

# Platform Overview (2)

# ● Role of Platform

## ① Used to increase business leverage

- Apple's platform opening → increase the utility of the company (Appstore)
- Amazon also open their platform(ICT & logistics) to the outside → Diversify product items

## ② Platform is the foundation of building a strong business model

- A valuable platform that gathers a lot of people creates a variety of business models

## ③ Core power of service-based economy

- If a service gives you as many resources as you want, in the way you want, and as many times as you need, it fits well with platform attributes
- Platform users are the main body of production and consumption, so the economic power they create has the ability to self-evolve

## ● Role of Platform (Continue)

- A platform's business model is what creates a corporate **ecosystem** and where business takes place. Traditional business models, on the other hand, are simply making and selling products
- The platform provides a solution for creating activities and inviting participants to join them → **Killer content** → Fun and satisfaction (Serendipity: unexpected fun)
- The most important aspect of platform strategy is to entertain the platform participants
- Apple's iPhone (smartphone platform): A set of interfaces (apps, iTunes, music providers, etc.) that serve to create front-facing production and back-facing business contacts

## ● Core of Platform Biz.

- The core of the platform business is the double-sided market, which serves as both a supplier and a consumer
  - ✓ New ecosystem creation/organization
  - ✓ O2O economic revitalization (ex: nation of delivery, Uber etc.)
  - ✓ Revitalizing the Sharing Economy (ex: Uber, Airbnb etc.)
  - ✓ Marginal cost reduction
  - ✓ Activation of the Subscription Economy

## ● Value of platform

- A platform designed to be used for a variety of purposes is valued
- 1. The platform's value depends on what function the platform performs
  - ✓ The value would be great if it functions to carry out the core business, but relatively less if it serves as a platform for customer service
- 2. Economic value comes from repeated use and sharing of the platform
  - ✓ The platform allows for the use of a single skeleton repeatedly, which saves costs due to the economies of scope
- 3. The platform also provides network effects
  - ✓ The more participants, the more network effect is generated and the value is maximized

## ● Cause of failure of Korean companies

- ❖ MP3 Player (디지털캐스트)
- ❖ DialPad (새롬기술)
- ❖ IPTV
- ❖ WiBro
- ❖ ILoveSchool
- ❖ CyWorld

- Lack of understanding of **PLATFORM** properties and strategies
- Lack of system for creative content development
- Failure to grow into a global platform
- Failure to build an **ecosystem**

# Operating Principles and Components of the Platform

→ **Open**<sub>(개방)</sub> and **Cooperation**<sub>(협력)</sub>

# ● Components of Platform

**First**, hardware + device (complementary material): physical framework that conveys value

**Second**, software + contents: hardware works

**Third**, the interface: supports access to a solution consisting of hardware and software

Components	Explanation	Train Station, Airport	iTunes	Amazon	Facebook
<b>HW + Complementary goods (Device)</b>	Physical framework that conveys platform value	Train, Airplane, Terminal	System for storing and distributing music and apps: iPhone, iPod, iPad, etc.	Shopping system such as catalogue, payment for shopping, and delivery system: computer, smartphone	System for storing, utilizing, storing and analyzing user's social information: computer, smartphone
<b>SW + Contents</b>	Intangible software and content that drives/operates the device	Staff service activities and operational know-how (ticketing, check-in, immigration services, etc.)	App, Music	Product information, Customer Information	Connection information between people, photos posted by customers, articles
<b>Interface</b>	Enabling objects to interact with each other: spatial means, languages, programming languages, etc.	Airport Rail / Bus, Runway	iOS	Internet, App	Internet, App



## ● Role of Platform Participants

✓ **Platform participants are the objects that make up the business ecosystem around the platform.**

**1. Platformer**

**2. Evangelist**

**3. Complementor**

Participants	Example of ecosystem	Role
Platformer (리더)	Ecosystem organizer	Decide what devices, content and delivery methods to include on the platform, and design and design what ecosystems to create
Evangelist (전도사)	Business (App) Excavator	Foreign relations management diplomat actively attracting ecosystem partners to their platform to create ecosystems; Accelerate the growth of the platform's complementary ecosystem
Complementor (보완자)	App Developer/ Program Provider/ Venture Company	Develop and sell products or services that complement the platform. Implement innovations that add value based on existing platforms

## ● Platform Basic Strategy and Success

- ✓ Smartization = Softwareization, that is, Smart Revolution = Software Revolution
- ✓ Platform strategy is the strategy of creating an ecosystem beyond the framework of a company (Harvard, Andrei Hagiu)
- ✓ Platform companies should be ecosystem creators, and CEOs should be architects who excite customers and should be PD (program director)
  - Shusuke "Make people excited" (국민을 흥분시켜라)
  - Steve Jobs "Exciting the App" (앱을 흥분시켜라)

- ✓ (Platform success function/factor)

Attractive Platform = **f{Killer Contents + Serendipity}**

## ● Platform building strategy

1. Determine business domain
  - What industry and what value will it provide?
2. Determine the target group
  - What to point out ?
3. System that groups on the platform can actively exchange
  - Network effect
4. Ready killer content service
  - What kind of platform?
5. Price strategy, build business model
  - How do you create profit from any group?
6. Offers attractiveness beyond price
  - (Example) rating system for sellers
7. Establish and manage platform rules
  - Image management
8. Pay attention to government regulations, guidance, patent infringement, etc. Strategies to build an ecosystem away from existing companies
9. Make a strategy to evolve/grow constantly/always
  - Providing services based on fundamental needs

## ● Platform building strategy

1. 사업 도메인을 결정 (AI Service, Robot, Drone, Cloud etc.)
  - 어떤 업종, 어떤 가치 제공 할지 ?
2. 타깃이 되는 그룹을 결정
  - 어떤 점을 내세울지 ?
3. 플랫폼내 그룹이 활발하게 교류할 수 있는 시스템
  - 네트워크 효과
4. 킬러 콘텐츠 서비스를 준비
  - 어떤 플랫폼인지 ?
5. 가격전략, 비즈니스 모델을 구축
  - 어떤 그룹으로부터 어떻게 수익 창출 ?
6. 가격 외 매력을 그룹에 제공한다
  - (예) 판매자에 대한 평가 시스템
7. 플랫폼의 규칙을 제정하고 관리
  - 이미지 관리
8. 독점금지법 등 정부의 규제와 지도, 특허권 침해 등에 주의
  - 기존 단위의 기업에서 벗어나 생태계 구축 전략
9. 항상 진화하기 위한 전략을 세운다
  - 근본적 욕구에 기반한 서비스 제공