

Hong Kong University of Science and Technology  
School of Business and Management  
Department of Information and Systems Management

**Seminar Announcement**

***Neutral vs. Biased Marketplaces:  
A Comparison of Electronic B2B Marketplaces with  
Different Ownership Structures***

*by*

***Mr Byungjoon Yoo  
Carnegie Mellon University***

**10 February 2003 (Monday)  
2:30pm – 3:30pm  
ISMT Conference Room (Room 4379, lifts 17-18)**

~~~~~ All interested are welcome ~~~~~

**Abstract**

Electronic B2B marketplaces are an important and growing part of electronic commerce. There are many interesting questions arising from the growth of biased marketplaces, such as Covisint and Exostar, that are owned either by suppliers or buyers. We analyze B2B marketplaces with three different ownership structures: neutral, buyer-owned and supplier-owned marketplaces. In our model the buyers and suppliers decide whether or not to participate in the marketplace based on the benefits provided by the marketplace. The buyers experience positive network effects that are a concave function of the number of suppliers. The suppliers receive similar positive network effects as well as negative effects due to competition among suppliers. We find that biased marketplaces provide greater surplus to buyers and suppliers compared to neutral marketplaces although a greater share of the increase in surplus is conferred to the owners' side. We also find that when a larger fraction of buyers or suppliers participating in electronic marketplaces have ownership in the marketplace, it increases the level of participation from the remaining buyers and suppliers. Our results suggest that buyer-owned marketplaces are more likely to be successful when there are few large buyers in that industry and similarly for supplier-owned marketplaces. Neutral marketplaces are more likely to be successful in industries where both buyers and suppliers are fragmented.

**Biography**

Mr. Byungjoon Yoo is currently working on his doctorate degree in Graduate School of Industrial Administration of Carnegie Mellon University. Mr. Yoo received his M.S. (1999) in Management Information Systems from the Department of Management Information Systems at the University of Arizona. His research investigates the strategies of firms that create or use electronic business-to-business marketplaces in their business-to-business processes. He has articles in Journal of Management Information Systems, the Proceedings of International Conference on Information Systems (ICIS) and the Proceedings of Hawaii International Conference on System Sciences (HICSS). He has presented his works at conferences such as the International Conference on Information Systems, Workshop on Information Systems and Economics and INFORMS.

Mr. Yoo won the best paper award in the Completed Research Track at ICIS (2001) and was the outstanding winner of eBRC doctoral award competition (Won competition for \$10,000 research support) at eBusiness Research Center of Penn State University (2002). He was an ICIS doctoral consortium fellow (2002).