Platform Scale: How An Emerging Business Model Helps Startups Build Large Empires With Minimum Investment

Synopsis

Over the last decade or so, we're seeing the emergence of a new form of scale. Today's massively scaling startups - which rapidly grow to millions of users and billions in valuation - do not sell a product or service. Instead, they build a platform on which others can create and exchange value.The many manifestations of the platform business model - social media, the peer economy, cryptocurrencies, APIs and developer ecosystems, the Internet of things, crowdsourcing models, and many others - are becoming increasingly relevant.Yet, most new platform ideas fail because the business design and growth strategies involved in building platforms are not well understood.Platform Scale lays out a structured approach to designing and growing a platform business model and addresses the key factors leading to the success and failure of these businesses.Six core concepts for successful platform business model design1. Re-imagine your business for platform scaleThe mechanism by which these new business models scale so rapidly. Understand the shift in thinking needed to manage businesses with platform scale and the impact of network effects, virality, behavior design and data."We are not in the business of building software. We are in the business of enabling interactions."2. Leverage interaction-first designHow detailed consideration around designing the producer-consumer core interaction is critical for building business models that leverage platform scale."The design of the platform business model involves the design of a core interaction followed by the design of an open infrastructure that will enable and govern this interaction."3. Build cumulative value and minimize interaction failureKnow the key managerial decisions to focus on while managing platform scale businesses, all geared towards maximizing the ability of these businesses to enable interactions by scaling producer participation and minimizing interaction failure."Platform scale is achieved by maximizing the repeatability and efficiency of the platform's core interaction."4. Solve chicken and egg problemsPlatform business models face an all too familiar catch-22 chicken and egg problem on the way to scaling. This can be overcome by designing the conditions for sparking interactions."The solution to the chicken-and-egg problem requires a bait that can break the vicious cycle of no activity."5. Design viral enginesUnderstand the drivers of viral growth in a world of networks and apply the viral canvas design-first approach to viral growth."Virality is a business design problem, not a marketing or engineering effort. It requires design before optimization."6. Account for reverse network effectsConsider the counter view on platform scale and be on the lookout for conditions where scale can be detrimental to platform businesses."The goal of platform scale is to ensure the simultaneous scaling of quantity and quality, of interactions."Platform Scale is a maker's guide for entrepreneurs, innovators and educators looking to understand and implement the inner workings of highly scalable

platform business models.

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Customer Reviews

Personal Background & SummaryWhile Platform Scale is accessible to anyone interested in technology and how new businesses are being formed, I have always found it helpful to know the reviewers background in online reviews. In this case, I am a growth equity technology investor that is highly familiar with the concepts brought up in Platform Scale. I live and breath technology and my ability to succeed at my job depends on my understanding of technology-based businesses. With that said, this book provided incredible theoretical clarity to a number of concepts I had understood intuitively/pragmatically and has allowed me to more broadly apply these concepts across different business lines that may be in need of disruption. As a collaborator with the author on this project, I've done my best to give my objective perspective on Platform Scale, who should read it, and why it is (most assuredly) a worthwhile investment of your time.Section 1 - Introduction

to Interaction First BusinessesThis section is fundamentally about bringing readers up to speed on several common concepts (Aggregation, Means of Distribution, Methods of Interaction, Role of Producers & Consumers, Network Effects, Data as Currency) that businesses operating at platform scale utilize in radically different ways than prior enterprises. Depending on your previous knowledge level and understanding of (primarily) Silicon Valley-based platform businesses (Uber, AirBnB, Facebook), you may already be aware of the mechanisms described at a superficial level, but not at the granularity of how those concepts translate into business processes. The author explores these concepts and how value is created through the idea of Pipes (linear value movement) and Platforms (bi or multi-directional value movement).

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