

Platform Strategy in Digital Transformation



5 Domains of Digital Transformation



Digital Transformation

Build Platforms, Not Just
Products

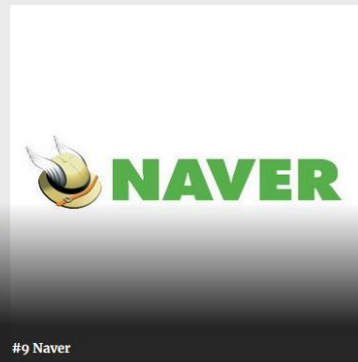
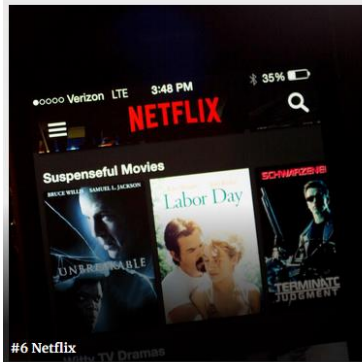
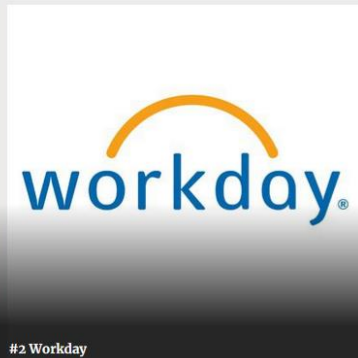


COMPETITION

Remarkable Platform statistics (1)

The World's Most Innovation Companies

THE LIST



























Remarkable Platform statistics (2)

Market Cap (Q4-2018)

Rank		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
1		Apple Inc. ▼851,317		Apple Inc. ▲909,840 ^[11]		Apple Inc. ▲1,091,000 ^[11]		Microsoft ▼780,520 ^[10]
2		Alphabet Inc. ▼715,404		Amazon.com ▲824,790 ^[12]		Amazon.com ▲976,650 ^[12]		Apple Inc. ▼748,680 ^[11]
3		Microsoft ▲702,760 ^[10]		Alphabet Inc. ▲774,840 ^[13]		Microsoft ▲877,400 ^[10]		Amazon.com ▼735,900 ^[12]
4		Amazon.com ▲700,672 ^[12]		Microsoft ▲757,640 ^[10]		Alphabet Inc. ▲839,740 ^[20]		Alphabet Inc. ▼728,360 ^[20]
5		Tencent ▲507,990 ^[17]		Facebook ▲562,480 ^[15]		Berkshire Hathaway ▲523,520 ^[14]		Berkshire Hathaway ▼499,590 ^[14]
6		Berkshire Hathaway ▲492,019 ^[14]		Tencent ▼478,580 ^[17]		Facebook ▼473,850 ^[15]		Facebook ▼375,890 ^[15]
7		Alibaba Group ▲470,930 ^[16]		Alibaba Group ▲476,040 ^[16]		Alibaba Group ▼423,600 ^[16]		Tencent ▼375,110 ^[17]
8		Facebook ▼464,189 ^[15]		Berkshire Hathaway ▼463,980 ^[14]		Tencent ▼388,080 ^[17]		Alibaba Group ▼355,130 ^[16]
9		JPMorgan Chase ▲377,410 ^[21]		JPMorgan Chase ▼354,780 ^[21]		JPMorgan Chase ▲379,440 ^[21]		Johnson & Johnson ▼346,110 ^[18]
10		Johnson & Johnson ▼343,780 ^[18]		ExxonMobil ▲350,270 ^[22]		Johnson & Johnson ▲370,650 ^[18]		JPMorgan Chase ▼324,660 ^[21]

Remarkable Platform statistics (3)

Brand Value

01  +16% 214,480 \$m	02  +10% 155,506 \$m	03 TOP GROWING  +56% 100,764 \$m	04  +16% 92,715 \$m	05  -5% 66,341 \$m	06  +6% 59,890 \$m	07  +6% 53,404 \$m	08  +2% 48,601 \$m
09  -6% 45,168 \$m	10  +5% 43,417 \$m	11  +10% 43,293 \$m	12  -8% 42,972 \$m	13  -1% 41,006 \$m	14  -2% 39,874 \$m	15  +8% 34,575 \$m	16  -26% 32,757 \$m
17  +11% 30,120 \$m	18 TOP GROWING  +23% 28,152 \$m	19  -5% 26,133 \$m	20  +4% 23,682 \$m	21  +1% 22,885 \$m	22  +2% 20,798 \$m	23  NEW 20,005 \$m	24  +8% 19,139 \$m
25	26	27	28	29	30	31	32

Remarkable Platform statistics (4)

Human Resource usage

Firm	Year	Employees	Market Cap
BMW	1916	116,000	\$60B
Uber	2009	12,000	\$62B
Marriott	1927	226,000	\$35B
Airbnb	2008	5,000	\$31B
Walt Disney	1923	195,000	\$178B
Facebook	2004	20,000	\$489B
Kodak	1888	145,000	\$30B (heyday)
Instagram	2010	13	\$1B (acquisition)

What is a Platform?

- A platform is a business model that creates value by facilitating **exchanges** between two or more interdependent groups, usually consumers and producers.
- Platform is a business model.

Popular Platforms in the world

INDUSTRY	EXAMPLES
Agriculture	John Deere, Intuit Fasal
Communication and Networking	LinkedIn, Facebook, Twitter, Tinder, Instagram, Snapchat, WeChat
Consumer Goods	Philips, McCormick Foods FlavorPrint
Education	Udemy, Skillshare, Coursera, edX, Duolingo
Energy and Heavy Industry	Nest, Tesla Powerwall, General Electric, EnerNOC
Finance	Bitcoin, Lending Club, Kickstarter
Health Care	Cohealo, SimplyInsured, Kaiser Permanente
Gaming	Xbox, Nintendo, PlayStation
Labor and Professional Services	Upwork, Fiverr, 99designs, Sittercity, LegalZoom
Local Services	Yelp, Foursquare, Groupon, Angie's List
Logistics and Delivery	Munchery, Foodpanda, Haier Group
Media	Medium, Viki, YouTube, Wikipedia, Huffington Post, Kindle Publishing
Operating Systems	iOS, Android, MacOS, Microsoft Windows
Retail	Amazon, Alibaba, Walgreens, Burberry, Shopkick
Transportation	Uber, Waze, BlaBlaCar, GrabTaxi, Ola Cabs
Travel	Airbnb, TripAdvisor

Platforms in Vietnam

Industry	Example
Education	Kyna, Unica, Edumall
Labor and Professional Services	TopDev, Vietnamworks, FreelancerViet
FinTech	MoMo, Moca
Logistics and Delivery	AhaMove, LogiVan
Retail	Lazada, Tiki, Shopee
Transportation	FastGo, GoViet, Vato
Travel	Triip.me
HealthCare	WeFit

Platforms on Shark Tank

Industry	Example
Labor and Professional Services	Easy Job, JobsGo, ViralWorks
Communication and Networking	Gcall, Umbala
Local Service	Hoozing, Ohana
Finance	Tictag
Health Care	NexFit

Platform in the 4th Industrial Revolution

Platform is one of new operating models. Platform strategy is both profitable and disruptive.

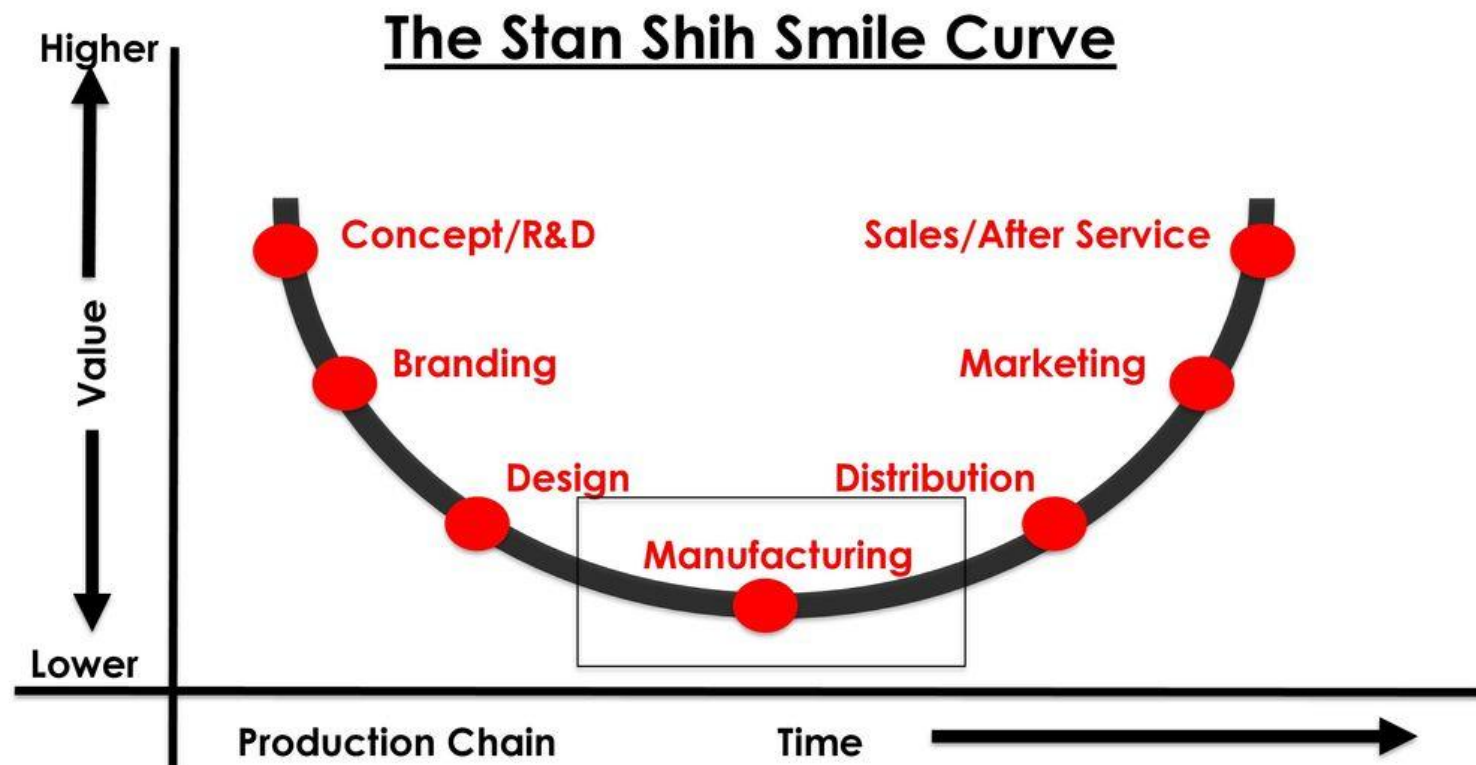
4C in Platform (1)

1. Creation
2. Curation
3. Customization
4. Consumption

4C in Platform (2)

	Creation	Consumption	Curation
YouTube (content platforms)	Upload video	Search, View video	Upvote/Downvote, Report Abuse
Airbnb (services marketplaces)	Create Listing	Search, View Listing	Rate Listing, Rate Lister, Report
Etsy (goods marketplaces)	Create Listing	Search, View Listing	Rate Listing, Rate Lister, Report
Facebook (social networks)	Create Status Update	Consume Feed	Like, Hide, Report, Unfriend
Wikipedia (collaboration)	Create stub, Add/Edit content	Search, View Article	Reverse Edit
Play Store (developer platforms)	Create and list apps	Search, Download apps	Rate apps
PayPal (payments)	Offer transaction option	Transact	Report fraud

What is Platform doing?

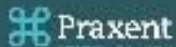


Pipeline vs Platform (1)

Pipeline



creates value in a linear fashion with **centrally employed** staff and **owned** assets



Platform



creates value by orchestrating interactions between **external** producers and consumers

Source: Platform Revolution: How Networked Markets Are Transforming the Economy

Pipeline vs Platform (2)

InsideOut

Business Function	Industrial Firms	Platform Firms
Strategy	Supply economies of scale	Demand economies of scale
Marketing	Product/Service Focused	Interaction Focused
Operations	Linear Supply Chain	Value Ecosystems
R&D	Innovation via internal R&D	Open 3 rd Party Innovation
Finance	Value driven by firm assets	Value driven by community assets
Human Resources	Employees	Crowdsourcing, Freelance
Information Technology	Back Office (ERP) / Front Office (CRM) Systems	Out of Office Social Systems

Pipeline vs Platform (3)

“In 2015, Uber, the world’s largest taxi company owns no vehicles, Facebook the world’s most popular media owner creates no content, Alibaba the most valuable retailer has no inventory, and Airbnb the world’s largest hotelier owns no real estate.”

Tom Goodwin, Sr. VP of Strategy Havas Media

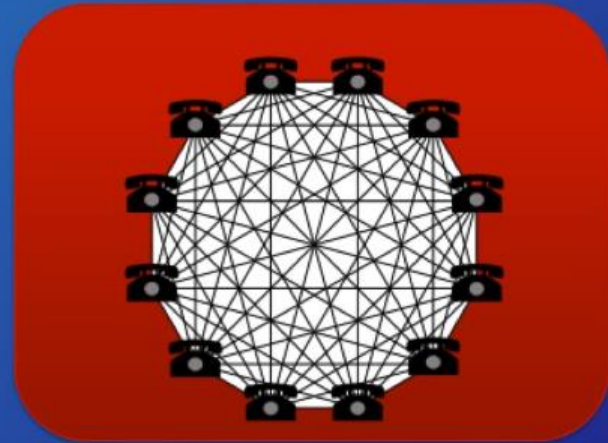
Product vs Platform

<i>Product</i>		<i>Platform</i>	
Distinct: Buyers, Suppliers, Substitutes, Entrants, Rivals	– <u>Market Forces</u> –	Overlap: Consumers ~ producers, competitors ~ complementors	
Core Competencies	– <u>Focus</u> –	Core Interactions	
Supply Side	– <u>Scale Economies</u> –	Demand Side	
Own Inimitable Resources	– <u>Assets</u> –	Community as Asset	
Cost Leadership / Product Differentiation	– <u>Goal / Metric</u> –	Engagement, Positive Spillovers, Just Governance	
Barriers to Entry, Boulevards for Exit	– <u>Access</u> –	Permissionless Entry, Open Around Key Control Points	
By Firm	– <u>Innovation</u> –	By Firm and Ecosystem	

Network Effects (1)

Network Effects

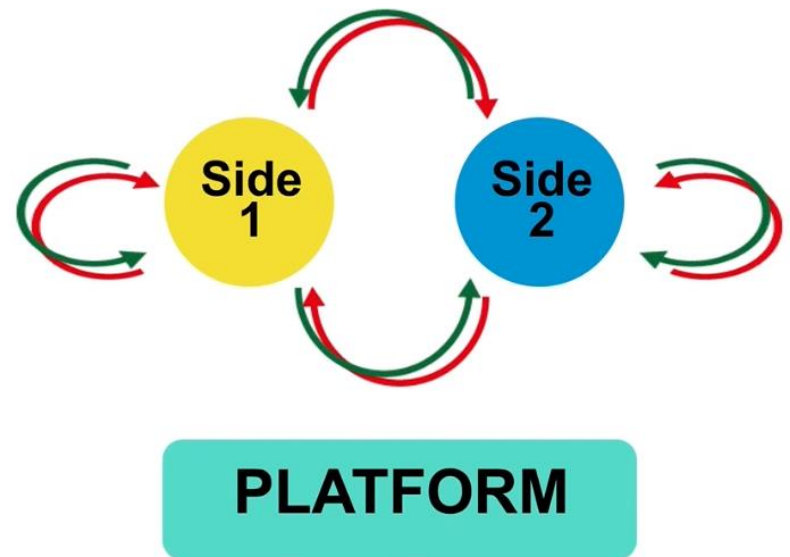
Value rises as more people use the platform



Metcalfe's Law

Network Effects (2)

- + **same-side** : Player-to-player contact in Xbox MMOG, end-user PDF sharing.
- + **cross-side** : merchants & consumers for Visa, developers & end-users for Windows
- **same-side** : competing suppliers in Covisint auction, competing dates on Match.com
- **cross-side** : Digital Rights Management costs to consumers. Advertising clutter to viewers.



CHICKEN or EGG

1. The follow-the-rabbit strategy. Ex: Inter
2. The piggyback strategy. Ex: PayPal
3. The seeding strategy. Ex: Google Play, Quora
4. The marquee strategy. Ex: Shopping center
5. The single-side strategy. Ex: OpenTable, vexere.com
6. The producer evangelism strategy. Ex: Udemy, Skillshare, Kyna.vn
7. The big-bang adoption strategy. Ex: Twitter
8. The micro-market strategy. Ex: Facebook

Monkey see, Monkey do

WAYS TO MONETIZE

1. Charging for transaction fee. Ex: Uber, Airbnb
2. Charging for access. Ex: LinkedIn
3. Charging for enhanced access. Ex: Google Adwords
4. Charging for enhanced curation. Ex: Skillshare

Dependency on Platform

1. Operating system. Ex: Huawei for Android
2. Competition between Platform and Users on platform. Ex: Google search on Europe market

Platform Transformation

Ready for Transformation

High proportion of value from information (e.g. news, video)

Highly fragmented industries (e.g. IoT, law)

Simple modular products / services (e.g. APIs, 3D printing)

Spare Capacity (e.g. Uber, Airbnb)

Resistant to Transformation

High proportion of value from physical assets (e.g. mining, construction)

Highly regulated industries (e.g. health care)

Highly complex products / services (e.g. Boeing airplanes)

Fault intolerant (e.g. pacemakers, nuclear power plants)

Why are the old competitors *not* the new competitors?

Isn't afraid of ...



publishing



broadcast



electronics



delivery



cars



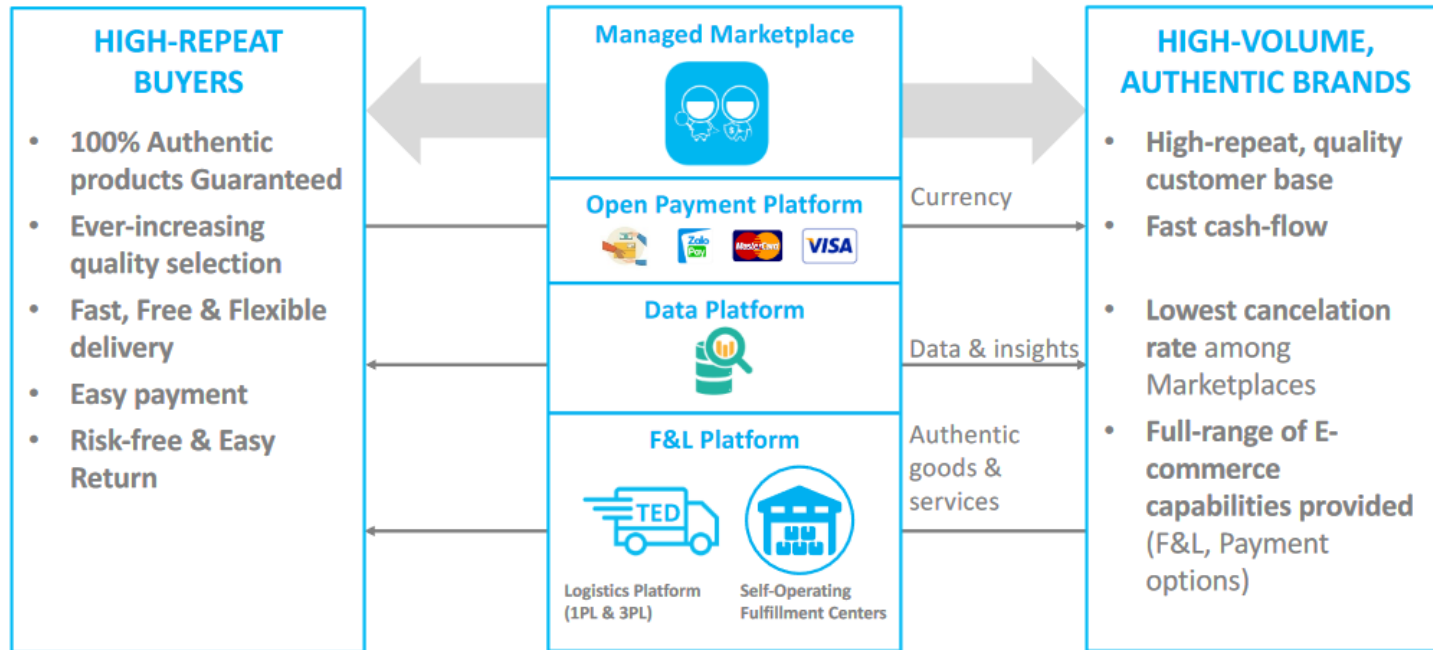
watches



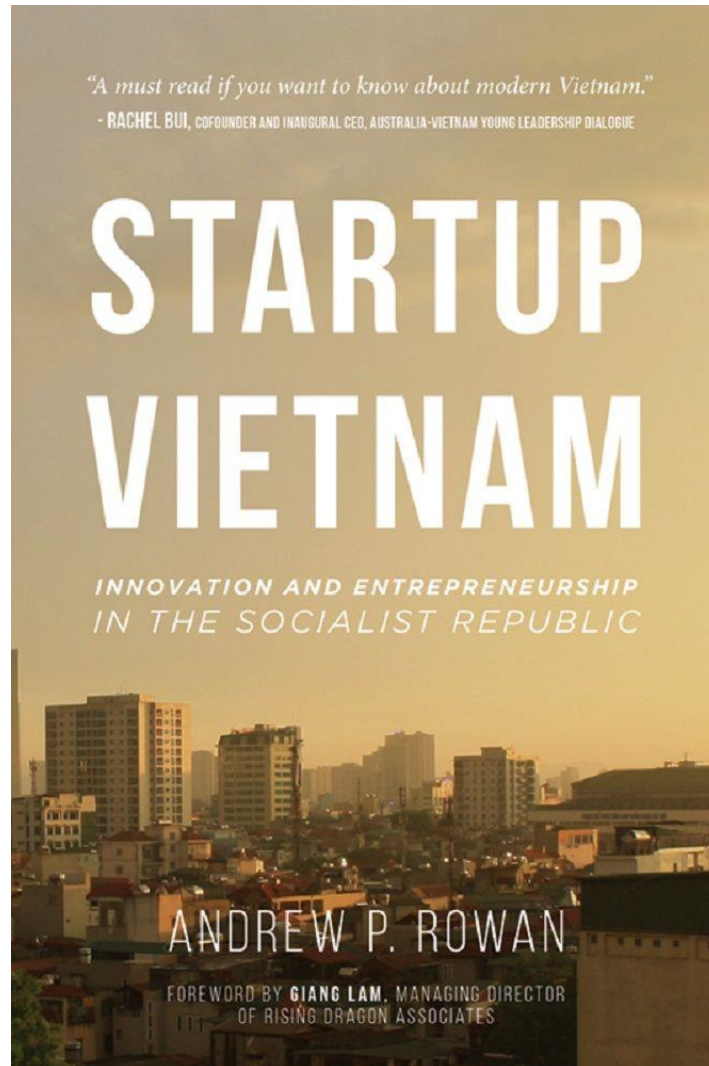
but should fear ...



Case study 1: Tiki Platform



Case study 2: Book Publishing



Case study 3: Do we need platforms for a Coffee Shop?

1. Hotdeal
2. Foody
3. Ticketbox
4. Getspaces
5. Meetup.com

Take Away

1. Platform thinking
2. Chicken-Eggs problem: using “**We did**” other than “**We will**”
3. Building a platform is good, if not then you can do the partnership with platforms and use platforms on a daily basic.

**Thank
You!**

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