

How Does AI Data Shape the Competitive Advantage of Artificial Intelligence Startups? (Extended Abstract)

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Abstract

Data requirements have emerged as a critical source of competitive advantage and a significant barrier to entry in artificial intelligence (AI) markets. However, existing research has only begun to examine how AI data shape competitive advantage. Addressing this gap, we focus on the two characteristics unique to AI, Data Posture, Audience Specificity and investigates how such AI data influence strategic positioning in AI ventures. We achieve the goal by developing an integrative strategic framework of AI service businesses. Drawing on a multiple-case study approach, and Resource-based View, we first conceptualize AI data as a key strategic resource for artificial intelligence startups (AISs) and link data characteristics to competitive outcomes. Second, our findings on cluster analyses show that the type of AI data plays a central role in shaping firms' strategic positions, resulting in four distinct strategic configurations: Client, Quality, Algorithm and Growth-oriented models. We found that while data type affects both value creation and defensibility, its strategic impact is contingent on the specificity of the audience for which the data are employed.