Strategy for Multi-sided Markets

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Course Logistics: Improvements

1. Comment cards are now optional
   - Be sure to sign in for attendance
   - Makes us more eco-friendly
2. Homework is graded as complete / incomplete
   - Goal for homework is not to judge, but to coach
3. Peer evaluations are 5% of your grade
   - Consistent with other ASM sections
   - Historic Peer Eval grades > Preliminary homework grades
   - Team participation is essential!

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E.Q. at Babson

The Six CLTP Competencies

Listening
The ability to focus on and understand what is being said, in individual or group situations

Oral Communications
Effectiveness of expression in individual or group situations

Teamwork
The ability to work effectively with others

Leadership
Effectiveness in influencing others to accomplish a task and in getting ideas accepted without incurring hostility

Decision-making
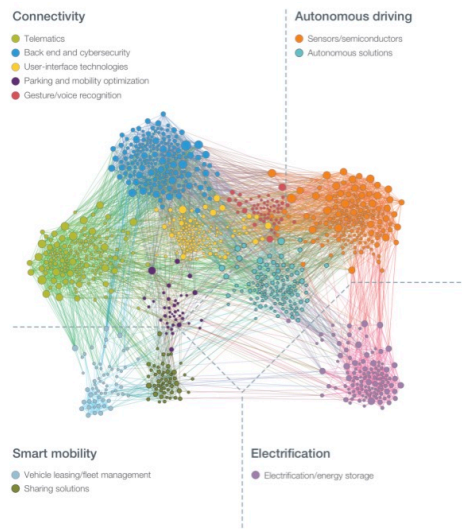The ability to analyze problems and to decide on an appropriate course of action in a timely fashion

Ethics
The ability to consider the ethical implications of business opportunities, problems, and decisions and to develop action plans accordingly

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Multi-sided Markets & Ecosystems

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Multi-sided Markets

- **Cross-side network effects:** Increases the numbers of users on both sides of the network, making it either more or less valuable to the other side. (Often positive for the mediating firm or platform.)

- **Same-side network effects:** Increases the number of users on one side of the network, making it either more or less valuable to the other side. (Often negative for the mediating firm of platform.)

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Some Multi-sided Markets

| NETWORKED MARKET	SIDE 1	SIDE 2	PLATFORM PROVIDERS
			Rival Providers of Proprietary Platforms
PC operating systems	Consumers	Application developers*	Windows, Macintosh
Online recruitment	Job seekers*	Employers	Monster, CareerBuilder
Miami Yellow Pages	Consumers*	Advertisers	BellSouth, Verizon
Web search	Searchers*	Advertisers	Google, Yahoo
HMOs	Patients*	Doctors	Kaiser, WellPoint
Video games	Players*	Developers	PlayStation, Xbox
Minneapolis shopping malls	Shoppers*	Retailers	Mall of America, Southdale Center
			Rival Providers of Shared Platforms
Linux application servers	Enterprises	Application developers	IBM, Hewlett-Packard, Dell
Wi-Fi equipment	Laptop users	Access points	Linksys, Cisco, Dell
DVD	Consumers	Studios	Sony, Toshiba, Samsung
Phoenix Realtors Association	Home buyers*	Home sellers	100+ real estate brokerage firms
Gasoline-powered engines	Auto owners	Fueling stations	GM, Toyota, Exxon, Shell
Universal Product Code	Product suppliers	Retailers	NCR, Symbol Technologies

*Denotes network's subsidy side

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The Voice Wars
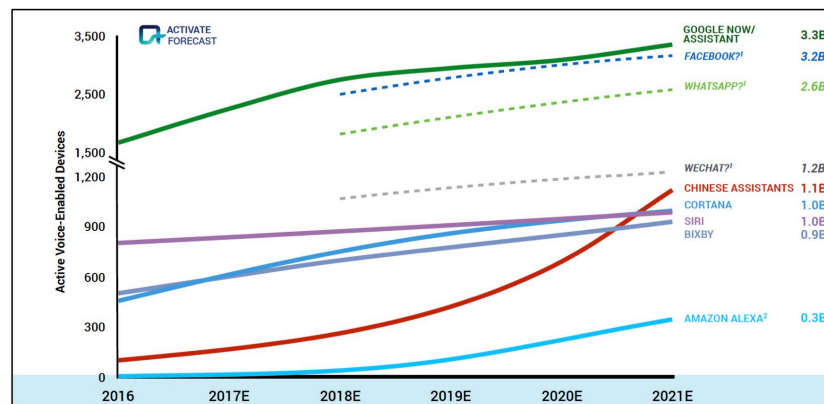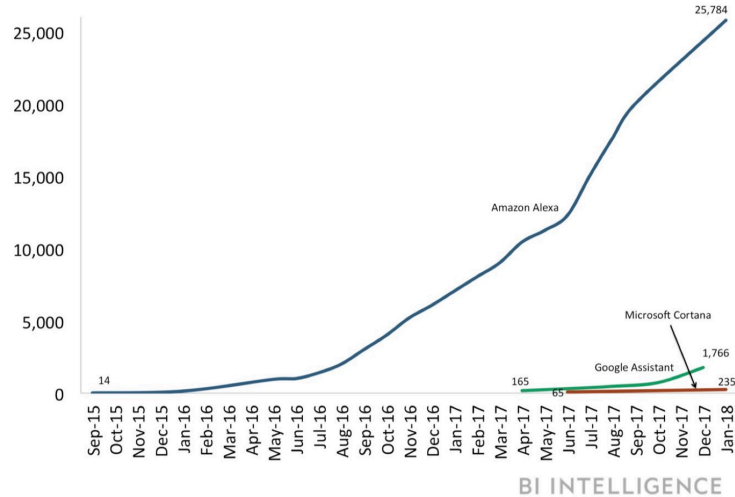
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Exhibit 7   Technology Device Penetration in the U.S., Years from Inception (as % of population)
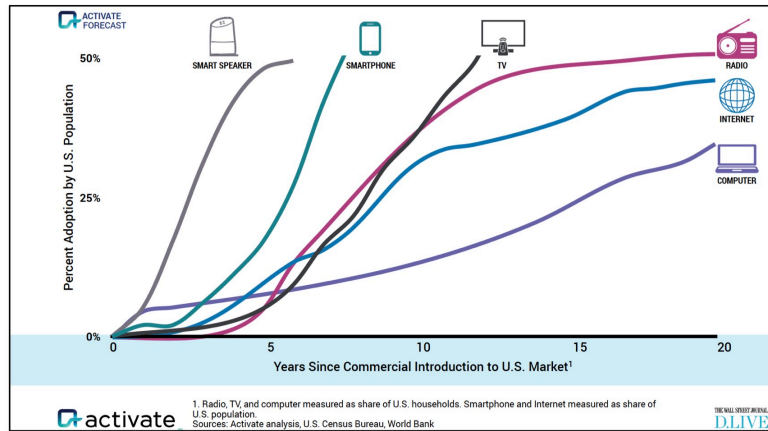
Source: "Activate Tech & Media Outlook 2018" SlideShare, October 16, 2017,
https://www.slideshare.net/ActivateInc/activate-tech-media-outlook-2018. Accessed May 10, 2018.

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Exhibit 3   Current and Forecast Installed Base of Intelligent Assistants

Source: "Activate Tech & Media Outlook 2018," SideShare, October 16, 2017,
https://www.slideshare.net/ActivateInc/activate-tech-media-outlook-2018. Accessed April 23, 2018.

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Exhibit 4 Voice App Skill Growth, by Platform

Voice App Skill Growth, By Platform

Source: Amazon, Voicebot

BI INTELLIGENCE

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The Voice Wars

- What is the competitive situation?
  – Who are the players?
  – How are they different?
- Are the players multi-sided markets? If so, how?
  – What are the (potential) cross-side network effects?
  – What are the same-side network effects?
  – How does this affect their approach towards voice technology?
- What frameworks would you use? (5 minutes)

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A Few Frameworks We've Learned

1. Decision Traps
2. 5-Forces
3. P.E.S.T.L.E.
4. Porter's Generic Strategies
5. Ecosystem analysis
6. Market segmentation
7. VRIO Resources and Capabilities
8. BCG Matrix
9. Learning Curve
10. Internal Value Chain
11. Business Model Canvas

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Understanding the situation

S.C.E.Q.

Situation:
- Google is a technological leader in voice with a large installation base (thanks to Android)
- Increasing search through voice may threaten their cash cow.

Stronger core questions:
- **(How)** can Google monetize voice?
- **(How)** can Google differentiate its product from others?
- Should we partner?

Potential Tools for Analysis (SCEQ and Question Tree)

	Why?
Market segmentation	This is a crowded market with similar products. How can Google find a niche?
VRIO Resources and Capabilities	What resources and capabilities does Google have that others do not? (Android ecosystem.)
Business Model Canvas	Google makes money selling ads (86% of Alphabet's revenue)
BCG Matrix	Advertising is their cash cow… how can they leverage it to move voice from question marks into stars?
Ecosystem analysis	Who are the players in the external ecosystem (e.g. Android), and can they be leveraged to create Google's own?
Internal Value Chain	Where does voice fit in driving margins?
Porter's Generic Strategies	Should they focus broad cost leadership or differentiation?
5-Forces	Unclear what the industry is – voice or ads – this is an ecosystem story.
Learning Curve	Google has the means to move rather fast on the learning curve, so do others.
Decision Traps	Relevant at a high level, but difficult to incorporate
P.E.S.T.L.E.	Easy, not that informative

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