Platform Revolution: How Networked Markets Are Transforming The Economy - And How To Make Them Work For You
Synopsis

An inside look at the revolutionary business power of the platform - from the experts who helped discover how it works. Facebook, PayPal, Alibaba, Uber - these seemingly disparate companies have upended entire industries by harnessing a single phenomenon: the platform business model. Platform Revolution delivers the first comprehensive analysis of how platforms use technology to match producers and consumers in a multisided marketplace, unlocking hidden resources and creating new forms of value. When a company like Uber connects drivers with passengers, everybody wins - except traditional cab companies, which are scrambling to survive. Assumptions about operations, finance, strategy, and innovation all change. Platform Revolution explores the what, how, and why of this revolution and provides the first "owner's manual" for creating a platform marketplace. Revealing the strategies behind some of today's rising platforms, the authors explain how entrepreneurs - and traditional companies - can thrive in this new world. In cases as diverse as shoes, spices, dating, energy, home appliances, and education, Platform Revolution provides the essential guide to unlocking the potential of an economic landscape transformed.

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Customer Reviews

Every so often I lead workshops on pricing strategy. For the past several years I have been telling people that if you are in a conventional business (what Parker, Van Alstyne and Choudary call a 'pipeline business') and you are competing against a platform business you have already lost.
Pipeline businesses do not have winning strategies against multisided markets, or as this book calls them ‘platform businesses.’ This book is the single best introduction I have read to Platform Businesses. If you use (and if you are reading this you do use a Platform Business, ), are working on or may compete against a Platform Business you need to read this book. I have been recommending it to my own team at TeamFit.co to my investees and to companies that come to me for pricing advice.

Platform Revolution has many strong points. It explains the feedback loops and network effects (positive and negative) that drive platform business dynamics, the chapter on monetization is excellent and the chapter on governance is a must read (I think I will send a copy to Vancouver’s mayor). The book even has a short section on data ownership, which is likely to emerge as a major social issue over the next decade (ask yourself, why does the company I work for own my employee records, why don’t I own them too!). Platform Revolution is not perfect of course. My main complaint is the lack of useful diagrams. The book is sketch poor and I found that I had to keep a notebook and pencil beside me as I read to make sure I was following all of the interactions of forces and to give me some mnemonics to remember what I was reading. This is good in that it helped me to build up my own mental models, but I would prefer to have shared sketches that I could use in business planning with other people.

Personal Background & Summary
Platform Revolution is best seen as a workbook of case studies on how platforms are changing the business landscape. If you approach the book from the perspective that it will tell you explicitly how to build a platform, you will be disappointed. The book is meant to inspire discussion around a new framework for building businesses, the specifics of which will be different for each platform. For reference, I am a growth equity technology investor that is highly familiar with the concepts brought up in Platform Revolution. In the interest of full disclosure, I was a collaborator with Sangeet on his prior project, Platform Scale. Regardless, I’ve done my best to give my objective perspective on Platform Revolution.

Chapter 1 - Welcome to the Platform Revolution - Is meant to bring the reader up to speed on the basic principles of platforms, which ones are currently operating right now at scale, and how value exchange has shifted from a linear supply chain to one that contains producers and consumers interacting in a myriad of ways. This chapter was less useful for myself, as I was already familiar with most of the concepts, but will serve the broader audience well. While I found the platform examples useful (AirBnB, Uber, etc.), the examples of individuals and how they were affected were slightly idiosyncratic and less widely applicable.

Chapter 2 - Network Effects - The authors’ point about expanding the size of a market due to network effects is a potent one, and not necessarily intuitive at first. I’d encourage the reader
to take some time to think about how non-linear growth in a platform is actually a feature.

The title of this brief commentary refers to the rise of the platform as a business and organizational model on which Geoffrey Parker, Marshall Van Alstyne, and Sangeet Paul Choudary focus in their brilliant book. They pose two interesting questions: How can a major business segment be invaded and conquered in a matter of months by an upstart with none of the resources traditionally deemed essential for survival, let alone market dominance? And why is this happening today in one industry after another? Again, the answer is the power of the platform—a new business model embraced by Airbnb, Uber, Alibaba, and Facebook and previously by YouTube, Wikipedia, iPhone, Upwork, Twitter, KAYAK, Instagram, and Pinterest, among others. As is also true of the Worldwide Web that Tim Berners-Lee devised more than twenty years ago, the platform’s core functions are connectivity and interactivity. Its overarching purpose is to consummate matches among users and facilitate the exchange of goods, services, or social currency, thereby enabling value creation for all participants. Unlike the traditional linear value chain, platforms scale more efficiently and more quickly by eliminating gatekeepers; unlocking new sources of value creation supply and demand; using data-based tools to create community feedback loops; and centering on people, resources, and functions that exist outside the operations of a platform business such as Uber, complementing or replacing those that exist inside a traditional business such as a taxi cab company. This is a key point because scaling is best viewed as rightsizing. This is what Geoff Moore has in mind in his latest book, Zone to Win: Organizing to Compete in an Age of Disruption.

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