comprehensive way. They solve complex challenges for customers, for an entire industry or even society. They solve new challenges for which a simple business model like a platform or ecosystem is not enough. For example, Tesla isn't just about a platform or a digital ecosystem, and it solves for a lot more than just electric cars as a replacement of gasoline-powered cars. It solves for autonomous driving, lower CO2 emission, better utilization, lower cost of ownership of a car, traffic congestion, and so much more. Some things are still vision some are reality, but the direction is apparent – it wants to be an interaction field company.

## 2. DESIGNING: It creates shared value by designing for interactions, not just transactions

Platforms and digital ecosystems tend to be highly transactional business models. Uber or Lyft facilitate transactions between riders and drivers, Airbnb between hosts and travelers, and Amazon

between buyers and sellers. Because platforms or ecosystems are transactional, they typically benefit from the volume of transactions which generates learning and network effects.

Interaction field companies are not transactional, but rather interactional. Interactions are built on collaboration, engagement and participation. And interaction field companies focus on the quality and value of interactions as much as on the volume of interactions. An example is Alibaba. Alibaba is not in the business of disrupting small retailers. They are in the business of making them efficient, removing frictions and enabling them to sell more. Everyone gains: Alibaba gains valuable data from stores and earns a fee for online sales, and merchants can now sell locally. Alibaba builds on collaboration, not disruption. It is interactional and benefits everyone.

### **3. BUILDING: It is built to be open and comprehensive by deeply integrating into the lives of participants**

Interaction field companies are inclusive and compete in a world without walls. This is contrary to digital ecosystems and the current discussion around “ecosystem competition,” the notion that ecosystems compete against each other and you must decide which ecosystem to join if you can’t build your own. Companies should be wiser and reconsider the focus on extracting value through competition.

An interaction field company designs the interactions, architecture and governance in such a way that it solves problems and challenges of customers and many participants – including competitors who participate in other ecosystems.

For example, Flatiron Health brings together patients, care providers, competing pharmaceutical companies and regulators like the FDA. They share data about every single instance of cancer treatment, and the interactions generate learning that has enabled a larger open network of companies to collaborate with the FDA to approve therapeutic solutions faster and to treat cancer patients more effectively. Flatiron Health isn't just another platform or digital ecosystem that delivers value to patients or care providers. It is an interaction field company that deeply integrates into the fabric of all players in healthcare in the US. And it solves comprehensively a challenge that more than 18 million American face every year.

### **4. SHARING: It is built to share out value with the participants in the interaction field**

The goal of the interaction field company is to solve for problems and challenges in the nucleus, the ecosystem and in the overall market. The goal is not just to solve for the cheapest ride or the fastest grocery delivery, but rather to enable fair value distribution. As one leading platform academic, Marshall van Alstyne says, a situation where you create more value than you take.

# Suggested Interview Questions For Erich Joachimsthaler, Author of **THE INTERACTION FIELD**

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1. You have been a thought leader on brand strategy, innovation and marketing for over 30 years, as both an academic and a consultant. How did you come to develop the interaction field concept?
2. You write that the future is about creating value for everyone. How do interaction field companies create this shared value, and how are they fundamentally different from other kinds of companies?
3. What are the key elements of an interaction field?
4. What is your favorite example of an interaction field company?
5. You write that a properly designed interaction field can solve major social and economic challenges. Does that include the Covid-19 pandemic?
6. It's been about one year since the Business Roundtable rewrote the purpose of the corporation and overturned the decades-long concept of shareholder primacy. Have you seen any evidence of meaningful progress? What role could interaction field companies play in advancing this important goal?
7. Companies in every industry are transforming as they navigate the disruptions brought on by the pandemic. You have identified a new way to transform a company for the future – what's your advice to CEOs right now?
8. Many argue that ecosystems are the new platform companies, but you disagree. What's the difference between platform companies, digital ecosystems, and interaction fields?
9. Big Tech platform companies claimed they would “make the world a better place,” yet consumers – and regulators – are increasingly frustrated with them. Why haven't these platform companies delivered, and what would interaction field companies do differently?
10. Why do you think digital transformations have largely failed? Is it time to stop obsessing about the platform model and quit trying to replicate the Amazon approach?
11. In order for an interaction field to work, it must generate something called “gravitational pull.” What is it and how can companies create it?
12. What is the most important thing you hope leaders will take away from your book?