Platform Strategy: Building and Thriving in a Vibrant Ecosystem

Program Details
In 2013, fourteen of the top 30 global brands by market capitalization were platform-oriented companies—companies that created and now dominate arenas in which buyers, sellers, and a variety of third parties are connected in real time. In today’s networked age, the cloud, social media, and mobile devices are fueling this platform competition, and more and more companies want in. However, many companies do not succeed in becoming platform leaders because their technology and/or business strategies fall short.

While many platform strategies are well-known (e.g. Apple’s iTunes), there are other less-heralded platforms that are exploring new ways to create and capture value. These include: dynamic pricing, usage fees, highly targeted product and service offerings, inbound marketing, and network effects.

Key questions the faculty explores include:
• Is a customer segment with the highest “willingness to pay” the most valuable segment?
• When is tying a customer to a platform (sometimes called “lock in”) counter-productive?
• Which pricing formats seem to boost revenues but actually slow platform adoption?
• How can companies get in front of the common evolution patterns of platforms?
• When should leaders be wary of “platform envy?”

Through case studies and Q&A, experienced managers will emerge with insights for refreshing their company’s strategic approach and participating profitably in the multi-sided marketplaces of the future.

Takeaways
By the end of this two-day course, participants should be able to:
• Identify examples of traditional and non-traditional forms of platforms
• Describe the common evolution patterns of multi-sided platforms, including same-side vs. cross-side network effects
• Identify customer and user groups whose affiliation with the platform is most valuable
• Decide whether to try to “tie” customers to a platform or not—the value of open vs. proprietary networks
• Design strategies to undermine an established platform or to defend against such attacks
• Describe the principles of platform pricing and how to inform the design of an effective pricing format
• Recognize the concrete implications of trade-offs in platform design, governance, and staging
• Decide whether a given value proposition is best developed as a stand-alone platform, or as a complement embedded into another platform’s ecosystem…or whether to pivot away from platform strategies all together.

Participants
This course is intended for leaders of:
• Corporate strategy and business development
• Marketing
• Product & service development
• R&D and innovation
• Application development and content management

http://executive.mit.edu/ps
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Sample Program Schedule
(subject to change)

Day 1
- 8:00 AM–10:00 AM: What is a “platform”?
- 10:00 AM–12:00 PM: Platform Customer Behavior
- 12:00 PM–1:00 PM: Lunch
- 1:00 PM–3:00 PM: Economics of Platform Competition: Frameworks
- 3:00 PM–5:00 PM: Economics of Platform Competition: Application

Day 2
- 8:00 AM–10:00 AM: Platform Pricing: Frameworks
- 10:00 AM–12:00 PM: Platform Pricing: Application
- 12:00 PM–1:00 PM: Lunch
- 1:00 PM–3:00 PM: Building and Staging the Platform Ecosystem
- 3:00 PM–5:00 PM: Platform Thinking for the Non-Platform Business

The program will cover these cases and important examples of platform strategy:
- Skylanders
- Keurig
- Akamai
- Ebooks
- Dropbox v. Google Drive
- E-Harmony
- BluRay v. HD DVD
- Netflix v. HBO v. Hulu v. Amazon Prime

Program Faculty
Please note that faculty are subject to change and not all faculty teach in each session of the program.

Catherine Tucker is the Mark Hyman Jr. Career Development Professor and Associate Professor of Marketing at MIT Sloan. Her research interests lie in how technology allows firms to use digital data to improve their operations and marketing and in the challenges this poses for regulations designed to promote innovation. She has particular expertise in online advertising, digital health, social media and electronic privacy. Generally, most of her research lies in the interface between Marketing, Economics and Law. She has received an NSF CAREER award for her work on digital privacy and a Garfield Award for her work on electronic medical records.

Pierre Azoulay is the Sloan Distinguished Associate Professor of Technological Innovation, Entrepreneurship, and Strategic Management. He joined the MIT Sloan School faculty in July 2006. In his research, he investigates how organizational design and social networks influence the productivity of R&D in the health care sector. Currently, he is studying the impact of superstar researchers on the research productivity of their colleagues in the academic life sciences. He is also interested in the topic of academic entrepreneurship, having recently concluded a major study of the antecedents and consequences of academic patenting. In the past, he has researched the outsourcing strategies of pharmaceutical firms, in particular the role played by contract research organizations in the clinical trials process. He teaches courses on strategy and technology strategy.

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