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# 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 design

1. Re-imagine your business for platform scale  
The 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 design  
How 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 failure  
Know 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 problems  
Platform 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 engines  
Understand 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 effects  
Consider 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.

## **Book Information**

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## **Customer Reviews**

I am an advocate for the Business Model Generation book by Osterwalder and Pigneur. Platform Scale takes the platform business model to the next level in terms of detail, strategy and practicalities. The challenge now is to put it into practice. In doing so, Platform Scale provides some excellent frameworks to work from for designing platforms, ie. the Platform Canvas and Platform Stack. In section 5, the Viral Canvas is also a very good tool for planning viral growth. There is a lot of detail to take in with this book and I just find frameworks (with additional notes) easier to recall information rather than having to refer to the book all the time. Therefore I would have given Platform Scale five stars if frameworks were provided for Section 3 Building Interaction-First Platforms and Section 4 Solving Chicken-and-Egg Problems (instead I will have to summarise

myself). I very much look forward to reading Platform Revolution. As Choudary says, "the platformed world is here to stay".

Excellent book on the shift from the pipe business model to the platform model that we see used by companies like Airbnb, Uber, UpWork, and several other thriving businesses. Sangeet does an excellent job of dividing each section into easy to understand chunks of information that allow you to quickly work through the book, but comprehend the information at the same time. I highly recommend this book to any platform based startup business or if you are just curious how many of the new tech giants, that are quickly becoming household names, came to be.

This book has been hands-down the best resource for our platform to date. Not only does the author clearly articulate his thoughts about the disruptive platform business model but he goes places with his theories and methodologies where all other technology pundits fall short. Platform design, as Sangeet points out, has allowed services like Uber, Facebook, and Twitter to get to the burgeoning user base and the multi-billion dollar valuations they have achieved to date. Sangeet pierces the veil of traditional analyses that chalk up theories of tremendous growth due to "technology," "technology making it more efficient," "software eating the world," or "growthhacking." He takes it one step further in saying that a platform must first and foremost tackle an already existing interaction in the world, isolating it, and handling that core interaction for users. It must first be able to operate without a technological foundation but it is the open and voluntary access for producers and consumers, specific rules of access (like 140 character messages), filters, tools and services to handle quality, and the ability to continuously match the market as it scales that leads to success. Platform Scale has become our Bible we appeal to everyday when making platform design decisions.

The other book on Platforms by this author along with several other authors "Platform Revolution" was quite good. I found this current book to be repetitive, very poorly written and edited and as a result quite tedious. There is obviously some useful information to be conveyed. The process by which this author conveyed it is problematic. The book does not easily answer the question of what value this book provides beyond that provided in "Platform Revolution." I would recommend reading "Platform Revolution" and forgetting about "Platform Scale."

If you are starting your startup today, i.e., on the verge of the Fourth Industrial Revolution think

again, you are going to have a tough time. The tried and tested approach has already filled the space, and you need to understand the value of a platform regarding a real PLATFORM (it is different from what you have learned in the past). The book gives a remarkable insight on how to build the future companies as a platform where data is the new dollar & the network effect is the new driver for scale. Sangeet is an exceptional Thinker & the entire book involves you in the cognitive processes while reading by giving new ideas to do things differently. Learn to build the companies that matter.

I bought this book wanting to understand how exactly (the mechanisms) do businesses like Uber work. This wave of innovations using platforms as a way to digitize the real world is unreal. Platform Scale gives you more than just platforms. It gives you a lean model to apply to platforms. It connects the various other startup concepts with platforms. Anyone who has the time and interests, this is a must read to for this century and generation. Best written for the technical geniuses in all of us!

Platform Scale provides entrepreneurs a winning foundation business strategy for building and scaling their business in today's digital society. Sangeet Choudary is strategic business innovation thought leader in the platform space. I highly recommend this and other titles from this author. A must read for C-Suite and Executives, Business Consultants ... Entrepreneurs - Marty Terbrack, CEO, Digital Marketing, Inc.

Useful handbook to understand platform businesses that are overtaking traditional players industry by industry. Somewhat repetitive which is typical for business books from the US. However, the book builds a good understanding of what's common across platforms, their structure, mechanics, success factors etc

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