

Class 4: The Last Mover

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logistics

Assignment 1 posted tomorrow

See Coursekit for supplementary links

Slides: now posted for classes 1-3

Final exam: readings are fair game

Class 4 The Last Mover

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outline

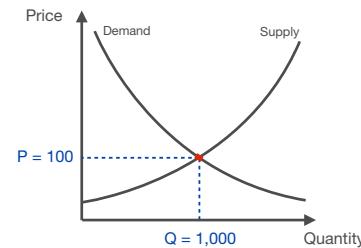
1. escaping competition
2. lies people tell
3. what is a market?
4. creating your market
5. tech frontiers
6. frontiers-people

Class 4 The Last Mover

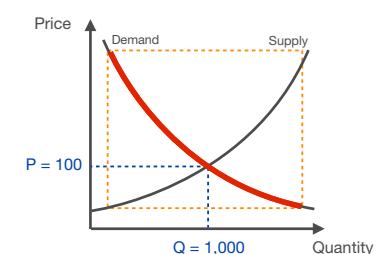
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the scales

Perfect competition



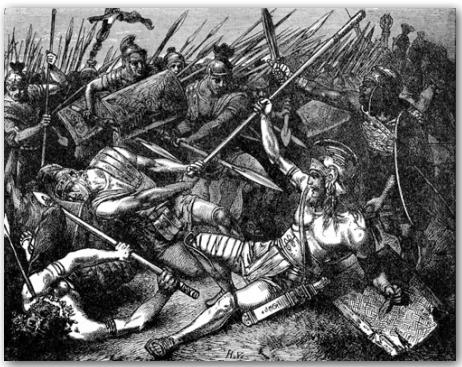
Monopoly



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perfect competition



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outline

1. escaping competition
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reasons to distort

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reasons to distort

Avoid DOJ

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reasons to distort

Avoid DOJ
monitoring

reasons to distort

Avoid DOJ
monitoring
regulation

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reasons to distort

Avoid DOJ
monitoring
regulation
subdivision

reasons to distort

Avoid DOJ
monitoring
regulation
subdivision

Attract investors

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reasons to distort

Avoid DOJ

monitoring

regulation

subdivision

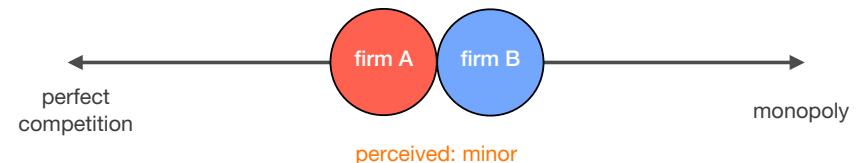
Attract investors

funding

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differences underestimated



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differences underestimated



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british food in palo alto



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blockbuster movie



College football star...

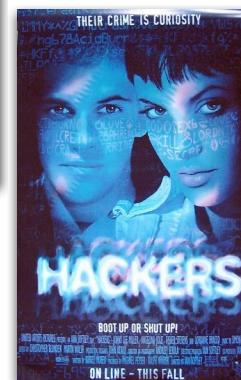
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blockbuster movie



College football star...



joins elite group of hackers...

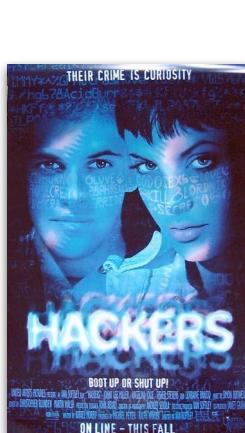
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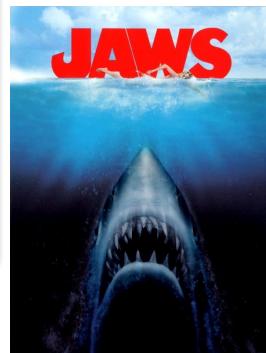
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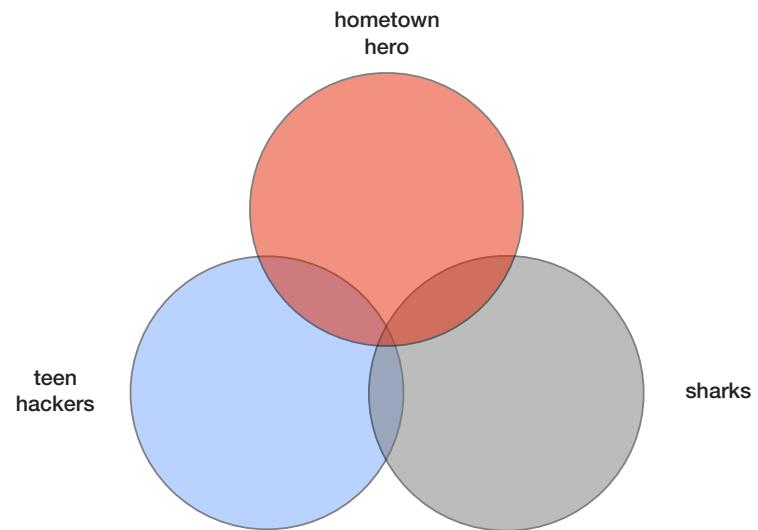


...to catch the shark that killed his friend

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is the intersection valuable?



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startup version

Sharing. Mobile. Social. Apps. Sharing mobile social apps.

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narratives

narratives

non-monopolies
“we’re in a narrow market”

monopolies
“we’re in a huge market”

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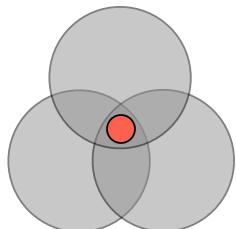
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narratives

non-monopolies
“we’re in a narrow market” monopolies
“we’re in a huge market”

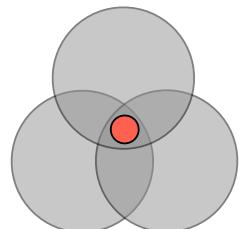
relevant market:

$$A \cap B \cap C$$



relevant market:

$$A \cup B \cup C$$



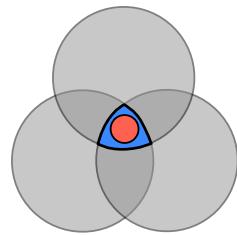
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narratives

non-monopolies
“we’re in a narrow market”

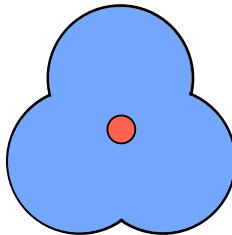
relevant market:
 $A \cap B \cap C$



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monopolies
“we’re in a huge market”

relevant market:
 $A \cup B \cup C$



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narratives

non-monopolies
“we’re in a narrow market”

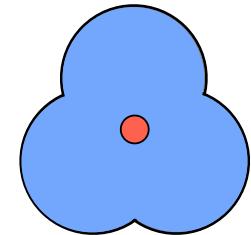
relevant market:
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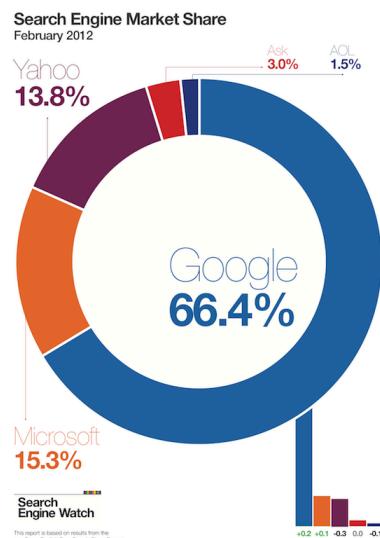
monopolies
“we’re in a huge market”

relevant market:
 $A \cup B \cup C$



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the search market



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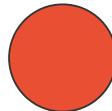
the advertising market

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the advertising market

US search advertising
\$16B

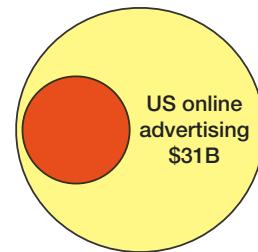


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the advertising market

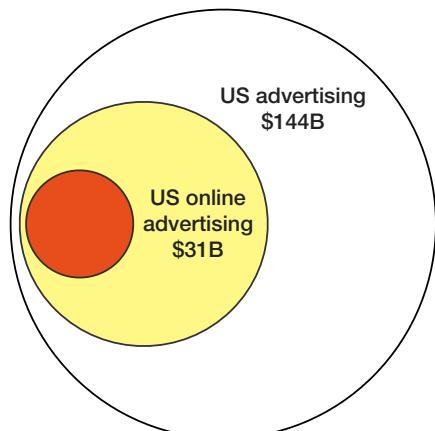
US search advertising
\$16B



US online advertising
\$31B

the advertising market

US search advertising
\$16B



US online advertising
\$31B

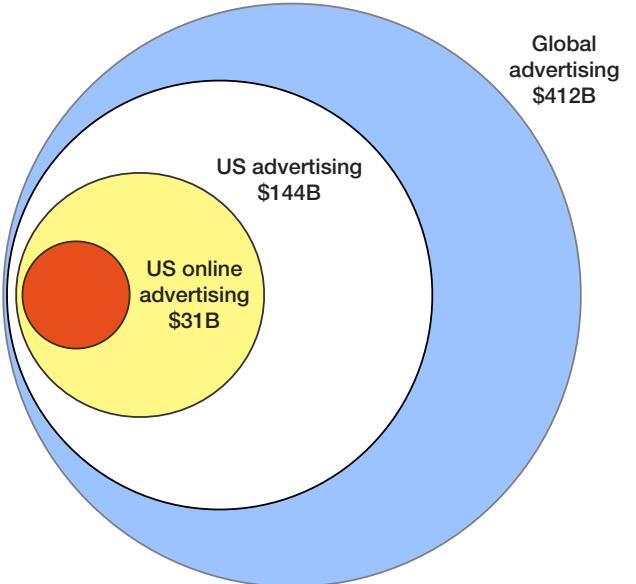
US advertising
\$144B

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the advertising market

US search advertising
\$16B



US advertising
\$144B

Global advertising
\$412B

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the technology market

US search advertising
\$16B



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the technology market

US search advertising
\$16B



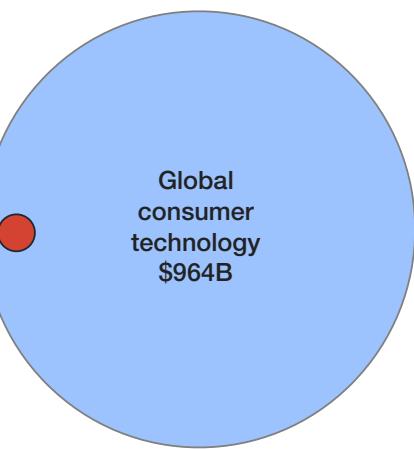
Global consumer technology
\$964B

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the technology market

US search advertising
\$16B



automobiles
televisions
smartphones
social networks
infrastructure

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the technology market

US search advertising
\$16B



Global consumer technology
\$964B

automobiles
televisions
smartphones
social networks
infrastructure

"The Internet is incredibly competitive, and new forms of accessing information are being utilized every day."
---Eric Schmidt

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evidence of narrow markets

Apple

Google

Microsoft

Amazon

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evidence of narrow markets

cash

Apple \$98B

Google \$45B

Microsoft \$52B

Amazon \$10B

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evidence of narrow markets

cash gross margin

Apple	\$98B	40%
Google	\$45B	65%
Microsoft	\$52B	78%
Amazon	\$10B	14%

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outline

1. escaping competition
2. lies people tell
3. what is a market?
4. creating your market
5. tech frontiers
6. frontiers-people

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market definition



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code words

code words

brand

code words

brand

scale cost advantages

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code words

brand

scale cost advantages

network effects

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code words

brand

scale cost advantages

network effects

proprietary technology

outline

1. escaping competition
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3. what is a market?
4. **creating your market**
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the right size



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a compelling narrative



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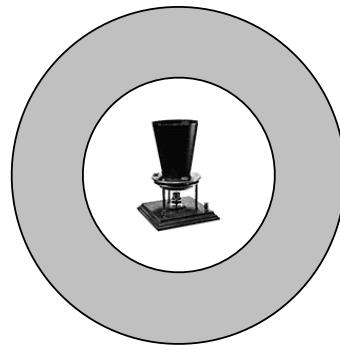
a compelling narrative



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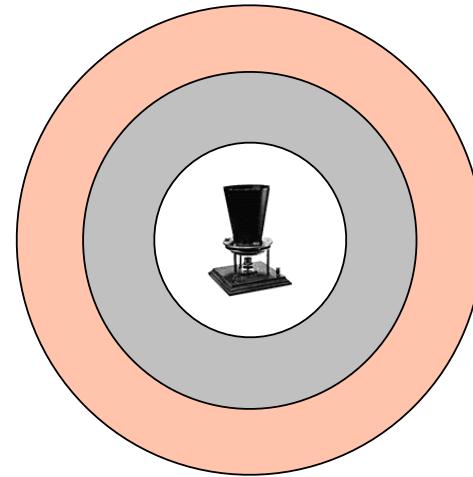
a compelling narrative



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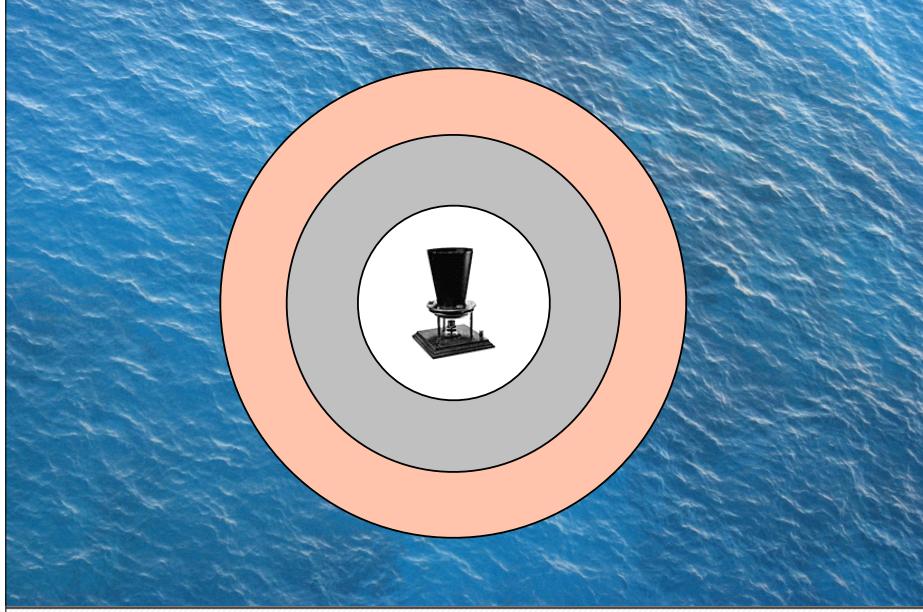
a compelling narrative



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a compelling narrative



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start small and expand



start small and expand



"We believe there's a tremendous opportunity ahead across the \$5 trillion retail market globally."

- Jeff Bezos

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start small and expand



"We believe there's a tremendous opportunity ahead across the \$5 trillion retail market globally."

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start small and expand



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start small and expand



"Build a platform – prepare for the unexpected... you'll know you're successful when the platform you've built serves you in unexpected ways."

- Pierre Omidyar

start small and expand



"Build a platform – prepare for the unexpected... you'll know you're successful when the platform you've built serves you in unexpected ways."

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start small and expand



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start small and expand



"Your product must scale intelligently."
-Reid Hoffman



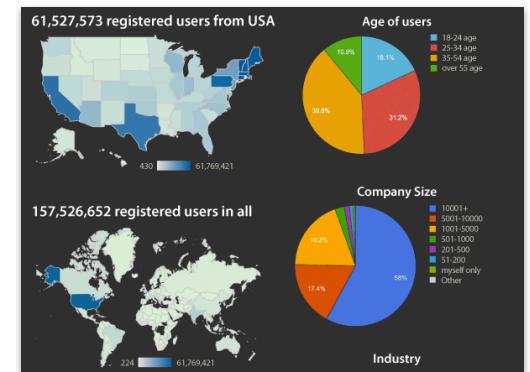
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start small and expand



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start small and expand



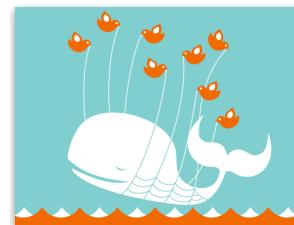
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start small and expand



"If we can perfect one experience for one individual, we can scale to every single one of the 7 billion people now inhabiting this earth."
- Jack Dorsey



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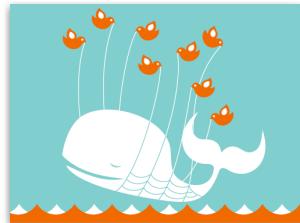
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start small and expand



"If we can perfect one experience for one individual, we can scale to every single one of the 7 billion people now inhabiting this earth."

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start small and expand



"Not having a clear goal when you set out leads to death by a thousand compromises."

- Mark Pincus

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start small and expand



"Not having a clear goal when you set out leads to death by a thousand compromises."

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start small and expand



"Not having a clear goal when you set out leads to death by a thousand compromises."

- Mark Pincus



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start small and expand



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start small and expand



"Groupon is better positioned than any company in history to reshape local commerce."

- Andrew Mason

start small and expand



"Groupon is better positioned than any company in history to reshape local commerce."

- Andrew Mason



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start big and shrink

Class 4 The Last Mover

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start big and shrink



Class 4 The Last Mover

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start big and shrink



start big and shrink



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outline

1. escaping competition
2. lies people tell
3. what is a market?
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5. **tech frontiers**
6. frontiers-people

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going west



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a fractal framework



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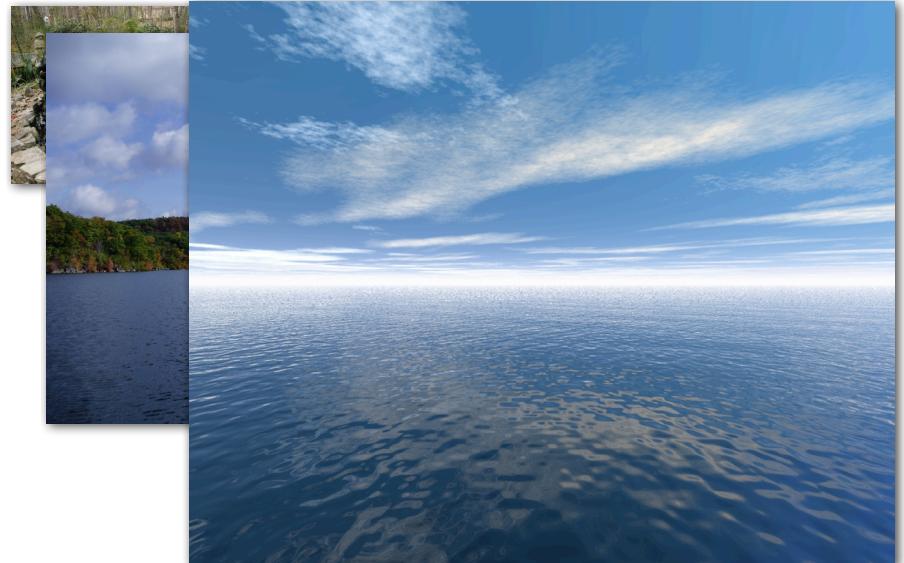
a fractal framework



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a fractal framework



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the treacherous frontier

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the treacherous frontier

opportunities

niches for small companies

room to expand

no current competition

the treacherous frontier

opportunities

niches for small companies

room to expand

no current competition

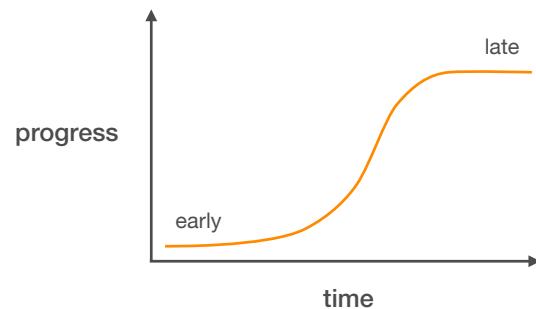
dangers

unexpected change

unknown market size

unknown future competitors

the entry point



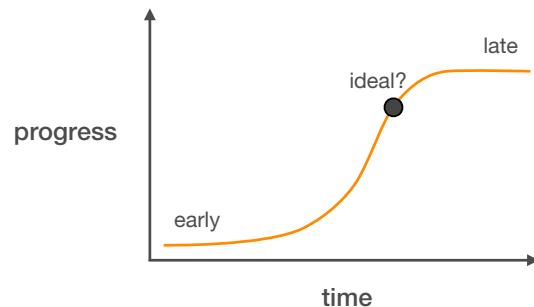
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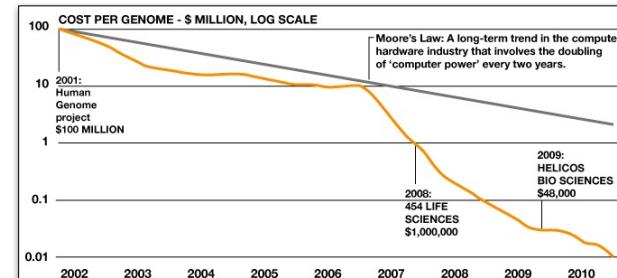
the entry point



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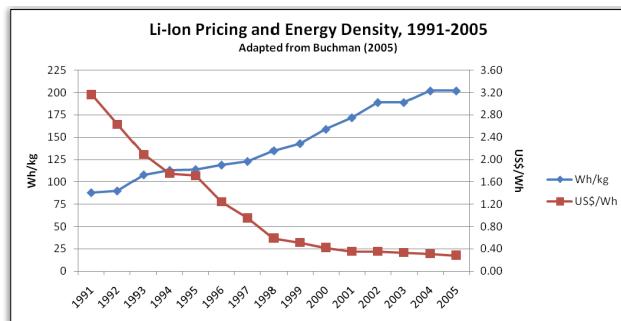
progress: sequencing



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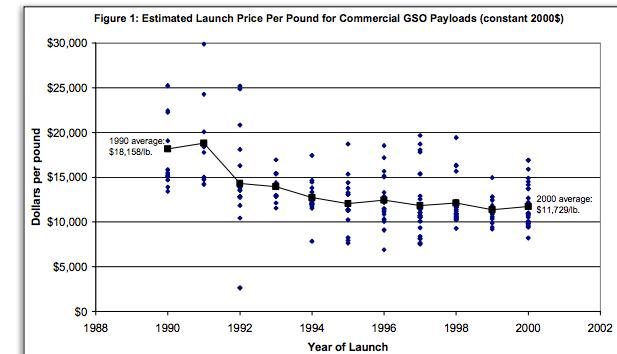
progress: batteries



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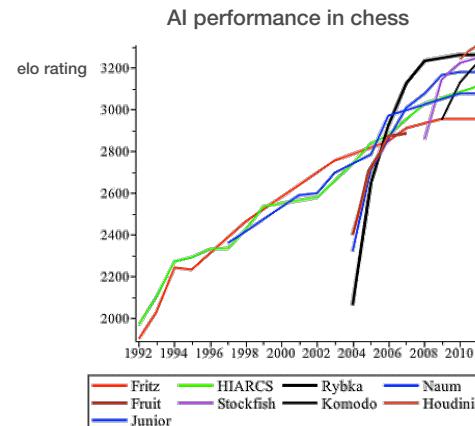
progress: space launch



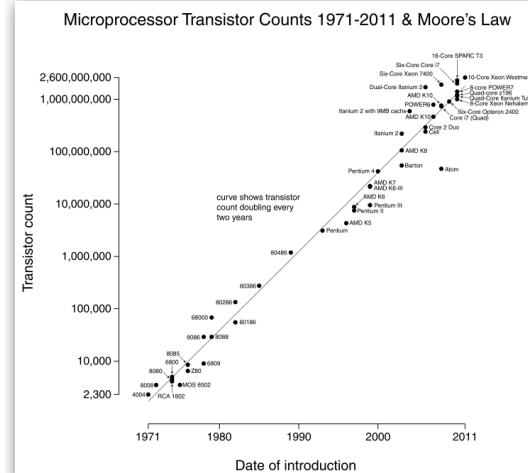
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progress: Artificial Intelligence



progress: processing power

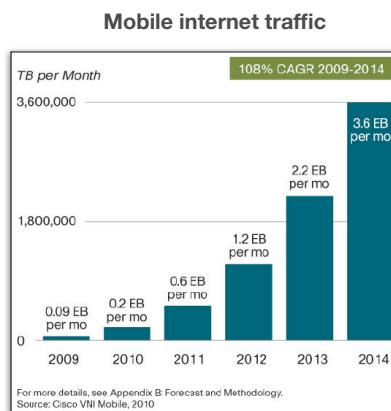


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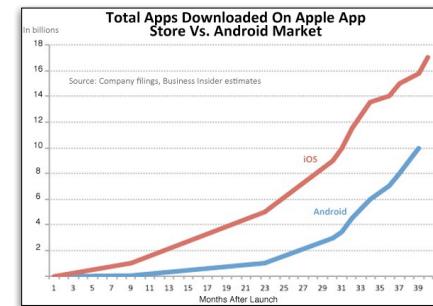
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progress: mobile internet



progress: mobile apps

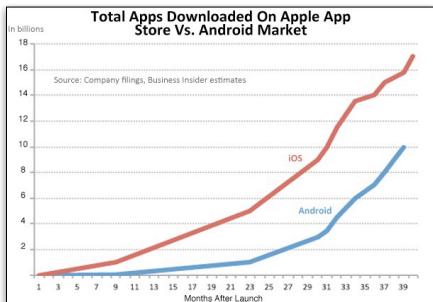


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progress: mobile apps



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pitching the 20th employee

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pitching the 20th employee

we create and capture value

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pitching the 20th employee

we create and capture value

we are starting small

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pitching the 20th employee

we create and capture value

we are starting small

we will expand

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pitching the 20th employee

we create and capture value

we are starting small

we will expand

we will be durable

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pitching the 20th employee

we create and capture value

we are starting small

we will expand

we will be durable

“We are the valuable company nobody else is building”

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choosing the 20th employee



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