



# **INTRODUCTION TO PLATFORM STRATEGY**

**PLATFORMS HAVE EXISTED FOR YEARS.**

**MALLS LINK CONSUMERS AND MERCHANTS;**

**NEWSPAPERS CONNECT SUBSCRIBERS AND ADVERTISERS.**

**WHAT'S CHANGED IN THIS CENTURY IS THAT**

**INFORMATION TECHNOLOGY HAS PROFOUNDLY REDUCED**

**THE NEED TO OWN PHYSICAL INFRASTRUCTURE AND ASSETS**

**VAN ALSTYNE ET AL., 2016, P.56**

**MULTISIDED PLATFORMS ARE TECHNOLOGIES, PRODUCTS OR SERVICES**

**THAT CREATE VALUE PRIMARILY BY ENABLING**

**DIRECT INTERACTIONS BETWEEN TWO OR MORE**

**CUSTOMER OR PARTICIPANT GROUPS.**

**HAGUI, 2014, P. 71**

# PLATFORMS COMPARED TO OTHER BUSINESS MODELS

## A Simplified Typology



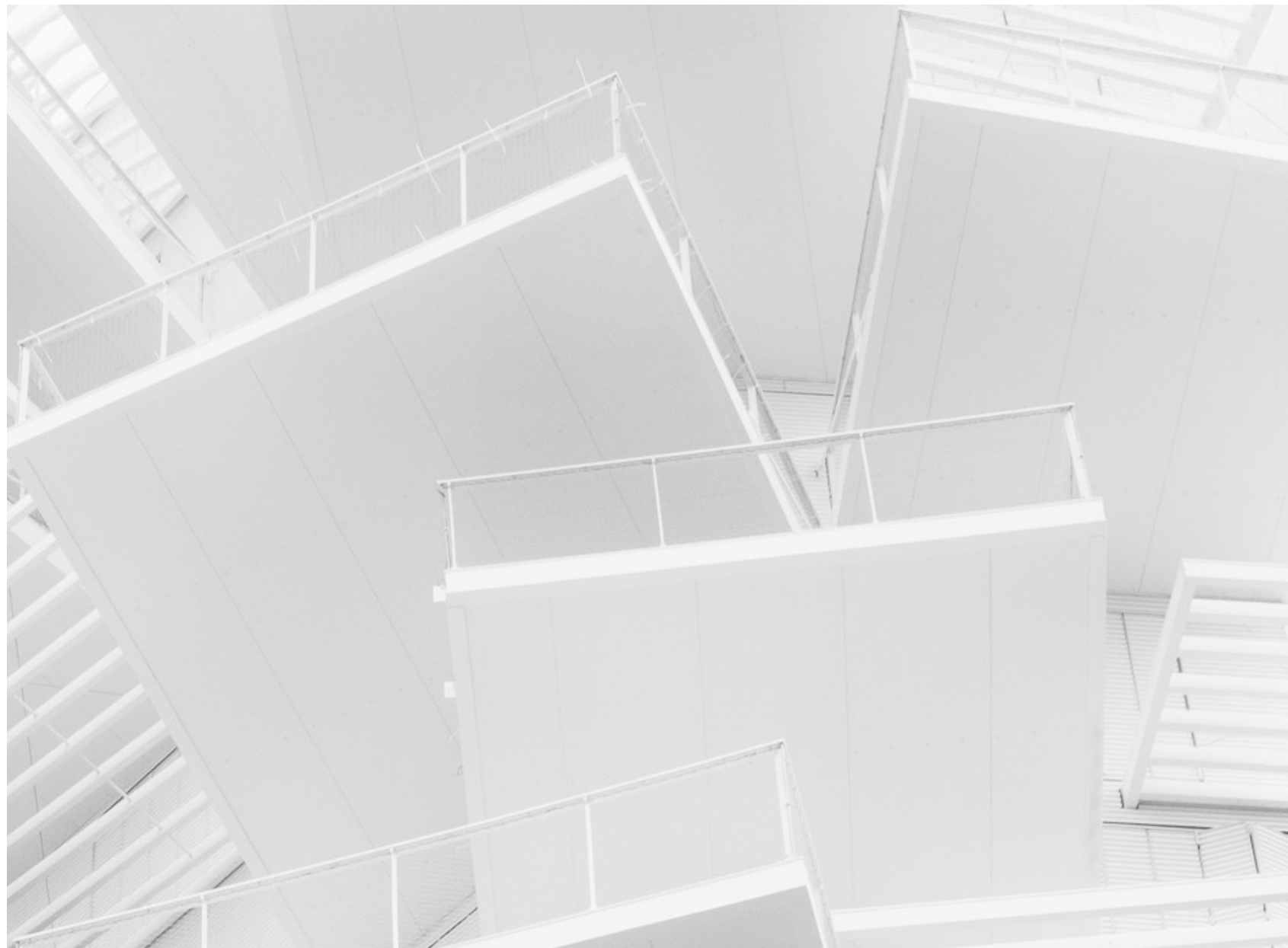
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PLATFORM	RETAILER/RESELLER	PIPELINE BUSINESS
Acquires, matches, and/or connects different customer types and enables interactions	Buys goods and/or services from selected producers and runs a value-added distribution business	Buys inputs (e.g., raw materials, energy, services) and combines them to produce a product/service sold at a margin
eBay	Tesco	Honda

Source: Reillier, L.C. & Reillier, B. (2017): Platform Strategy, Routledge, New York, p. 27.

# COMBINING DIFFERENT BUSINESS MODELS

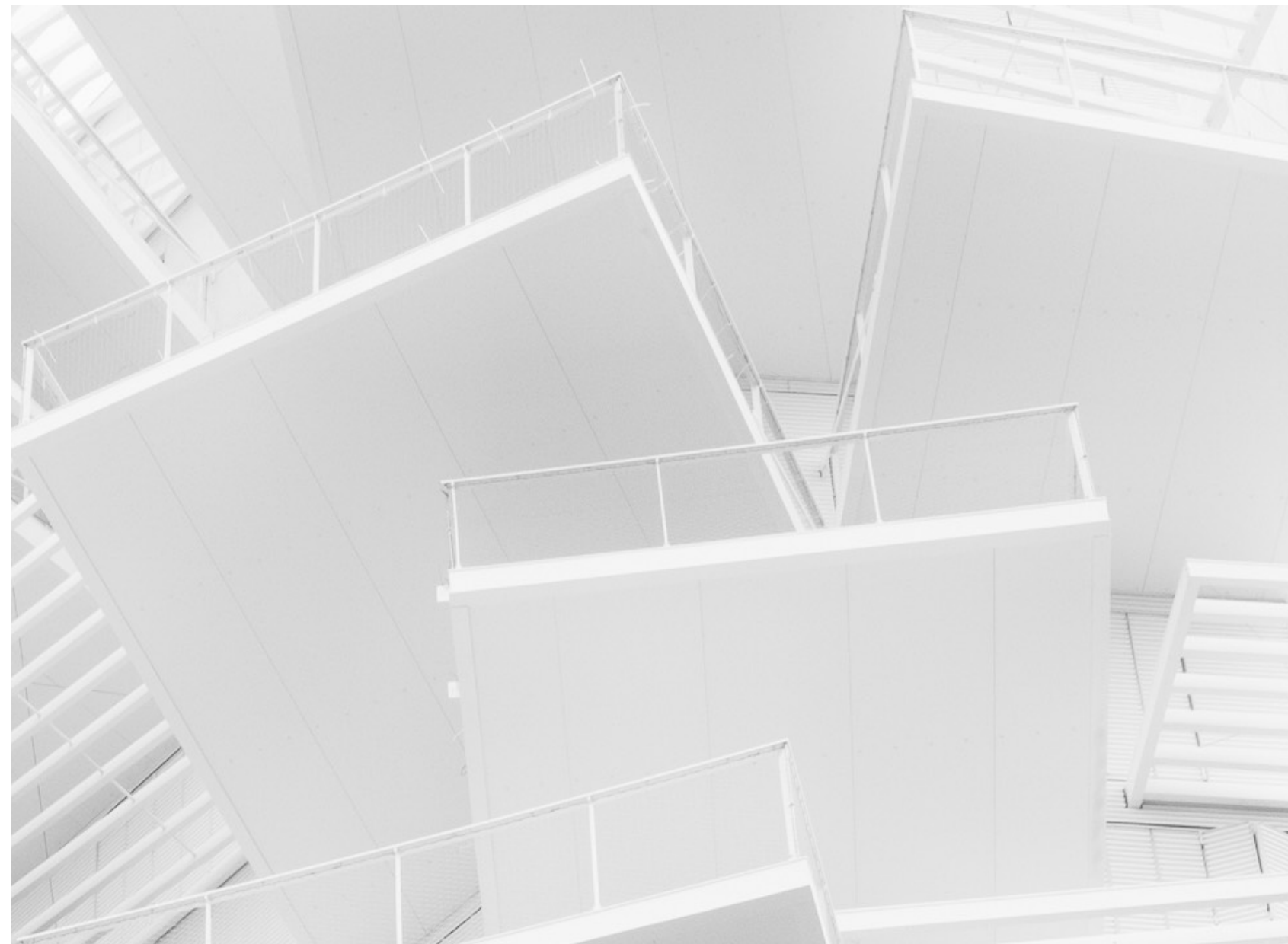
## The case of Amazon



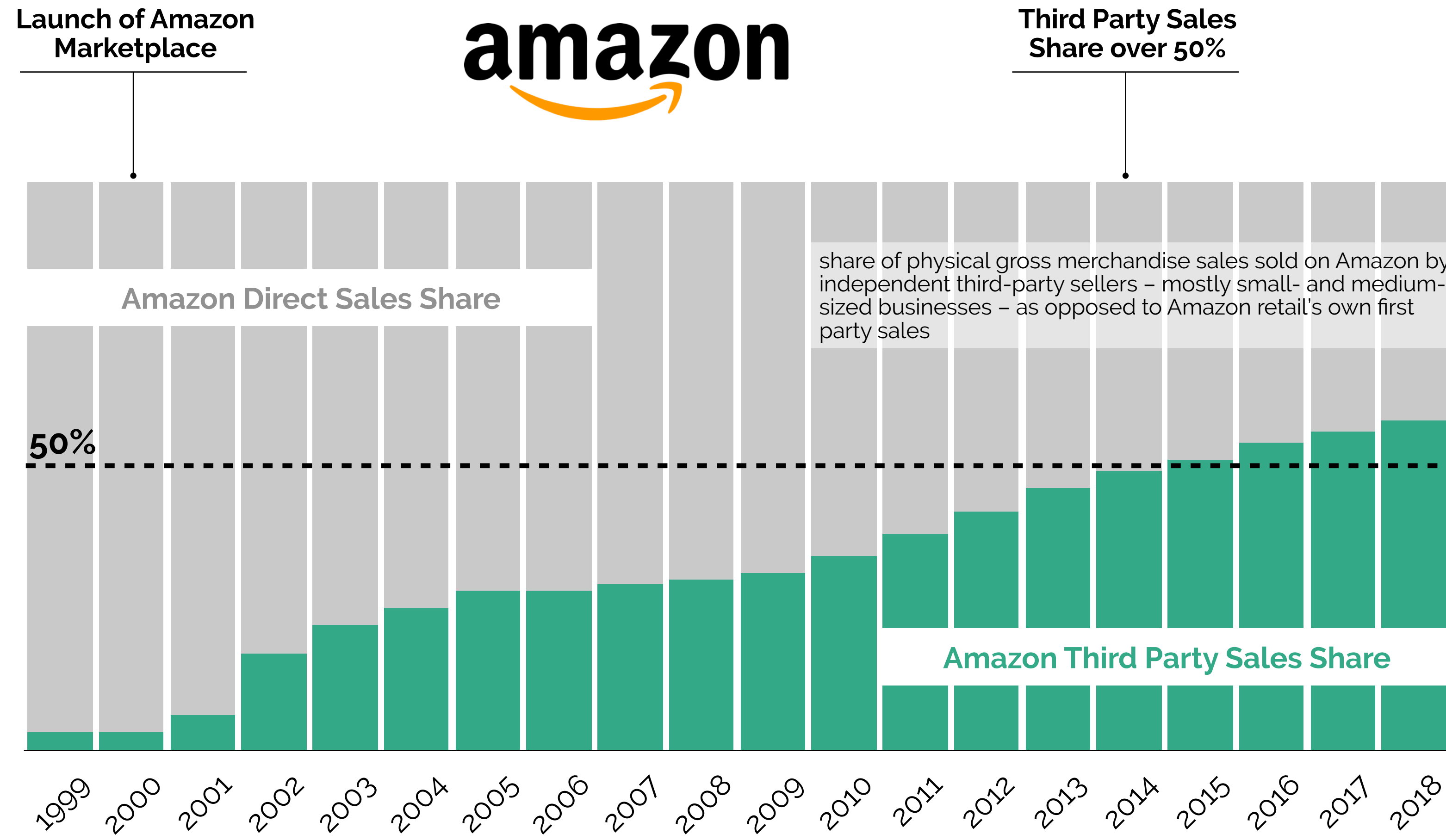
	Platform	Retailer / Reseller	Pipeline Business
Amazon Retail		X	
Amazon Marketplace	X		
Cloud Services (AWS)	X		
Fulfilment, warehousing (FBA), Delivery (Prime)			X
Amazon Android software (OS, app stores)	X		
Consumer electronics (Kindle, Echo, Fire Phone, Tablet & TV)			X
Content production (Amazon Studios)			X
On-demand video (Amazon Instant Video)		X	
Gaming (twitch.tv)	X		

# COMBINING DIFFERENT BUSINESS MODELS

## The case of Amazon



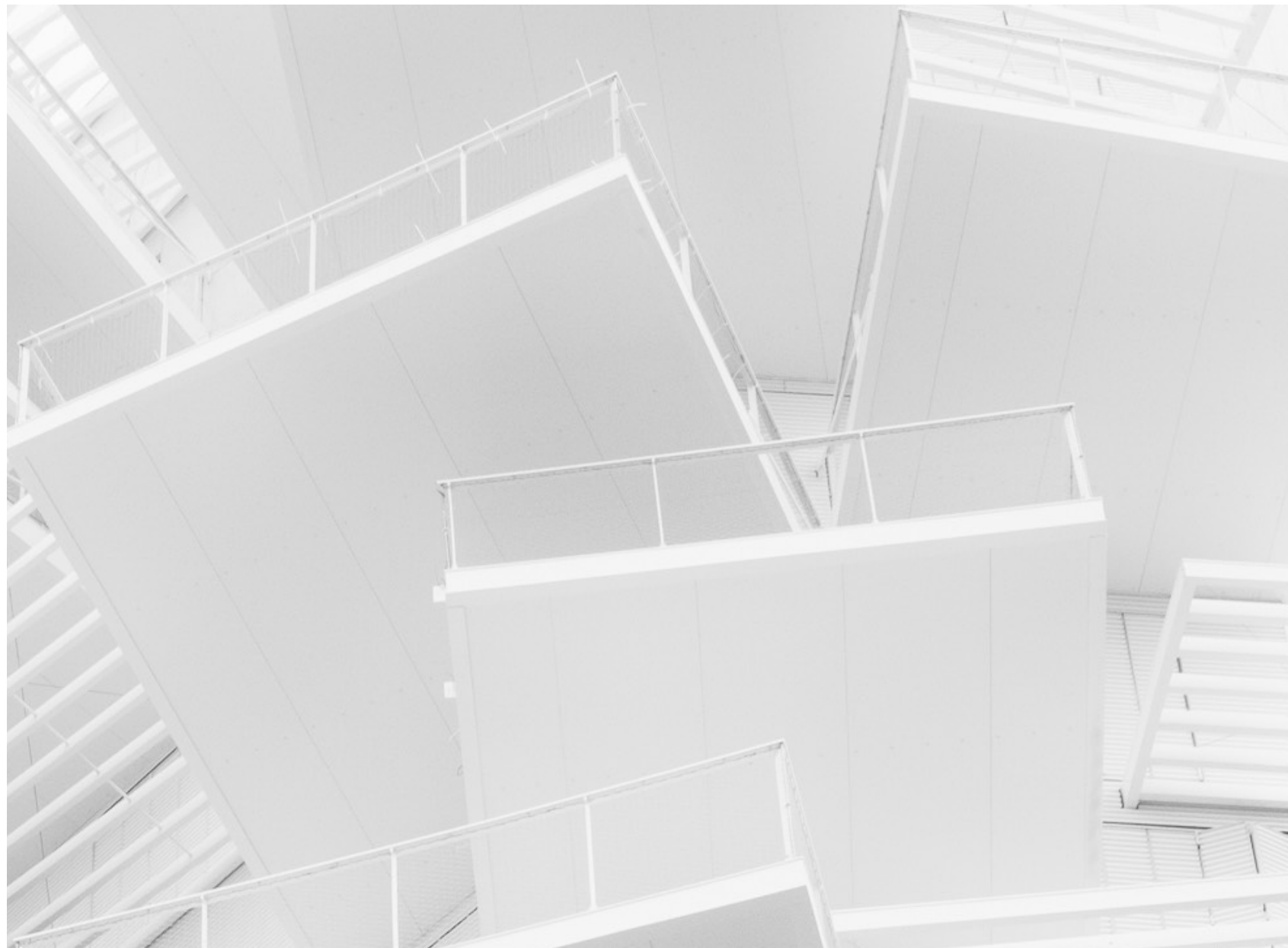
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Source: Own illustration based on numbers published by Amazon (2019): 2018 Letter to Shareholders (Jeff Bezos), April 11, <https://blog.aboutamazon.com/company-news/2018-letter-to-shareholders>(accessed on Dec 29 2019)

# COMBINING DIFFERENT BUSINESS MODELS

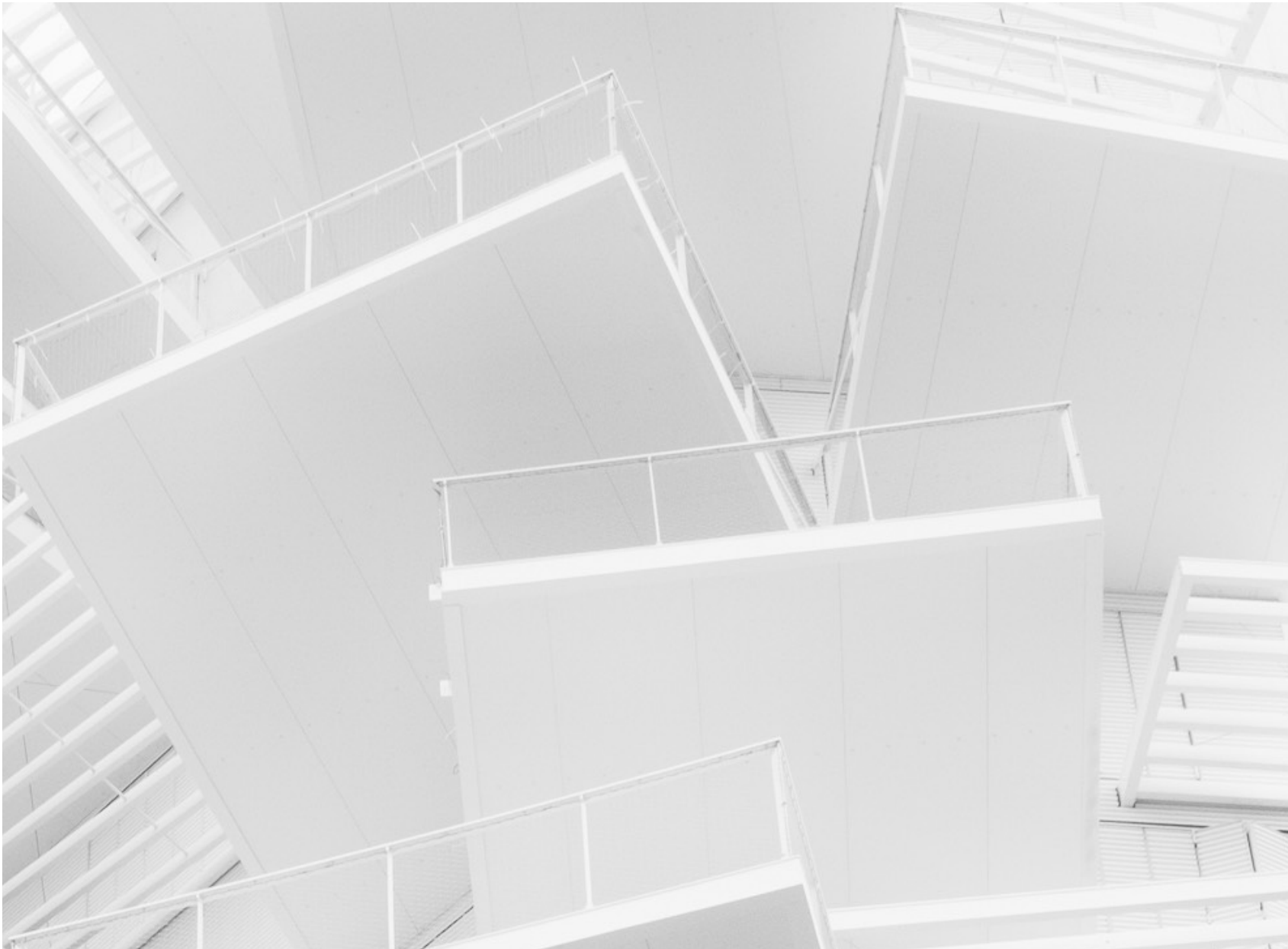
## The case of Apple



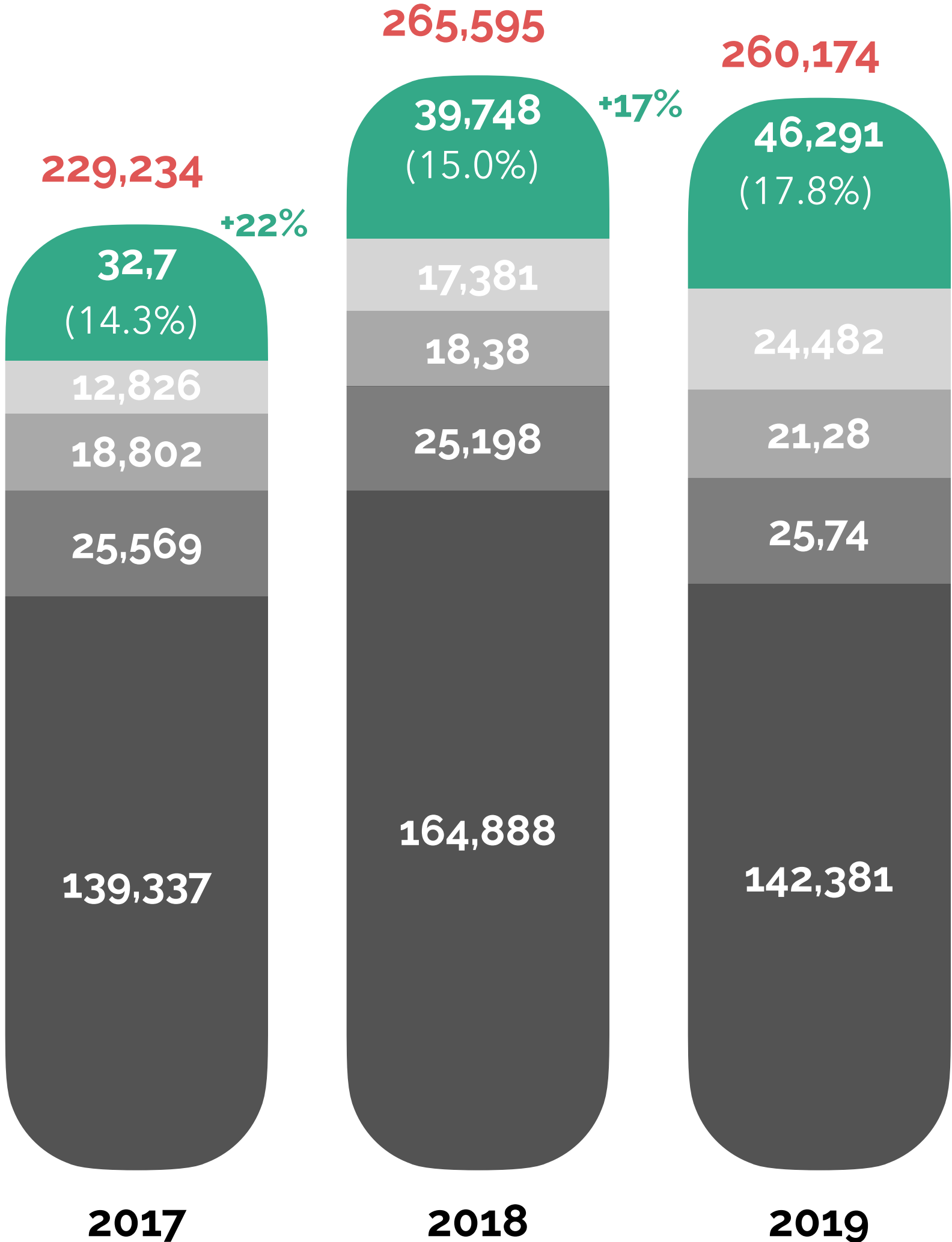
	Platform	Retailer / Reseller	Pipeline Business
Apple hardware (iPhone, MacBook, iPad, Apple Watch)			X
Apple Operating Systems (iOS, macOS, WatchOS)	X		
Digital stores (iTunes, Apple Music)		X	
App stores (iOS, Mac)	X		
Cloud services (iCloud)			X
Apple software (iMovie)			X

# COMBINING DIFFERENT BUSINESS MODELS

## The case of Apple



Total net sales:



Services

(e.g., digital content stores and streaming services)

Wearables, Home, & Accessories

iPad

Mac

iPhone

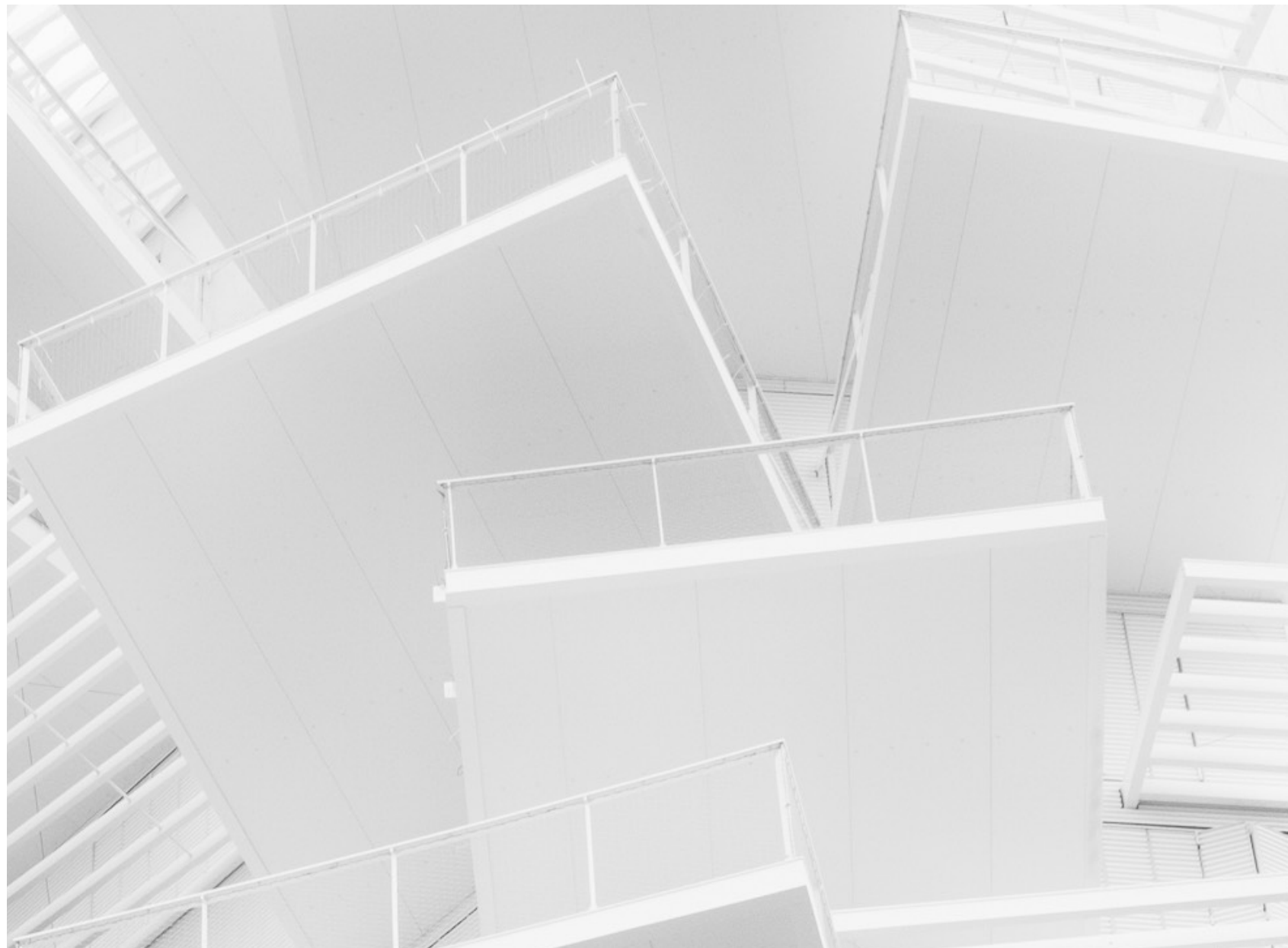


Source: Apple (2019): Annual Report.



# COMBINING DIFFERENT BUSINESS MODELS

## The case of Google



	Platform	Retailer / Reseller	Pipeline Business
Search services	X		
Software tools for enterprise (AdWords, G Suite, etc.)			X
Software consumer tools (Gmail, Google Maps, etc.)			X
Android OS and app stores	X		
Video sharing and social networking (YouTube, Google +)	X		
Google hardware (chromecast, driverless cars, etc.)			X

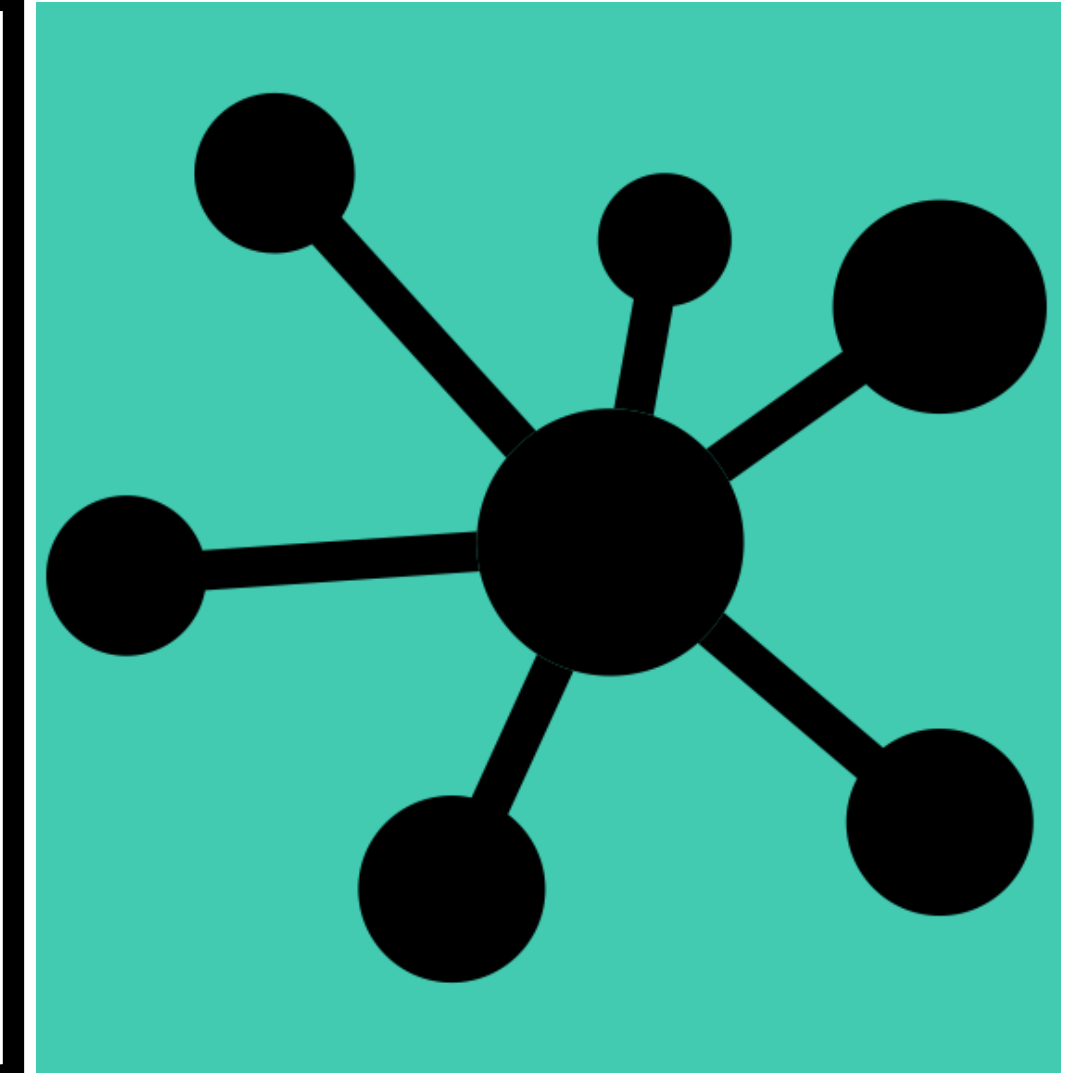
# FROM PIPELINES TO PLATFORMS

## Differences



## PRINCIPLES OF PLATFORM BUSINESSES

- ▶ **Resource orchestration** (instead of resource control)
- ▶ **External interaction** (instead of internal optimisation)
- ▶ **Focus on ecosystem value** (instead of a focus on customer value)



## PIPELINE BUSINESSES

- ▶ create value by controlling a linear series of activities—the classic value-chain model.
- ▶ Inputs at one end of the chain (say, materials from suppliers) undergo a series of steps that transform them into an output that's worth more: the finished product.

# PLATFORMS EVERYWHERE

Appearing in a wide range of industries



## RETAIL



## MEDIA



## ADVERTISING



## FINANCE



## MOBILE COMPUTING



## FREELANCE WORK

