

Why and How a Platform Strategy?

The management of platform strategy

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How ? The platforms difficulties to challenge

What is the main difficulty to manage?

The main problem is to trigger the network effect and therefore to manage:

- Who to attract first? The "chicken or egg" problem
- How to keep the users? The problem of multi-homing
- How to generate income? The problem of the business model
- Who to allow to participate? The problem of negative network competitors included



How ? The platforms difficulties to challenge

- Many new platforms ARE LOSING MONEY!

Chinese Bike-Sharing Platforms



Uber Losses vs. Airbnb Profits

- Uber cut losses to \$1.8 billion in 2018 for the IPO but is on track to lose \$3+ billion in 2019 (operating basis).
 - **Why? About 12.5% of Uber drivers quit each month, at a cost of \$650 per new driver acquisition. With 3 million drivers in 2017-18, replacement cost for 375,000 drivers/month is almost \$250 million or \$3 billion/year.**
 - Uber needs drivers first to attract riders, so it pays commission
 - Uber needs many riders to keep drivers busy, so low prices +
 - Many Uber & other drivers (Lyft, taxis) depress prices; drivers

BY CONTRAST:

- Airbnb taps unused supply of rooms; no need to supply side or demand side. Can charge one o



How ? The platforms difficulties to challenge

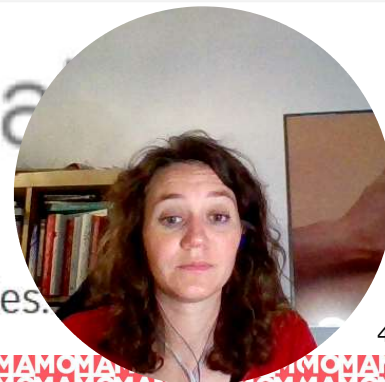
Project stopped in 2008 => Why?

10 Reasons why Google Health failed

By **Brian Dolan** | June 27, 2011 | 09:24 am

Since Google's announcement on Friday, pundits have discussed the many possible reasons that Google Health failed. The best analyses of the demise of Google Health include **this timeline** by John Moore of Chilmark Research, this roundup from **ReadWriteWeb**, and some of the comments in **these two** TechCrunch articles.

Google health



Google Health

1. Was neither fun nor social
2. Not helpful to consumers
3. Was not user-friendly
4. Google presents evil. Can we trust him with our data
5. No advertising opportunities: "I guess you can't sell advertising to the patients whose records you manage after all. They finally concluded that, so they move on,"
6. No one knows Google Health
7. Doctors were not included
8. too difficult to overcome repayment barriers
9. Too difficult to cooperate with insurance
10. Sergey [Brin] and Larry [Page] never considered health as strategic

Deduce the critical capabilities for platform success?





Takeaways

The difficulties of platform management

Multi-homing, egg and chicken, negative network effect

