

PLATFORM REVOLUTION

How Networked Markets Are Transforming the Economy and How to Make Them Work For You

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The Web site for this book is at www.PlatformRevolution.com.

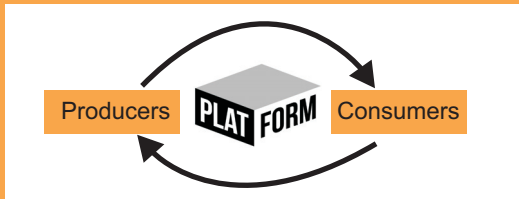
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MAIN IDEA

The conventional business model is to build a pipeline between producers and consumers. Companies then try and push as many products and services through that pipeline as possible.



A new business model now starting to flourish in the marketplace asks: "What about if the consumers are also the producers? In that case, you don't need a pipeline, you need a platform which facilitates matches to create value for everyone."

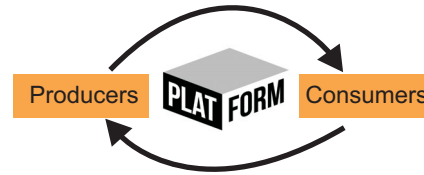


Platforms can and do grow exponentially because they unlock resources which were previously hidden. In doing this, market value is created. The challenge is then to determine who will retain the greatest amount of that new added value -- the customer or the platform?

When you build a platform rather than a pipeline, your assumptions about operations, finance, strategy and also innovation change quite significantly. To thrive with a platform requires a different set of skills compared to the skill-sets of the corporate barons of ages past.

Therefore, the challenge of the current generation of business leaders and entrepreneurs is not "How do we build a better widget or a better pipeline?" Instead, today's business leaders need to be asking: "How can we connect people, organizations and resources to create and capture value?" That is where the major growth opportunities of the future are going to come from.

The platform revolution is far from over. It's only just begun.



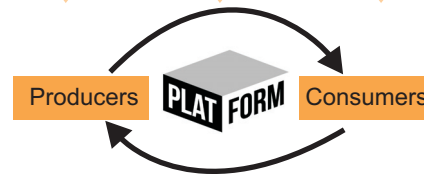
1. The Power of the Platform Page 2

Platforms create value by facilitating matches among users. They enable value creation by producers who are also consumers. The striking feature is since platforms don't own or control resources, they can grow faster than traditional businesses. The rise of the platform business model has already transformed major industries and many more transformations are on their way.

2. The 10 Challenges of Platform Building Pages 3 - 7

To build and scale a platform successfully, there are ten design challenges you have to figure out along the way. These ten challenges are:

- | | | | | |
|---|---|---|---|---|
| 1
How do we generate network effects? | 2
How should we design the platform? | 3
Which markets are we disrupting here? | 4
How do we launch a successful platform? | 5
How will we monetize and capture added value? |
| 6
How open should we make the platform? | 7
Which governance policies will help growth? | 8
What metrics should we be using? | 9
Which strategy will drive success? | 10
What regulatory policy will be required? |



3. The Future of Platforms Page 8

As stunning as the success of platforms have already been to date, the platform revolution is just getting started. Many more industry transformations will happen in the future as platforms spread and take hold. It's not yet clear what all this will mean but one thing is certain – platforms will drive change in many if not all industries in the decades ahead.

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