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Telkom University

Kuliah-5 Platform Strategy

Revenue and Valuation of Companies with
Digital Platform Business Models

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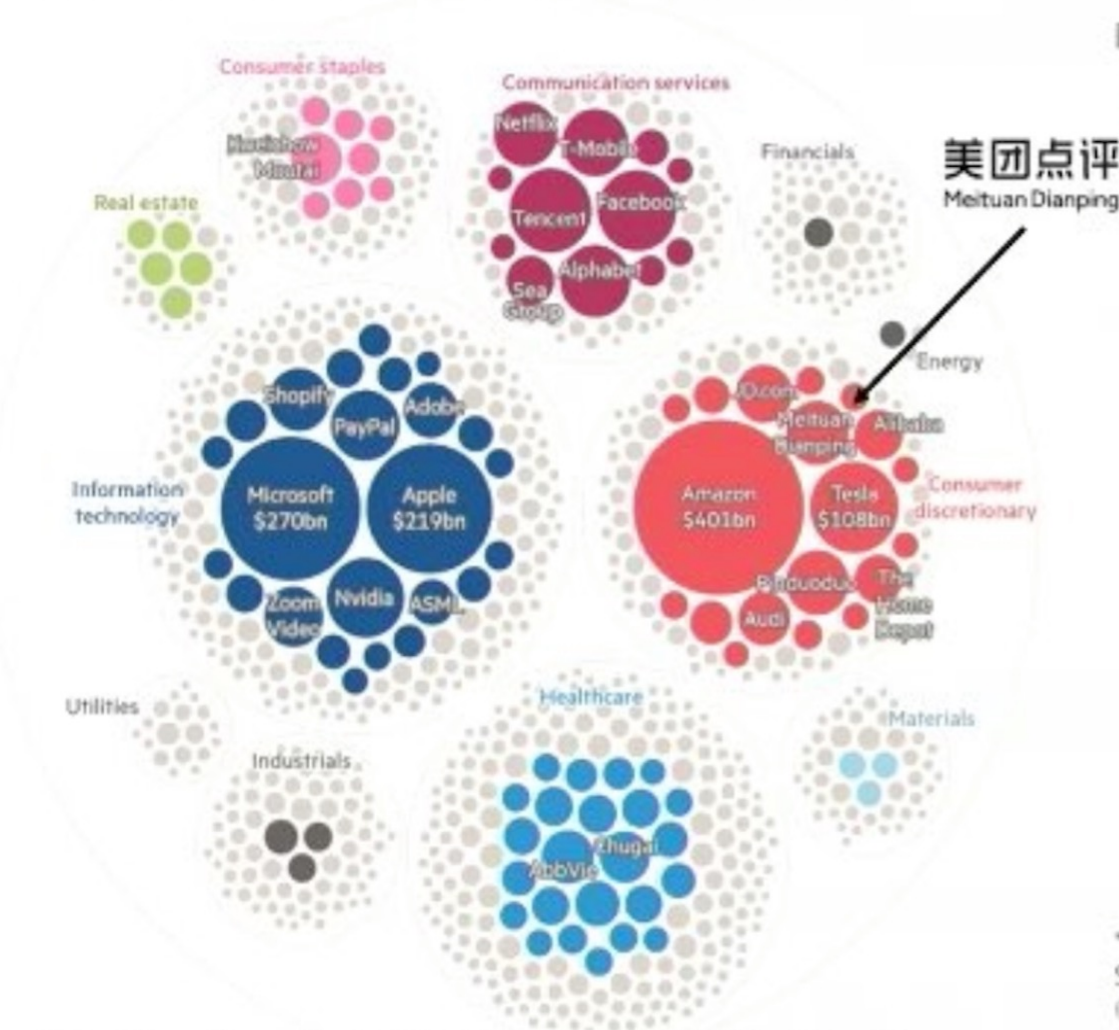
TELKOM UNIVERSITY

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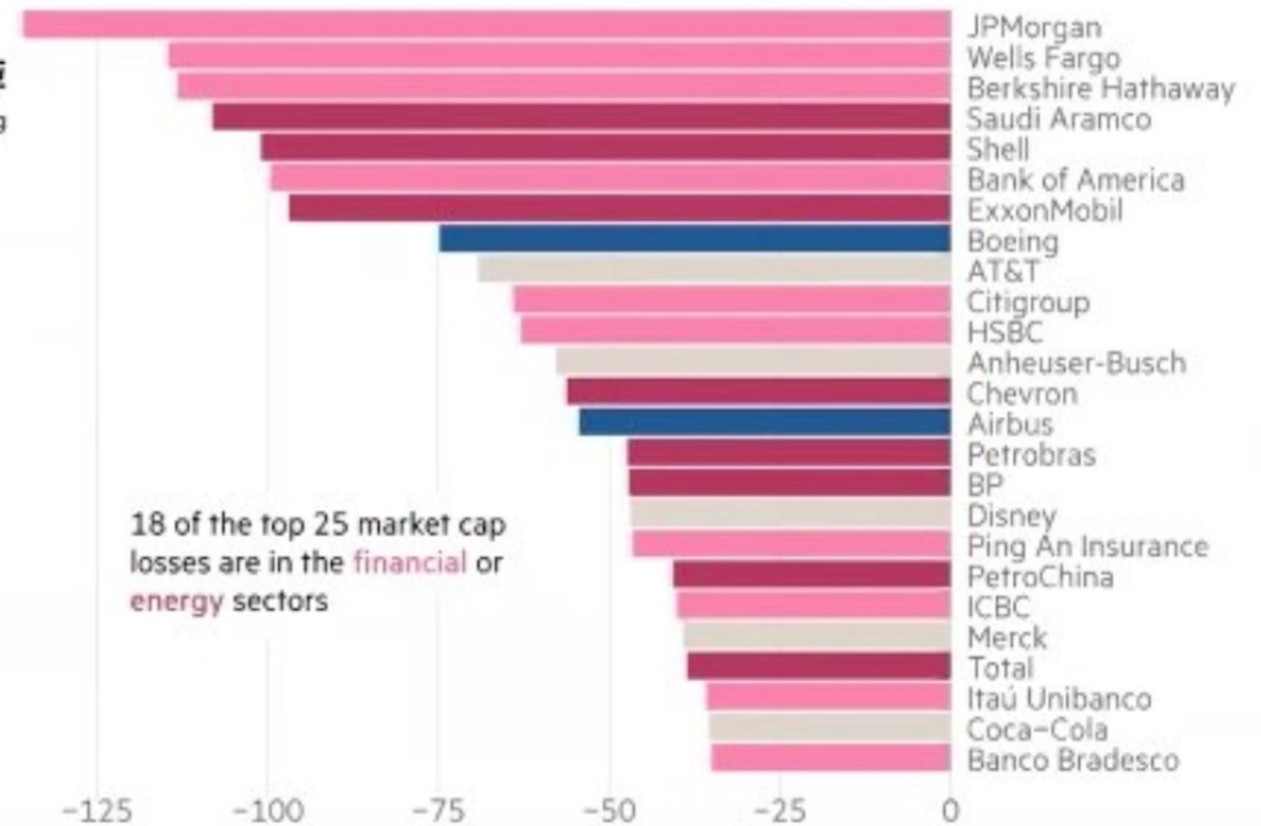


Platforms and tech see market cap gains up to \$401B



Finance and energy sectors lead losses up to ~\$130B

Biggest losses in market cap YTD*, by sector (\$bn) ■ Financials ■ Energy ■ Industrials



18 of the top 25 market cap losses are in the financial or energy sectors

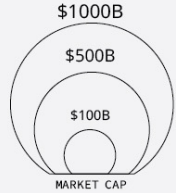
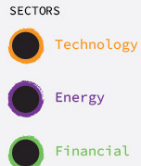
* As at Jun 18 2020
Source: Capital IQ
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The Front of the Pack

How the make-up of the world's largest companies has changed since 1999

As the broader market narrative changes, so goes the list of the world's largest companies.

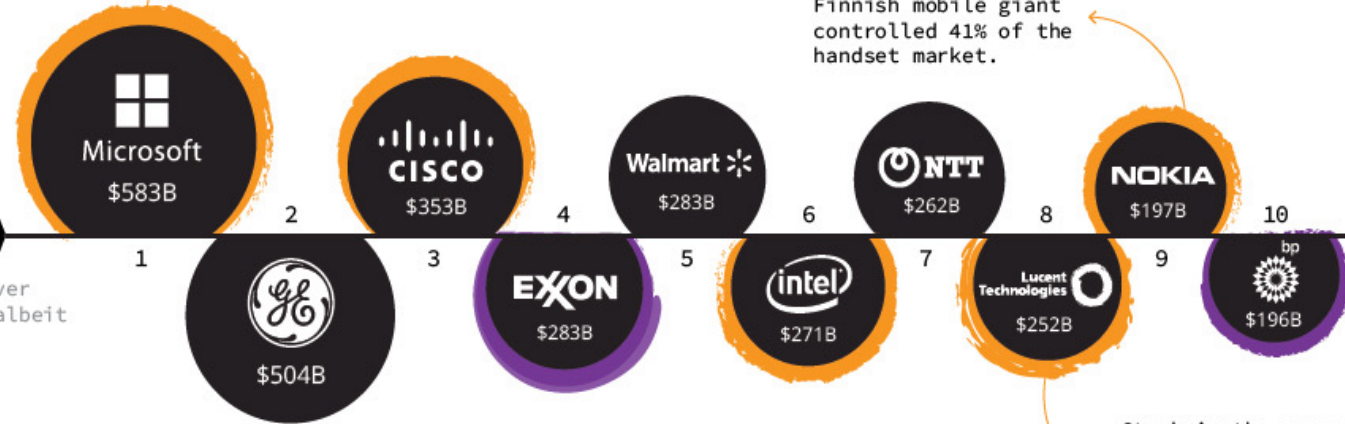
The below charts are ordered by market capitalization in Q2 of each year.



Dotcom Bubble

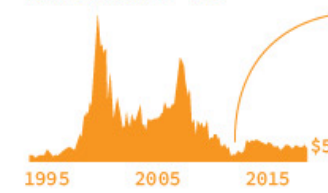
1999

Tech takes over the podium, albeit temporarily



By the heat of the Dotcom bubble, Microsoft broke a market capitalization record. In Dec. 1999, it was worth the equivalent of \$931 billion in today's terms.

Nokia Stock Price



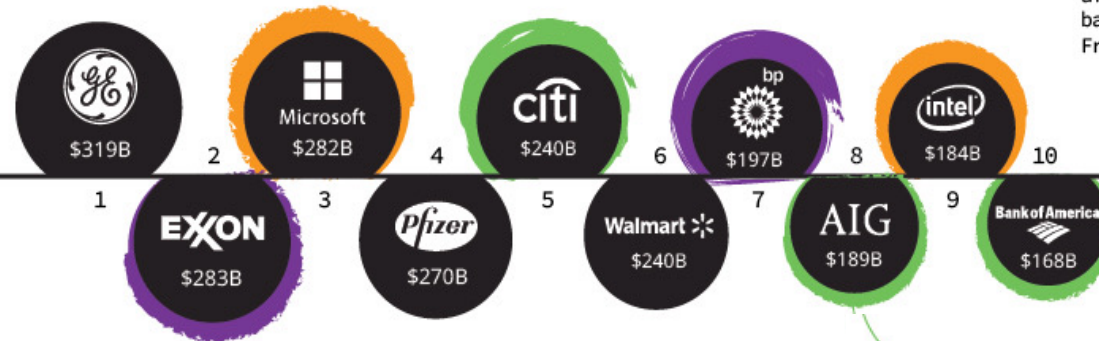
Once upon a time, the Finnish mobile giant controlled 41% of the handset market.

The company struggled to keep up with the smartphone revolution, eventually selling its ill-fated mobile business to Microsoft in 2013.

Post-Bubble

2004

No market cap dominance by any particular industry



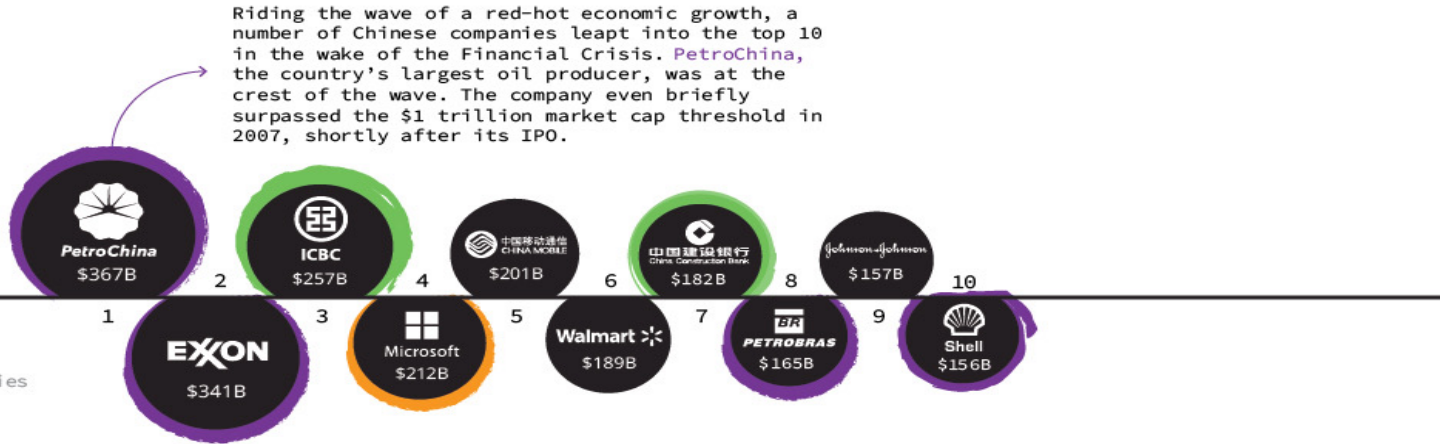
Stock in the successor to AT&T's Western Electric was as good as gold during the Dotcom era. Things fell apart shortly after, and the company avoided bankruptcy by merging with a French company in 2006.

Insurance giant, American International Group (AIG), was flying high until its collapse during the 2008 financial crisis, requiring a \$180 billion taxpayer bailout to keep it afloat.

Financial Crisis

2009

U.S. companies slide, while Chinese companies take over

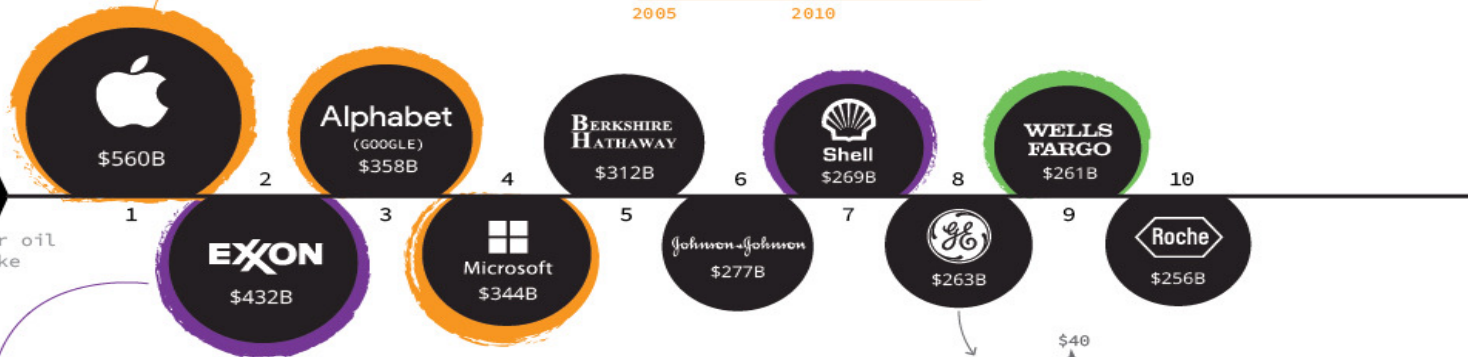


Riding the wave of a red-hot economic growth, a number of Chinese companies leapt into the top 10 in the wake of the Financial Crisis. PetroChina, the country's largest oil producer, was at the crest of the wave. The company even briefly surpassed the \$1 trillion market cap threshold in 2007, shortly after its IPO.

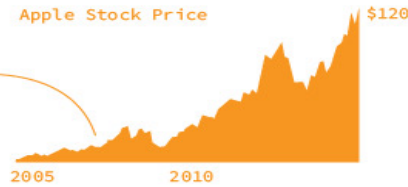
\$100 oil

2014

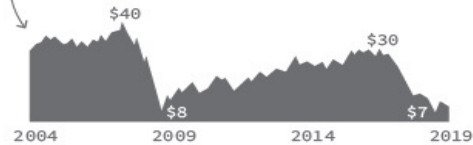
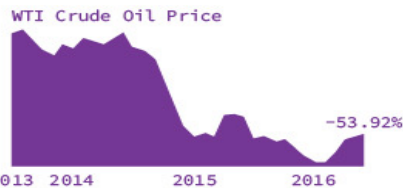
The last year oil companies make the list



The launch of the iPhone in 2007 helps complete Apple's turnaround, eventually making it the world's most valuable company in very short order.

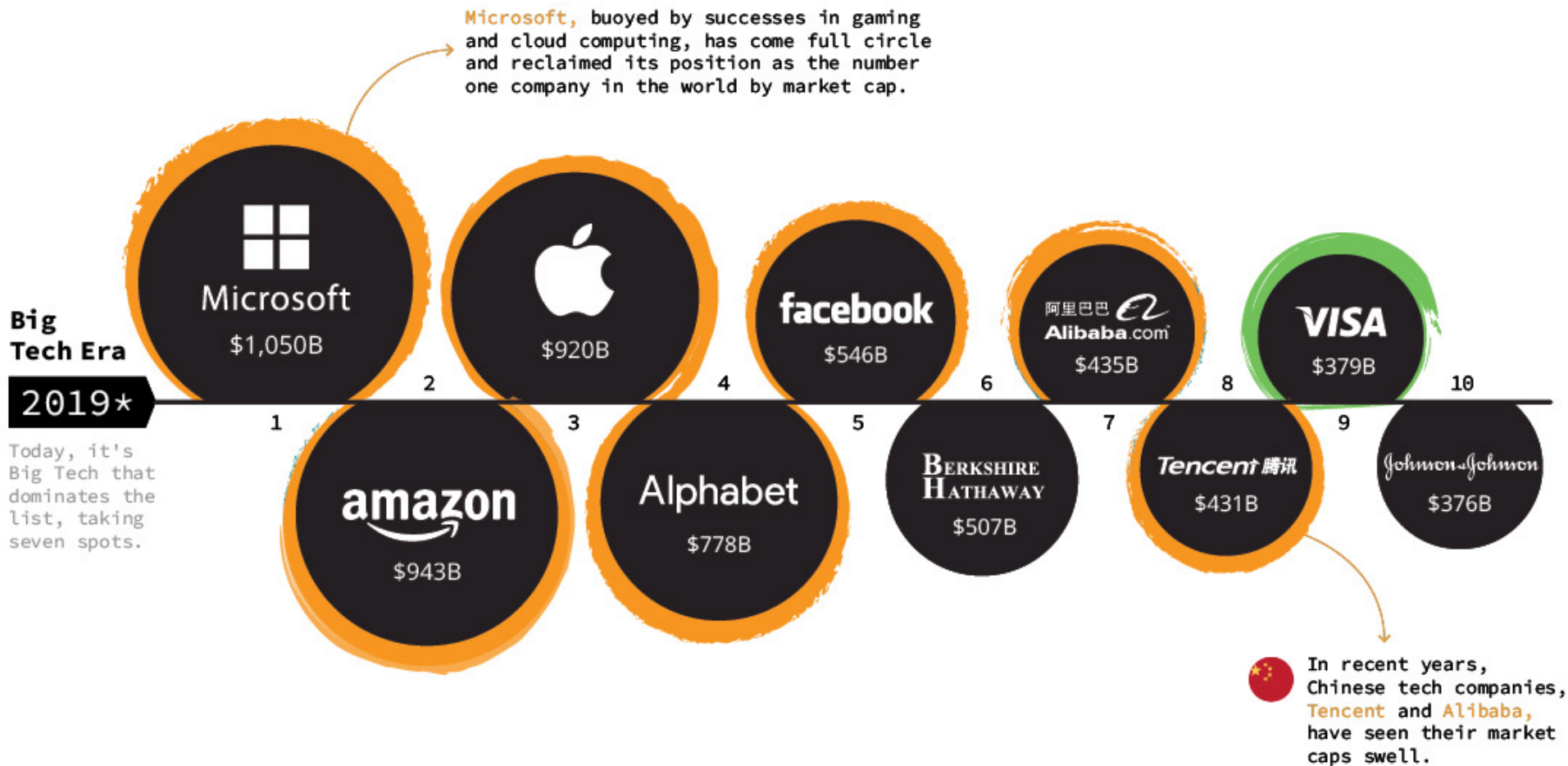


Big Oil is still flying high at this point, but by late-2014 the oil price collapses.



After leading the pack in 2004, GE hit a rough patch during the Financial Crisis. After big declines in late 2017, the company ended its 100-year run on the Dow Jones Industrial Average.

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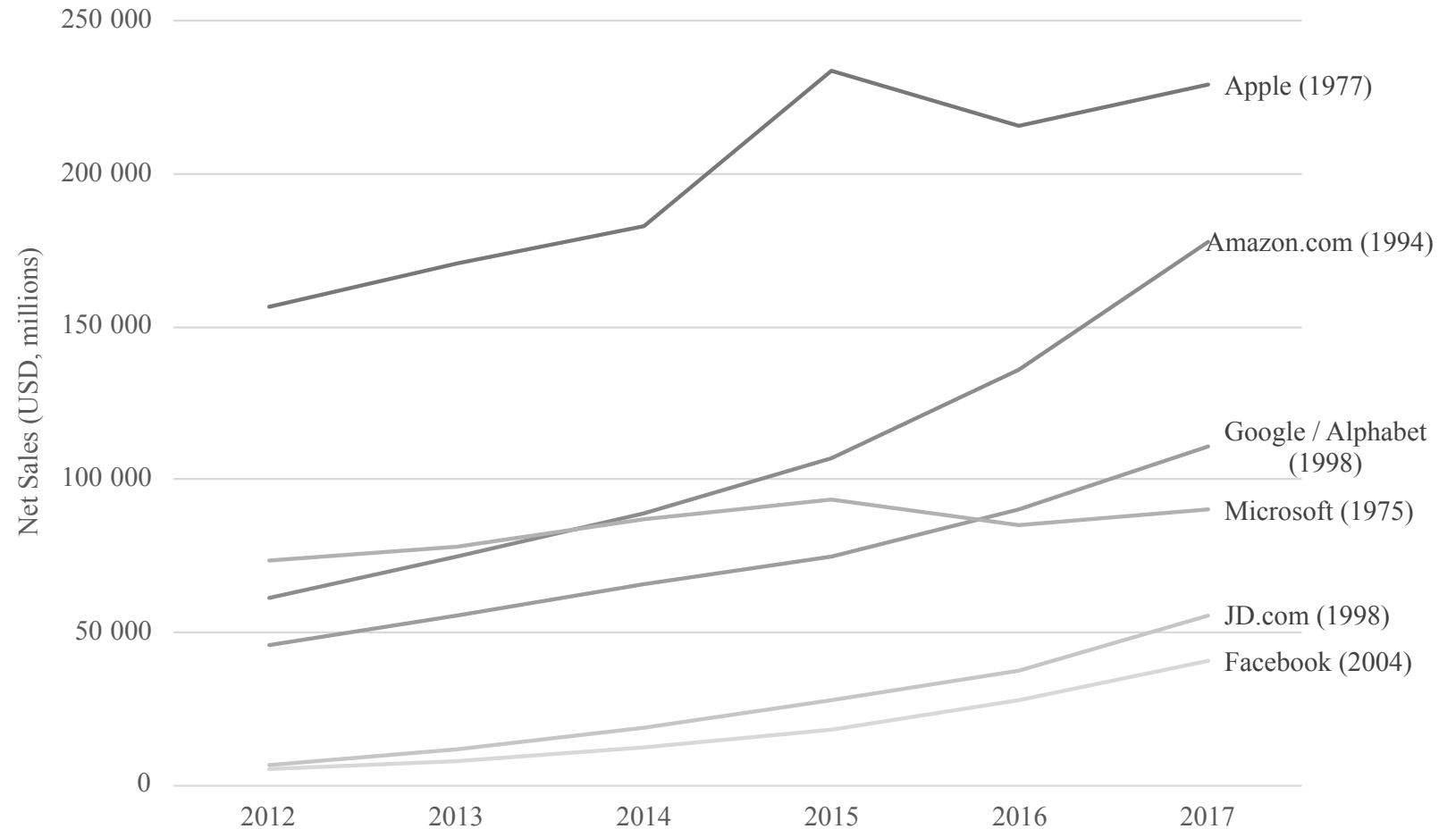
SOURCE: THE FINANCIAL TIMES, GREAT COMPANIES

* Market caps as of June 31, 2019

- **they have the ability to create and shape new markets, to challenge traditional ones, and to organize new forms of participation or conducting business based on collecting, processing, and editing large amounts of data;**
- **they operate in multisided markets but with varying degrees of control over direct interactions between groups of users;**
- **they benefit from ‘network effects’, where, broadly speaking, the value of the service increases with the number of users;**
- **they often rely on information and communications technologies to reach their users, instantly and effortlessly;**
- **they play a key role in digital value creation, notably by capturing significant value (including through data accumulation), facilitating new business ventures, and creating new strategic dependencies.**

- **To create revenues platform companies, have to attract a critical mass of customers, find a way to match them, connect them, enable to transact and optimize their system [Reillier and Reillier 2017].**
- **Amazon.com, which started as a book shop, had to attract the customers and book sellers, create a system of finding books and information about books (match and connect), enable convenient transaction, payments and delivery and work on optimizing their system.**
- **Digital platforms are not a homogenous group. They vary in terms of number of users, revenue and its growth rate and in terms of profitability.**

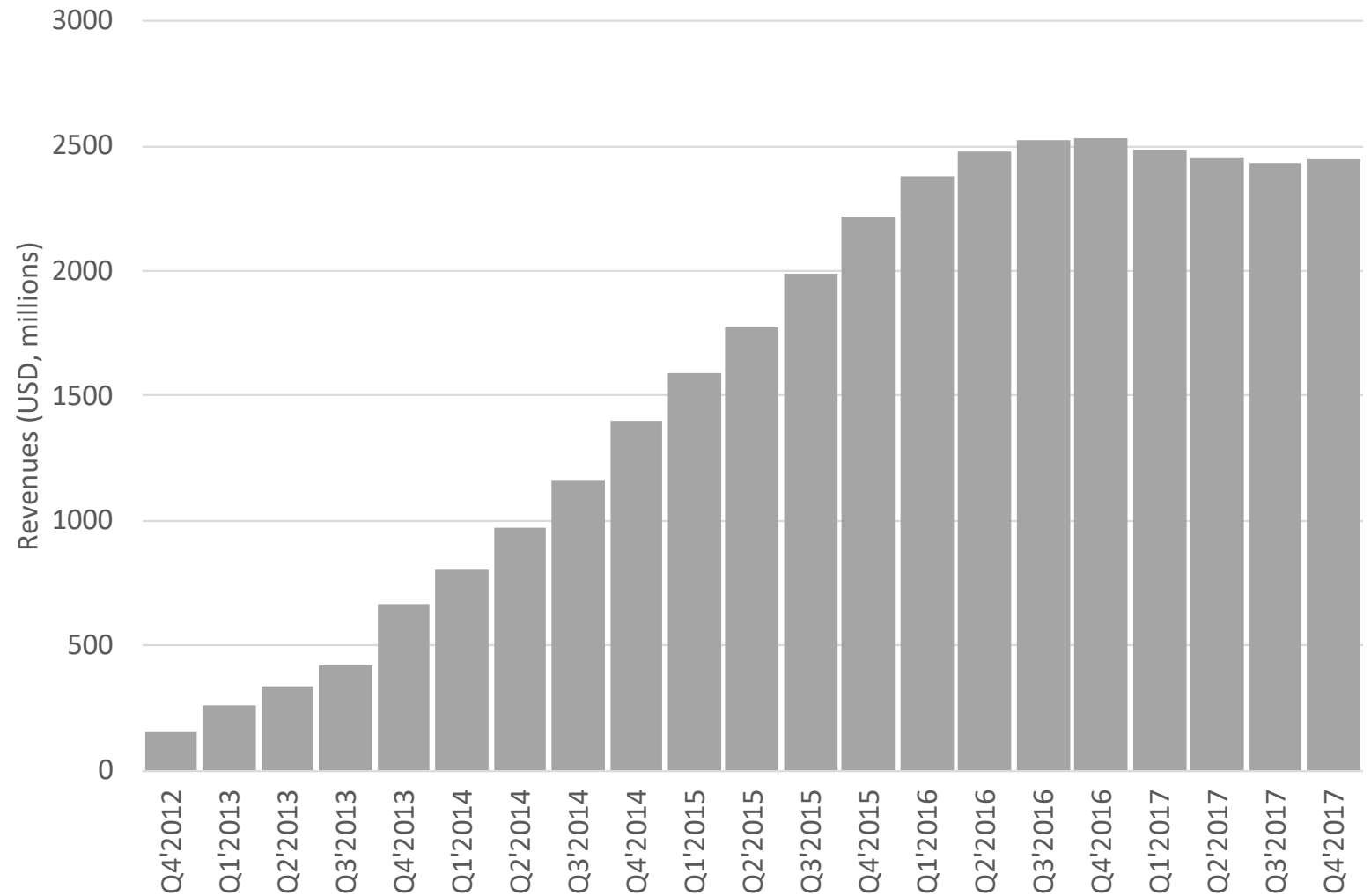
Revenues of Apple Inc., Amazon.com Inc., Alphabet Inc., Microsoft Inc., JD.com Inc. and Facebook Inc. in the years 2012-2017



Based on Research by:
Przemysław Pomykański, 2019.
Revenue and valuation of
companies with digital platform
business models. DOI:
10.15611/ms.2019.1.02

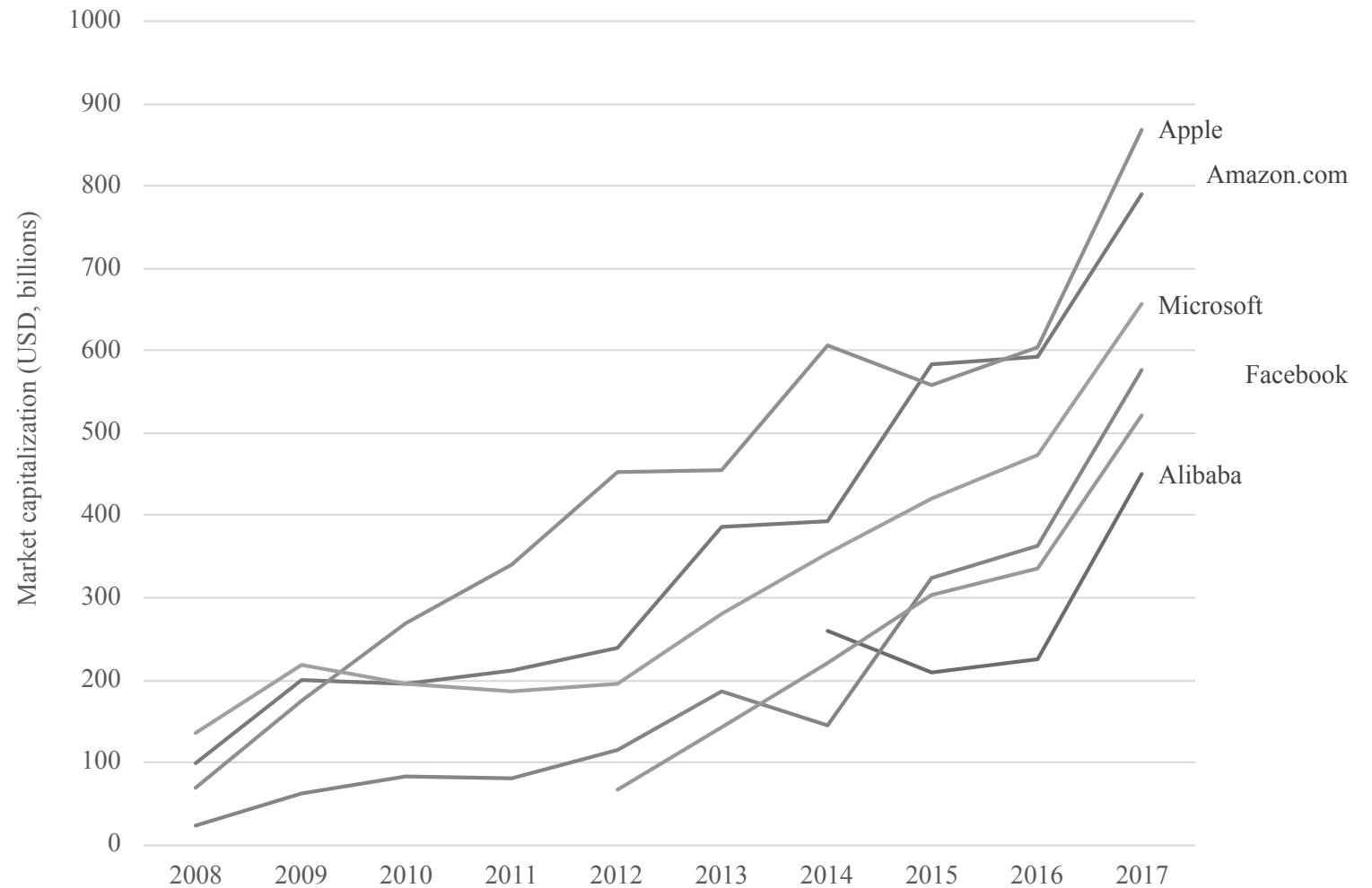
Revenues of Twitter Q4'2012- Q4'2017

- Founded in 2006
- seems to have reached maturity in 2016
- Twitter attracted 335 million users but mainly in English speaking countries.



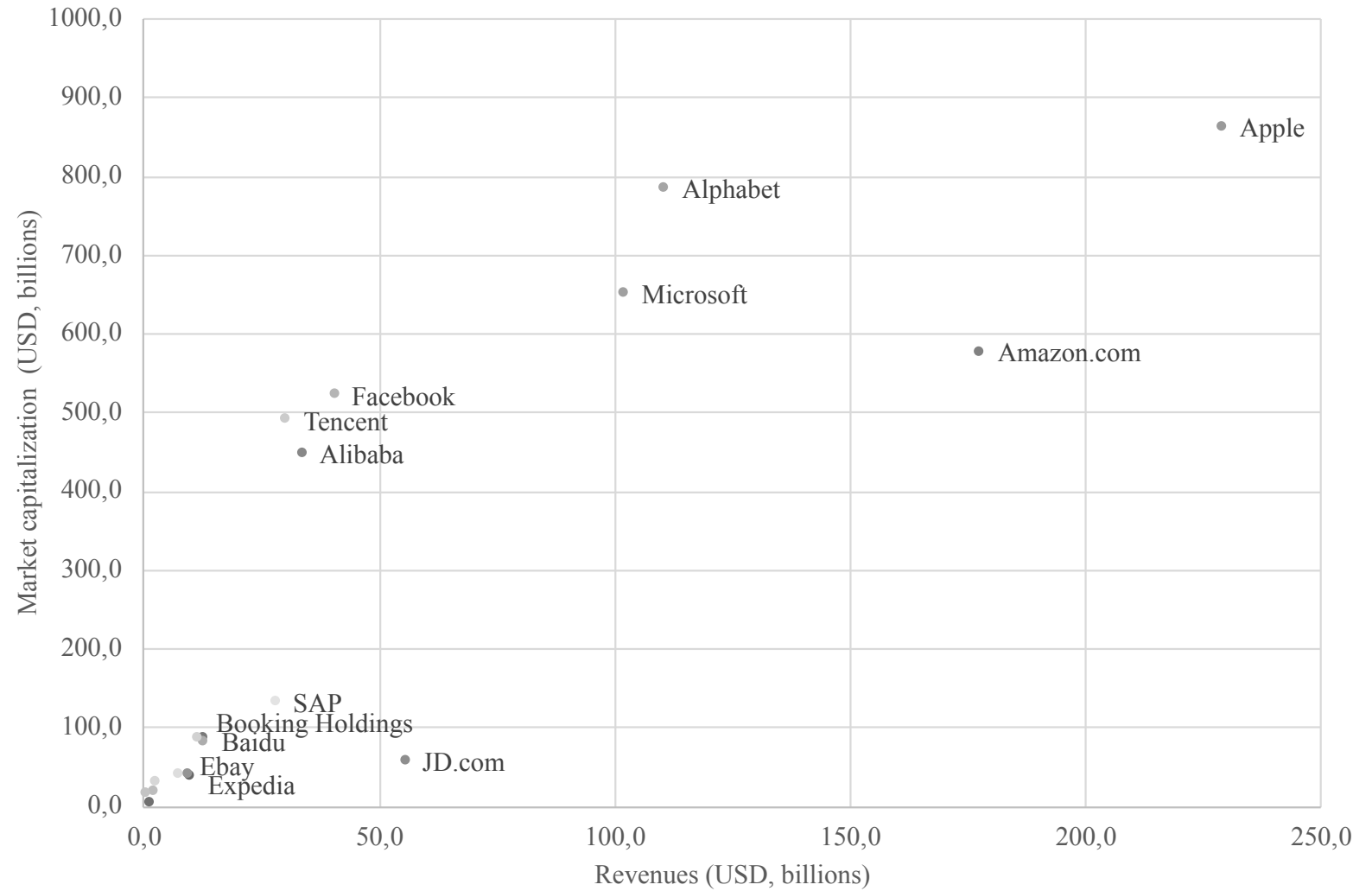
Revenues of Apple Inc., Amazon.com Inc., Alphabet Inc., Microsoft Inc., Facebook Inc. and Alibaba Inc. in the years 2012-2017

- $CAP = n \times p_t$
- For most of the 5 companies with biggest market capitalization this growth was constant

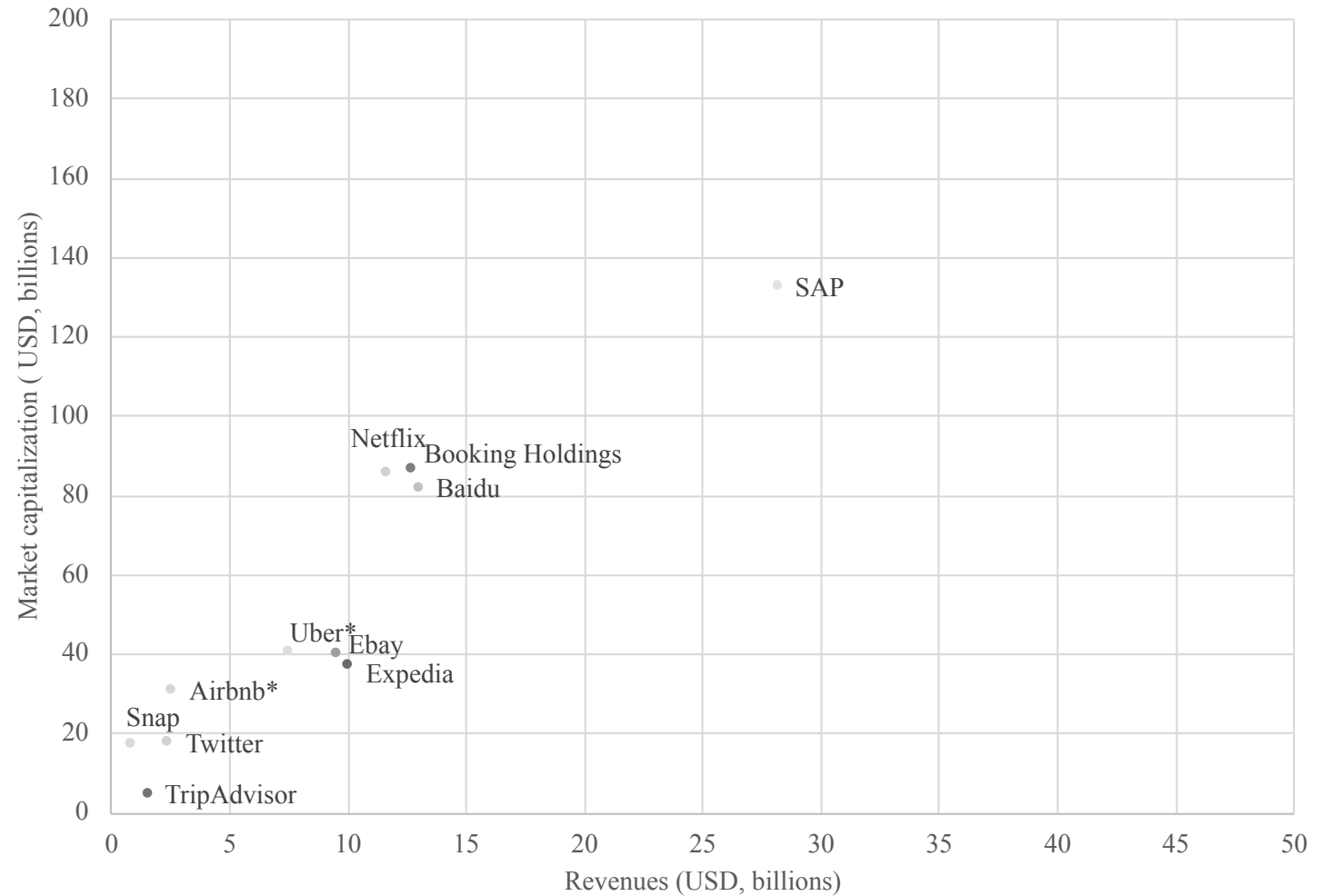


Market capitalization and revenues of companies using platform business models in the years 2012-2017

- For some companies, with revenues approaching 30 billion USD and exceeding 100 billion USD, there may be additional variables (to sales) impacting valuation.
- Results of this study indicate that revenues (sales) are the key component of “stories” and valuations of companies using platform business models.



Market capitalization and revenues of companies using platform business models in the years 2012-2017 (revenues < 250 billions USD and market capitalization < 200 billions USD)



- **Results of the calculation of Pearson correlation coefficient indicates that there was a significant positive relationship between revenues (S2017) and market capitalization (CAP2017) in the sample.**
- **This means that revenues may be used as the main variable in valuation of companies using platform business models.**
- **Bigger differences were observed for companies with highest valuation in the sample. This indicates that other factors may be important and further analysis is required to explain the differences.**
- **Results of this study are subject to limitations resulting from the size and characteristics of the companies researched, period under research.**

Sony Group Corp (SONY)

NYSE

Tambahkan ke Portofolio

111,10 -1,67 (-1,48%)

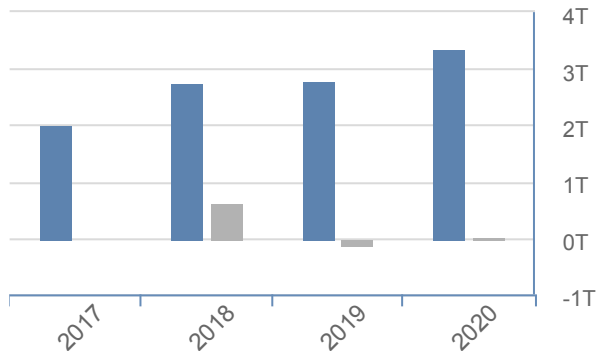
Jenis:
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17/04 - Tutup. Mata uang dalam USD (Disclaimer)

Pre Market 110,82 -0,28 (-0,25%) 20:26:37 - Data Real-Time

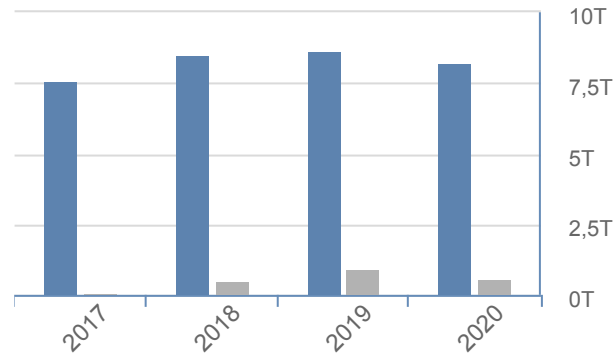
Volume: 642.424 Bid/Ask: 110,57 / 110,87 Rentang Harian: 110,71 - 111,67

Laporan Arus Kas SONY



Arus Kas/Saham TTM **11,19**
Pendapatan/Saham TTM **62,71**
Arus Kas Operasional **21,58%**

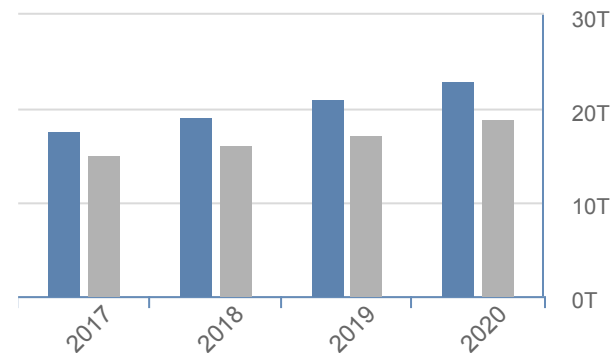
Laporan Laba Rugi SONY



Margin kotor TTM **27,82%**
Margin operasional TTM **11,03%**
Margin Laba bersih TTM **12,9%**
RoI TTM **6,56%**

Total Pendapatan Laba Bersih

Neraca SONY



Rasio Cepat MRQ **0,86**
Rasio Lancar MRQ **0,94**
Utang Jangka Panjang / Ekuitas MRQ **13,68%**
Total Utang / Ekuitas MRQ **40,39%**

Total Aset Total Kewajiban

Komentar SONY

Alibaba Group Holdings Ltd ADR (BABA)

NYSE

Tambahkan ke Portofolio

238,69 -0,40 (-0,17%)

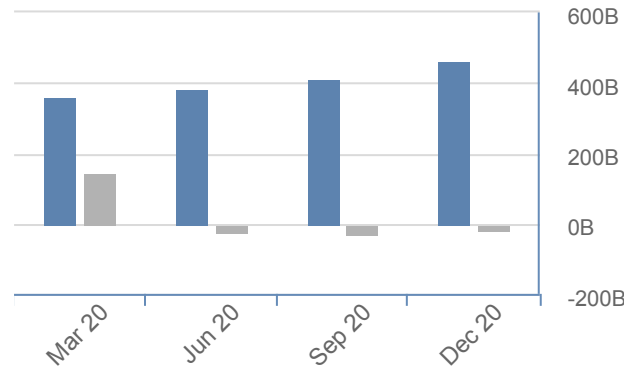
17/04 - Tutup. Mata uang dalam USD ([Disklaimer](#))

Pre Market **237,24** -1,45 (-0,61%) 20:19:16 - Data Real-Time

Volume: 14.418.796 Bid/Ask: 237,00 / 237,50 Rentang Harian: 237,82 - 241,89

Jenis:
Pasar:
ISIN:
CUSIP:

Laporan Arus Kas BABA



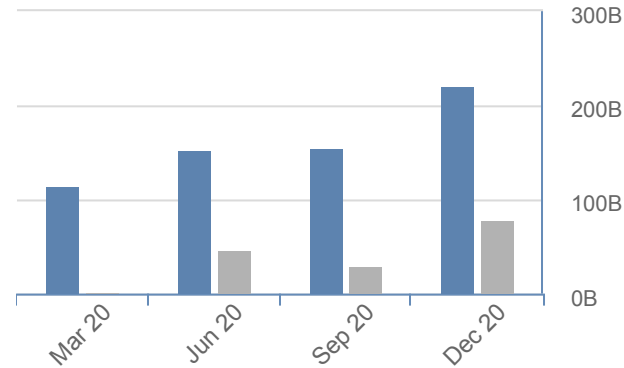
Arus Kas/Saham TTM **10,8**
Pendapatan/Saham TTM **36,04**
Arus Kas Operasional **57,96%**

Tahunan Triwulanan

TTM = 12 Bulan Terakhir (Trailing Twelve Months)

MRQ = Triwulan Terkini

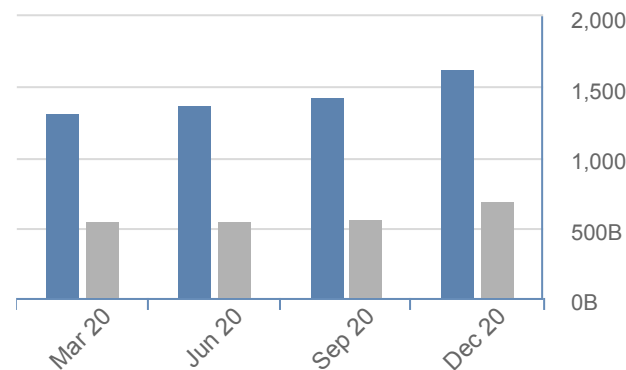
Laporan Laba Rugi BABA



Margin kotor TTM **42,84%**
Margin operasional TTM **16,22%**
Margin Laba bersih TTM **22,78%**
RoI TTM **14,1%**

Total Pendapatan Laba Bersih

Neraca BABA



Rasio Cepat MRQ **-**
Rasio Lancar MRQ **1,67**
Utang Jangka Panjang / Ekuitas MRQ **10,86%**
Total Utang / Ekuitas MRQ **12,45%**

Total Aset Total Kewajiban

Komentar BABA

Apple Inc (AAPL)

🇺🇸 NASDAQ

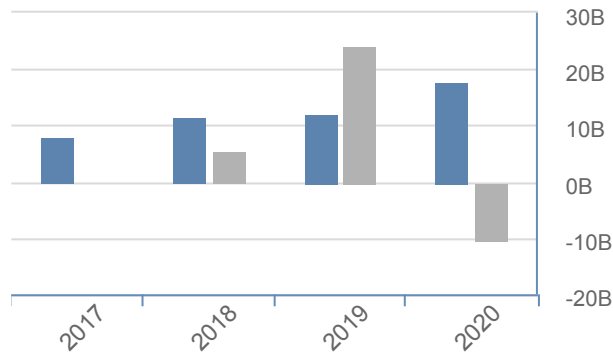
134,16 **-0,34 (-0,25%)**

17/04 - Tutup. Mata uang dalam USD (Disclaimer)

Pre Market 133,70 -0,46 (-0,34%) 20:16:06 - Data Real-Time

Volume: 84.922.386 Bid/Ask: 133,75 / 133,77 Rentang Harian: 133,28 - 134,67

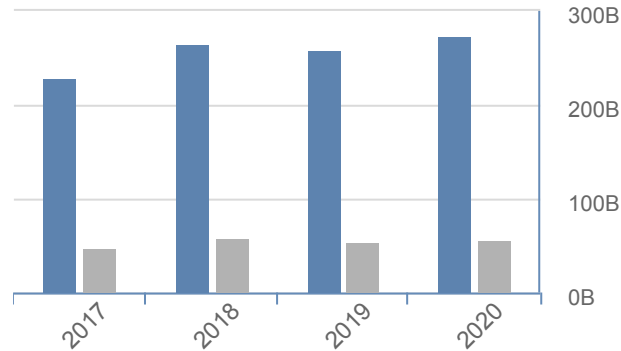
Laporan Arus Kas AAPL



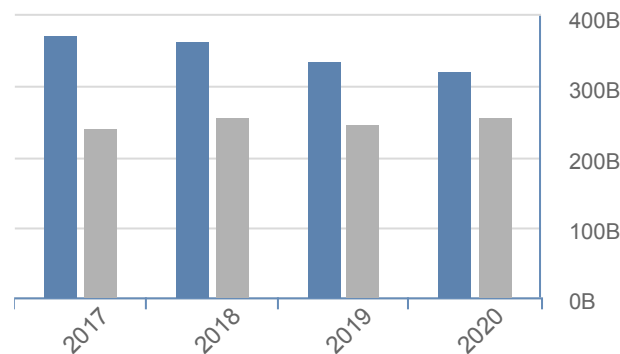
Arus Kas/Saham TTM **4,31**
Pendapatan/Saham TTM **16,95**
Arus Kas Operasional **76,55%**

Tahunan **Triwulanan**

Laporan Laba Rugi AAPL



Neraca AAPL



TTM = 12 Bulan Terakhir (Trailing Twelve Months) MRQ = Triwulan Terkini

Margin kotor TTM **38,78%**
Margin operasional TTM **25,24%**
Margin Laba bersih TTM **21,73%**
Roi TTM **27,8%**

Total Pendapatan Laba Bersih

Rasio Cepat MRQ **1,13**
Rasio Lancar MRQ **1,16**
Utang Jangka Panjang / Ekuitas MRQ **149,92%**
Total Utang / Ekuitas MRQ **169,19%**

Total Aset Total Kewajiban