

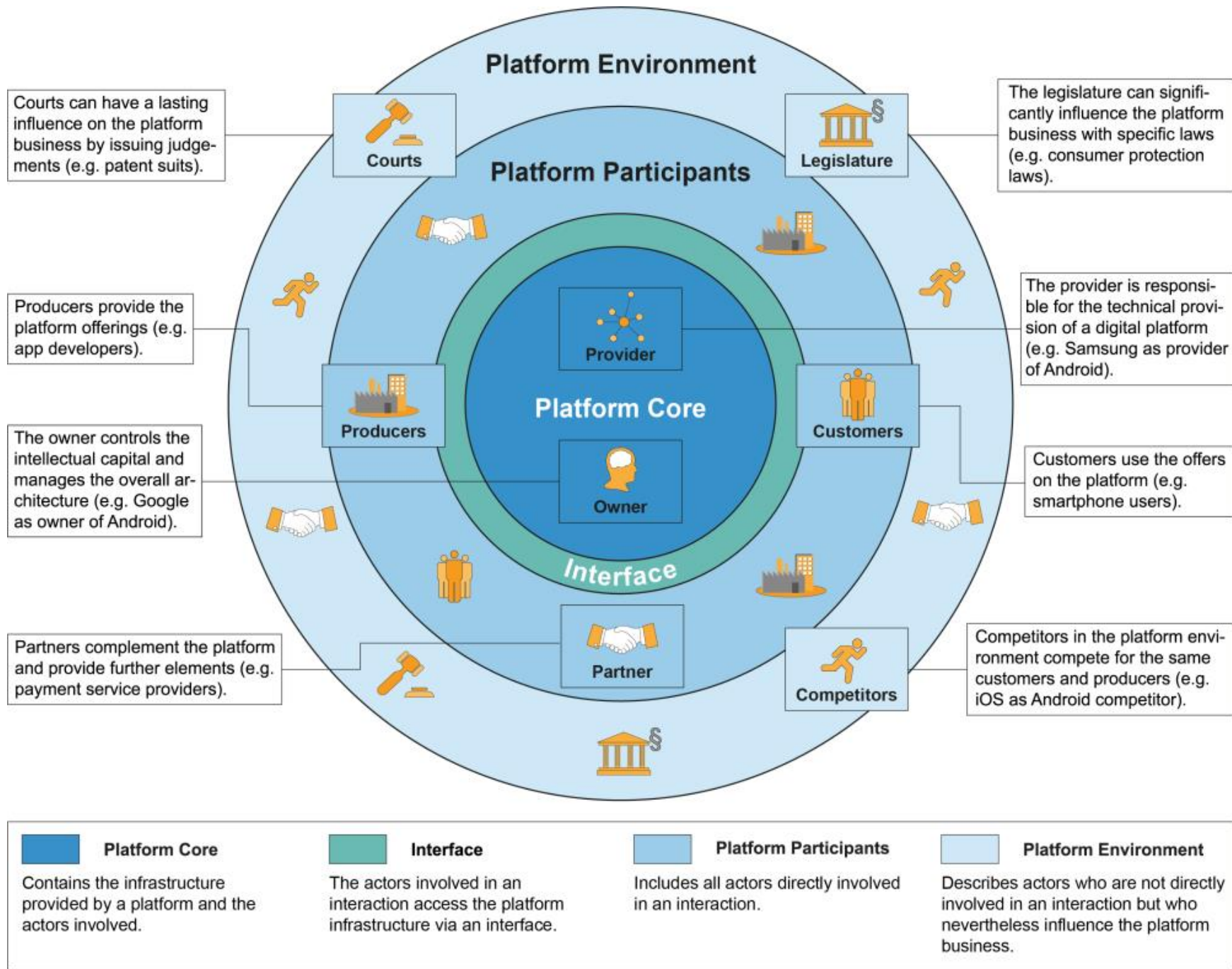


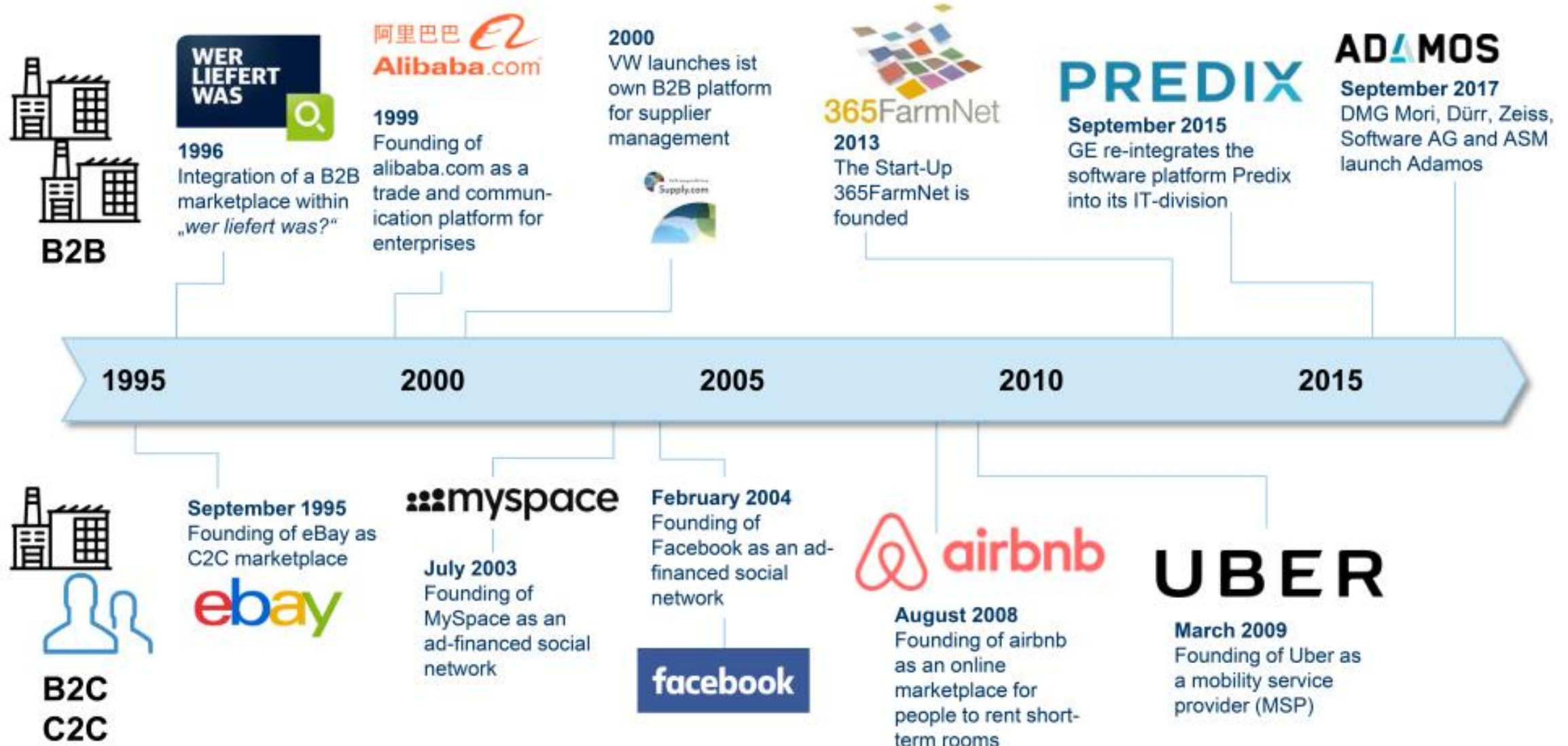
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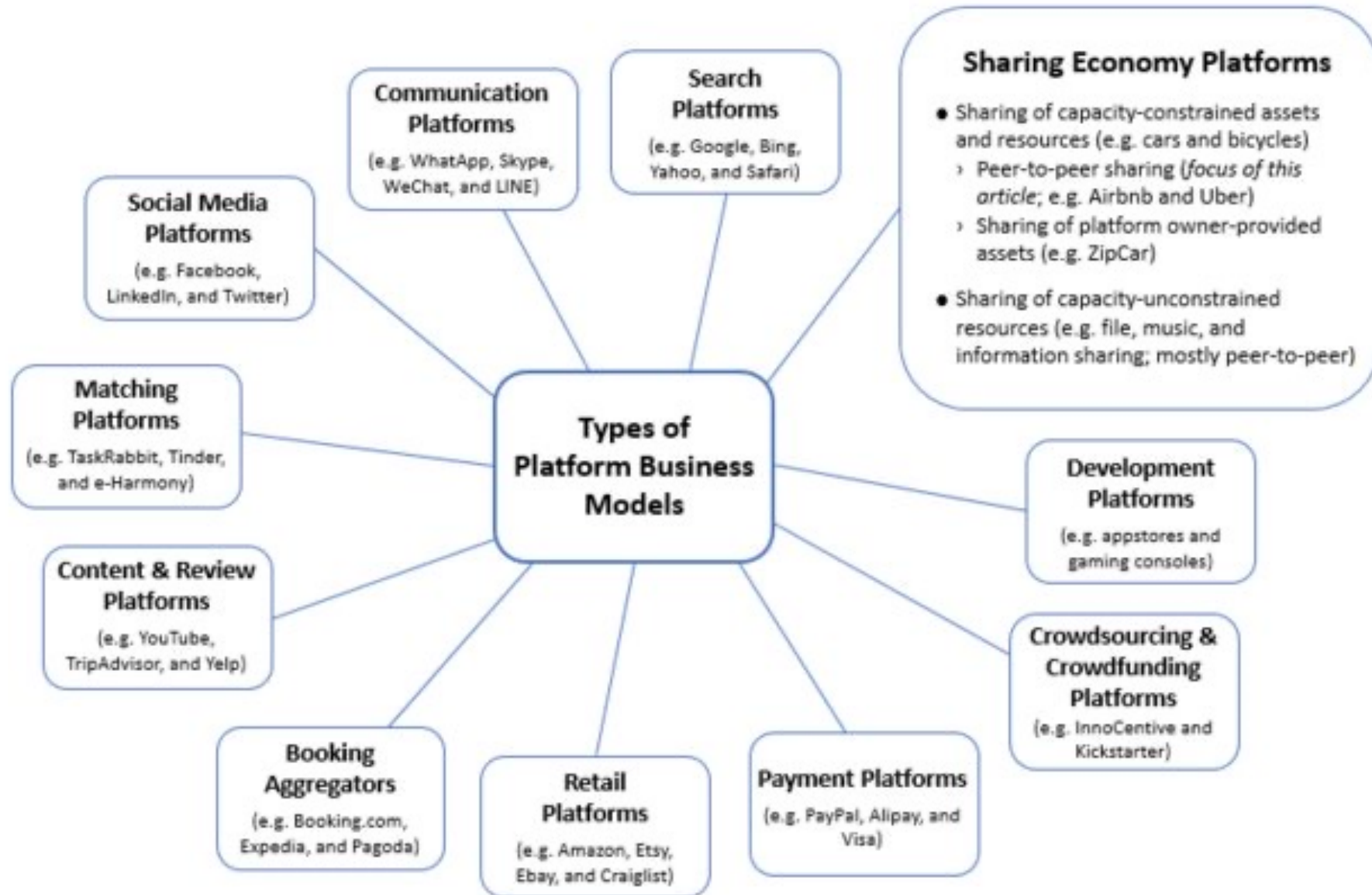
Kuliah-6 Platform Strategy
The Future of Platform

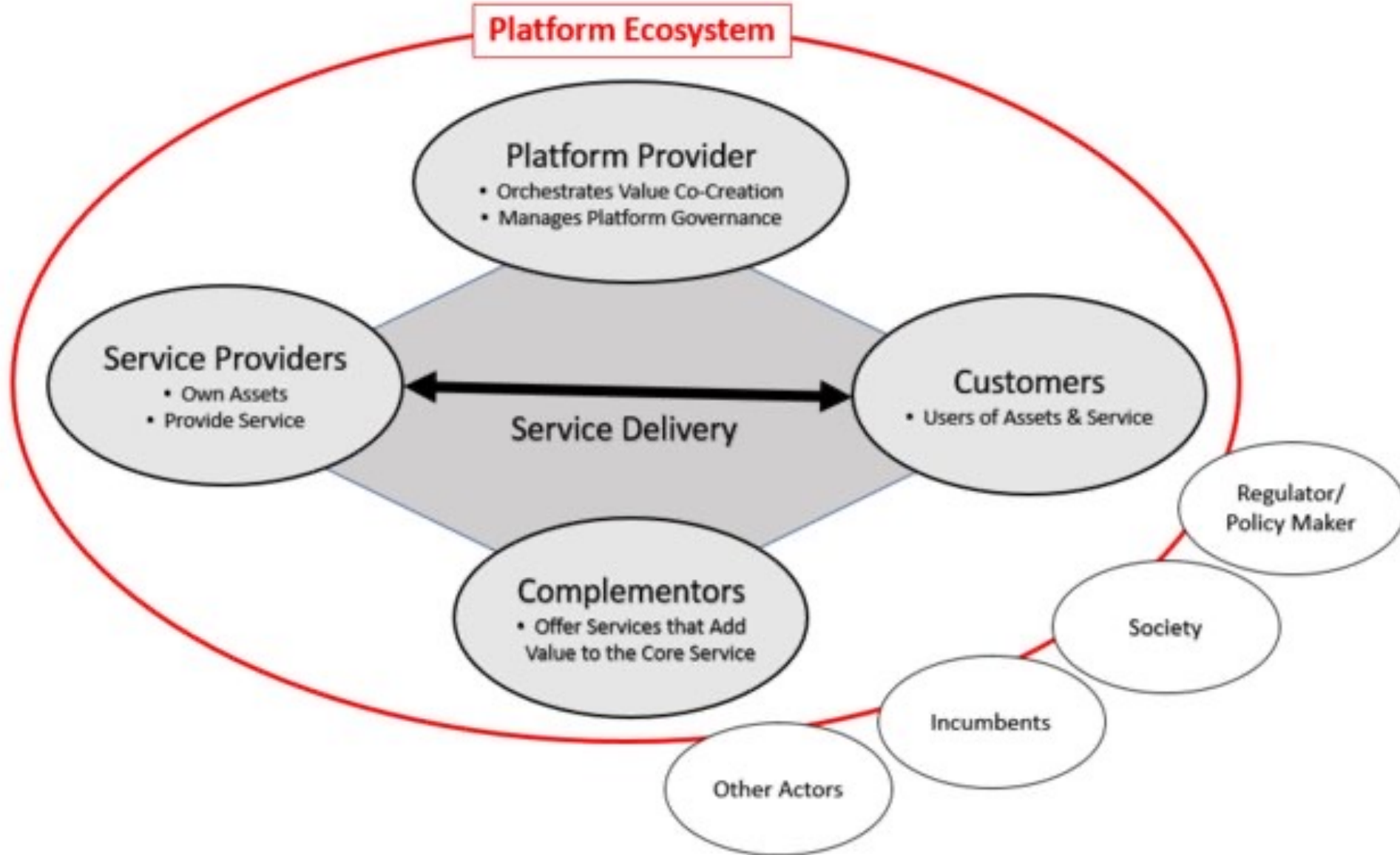
Dodie Tricahyono, Ph.D.

Multiple roles in a platform economy

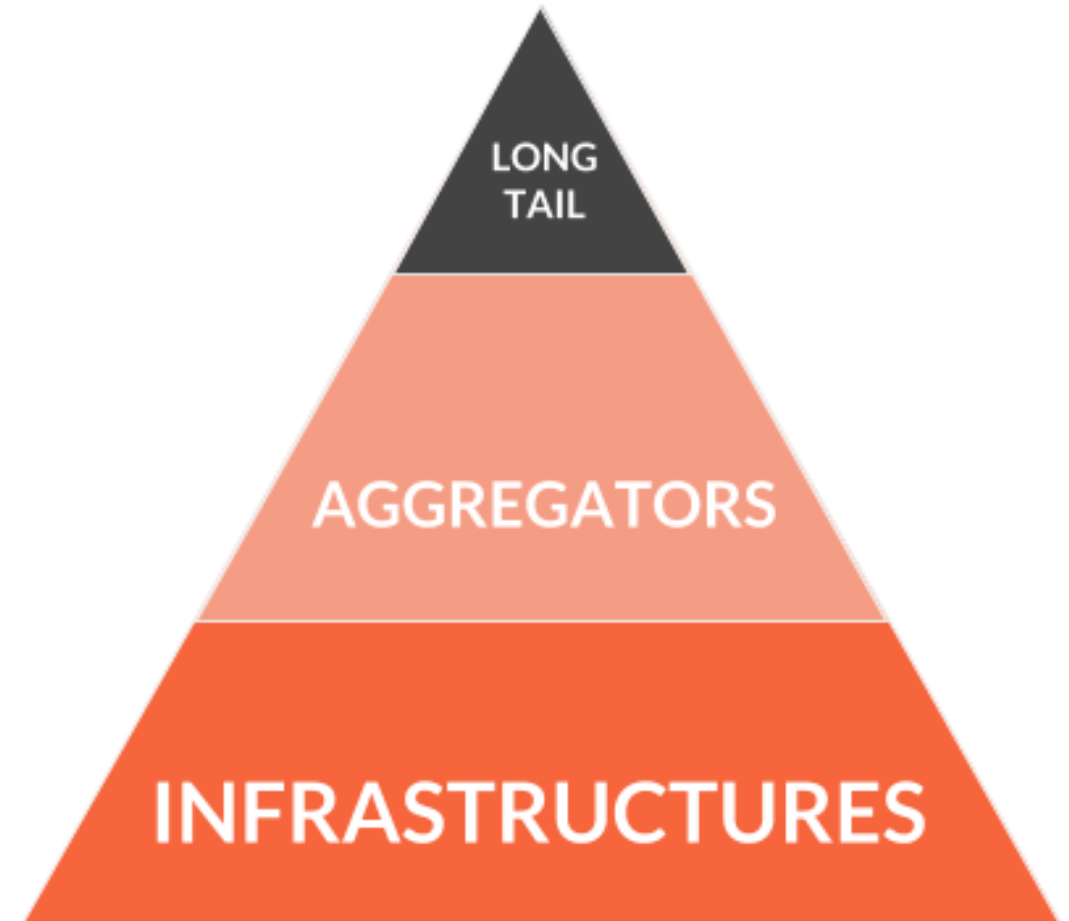






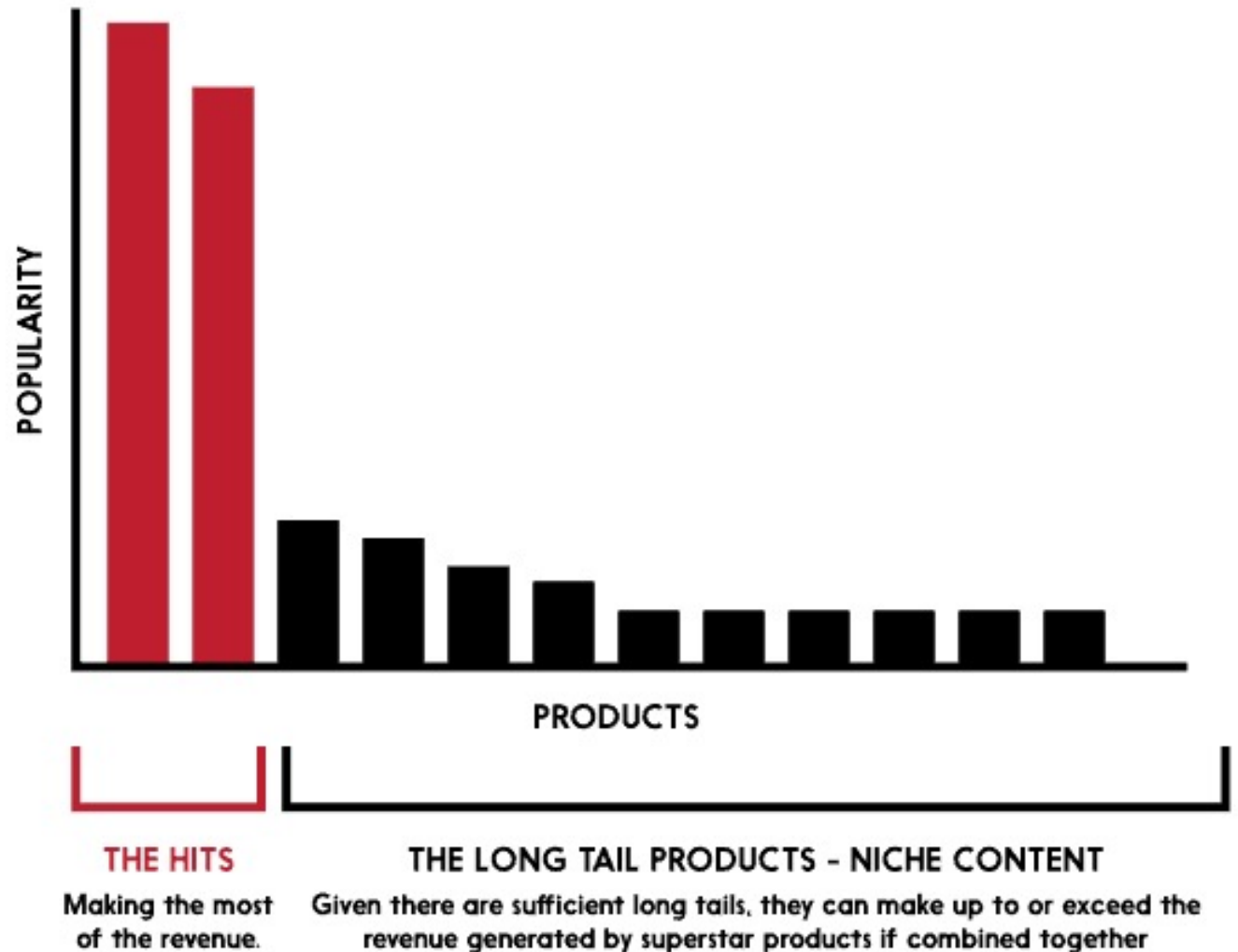


- Digital markets as distributed in three major layers, that of **infrastructures**, **aggregators**, and **long tail markets**.
- In post-industrial value chains, **the role of aggregators is key**: be an alive, learning and opportunity-generating system, that produces continuous quality improvement in the experiences exchanged thus helping new niches emerge, unlocking new potential.
- Aggregators play a key role in an increasingly networked economy by connecting talented producers with consumers in **long-tail markets**.
- In this economic paradigm, **small players** gain much more capabilities to deliver exceptional value.



Simone Cicero (2019). The Real Future of the Platform Economy. Citizen Entrepreneurship and a Market Reset. <https://stories.platformdesigntoolkit.com/the-real-future-of-the-platform-economy-838629ad3a77>

- Long tail in [marketing](#) refers to those offerings which are in less demand compared to the actual popular product of a specific category.
- Some examples of long tail markets are (different types of) laptop chargers in the laptop niche, (different types of) mobile covers in the smartphone accessories market, and (different types of) customized gifts in the gifting niche.

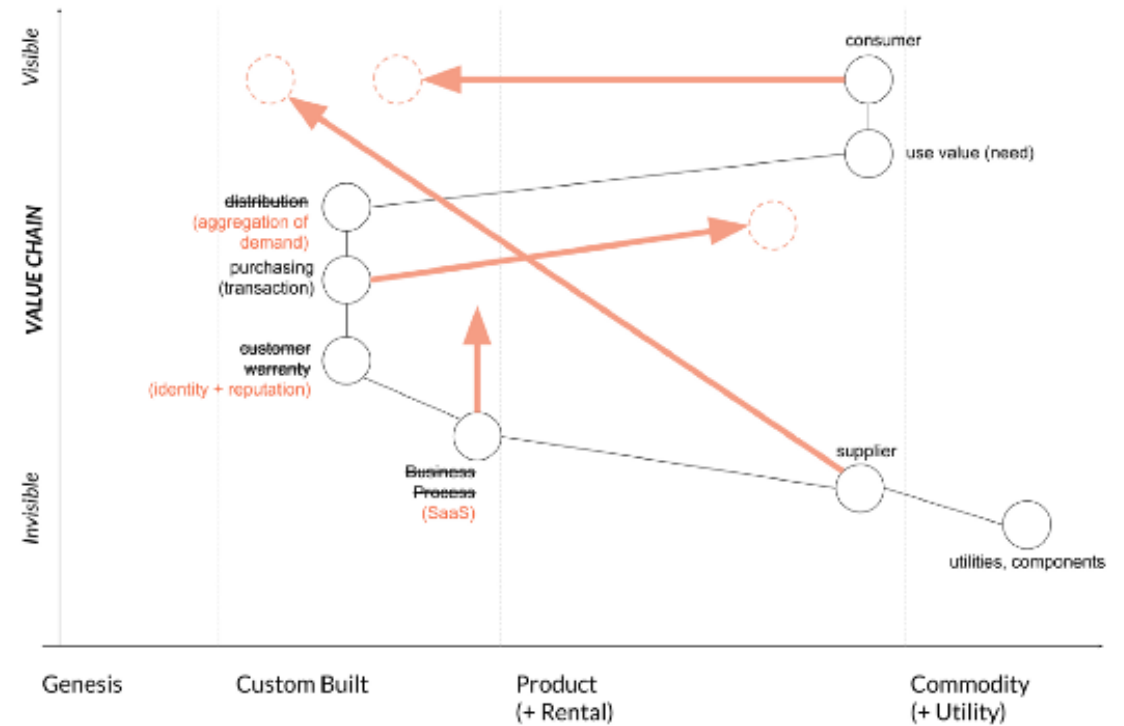
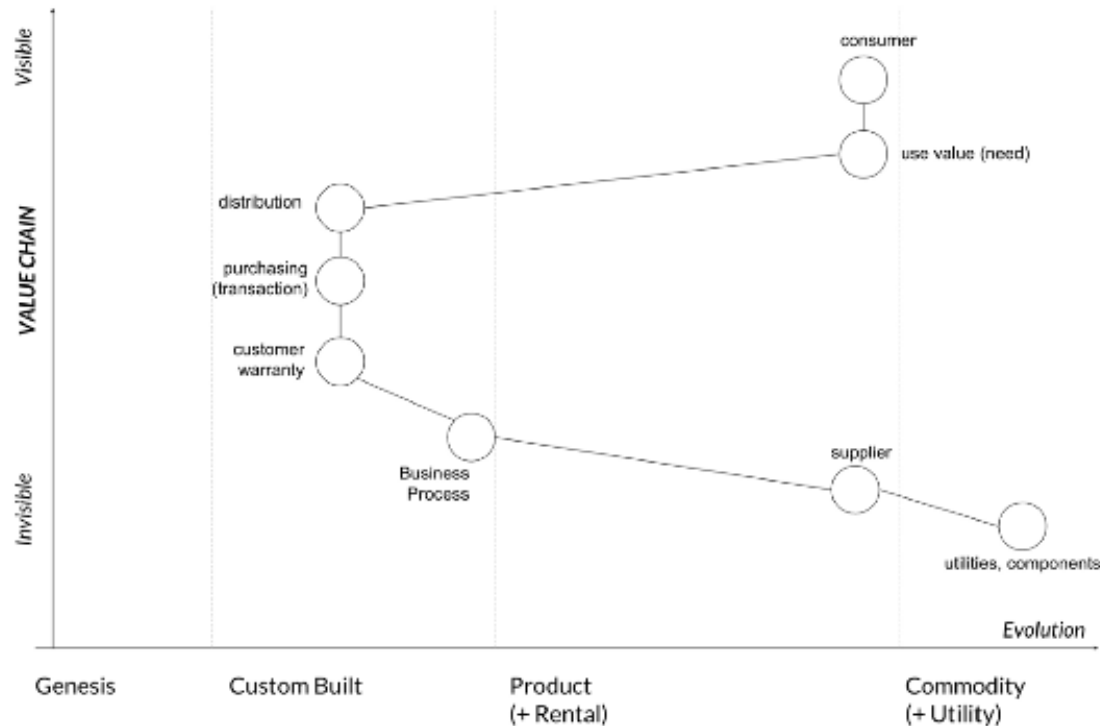


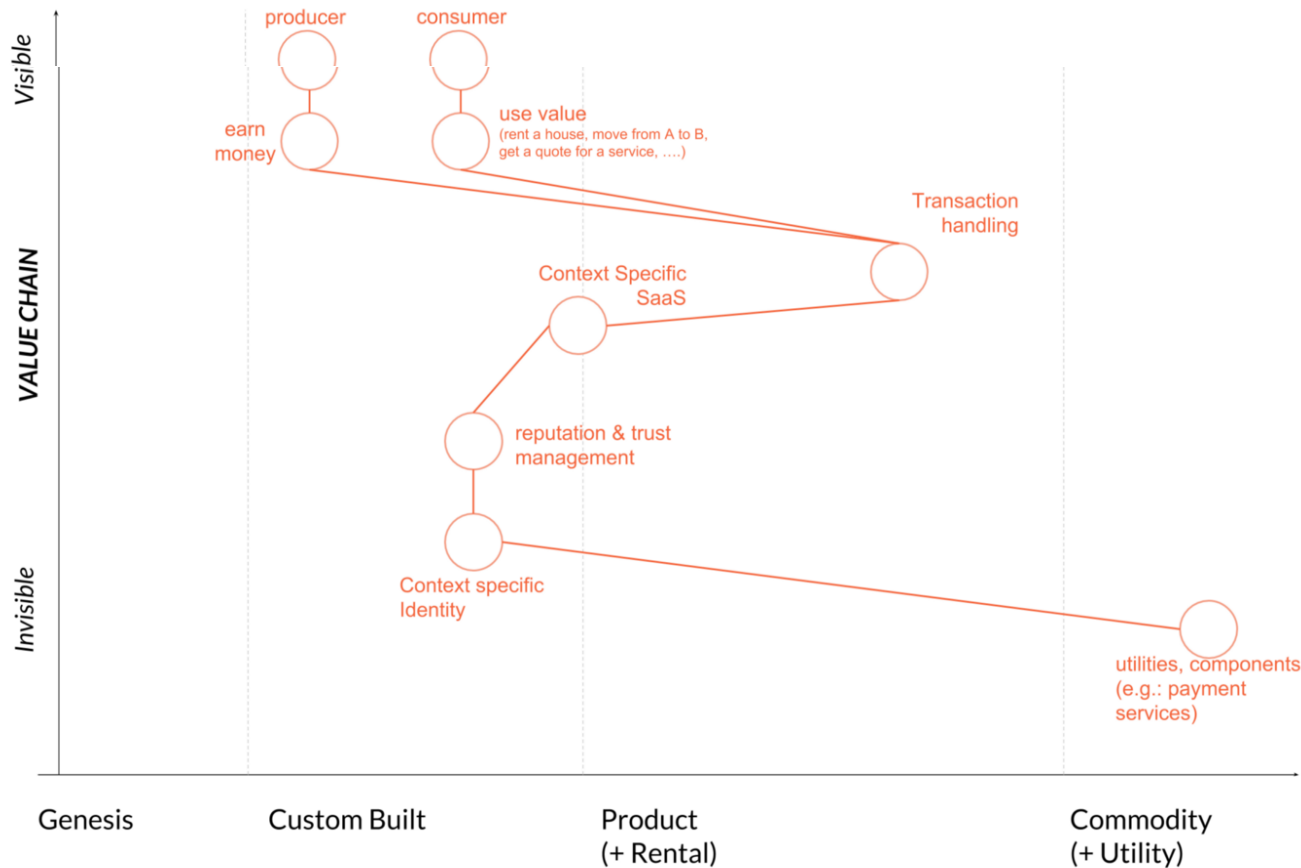
- According to research by MIT, three kinds of demand drivers exist in the market. These are:
 - **Technological drivers** – 57% of online shopping starts with the search engines. Besides search engines, personalization and recommendation techniques and online communities and social networks also drive the demand for the product.
 - **Supply-side drivers** – Technology has made it easy to add the inventory of stock of digital as well as physical products. Moreover, new supply side demand driving models like dropshipping and affiliates have also come into existence which influence the decision-making process and promote niche products. The technology has also made the supply side strong by making it serve the global market at once.
 - **Non Technological drivers** – The non-technological drivers include the psychological drivers of being part of the group or standing out of the group which influence the decision-making process of the customers.

- The long tail strategy has two applications –
 - To increase the customer lifetime value by using long tail strategies like cross-selling and recommendations etc.
 - To stand out in the market and increase sales by building a brand out of long tail products or just capitalizing on the untapped market.
- In simple terms, either you can focus on long tail offerings as add-ons to your superstar product, which will increase the customer lifetime value and attract more customers, or you can bundle up and just focus on the long tail offerings to compete with existing players and create a different positioning for yourself in the market.

- From mass market to personalization by interaction: aggregators replace mass-produced, one-size-fits-all manufactured solutions in favor of systems that able to produce a long tail of tailored niche experiences. Aggregators facilitate interaction and self-organization.
- Standardize transactions: aggregators create channels and modes of interaction that standardize the recurring transactions between producers and consumers in an attempt to reduce transaction cost.
- Provide SaaS to simplify a business process: aggregators normally codify complex business models into Software as a Service and make it accessible and easy to use for small players, solving many typical headaches for producers.
- Aggregating demand and supply: by aggregating demand and supply in the same place, they reduce the need for advertising, marketing and distribution generating “pull” dynamics (attraction of the best fit) versus industrial push marketing.
- Identity and reputation: by the creation of contextual identities and by designing clear reputation systems they let the best players emerge, helping consumer navigate towards the best and right producers.

Wardley Maps to plot our unified market theory against evolutionary value chains





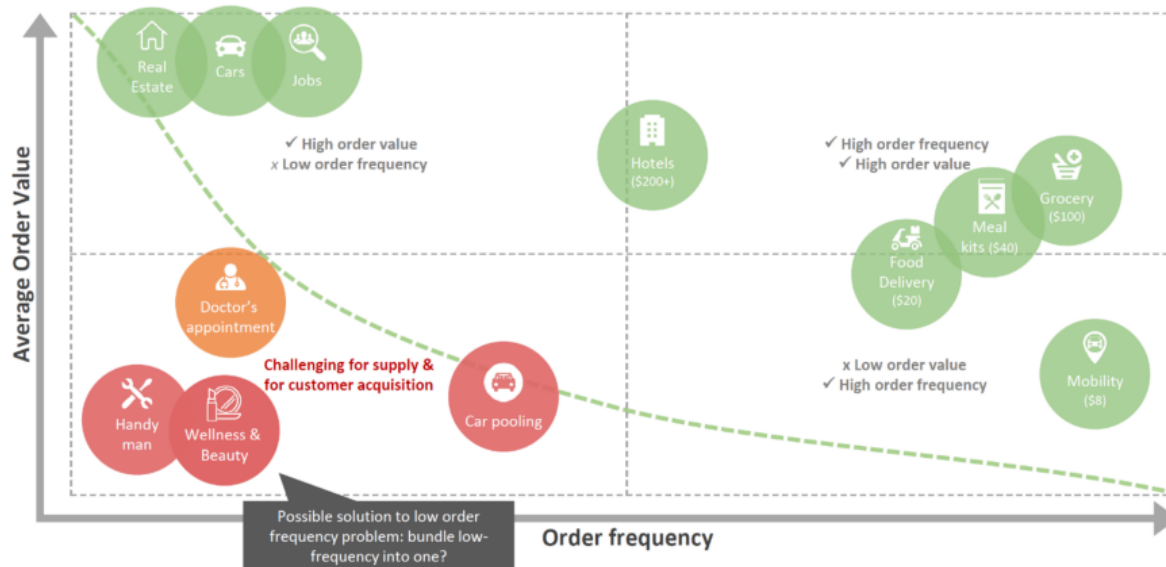
Example: Amazon

From the reality of a book retail e-commerce, the Seattle giant succeeded to become a generalist “infrastructure-to-consumer”, and an aggregator-marketplace that leverages a broader set of merchants, creating a virtually endless inventory, deepening the possible choices for the user.

In the process, Amazon also continuously componentizes and commoditizes the marketplace products offered, by continuously launching amazon “basics” versions, or just plainly new brands, that aim at monetizing directly the categories that emerge as best sellers.

Amazon inherently uses its ecosystem — as Simon Wardley once said — as a “future sensing engine” continuously eating a larger part of an even larger cake, that it is fated to conquer an even larger part of the market. Amazon doesn’t think like a retailer, it thinks as the retail industry.

Order value x order frequency = customer life-time value: another key success factor



We're likely talking about markets where transactions can be rarer and more valuable, like in real estate.

Here as we've seen, the aggregator-platform provides a broader set of support services and oversees a broader part of the value creation process, in an attempt to enable a new space.

	lightweight	adaptable	controlled	legitimate
Industrial Corporate bureaucracy				
Public Institutions				
Platform powered self-organizing				

Access to technology and widespread open knowledge leaves room for the emergence of new paradigms, all based around self-organizing around tailored solutions, organized at community (local) and tribal (ultra-contextual) level.

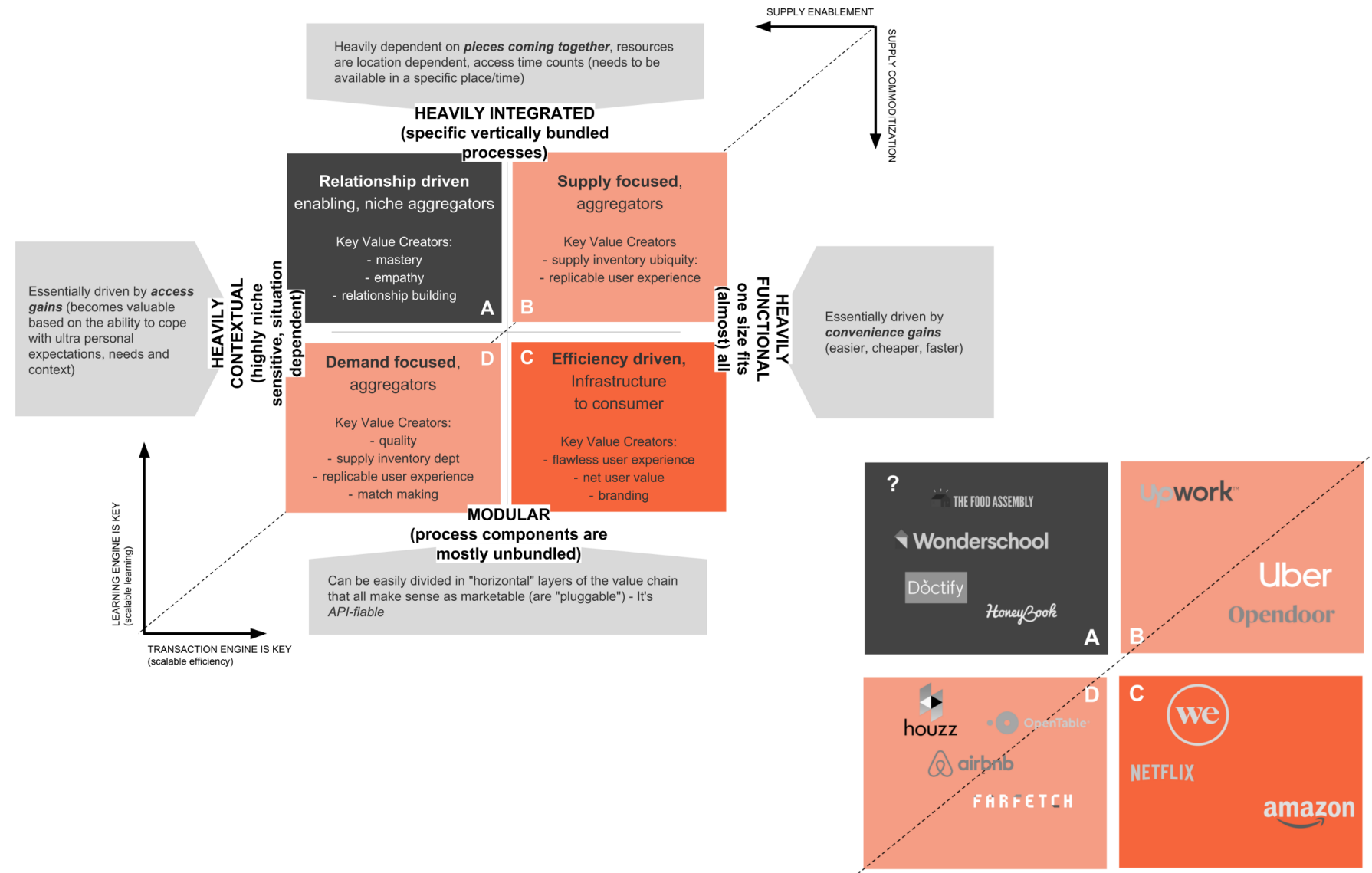
The possibilities created by aggregators are key in an age where everyone can and should be empowered to produce value.

In this age, producers need to be empowered to leverage on their talent and connect with their potential markets, instead of being hidden in a complicated business process that is increasingly sustaining just a self-serving bureaucracy.

Taylorism complicatedness can't cope with the speed of change, and adaptation, that is needed in today's economy: welcome complexity.

The spectrum of aggregators captured in the matrix will then range from:

- tend-to-be- global-monopolies aggregators like Amazon that almost have traits of infrastructures;
- aggregators that will coexist based on the nature of their markets, characterized by various grade of integration and contextuality (e.g.: Uber and Lyft, Airbnb and HomeAway, etc...);
- integrated, super contextual, niche aggregators, very sensitive to local/tribal potential and needs, possibly leading to the next wave of citizen entrepreneurship (rebuilding institutions for the XXIst century).



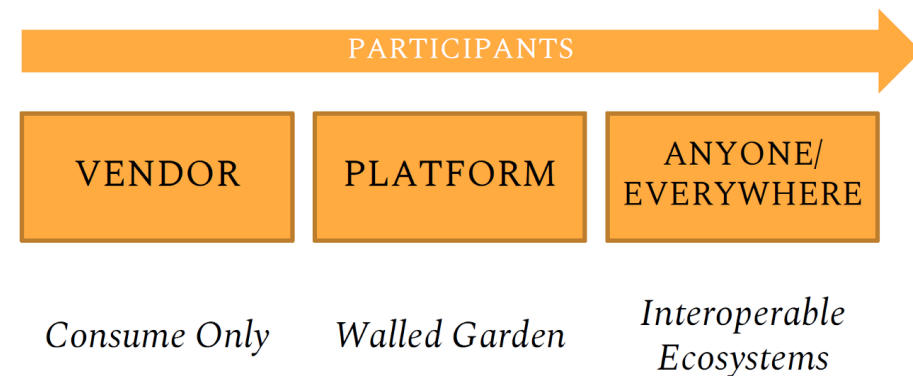
TRANSACTION TO RELATIONSHIP



DATA TO ADVICE



ONE TO MANY



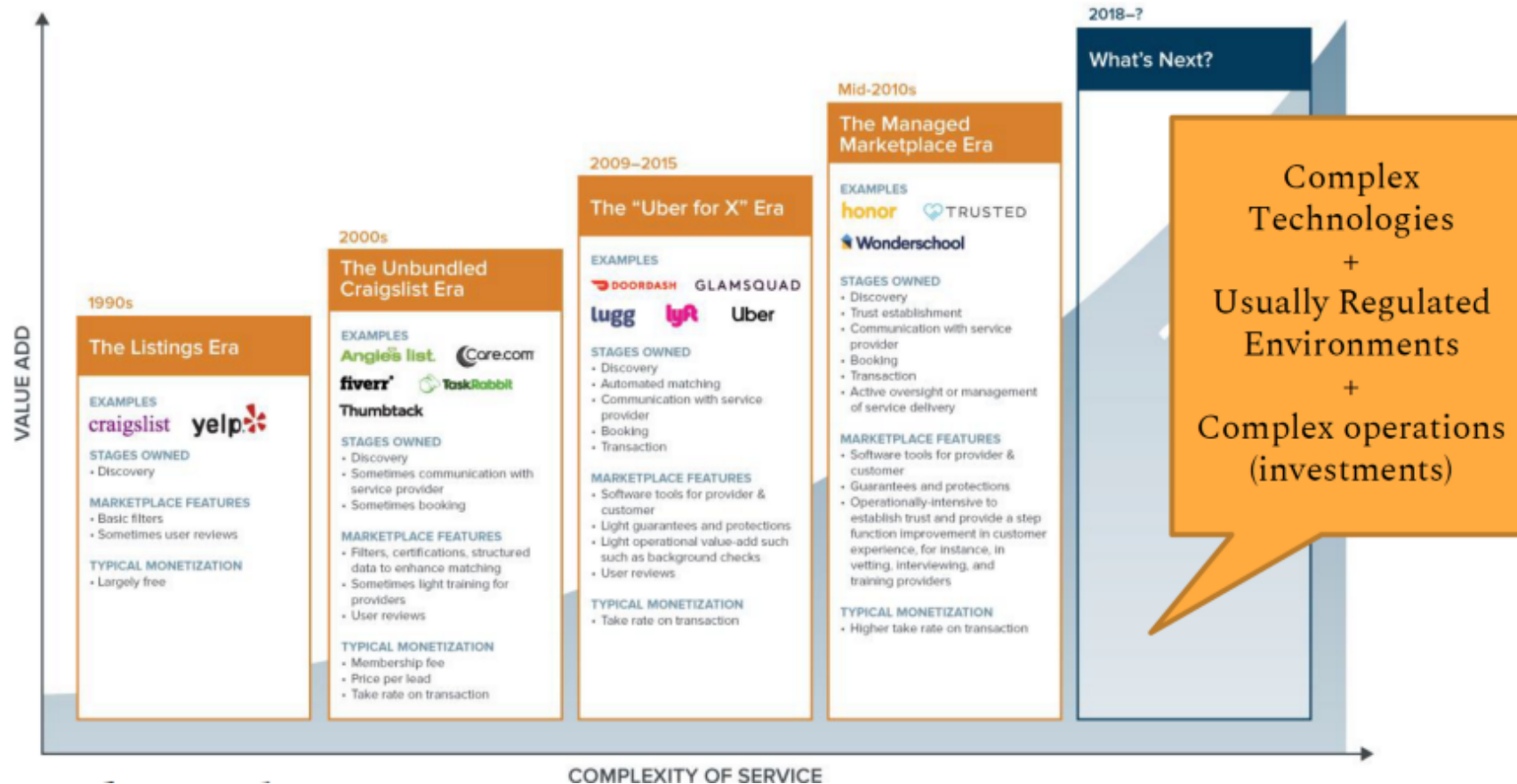
From John Hagel's The Big Shift in Business Models

Enabled by a new generation of connected technologies that able to sense relevant and contextual data on the actual value generated for the user

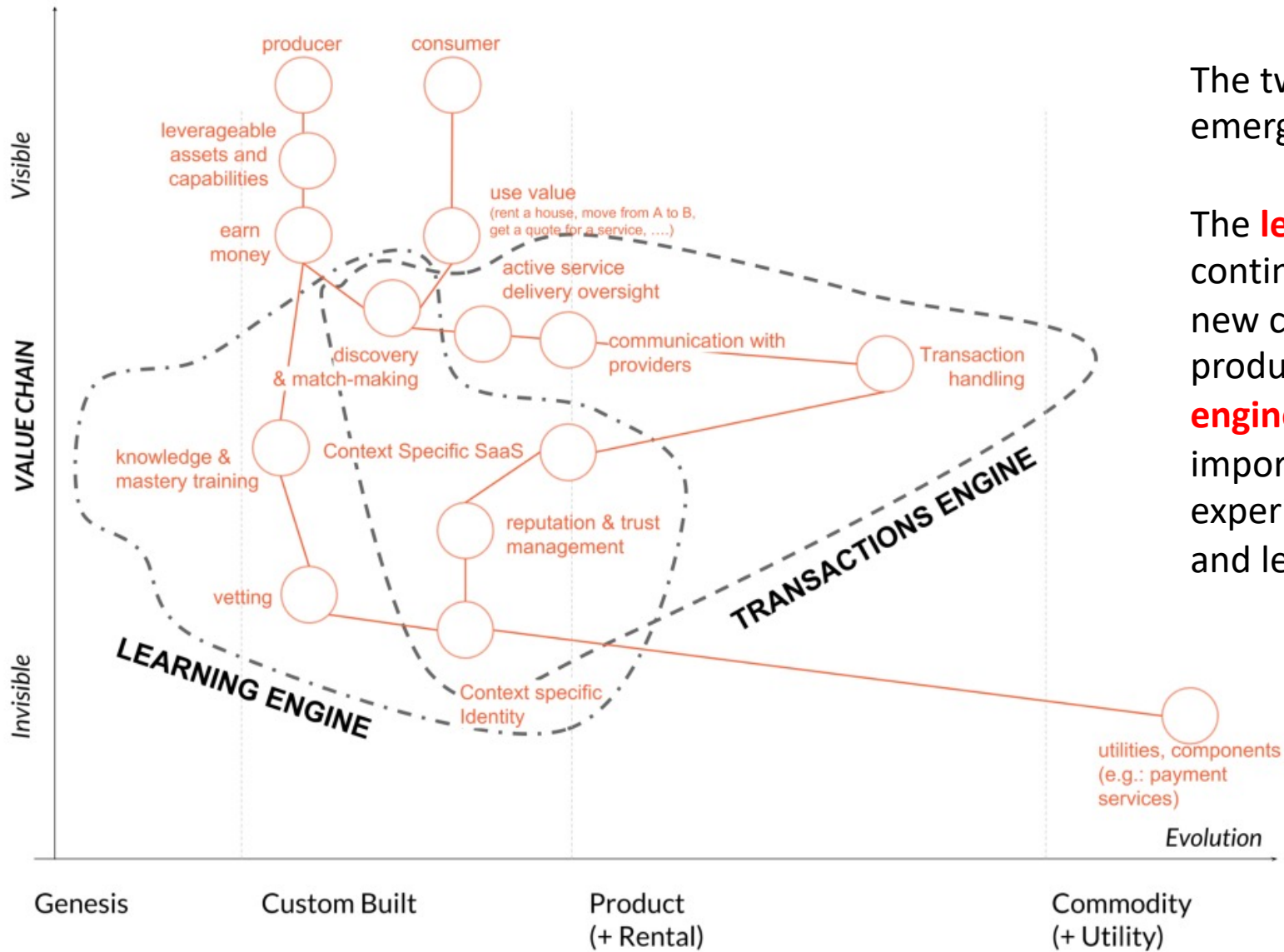
“rather than just anticipating likely future events, [these players] have the ability to advise customers on what action to take in response to those future events in order to create the most value for themselves.” (John Hagel)

Business models of the future will need to be “permissionless” and “ecosystemic”, vetting and constraining users will likely become impossible or counterproductive.

Evolution of Marketplaces (Andrew Chen)

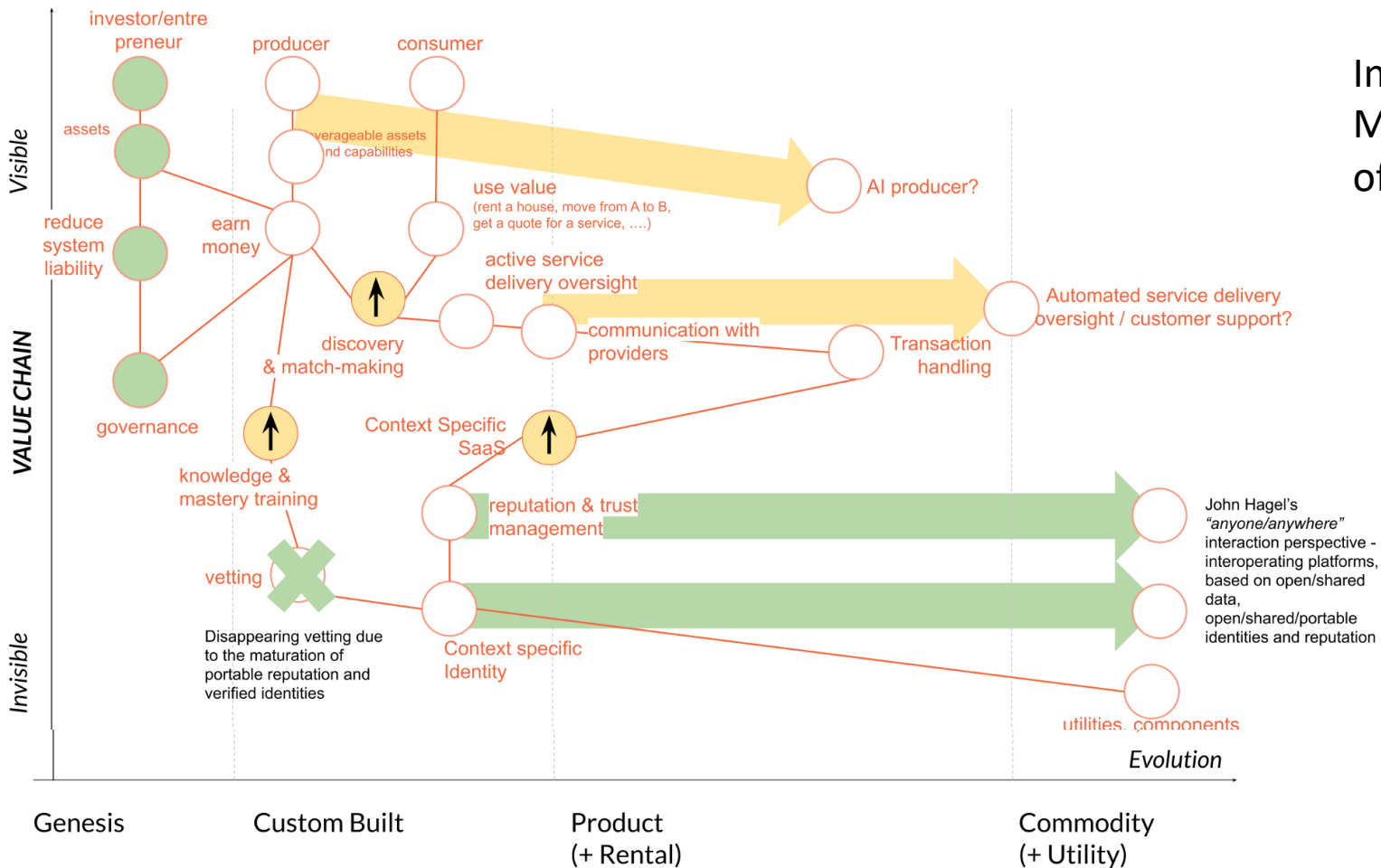


- **While the Z-Shape — typical of aggregators — is substantially preserved, the need to face more complex markets requires a whole new set of value chain elements to be controlled. In the marketplaces of the future one could expect:**
 - greater service overseeing from the platform owner;
 - more important discovery and match-making as context becomes even more king;
 - and a renewed focus on the upskilling services that the platform shaper will provide to producers, especially in more sensitive markets (such as education, professional services, real estate, personal care, and development, etc...).



The two essential engines of platforms indeed emerge more clearly in the picture below:

The **learning engine** (that focused on providing continuous opportunity to learn, improve, hone new capabilities and make the best of the producer's talents) and a refined **transactions engine** where the shaper plays a more important role in ensuring consistency in the experiences, designs to allow trust to emerge, and lets the value flow more easily



In yellow the impacts of AI and Machine Learning, in green, that of Crypto.