

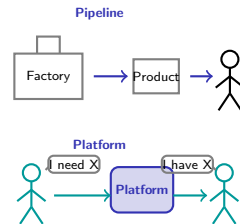
The Core Distinction: Pipeline vs Platform

A **pipeline** creates value by producing and selling.

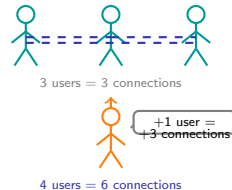
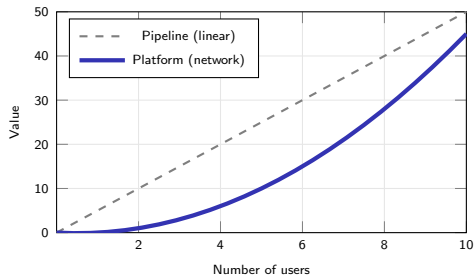
A **platform** creates value by connecting participants.

	Pipeline	Platform
Value from Growth	Production Linear	Interaction Non-linear
Key asset	Inventory, IP	User base, data
Moat	Cost, brand	Network effects

This lecture covers the economics behind that difference: why platforms scale differently, price differently, and fail differently than traditional firms.



Network Effects: Why Platforms Grow Differently



In a network, value grows faster than user count because each new user can interact with every existing user. A pipeline's value grows proportionally to output.

Four types covered in the lecture: direct (same-side), indirect (cross-side), data (usage-driven), and negative (value-reducing).

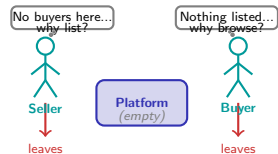
The Launch Problem Every Platform Faces

Every two-sided platform faces a **chicken-and-egg problem** at launch: each side needs the other to exist first.

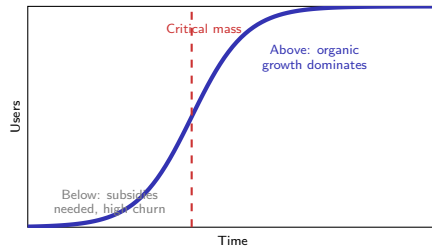
Six launch strategies covered in the lecture:

1. Subsidize one side
2. Single-player mode (useful without a network)
3. Seed supply yourself
4. Piggyback on an existing network
5. Attract a marquee user
6. Dominate a micro-market first

The lecture examines when each strategy works, when it fails, and what it costs.



Critical Mass: The S-Curve of Platform Growth



Critical mass is the minimum number of users needed for a platform to become self-sustaining.

Below it:

- Users leave faster than they join
- Requires external funding

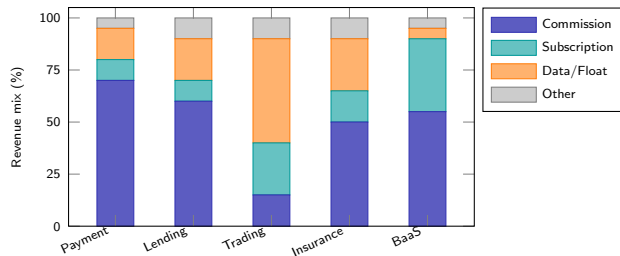
Above it:

- Growth feeds itself
- Network effects compound

Three conditions for winner-take-most:

1. Strong network effects
2. High switching costs
3. Difficult multi-homing

How Platforms Make Money — and How They Fail



Illustrative revenue mix by FinTech platform type.

Four revenue models:

- Commission** % per transaction
- Subscription** Recurring access fee
- Freemium** Free basic, paid premium
- Data/Float** PFOF, interest on held funds

Unit economics health check:

- $LTV > 3 \times CAC$
- Payback < 18 months
- Monthly churn < 5%

The lecture covers how to distinguish real growth from venture-subsidized growth using these metrics.

#	Section	Key Concepts
1	What is a Platform?	Pipeline vs platform, taxonomy, four characteristics
2	Two-Sided Markets	Network effects (4 types), critical mass, tipping
3	Strategy & Competition	Chicken-and-egg, launch strategies, envelopment
4	Business Models	Revenue models, unit economics, blitzscaling
5	Data, Trust, Governance	Data flywheel, trust layers, governance models
6	Regulation & Failures	Regulator's dilemma, death spiral, case studies
7	Platforms in Finance	Payments, lending, BaaS, PFOF, evaluation framework
8	Synthesis	Decentralized platforms, tokens, convergence

Lecture includes

- 59 content frames, 13 diagrams
- 4 discussion exercises
- 2 self-assessment quizzes
- 1 group workshop

References

- Rochet-Tirole (2003/2006)
- Parker, Van Alstyne, Choudary (2016)
- Eisenmann, Parker, Van Alstyne (2006)
- Evans and Schmalensee (2016)