Platform Revolutions

Author	Goodreads Link	Rating
[Geoffrey G. Parker](), [Marshall W. Van Alstyne](), [Sangeet Paul Choudary]()	[https://www.goodreads.com/book/show/25622861-platform-revolution?from_search=true&from_srp=true&qid=QTtipTr7y7&rank=1]()	***

Favorite Quotes

> "If we can get you a car in five minutes, we can get you anything in five minutes."5 Anything at all? One wonders what limits can be set on Uber's disruptive potential. Kalanick seems not to acknowledge any.

> In the twenty-first-century Internet era, comparable monopolies are being created by demand economies of scale.

Overview

Uber. Airbnb. Amazon. Apple. PayPal. All of these companies disrupted their markets when they launched. Today they are industry leaders. What's the secret to their success?

These cutting-edge businesses are built on platforms: two-sided markets that are revolutionizing the way we do business. Written by three of the most sought-after experts on platform businesses, *Platform Revolution* is the first authoritative, fact-based book on platform models. Whether platforms are connecting sellers and buyers, hosts and visitors, or drivers with people who need a ride, Geoffrey G. Parker, Marshall W. Van Alstyne, and Sangeet Paul Choudary reveal the *what*, *how*, and *why* of this revolution and provide the first "owner's manual" for creating a successful platform business.

Platform Revolution teaches newcomers how to start and run a successful platform business, explaining ways to identify prime markets and monetize networks. Addressing current business leaders, the authors reveal strategies behind some of today's up-and-coming platforms, such as Tinder and SkillShare, and explain how traditional companies can adapt in a changing marketplace. The authors also cover essential issues concerning security, regulation, and consumer trust, while examining markets that may be ripe for a platform revolution, including healthcare, education, and energy.

As digital networks increase in ubiquity, businesses that do a better job of harnessing the power of the platform will win. An indispensable guide, *Platform Revolution* charts out the brilliant future of platforms and reveals how they will irrevocably alter the lives and careers of millions

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Notes

In the twentieth-century industrial era, giant monopolies were created based on supply economies of scale.

In the twenty-first-century Internet era, comparable monopolies are being created by demand economies of scale.

An MIT professor we know likes to joke that the prize for "greatest salesperson in history" should go to whoever sold the first telephone. Arguably, it had zero value, because when there's only one telephone in the world, you can't call anyone.

Price effects and brand effects have their place in a startup's growth strategy. But only network effects create the virtuous cycle we described above, which leads to the building of a longlasting network of users—a phenomenon we called lock-in.

No wonder frustrated users began claiming that Yahoo stood for "Yet Another Hierarchical Officious Oracle!")

Frictionless entry is the ability of users to quickly and easily join a platform and begin participating in the value creation that the platform facilitates. Frictionless entry is a key factor in enabling a platform to grow rapidly.

A team of experts collaborating with the consulting and accounting firm of Deloitte published research that sorts companies into four broad categories based on their chief economic activity: asset builders, service providers, technology creators, and network orchestrators.

In the world of network effects, ecosystems of users are the new source of competitive advantage and market dominance.

In every such exchange, the producer and the consumer exchange three things: information, goods or services, and some form of currency.

Notice that, in every case, the exchange of information takes place through the platform itself. In fact, this is one of the fundamental characteristics of a platform business.

The core interaction involves three key components: the participants, the value unit, and the filter.

- A well-designed platform makes it easy for users to move from role to role.
- Participants + Value Unit + Filter → Core Interaction
- Platforms must perform three key functions in order to encourage a high volume of valuable core interactions, which we summarize as pull, facilitate, and match.

End-to-end principle. Originally formulated in 1981 by J. H. Saltzer, D. P. Reed, and D. D. Clark, the end-to-end principle states that, in a general-purpose network, application-specific functions ought to reside in the end hosts of a network rather than in intermediary nodes.

We describe these three forms of platform-driven disruptions as de-linking assets from value, re-intermediation, and market aggregation

Those initial users create more value units, attract still other users, and set up a positive feedback loop that leads to continuing growth.

Give fast, open feedback when applying laws that define good behavior, but give slow, opaque feedback when applying laws that punish bad behavior.

The daily interaction percentage can be measured, its trend over time can be observed, and improvements to the platform's matching system can be developed, tested, and evaluated based on changes in this metric.

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