TITLE: ‘Colonization’ of highly-regulated industries: an analysis of GAFAM entry into healthcare and education

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ABSTRACT:
While platform firms have disrupted many sectors, they have not yet visibly transformed most regulated industries. However, we observe early signs of platform entry in regulated sectors such as healthcare and education. In this study, we explore whether and how platforms enter regulated industries and what opportunities/challenges they face in the process. By examining GAFAM entry patterns into education and healthcare, we uncover that GAFAM firms typically start their entry journey as a supplier to incumbents in regulated industries by offering them data-related services. Then, in the second phase, as GAFAM firms leverage the data they capture, they begin to enter these regulated industries directly to add value through (i) designing and offering products and services and (ii) expanding their platform business onto the industry. Overall, we find that while GAFAM firms very rarely provide the “primary service” (e.g., school education or primary healthcare) in regulated industries, they increasingly ‘colonize’ these industries through advanced usage of data.

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