

INFO5992 Understanding IT Innovations

Tutorial 06 Summary

Platform Business Models

Q1. Discuss with your group members and list 5 platform businesses that you may use in your daily life and categorize them into the three types mentioned in the pre-reading material (Sales/Services; Marketplace; Peer-to-peer).

- **YouTube:** a Peer-to-peer platform for sharing videos.
- **Steam:** a Marketplace platform for buying and selling games.
- **eBay:** a Marketplace platform for buying and selling various items.
- **Amazon:** a Marketplace platform for buying and selling various items.
- **Spotify:** a Sales/Service platform for streaming music.
- **Taobao:** a Marketplace platform for buying and selling various items.
- **Twitter:** a Peer-to-peer platform for sharing short messages.
- **LinkedIn:** a Peer-to-peer platform for professional networking.
- **Uber:** a Sales/Service platform for ride-sharing.
- **Xbox Game Pass:** a Sales/Service platform for video games.
- **WeChat:** a Peer-to-peer platform for messaging.
- **Facebook:** a Peer-to-peer platform for social networking.

From the list of platform businesses you have created, choose one platform, and analyse it from the following perspectives:

Q2.1. Does the platform provide value in the areas of 'search', 'trust', 'financial transactions' and 'physical/digital delivery'? If it does, describe the values it has provided.

YouTube

- **Search:** Provides value through search functionality for finding contents of interest.
- **Trust:** Provides value through encrypted storage of every video uploaded to YouTube, ensuring safety and privacy.
- **Financial transactions:** Provides value through the ability to pay to watch videos or live streams within the platform.
- **Physical/digital delivery:** Provides value by allowing users to access full service from the platform, watching videos (movies) and live streams digitally on the platform.

Amazon

- **Search:** Provides value by allowing users to search for items they are interested in and returning relevant search results.
- **Trust:** Provides value by enabling users to transact with unfamiliar parties securely, with encrypted passwords and high-security measures to protect users and sellers.
- **Financial transactions:** Provides value through multiple payment options, such as Apple Pay, credit cards, and gift cards.
- **Physical/digital delivery:** Provides value through full-service support for users who purchase items on the platform, including help with quality issues, delivery problems, and using guidance, as well as access to official support.

Taobao

- **Search:** Provides value by allowing users to find items they are interested in and recommending similar items, which can increase turnover for some stores.

- **Trust:** Provides value through encrypted transaction processes for users and holds the user's payment until the transaction is completed by the buyer, ensuring secure transactions.
- **Financial transactions:** Provides value through facilitating payment and transaction services, allowing users to make payments in various ways, such as WeChat Pay and Mastercard.
- **Physical/digital delivery:** Provides value by offering full services to buyers for their transactions, including ordering, paying, delivering, storing, picking, and after-sale support.

Q2.2. Recall lecture content about players in a platform ecosystem: 'producers', 'consumers', 'platform providers' and 'platform owners'. Try to identify the relevant players for your chosen platform.

- YouTube:
 - **Producers:** Every content creator
 - **Consumers:** Anyone who watches the content
 - **Platform Provider:** Smartphones, laptops, browsers, Xbox, PS5
 - **Platform Owner:** YouTube
- Taobao:
 - **Producers:** Seller
 - **Consumers:** Customers who buy products on Taobao
 - **Platform providers:** Laptop or mobile devices
 - **Platform owners:** Alibaba
- Amazon:
 - **Producers:** Personal sellers and manufacturers as direct sellers
 - **Consumers:** Buyers
 - **Platform providers:** Amazon (AWS)
 - **Platform owners:** Amazon
- Steam:
 - **Producers:** Electronic Arts, Rockstar, Ubisoft
 - **Consumers:** Nerds, Gamers
 - **Platform providers:** Steamdeck (Steam), Dell (PC)
 - **Platform owners:** Gabe Newell (Valve)

Q2.3. How does your chosen platform business monetize from its platform? Monetization can be direct: sales commission, subscription, or transaction based. Monetization can also be indirect: advertisement or monetizing from client data.

YouTube:

- **Direct:** Subscription to premium service, direct sales for watching some videos (movies) or live streamings (Super chat).
- **Indirect:** Sales commission from adverts, monetizing from client data

Taobao:

- **Direct:** Subscription for VIP users. Sales commission.
- **Indirect:** Advertisement for sellers, ranking paid advertisements at the front of the page

Amazon:

- **Direct:** Subscription (Amazon Prime), transaction-based (sales commission)
- **Indirect:** Ads, Sponsored items.

Steam:

- **Direct:** Sales commission
- **Indirect:** Advertisement on the front page.