Chapter 4

Disruption

Platform Revolution: Making Networked Markets Work for You
Platform Revolution: Chapter 4 - Disruption

4. Disruption: How Platforms Conquer & Transform Traditional Industries

- Introduction: Welcome to Platform World
- Network Effects: The Power of the Platform
- Architecture: Basic Principles for Designing Successful Platforms
- Disruption: How Platforms Conquer & Transform Traditional Industries
- Launch: Chicken or Egg? 8 Ways To Launch Successful Platforms
- Monetization: Capturing the Value Created by Network Effects
- Openness: Defining What Platform Users/Partners Can & Cannot Do
- Governance: Policies That Increase Value and Enhance Growth
- Strategy: How Platforms Change Competition
- Policy: How Platforms Should (and Should Not) Be Regulated
- Future: Industries Facing Imminent Change

(click to order on Amazon)
Disruption Past: Efficient pipelines disrupt inefficient pipelines
Newspapers under tremendous pressure

The Cincinnati Post

The Times-Picayune
https://www.poynter.org/2012/times-picayune-confirms-end-of-daily-publication/175038/

Pathway to disruption: online pipes’ superior marginal economics of production & distribution

Disruption Past: Efficient pipelines disrupt inefficient pipelines

Media retailers under tremendous pressure

Pathway to disruption: online pipes’ superior marginal economics of production & distribution

http://articles.latimes.com/2013/nov/06/entertainment/la-et-mn-blockbuster-video-stores-closing-20131106
Disruption Stage 2 - Platforms disrupt pipelines
Emergence of Platforms into traditional print news and classified markets

Path: Aggregation; Classified Ad Revenue
Superior economics: Social Curation
Disruption Stage 2 - Platforms disrupt pipelines
Airbnb lists rooms without having to commit capital

Path: Low cost new supply; fixed costs covered, low variable costs
Problem Solved: Trust/Insurance
Path: New Supply; Break the Bundle.
Problem To Solve: Certification
Disruption Future: Professional & Financial Services

Path: Bypass Gatekeepers.
Problem To Solve: Regulatory Restrictions

http://apptology.com/blog/tag/blockchain/
Disruption Future: Distributed Energy Resources


https://www.tesla.com/powerwall

Disruption Future: A Platform Distributed for Energy Resources

Facilitate user role change

Platform Provider/Distribution System

PLATFORM SPONSOR
System Status by time & location
Prices by time & location
Ecosystem  Rules  Architecture

ESCOs

Supply: Bulk Power & DER

Adjacent Service Providers

Household Retail

Government/Commercial

Industrial

Path: New Supply; Market Aggregation.

Problems To Solve: Launch, Federal vs. State Regulations

http://scholarspace.manoa.hawaii.edu/bitstream/10125/41519/1/paper0370.pdf
Why Now? Dramatic increase in computational power

Why Now? Many new users and devices!

Source: Strategy Analytics October 2014

Why Now? New Behavior
The disruption of business by the Internet has proceeded through two stages. In stage one, efficient pipelines ate inefficient pipelines. In stage two, platforms eat pipelines.

Platforms are able to outcompete pipelines because of their superior marginal economics and because of the value produced by positive network effects. As a result, platforms are growing faster than pipelines and taking leading positions in industries once dominated by pipelines.

The rise of platforms is also disrupting business in other ways. It is reconfiguring value creation to tap new sources of supply; reconfiguring value consumption by enabling new forms of consumer behavior; and reconfiguring quality control through community-driven curation.

The rise of platforms is also causing structural changes in many industries—specifically, through the phenomena of re-intermediation and market aggregation.

Incumbent companies can fight back against platform-driven disruption by studying their own industries through a platform lens and beginning to build their own value-creating ecosystems, as Nike and GE are doing.
1. Introduction: Welcome to Platform World
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5. Launch: Chicken or Egg? 8 Ways To Launch Successful Platforms
6. Monetization: Capturing the Value Created by Network Effects
7. Openness: Defining What Platform Users/Partners Can & Cannot Do
8. Governance: Policies That Increase Value and Enhance Growth
10. Strategy: How Platforms Change Competition
11. Policy: How Platforms Should (and Should Not) Be Regulated
12. Future: Industries Facing Imminent Change
For More Chapter 4 Information
Suggested background: MBA Course Readings


2. Charles Moldow. "A Trillion Dollar Market By the People, For the People: How Marketplace Lending Will Remake Banking As We Know It." Foundation Capital Whitepaper


For More Chapter 4 Information
Suggested background: PhD Course Readings


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For More Chapter 4 Information
Suggested video for disruption

1. Platform Revolution - Lecture at MIT Platform Symposium - Geoff Parker
   https://www.youtube.com/watch?v=F-EJrG3J4GQ

   https://www.youtube.com/watch?v=jfd3k4VUYh4&t=817s

3. Four forms of market-driven disruption - Sangeet Paul Choudary
   https://www.youtube.com/watch?v=32nTvAzS8Tg
Platform Revolution

Author video links

1. Geoff Parker
   https://www.youtube.com/playlist?list=PLMMkE0nV-WxySm4apD9EsOFXHjgc5mMdP

2. Marshall Van Alstyne
   https://www.youtube.com/results?search_query=marshall+van+alstyne

3. Sangeet Paul Choudary
   https://www.youtube.com/channel/UCv9bXzmPiQBxWSpBGF2g/videos