

# PLATFORM-DEPENDENCE

**Understanding Power Asymmetries,  
Risks, and Business Strategies in the  
Platform Economy**

**Donato Cutolo**

University of Bologna

*Work in the Digital Age: The challenges of platform firms*  
March 17, 2020

**Martin Kenney**

UC Davis

# TALK PLAN

## ❑ *DIGITAL PLATFORMS: FROM RESEARCH OBJECT TO BUSINESS CONTEXT*

## ❑ *PLATFORM-DEPENDENCE*

- *Sources of platforms' power*
- *Risks of platform dependence*

## ❑ *IMPLICATIONS OF PLATFORM-DEPENDENCE*

- *Rethinking Strategic Action*
- *New strategies for platforms dependent firms*
- *New policy framework*

## WHAT IS A DIGITAL PLATFORM?

A **digital** structure that organizes a market with **multiple sides**, providing the **technologic infrastructure** upon which external actors can develop their own **complementary products, technologies, or services**

(Gawer, 2009; Gawer & Cusumano, 2002)

DIGITAL PLATFORMS  
ECONOMIC CENTRALITY

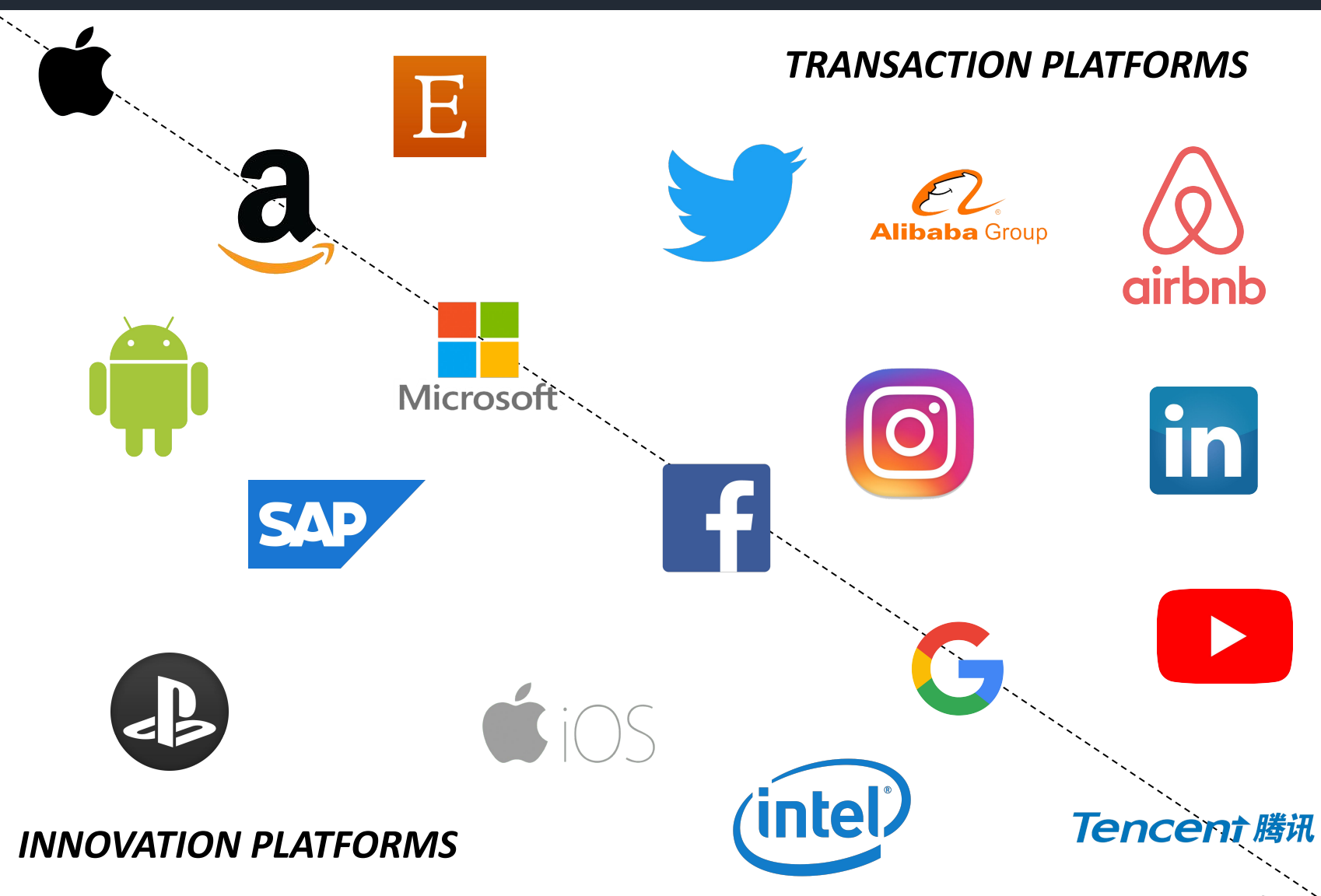
STOCK MARKET VALUATION –  
TOP 10

- MICROSOFT
- GENERAL ELECTRIC
- EXXONMOBIL
- WAL-MART
- PFIZER
- CITIGROUP
- J&J
- SHELL
- BP
- IBM
- APPLE
- MICROSOFT
- AMAZON
- ALPHABET
- FACEBOOK
- TENCENT
- TESLA
- ALIBABA
- TSMC
- BERK. HATHAWAY

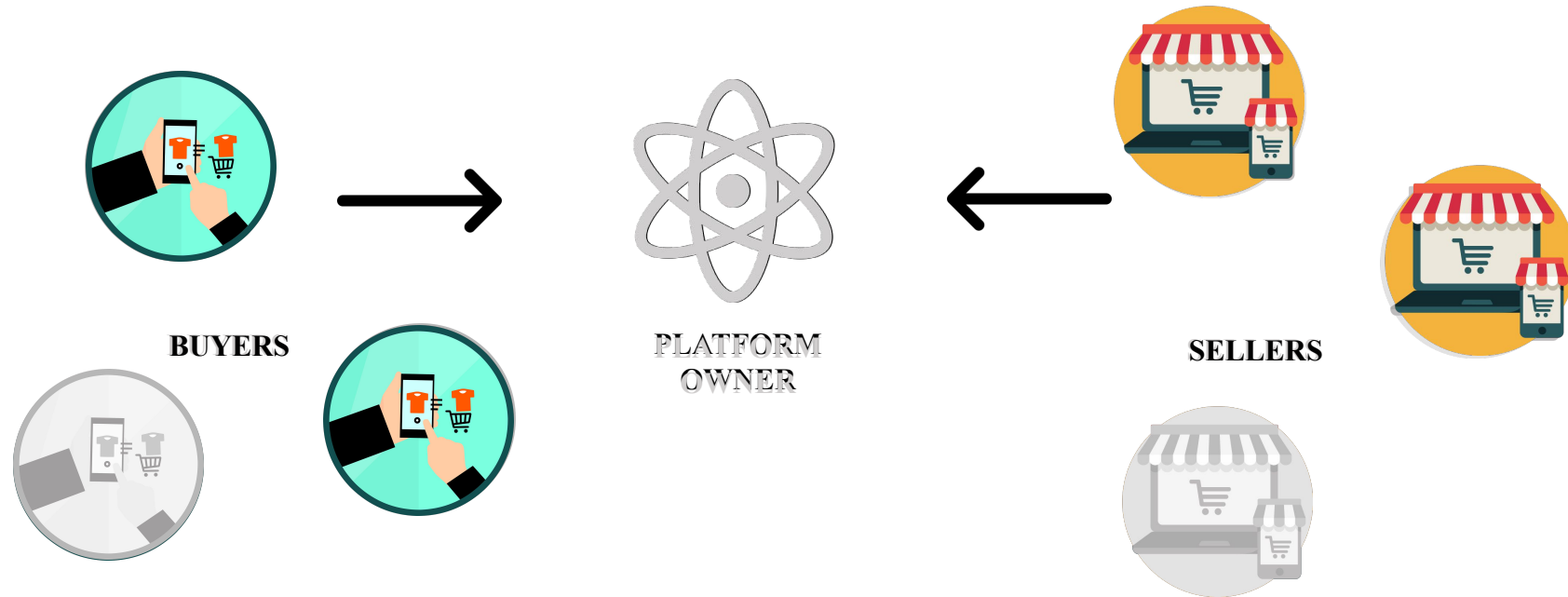
2002

2020 (DECEMBER)

# WHAT IS A DIGITAL PLATFORM?



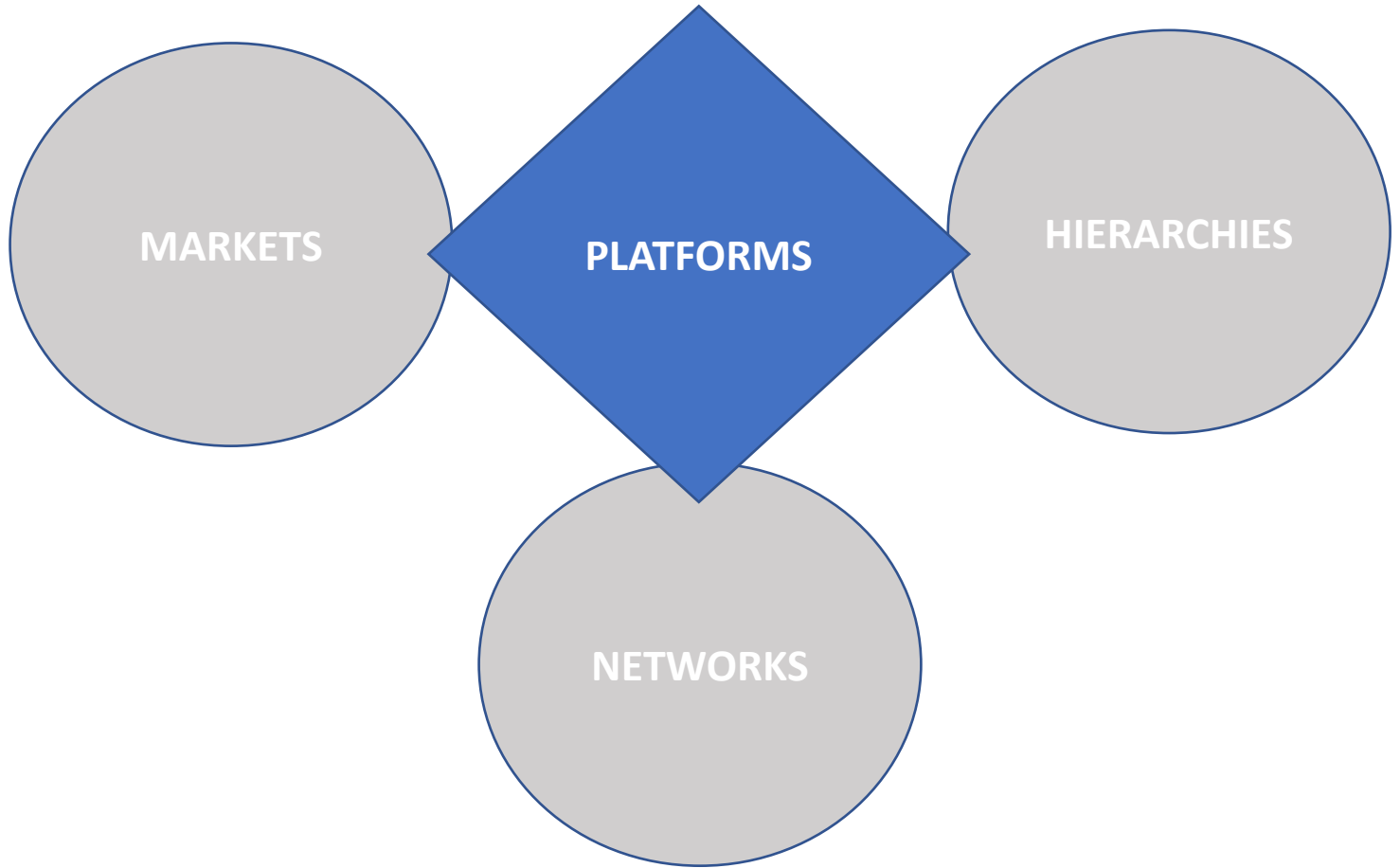
## PLATFORMS AS NEW BUSINESS CONTEXT



The vast majority of companies will not own platforms but, rather, will increasingly **depend** and compete on them

(Cutolo, Hargadon, & Kenney, 2021)

## **PLATFORMS AS NEW BUSINESS CONTEXT**



Platform model is a new form of social organization  
(Kretzschmar et al., 2020; Stark & Pais, 2021)

## PLATFORMS AS NEW BUSINESS CONTEXT



**Connectivity**  
(Van Dijck, 2013)



**Boundary resources**  
(Ghazawneh &  
Henfridsson, 2013;  
Nambisan, 2017)



**Generativity**  
(Zittrain 2006;  
Yoo et al. 2012)



**Ecosystems**  
(Jacobides, Cennamo,  
& Gawer, 2018)



**Network effects**  
(Katz & Shapiro, 1994;  
Parker & Van Alstyne,  
2005)



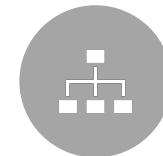
**Winner-take-all**  
(Arthur, 1996)



**Governance**  
(Tiwana, 2010,  
Boudreau, 2017)



**Long-tail markets**  
(Anderson, 2004)



**POWER**  
(Eisenmann, et al,  
2011; Khan, 2016)

## PLATFORMS AS NEW BUSINESS CONTEXT



***2.5 M MERCHANTS (2019)***



***10 M MERCHANTS (TAOBAB, 2019)***



***2.5 M SELLERS (2020)***

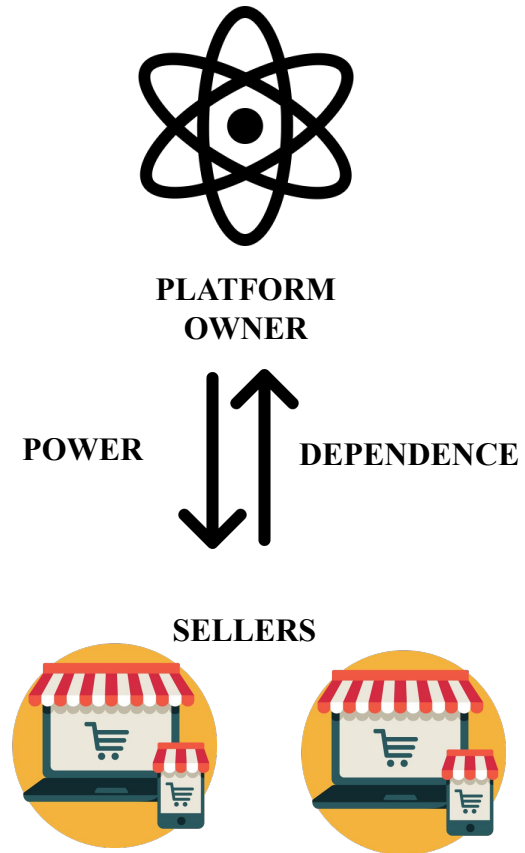


***25 M BUSINESS ACCOUNTS (2019)***



***20 M DEVELOPERS (2018)***

## SOURCES OF PLATFORM POWER



***CUSTOMERS CONTROL***



***TECHNOLOGICAL INFRASTRUCTURE***



***GOVERNANCE:  
TERMS & CONDITION***

## RISKS OF PLATFORM DEPENDENCE

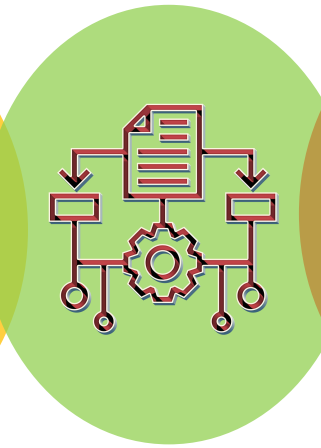
*CUSTOMERS  
SEPARATION*



*ALGORITHMIC  
MANAGEMENT*



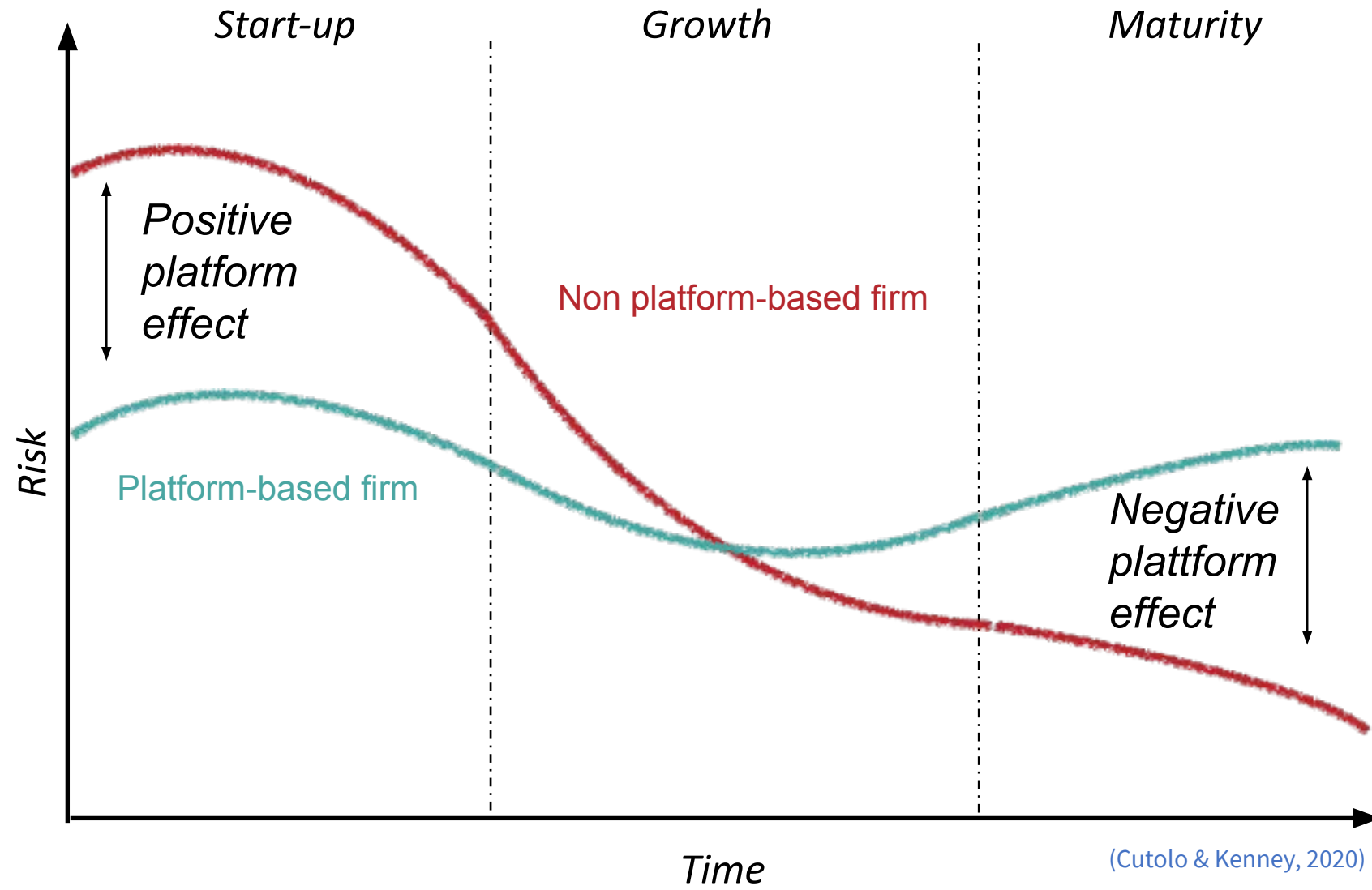
*PLATFORM  
ACCESS &  
DELISTING*



*DATA-DRIVEN  
COMPETITION*

*ONE-SIDED  
CHANGES IN TERMS  
& CONDITIONS*

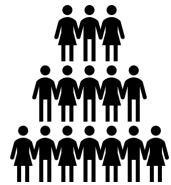
## RETHINKING STRATEGIC ACTION



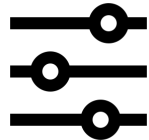
**COMPETING ON  
PLATFORMS:  
SOURCES OF COMPETITIVE  
ADVANTAGE**



***DISTINCTIVE VALUE PROPOSITION***



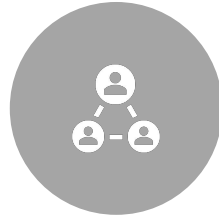
***PARTICULAR SET OF CUSTOMERS***



***PARTICULAR CONFIGURATION OF  
ACTIVITIES***

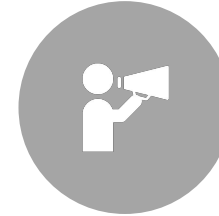


**NEW STRATEGIES FOR  
PLATFORM DEPENDENT  
FIRMS**

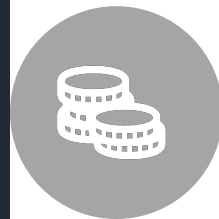


**MULTIHOMING**

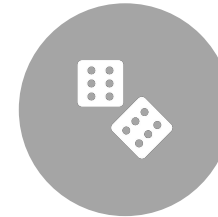
- PLATFORM MULTIHOMING
- CHANNEL MULTIHOMING
- PLATFORM MULTIPLEXING



**PARTICIPATION AS A FORM  
OF MARKETING**



**INCOME DIVERSIFICATION**



**PLAY THE ALGORITHM  
GAME**



**COLLECTIVE ACTIONS**



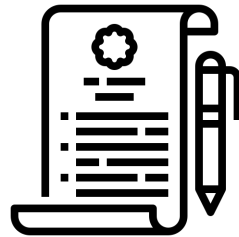
**LEGAL ACTIONS**

(Cutolo, Hargadon, & Kenney, 2021)

NEW POLICY FRAMEWORK



***BREAKING UP PLATFORM  
FIRMS***



***REGULATING TERMS AND  
CONDITIONS***



***COLLECTIVE AGREEMENTS***

**QUESTIONS  
&  
ANSWERS**

**DONATO CUTOLO**  
**University of Bologna**

**[donato.cutolo@unibo.it](mailto:donato.cutolo@unibo.it)**