

Press release

Berlin, October 21, 2025

ESMT Berlin study: Specialist firms can benefit from sharing data with big tech competitors

New research finds that specialist firms can increase their profitability by sharing data with large technology competitors. The study shows that such data sharing can transform rivals into cooperative partners and strategically soften competition.

The study “The Strategic Value of Data Sharing in Interdependent Markets” was authored by [David Ronayne](#), assistant professor of economics at ESMT Berlin, [Hemant Bhargava](#) (UC Davis), [Antoine Dubus](#) (ETH Zurich), and [Shiva Shekhar](#) (Tilburg University). It was published in the peer-reviewed journal [Management Science](#).

The research models how data collected in one market can improve product quality in another, creating what the authors call cross-market externalities. By sharing data with a generalist competitor, a specialist firm can reduce aggressive competition and turn a rival into a “co-opetitor.” This co-dependence shifts the incentives of the larger firm, encouraging it to scale back its competitive efforts in the specialist’s market.

“Our findings reveal a surprising strategic rationale,” says David Ronayne. “By making a generalist dependent on the specialist’s data, both firms benefit. The specialist gains breathing room in its own market, while the generalist saves on costly investments in product development.”

The study highlights three key managerial insights. Specialist firms can benefit from sharing valuable data, as it softens competition from dominant rivals and improves profitability. Generalist firms, in turn, may increase profits across markets when they accommodate a specialist in exchange for data. Finally, firms considering market entry can use their position in a related market as leverage to secure more favorable data-sharing agreements.

The research comes at a time when major technology firms are expanding into adjacent markets to capture new data streams. Examples include Google’s moves into hardware and OpenAI’s partnerships with data-rich platforms. For smaller firms facing such pressure, the study provides a new playbook: strategic cooperation, rather than confrontation, can sometimes be the more effective path to survival.

“Our work provides a rationale for small players to share their data, but considerations in practice should also bear longer-run consequences in mind, such as mergers and acquisitions and the impact of data on costs and uncertainty”, adds Ronayne. The findings also raise policy questions in data-rich markets, since weaker competition can harm consumers.

About ESMT Berlin

ESMT Berlin is a leading global business school with its campus in the heart of Berlin. Founded by 25 global companies, ESMT offers master, MBA, and PhD programs, as well as executive education on its

campus in Berlin, in locations around the world, online, and in online blended format. Focusing on leadership, innovation, and analytics, its diverse faculty publishes outstanding research in top academic journals. Additionally, the international business school provides an interdisciplinary platform for discourse between politics, business, and academia. ESMT is a non-profit private institution of higher education with the right to grant PhDs and is accredited by AACSB, AMBA, EQUIS, and ZEvA. It is committed to diversity, equity, and inclusion across all its activities and communities. www.esmt.berlin

ESMT Berlin press contact

Lennart Richter, Press Spokesperson

Phone: +49 160 552 139 3

lennart.richter@esmt.org