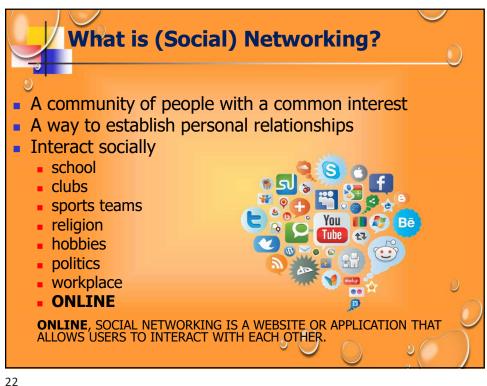
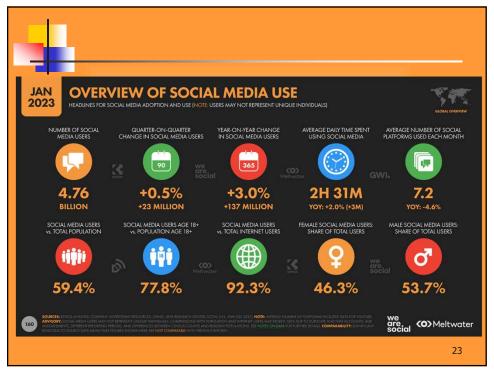


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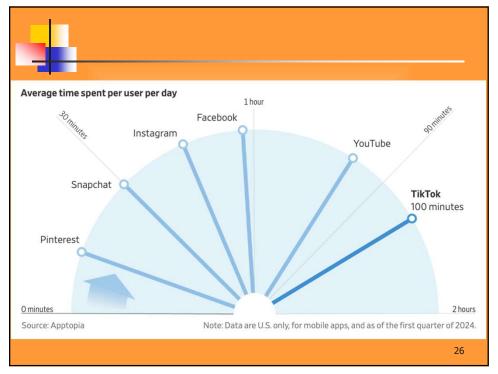


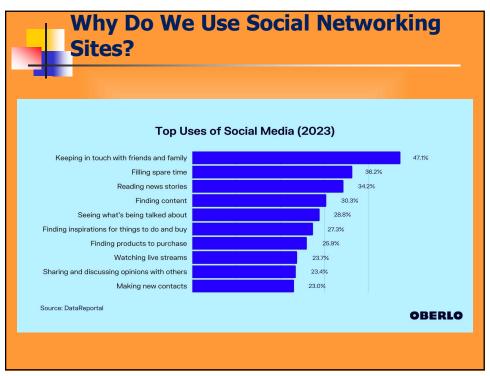
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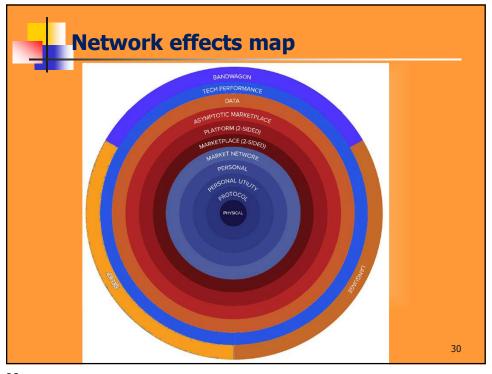


## **Network effects**

Network effects: as usage of a product grows, its value to each user also grows.

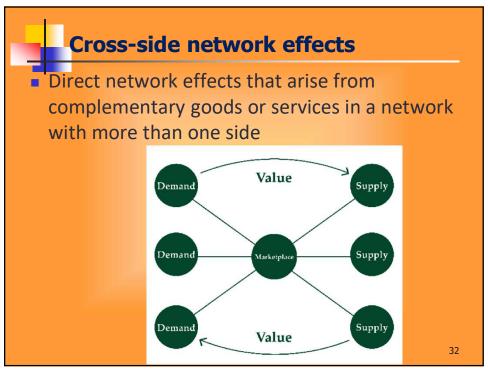
- Network effects can start to weaken after certain point in the growth of the network.
- Growth in an asymptotic network, after a certain size, no longer benefits the existing users.

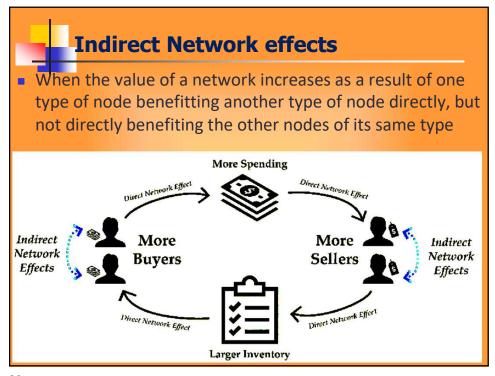
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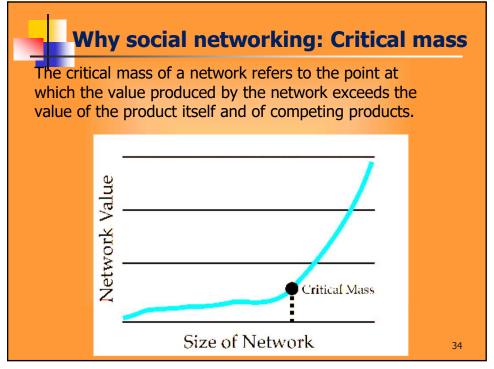


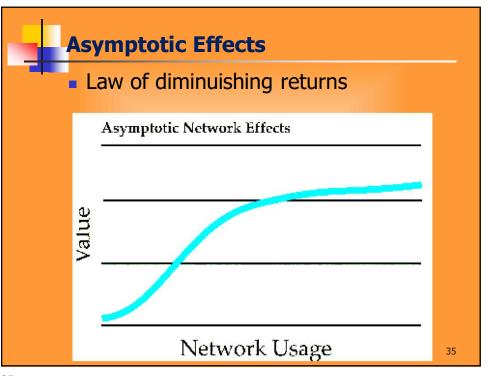
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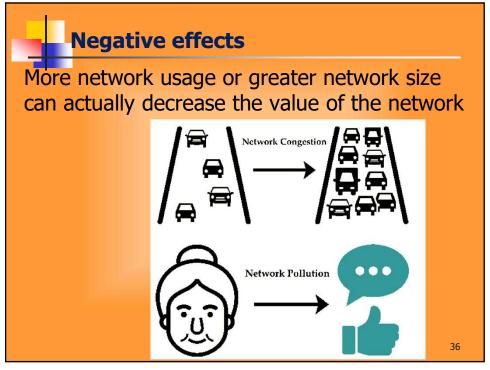
# **Network Effects?** Same-side effects direct network effects that occur on the same side of a multi-sided (2-sided or Nsided) network Cross-side effects Indirect Critical Mass Assymptotic returns network effects with diminishing returns Negative network effects





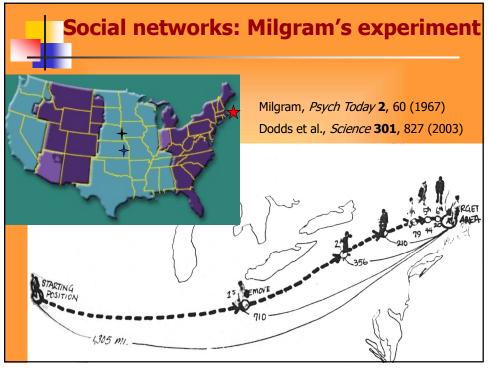


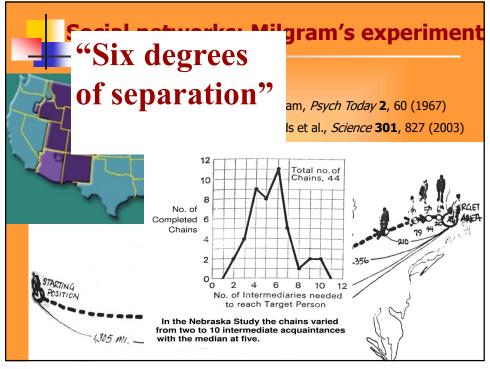












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#### **Market: people create connections**

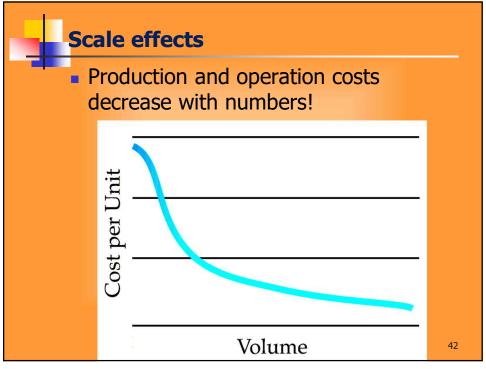
The more connections the larger the value of those connections

#### The winner takes it all

Scale is all that matters

- Start-ups buy scale per profit...
- During how many years until there profits in...
  - Twitter...Amazon...

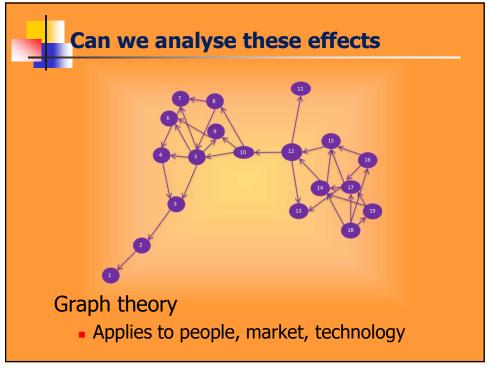
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# Can we analyse these effects?

- Consider a social network as a graph, where the vertices are the users in the network, and the edges are friendship links between those users.
- Each node has a finite subset of detail types (hometown, birthdate, groups, books, etc.)
- Each detail type has a finite number of detail
  values (books = The Bible, Harry Potter, etc.)



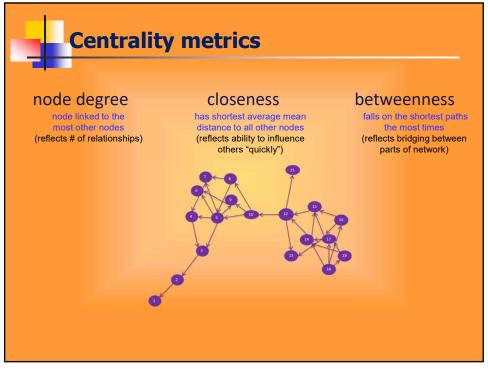
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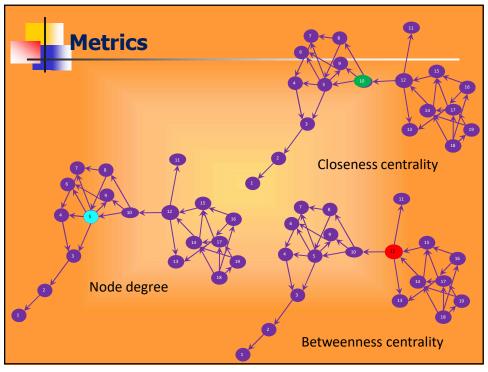


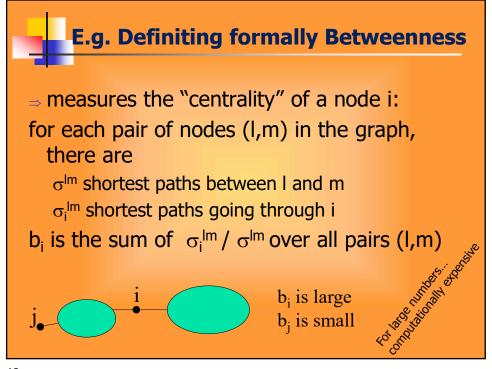
- How do we know if a node is more or less
  - importante?
    - What is the influence of an actor?

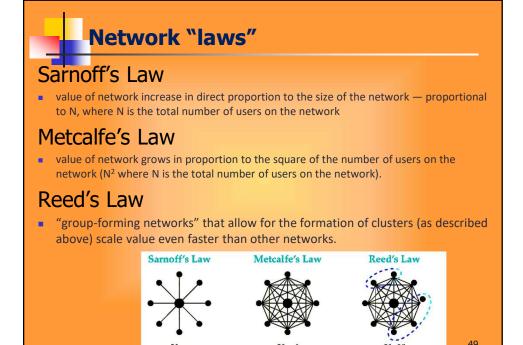
actor = node = person, institution, group

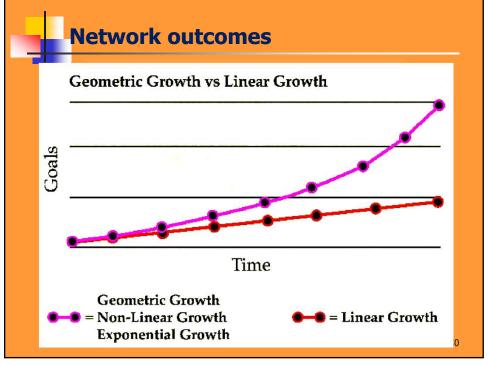
- How do we measure this?
- Metrics:
- characterize aspects of a node's positions in a network
- useful in identifying most influential actor (node)
  - Number of relationships?
  - Speed of influence?
  - Ability to connect others?

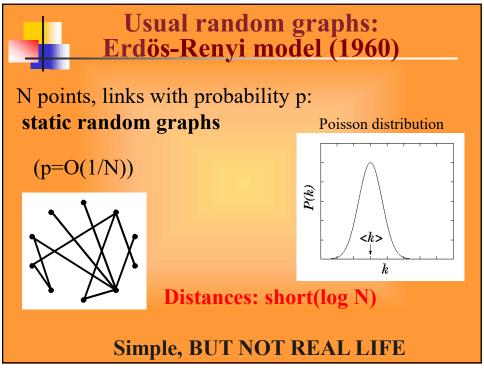


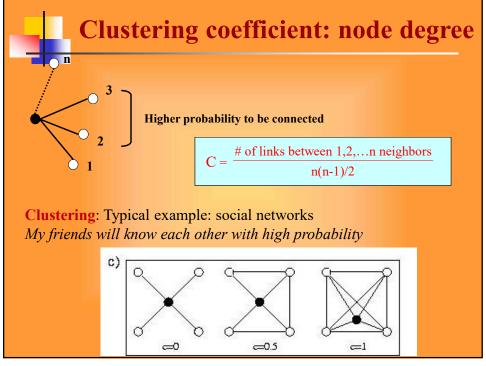


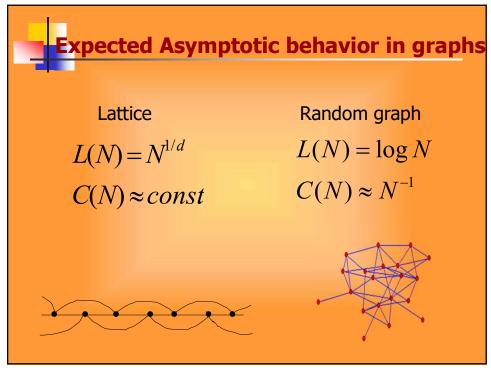


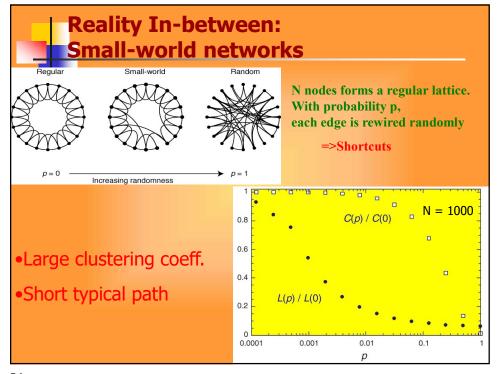


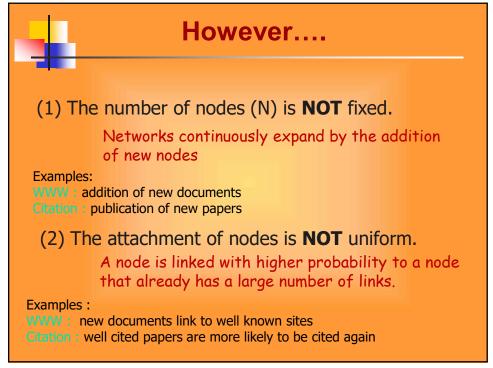


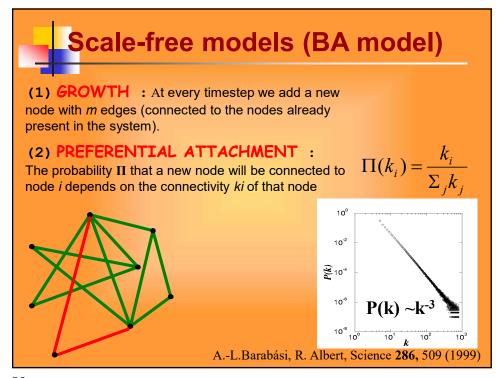












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### Why have I mentioned graph theory

- There are ways of looking into the networking effects
- We can model them!
  - And derive what to do to be sucessful
  - Social networks explore these

Any successfull technology in our field explores network effects in some way