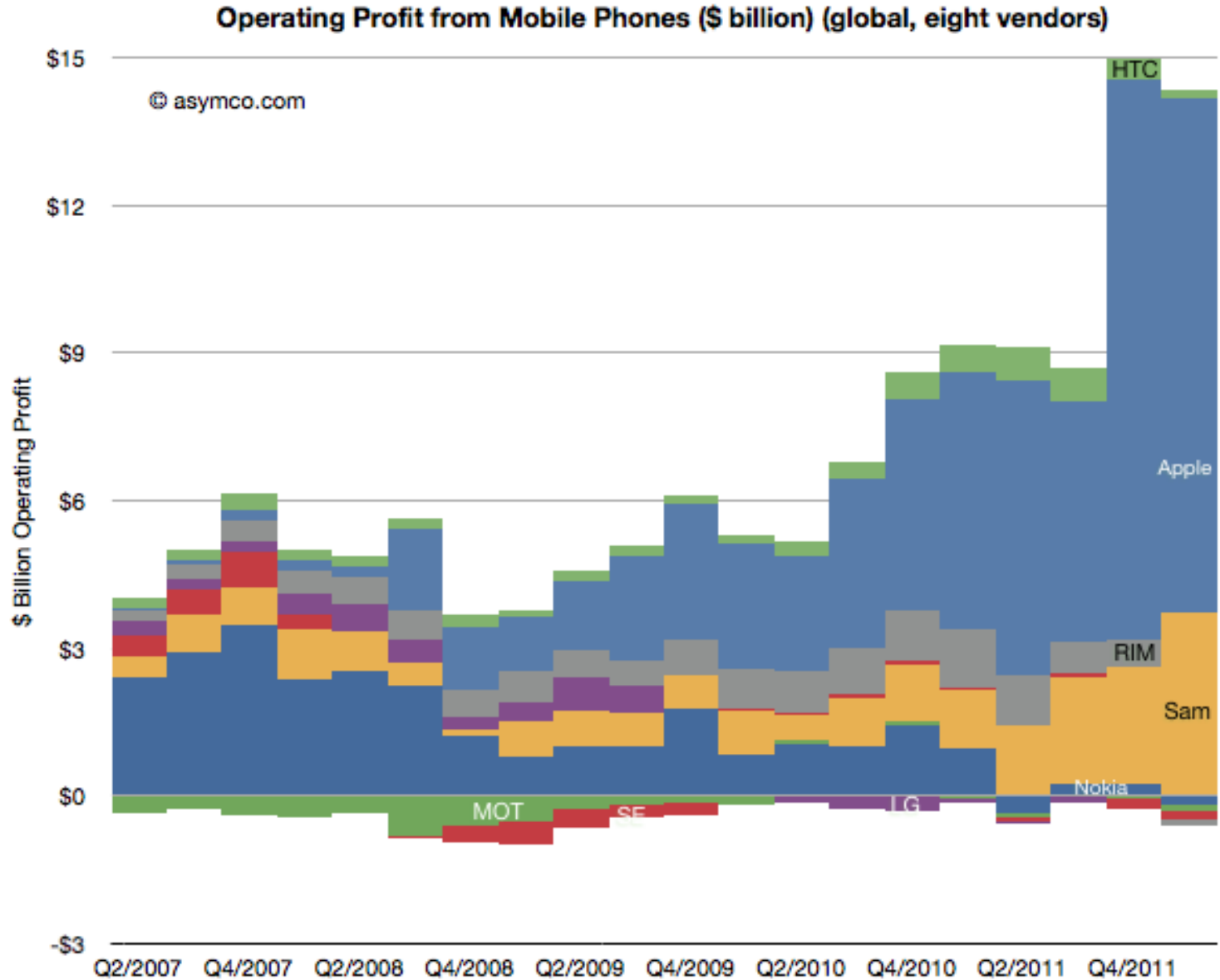


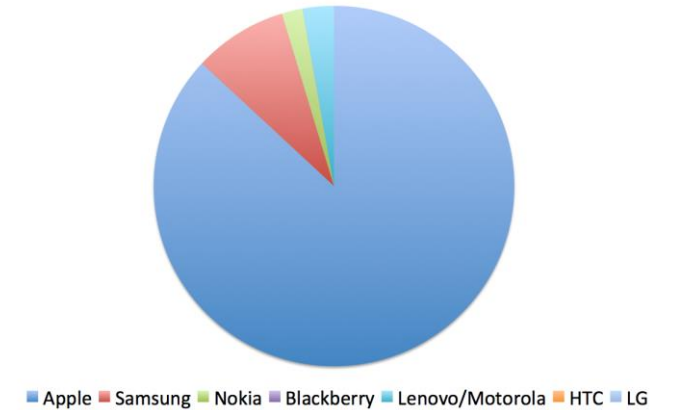
Pipelines, Platforms, and the New Rules of Strategy

Presented By Xiaotao Pu

What had happened in the Smartphone Market in past decade?

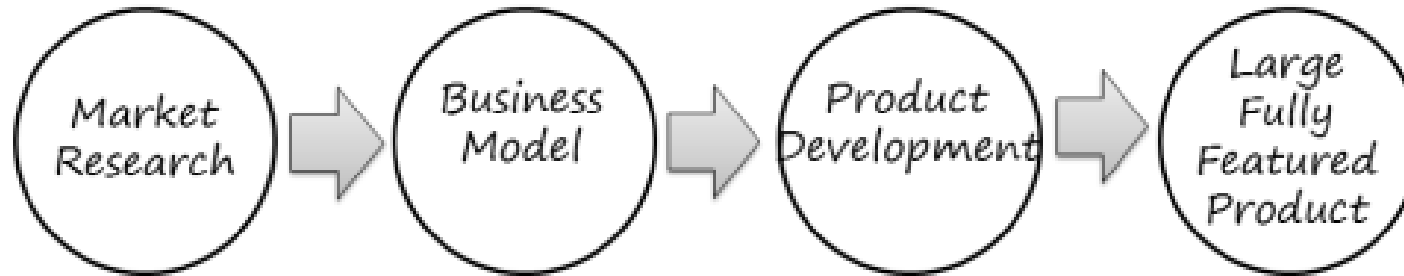


Operating Profit Value Share For Q4 2014



(source: Asymco)

The Pipeline Business Model

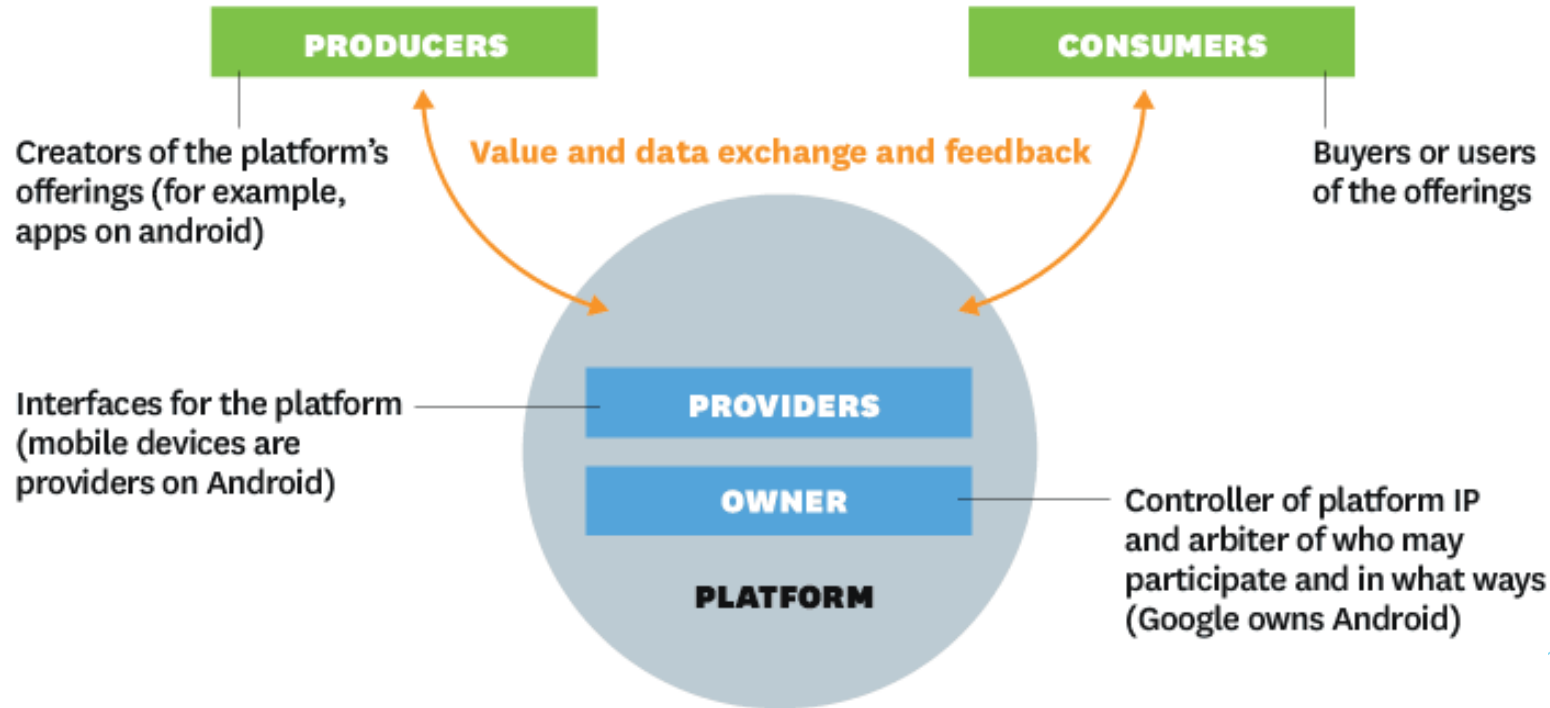


- ▶ Value is created upstream.
- ▶ Customer are acquired
- ▶ Products are designed to meet specifications
- ▶ Value is given by consumption

The Platform Strategy

The Players in a Platform Ecosystem

A platform provides the infrastructure and rules for a marketplace that brings together producers and consumers. The players in the ecosystem fill four main roles but may shift rapidly from one role to another. Understanding the relationships both within and outside the ecosystem is central to platform strategy.



SOURCE MARSHALL W. VAN ALSTYNE, GEOFFREY G. PARKER, AND SANGEET PAUL CHOUDARY FROM "PIPELINES, PLATFORMS, AND THE NEW RULES OF STRATEGY," APRIL 2016

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Key Shifts from Pipeline to Platform

- ▶ From resource control to resource orchestration.
- ▶ From internal optimization to external interaction.
- ▶ From a focus on customer value to a focus on ecosystem value.

The driving force behind platform strategy_ demand-side economies of scale

- ▶ High efficiencies in demand aggregation to help achieve higher volume.
- ▶ Greater scale generates more value, which attracts more participants to bring in more value.
- ▶ The power of suppliers and customers could be viewed as an asset.
- ▶ Products emerge through interaction.