

PLATFORM STRATEGIES

NIKHILESHKUMAR IKHAR



Kodak

Walt Disney

1888

BMW

Marriott

1927

FB

Uber

04

Airbnb

Instagram

Insta

Uber

BMW

Kodak

Airbnb

Marriott

1

\$B

334

Walt Disney

165

FB

IS IT IMPORTANT?



EMERITUS
INSTITUTE OF MANAGEMENT

ABOUT ▾

DIGITAL TRANSFORMATION: PLATFORM STRATEGIES FOR SUCCESS

Digital Transformation: Platform Strategies for Success is a 3-month program that introduces participants to the many ways networked markets are transforming the economy and provides strategies for designing, monetizing, and launching a digital platform.

In this course you will learn about the fundamentals of digital transformation, identify why platforms beat products and how can you make your business a platform. You will learn how to launch and grow a digital platform and identify how to leverage open innovation for your platform. This course also equips you with the knowledge on governing your platform, strategically evaluating your competition and provides you with a futuristic view of digital transformation across industries.

At the end of this course, participants will learn to:

- Define platform businesses, distinguishing among input suppliers, markets and true platforms, and why these differences matter.



\$1400

DESIGN, LAUNCH, MONETIZE, AND COMPETE IN A NETWORKED PLATFORM MARKET.

TOPIC OVERVIEW

Your online course will cover the following:

1. Successfully designing and launching a business platform
2. Learning why platform firms beat product firms and how the structure of platform firms is fundamentally different
3. Learning how and why traditional platform pricing models fail and how to choose a successful pricing model
4. Competing in winner-take-all network markets

(617) 353-9720

\$2,000

SUMMARY

Firms such as Apple, Alibaba, Facebook, Salesforce, Uber and Yelp operate as platform ecosystems that match buyers and sellers, gain value and market share from network effects, and harness their users to innovate.



VIEW ALL COURSES



HARVARD
UNIVERSITY

Disruptive Strategy

Strengthen your capacity to make innovation a reality; Unlock your potential to create winning strategies.

TAKE COURSE ➔ on X HBX



Open January 23 – March 6, 2019



Register by January 14, 2019

- Learn how to see a platform
- Learn, how to see opportunities of innovation



WHAT IS A PLATFORM

Allows diff users to exchange value

Android Apps

Can have 2 or more type of users

Android Developers

Android apps

advertiser

OEM

WHICH ONE IS A PLATFORM?



Facebook



Github



Google play
store



AWS, GCP,
Azure



WhatsApp



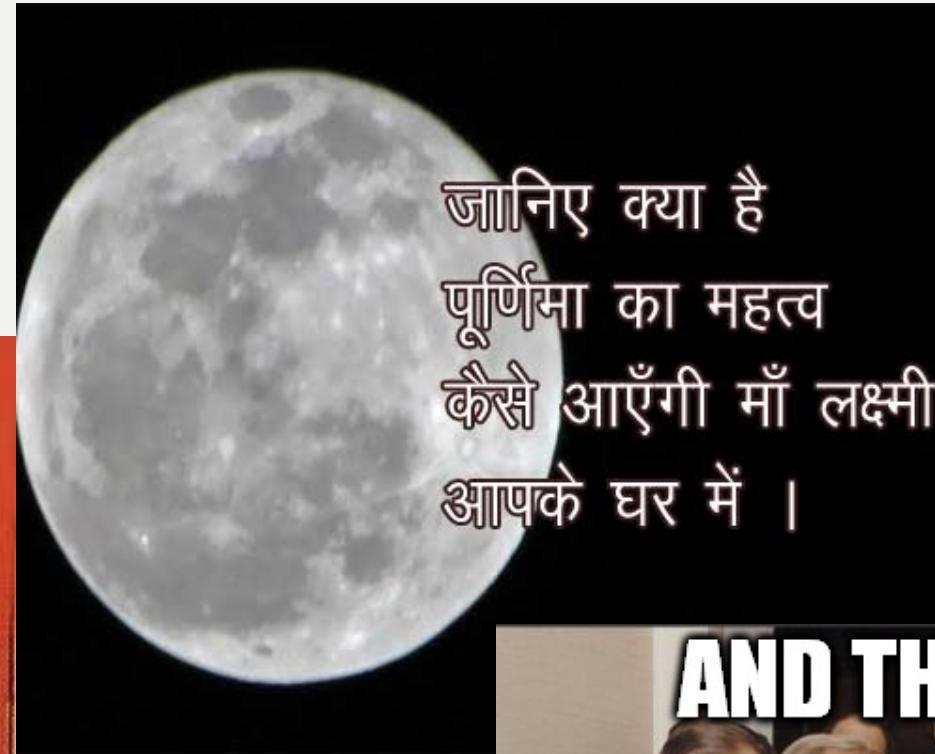
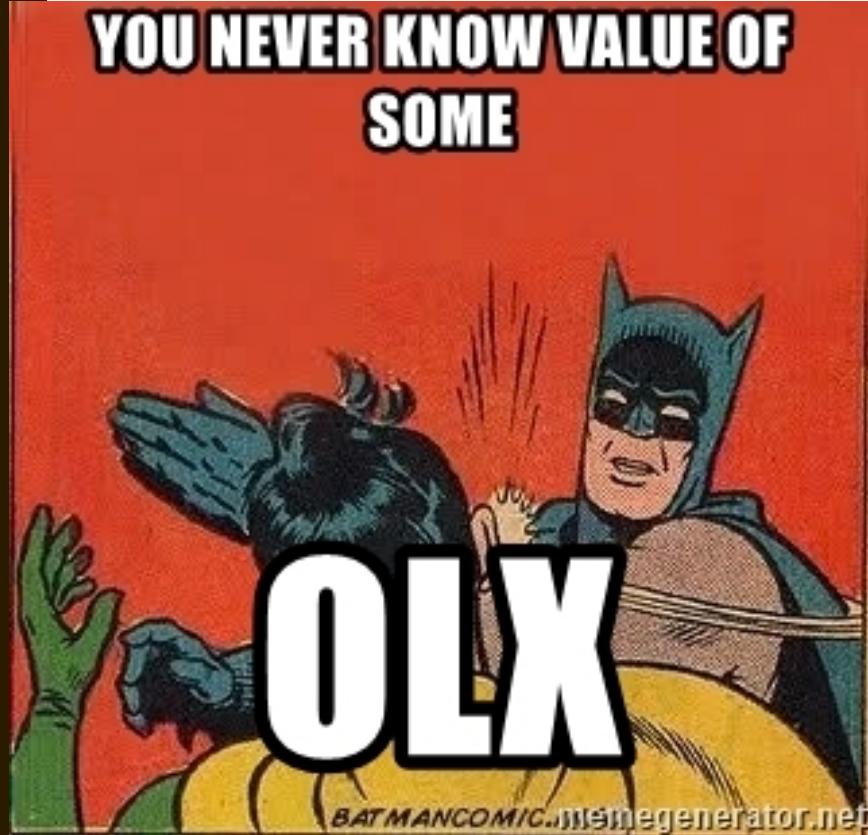
Railway



Country

VALUE

YOU NEVER KNOW VALUE OF
SOME



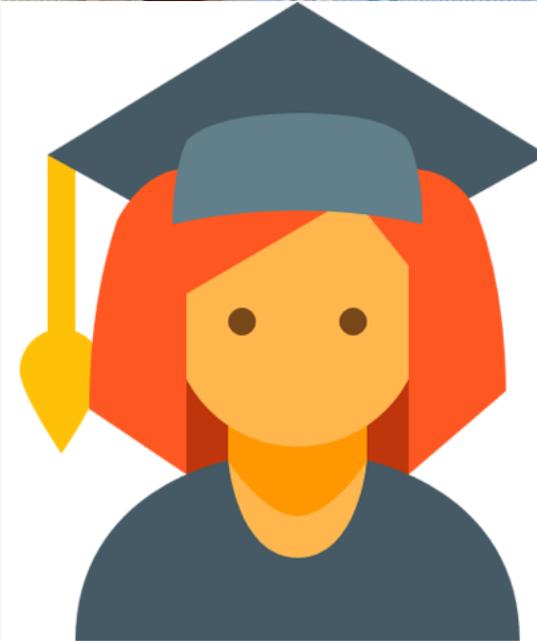
VALUE

- Something for which user keep coming to the platform
 - If entertainment is value, user will keep coming to platform for playing game, watch videos, listening to music
 - If interaction is a value, user will use platform to access SMS/ WhatsApp, Skype etc..
 - If knowledge is a value, user will use platform to access Google books, Kindle
 - If tracking is a value, user will use maps
- Developer will keep coming to a Platform to sell their apps
- Developer will keep coming to a Platform to access user analytics

INTERACTION



Classroom



INTERACTION



Allows meaningful interaction



Interaction helps user to achieve value



More interaction bet developer & user

Better bug discovery
Better designed apps



More interaction bet user & apps

Better app design
Better usage analytics
More focus on delivering value

TRADITIONAL VS NEW



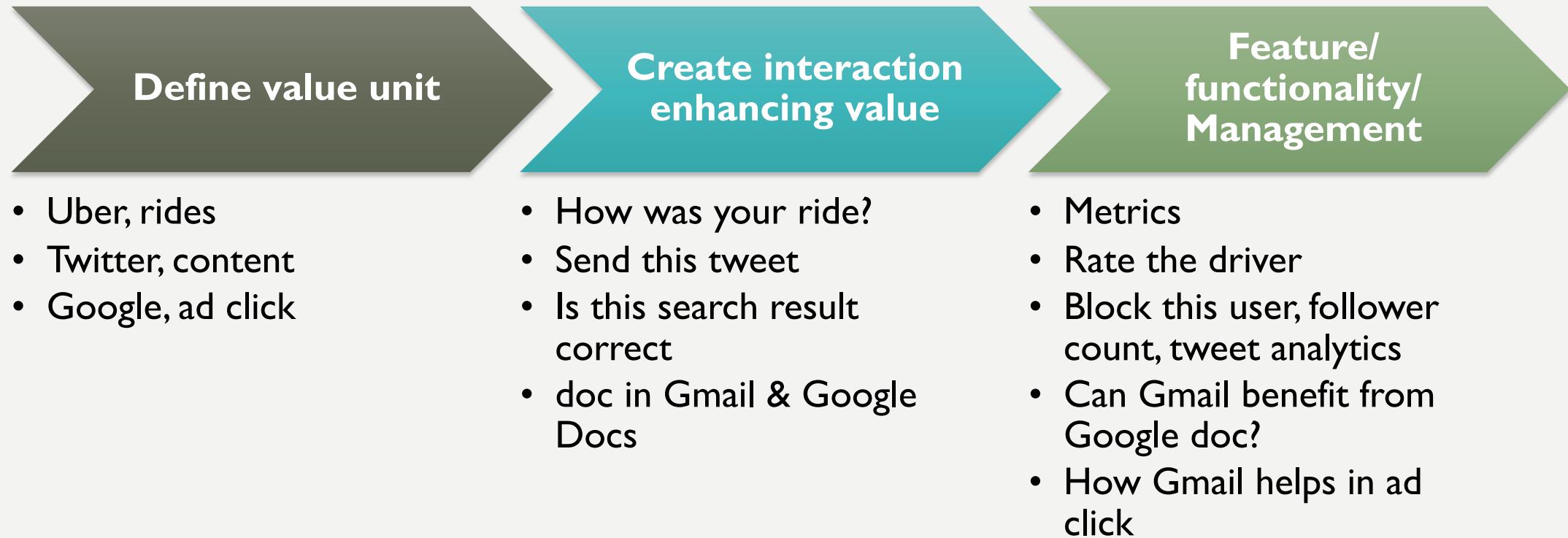
Traditional	New
Pipe	Platform
2 users. Producer & consumer	Multiple user In food delivery e.g. restaurant, user, rider, wallet
Value addition is slow & one way	Value addition is fast & can interact in multiple way
Scaling is hard. Needs more money to built infra	Scaling is easy. Probably needs more server. Physical platform needs more money
Monetize by selling more	Monetize by providing value
Physical resources are asset	Community is asset
Mill, SME, Restaurant	Flipkart, Alibaba, FB, Swiggy

ARCHITECTING PLATFORM



God came down to see what they did and said: “They are one people and have one language, and nothing will be withholder from them which they purpose to do.”

ARCHITECTING PLATFORM



BEFORE INTERNET & SMARTPHONE



Has any one developed app for Nokia/ Sony ericsson phone



J2ME version for particular phone required



Download the library from vendor



Not enough resources to share the app binary

You have to host the binary and share the link via email/chat etc..



Can't easily scale beyond a geographical location

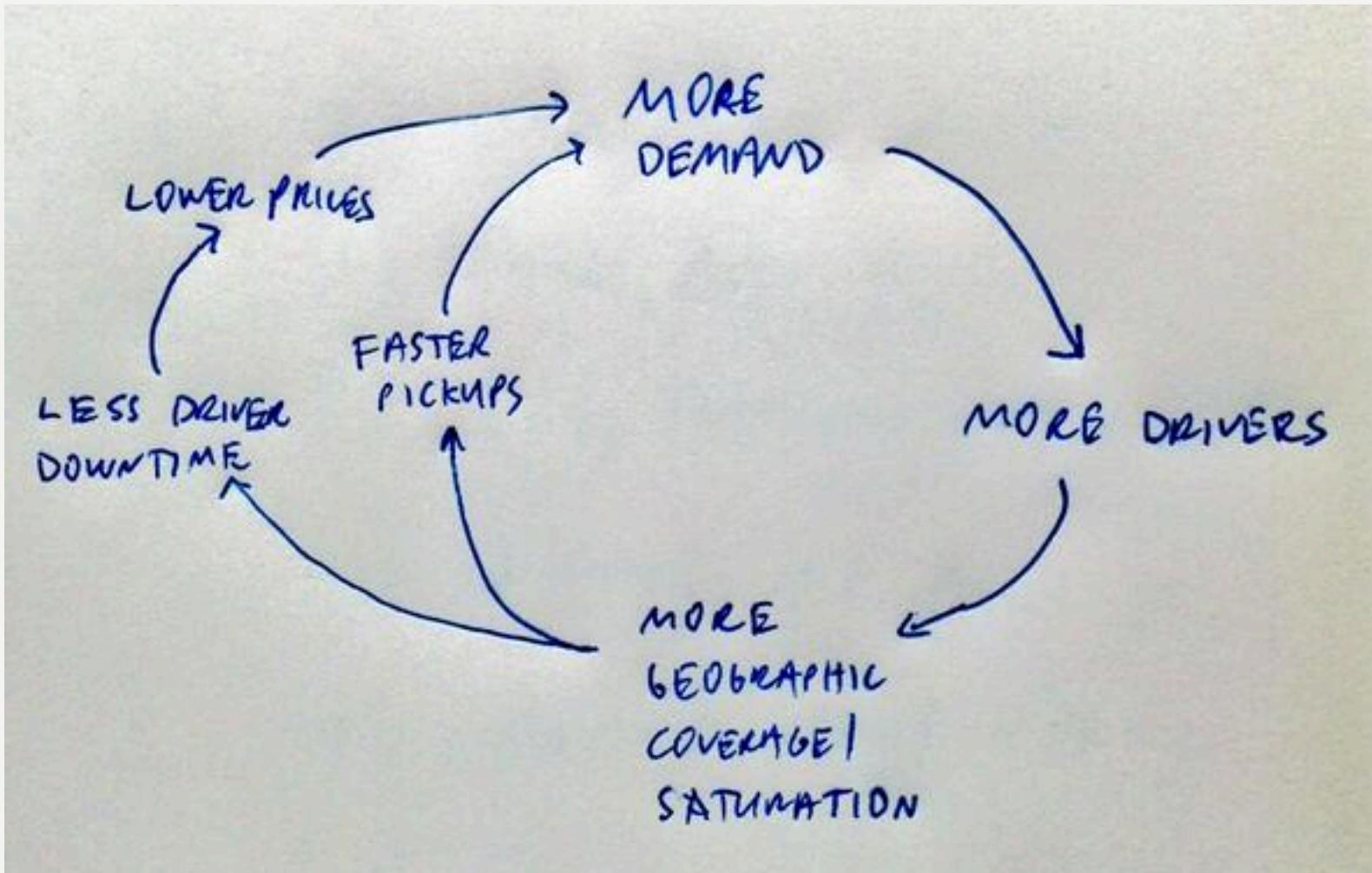
WORLD IS CHANGING & SO ARE YOU

- Internet enabled business are scaling fast
- Change in user behavior and expectation
 - Earlier software was shipped via floppy disk/ CD/ etc..
 - Now software is present at platform
- Pay for voice calls to Pay for data
- Don't speak to stranger to Share a ride with a stranger
- Change in consumed value
 - Earlier value was ease in technical/computational task
 - Now software is democratized and value is derived from interaction

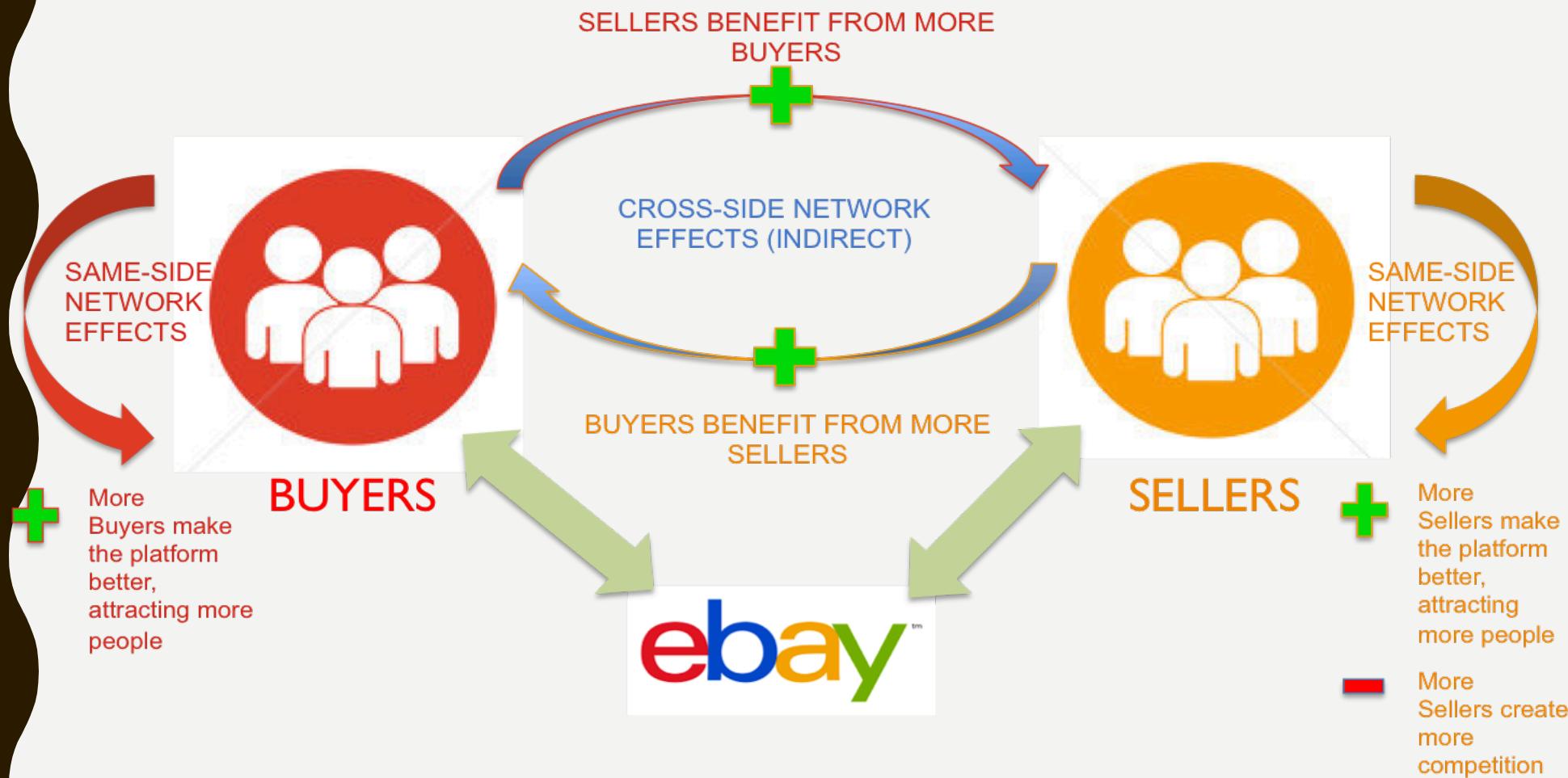


WORLD
US
PLATFORM

NETWORK EFFECT



NETWORK EFFECT



NETWORK EFFECT



**Economy of
scale**



**Exponential
growth**



Price Effect

Low price to
attract customer
temporarily



**Brand
Effect**

Stickier



Virality

Helps to join
people to platform

NETWORK EFFECT



Frictionless entry

Fb/Google login



Positive network effect

Helps to attract new users



Negative network effect

One side is heavy. Trolling on twitter
Curation

CHICKEN VS EGG



Who will come first

Buyer or seller

Buyer won't buy because no seller

Seller won't sell because no buyer



How do you start your Platform

Fake it till you make it

Subsidize particular user

Parasite

MONETIZATION



**As a credit card company,
whom do you charge?**

If you charge a buyer he will stop using
your card.

If you charge merchant he will stop
entertaining your card.



The Money Side

Buyer



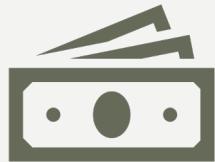
The Subsidy Side

Seller



Can you charge both?

MONETIZATION



Access Fee

Charging for access

- Credit card annual fee
- Trading tips



Usage Fee

Charges for trading software

Merchants pay when we transact



Subscription

Netflix

Uber rides

Prepaid phone recharge

GOVERNANCE



Keeping platform meaningful



Law

Delhi govt deciding ride share price



Norm

No adult content in social network



Architecture

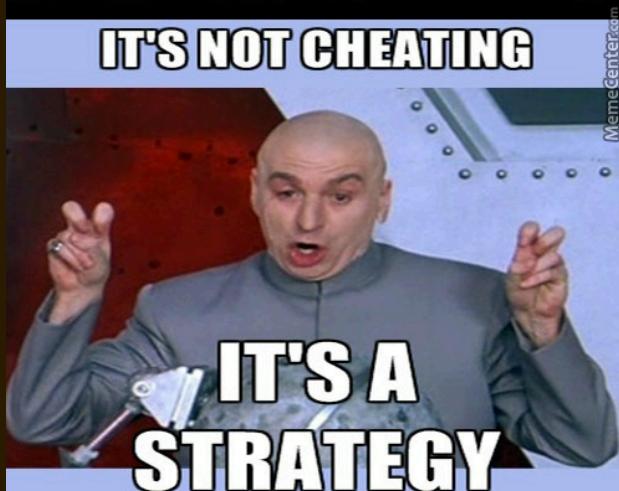
Background check from bank
Block chain



Market

Curate bad Q&A in Stackoverflow
Gamification of user behavior.
Rating on Ola/Uber

STRATEGY



OH, YOUR COMPANY DOESN'T HAVE A CONTENT STRATEGY?

PLEASE, KEEP COMPLAINING ABOUT YOUR SMALL
ONLINE FOLLOWING.

STRATEGY

- Prevent multihoming
 - Uber/Ola driver working for both
 - Freelancer working for multiple firms
 - Real story
 - Adobe develops tools to port flash based apps from iPhone to Android
 - Apps now multihomed & are threat to iPhone distinctiveness
 - iPhone has apps that are not available on Android
 - Adobe allowed user to buy apps without going through iTunes platform.
 - Big threat to Apple control on its ecosystem.
 - Adobe was taking a chunk of iTunes money & analytics

STRATEGY

- Prevent multihoming
 - Real story
 - Initial days Alibaba didn't allow search engine to crawl its site
 - It denies access to potential customer
 - Long term game
 - Alibaba was looking at not only transaction but also at advertising
 - Now seller advertises on Alibaba.
 - Alibaba earned more profit in 2014 than Amazon has ever earned.

STRATEGY

Encourage Innovation & capture the value

- Look in house resources
 - Alibaba / Facebook doing inhouse search
 - Google/Uber developing driverless car
- Facebook acquired WhatsApp & Instagram to keep users in its ecosystem
- Facebook rejected Zynga on revenue sharing

Analytics

- Using data to launch new feature
- Snapchat video
- WhatsApp blocking forwards
- [Best time to post on Instagram?](#)

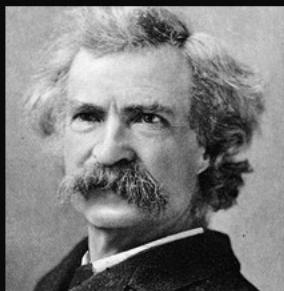
STRATEGY

- Platform feature extension
 - See how user interact. Do developers are developing distinct functionality?
 - Will it affect if platform itself give distinct functionality
 - WhatsApp on Android
 - Apple launches wearable to move into healthcare.
 - What is Nike doing with a shoe monitor with GPS, it monitors steps, calories etc.
 - Airbnb allows to book a private house
 - We still have to get a rental agreement
 - Ride delivery to food delivery to grocery delivery

STRATEGY

- Winner takes ALL
 - Handful of companies are dominating. [Rule of 3C](#)
 - Intel in chips
 - Google in search
 - WhatsApp in interaction
 - YouTube in video

DARK SIDE OF PLATFORM



Everyone is a moon, and has a dark side which he never shows to anybody.

~ Mark Twain

AZ QUOTES

DARK SIDE OF PLATFORM



Airbnb denies
liability coverage



[Amazon workers
pee in bottles](#)



[Uber driver are
employees or not](#)



Who regulates
the Platform

Can you choose to not
see the specific type of
videos on YouTube



Low prices helps
JIO to get
customer & drive
other out of
market

Affects whole market



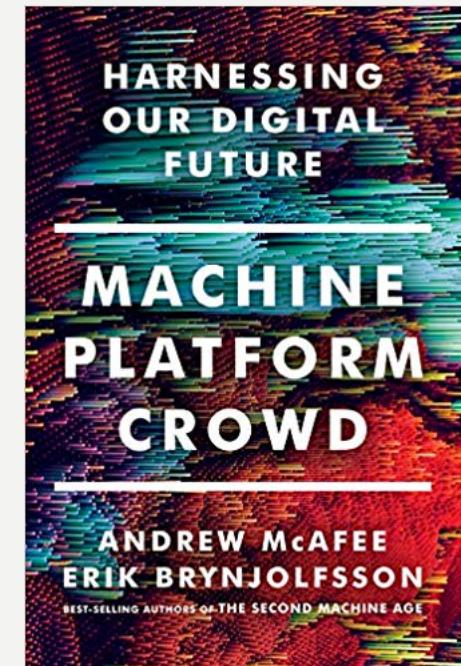
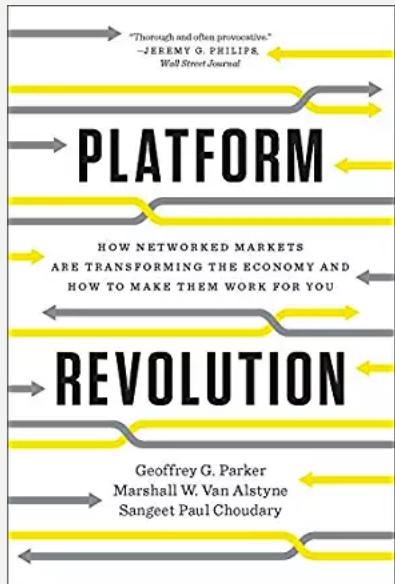
Early enterent
get lots of
advantage

PLATFORM IS EATING WORLD



- Amazon
 - Eating book publishing business
- OLA/Uber
 - Eating traditional taxi business
- BigBasket
 - Eating traditional mall business
- QuickRide
 - Eating auto share
- OLX
 - Eating local 2nd hand sale shop
- UPI
 - Eating in cash business
- Redbus
 - Eating traditional bus booking agent
- JIO
 - Eating voice business

REF



THANK YOU