Lingnan University 嶺南大學 香港 Hong Kong

Department of Operations and Risk Management
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Priority Access for Ecosystem Seeding

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Abstract: Leading technology providers often adopt ecosystem seeding – cultivating promising partners before commercial potential is fully realized – as a strategy to sustain dominance. Yet supply constraints – such as limited capacity in advanced semiconductor manufacturing – limit their ability to serve all potential customers (e.g., AI startups) and fully unleash the value of their technology edge. Programs such as Nvidia's Inception illustrate one response: engaging a broad pool of potential buyers and prioritizing access to scarce resources. This paper examines how such priority access mechanisms can better enable ecosystem seeding and improve long-run firm value and how they shape competition, supply-chain outcomes, and technological innovation. We study a two-period supply chain in which an incumbent seller interacts with rival suppliers and forward-looking buyers under endogenous pricing and technology development decisions. The incumbent could grant priority access to selective buyers based on its assessment of buyers' prospect. Relative to price-based allocation, priority access is most valuable to the incumbent when the supply constraint is severe or when buyer switching costs are high. Surprisingly, the value of priority access does not necessarily increase with the incumbent's assessment quality. While priority access primarily benefits the incumbent, it can also raise rival profitability, improve supply-chain efficiency, and accelerate technology development. These benefits can be further enhanced through strategic information disclosure and multi-tiered prioritization. Our analysis reveals when priority access can serve as an effective strategic lever for supply-constrained technology leaders. They also inform debates about the competitive effects of such programs by highlighting conditions under which access prioritization generates positive spillovers beyond the incumbent. Finally, the findings offer practical guidance on the design and operationalization of priority access mechanisms. (Joint work with Shuang Xiao and Angela Huyue Zhang)

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S. Alex Yang is a Full Professor and Area Chair of Management Science and Operations at London Business School. He studies supply chain and finance, with particular expertise in trade credit, FinTech, and the interaction between operations, finance, and technology. His recent research examines operations and government issues related to digital technologies, including artificial intelligence, blockchain, and digital platforms. He has published extensively in UTD journals. His commentary has appeared in outlets such as Bloomberg, The Economist, Financial Times, Forbes, South China Morning Post, and The Washington Post, and he has been interviewed or quoted by BBC, CNBC, The New York Times, and Xinhuanet. He also serves as an Associate Editor for Management Science, and Senior Editor for Production and Operations Management.

ALL ARE WELCOME

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