



Platform Revolution: How Networked Markets Are Transforming the Economy--and How to Make Them Work for You

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An inside look at the revolutionary business power of the platform—from the experts who helped discover how it works.

Facebook, PayPal, Alibaba, Uber—these seemingly disparate companies have upended entire industries by harnessing a single phenomenon: the platform business model. *Platform Revolution* delivers the first comprehensive analysis of how platforms use technology to match producers and consumers in a multisided marketplace, unlocking hidden resources and creating new forms of value. When a company like Uber connects drivers with passengers, everybody wins—except traditional cab companies, which are scrambling to survive. Assumptions about operations, finance, strategy, and innovation all change. *Platform Revolution* explores the *what*, *how*, and *why* of this revolution and provides the first “owner’s manual” for creating a platform marketplace. Revealing the strategies behind some of today’s rising platforms, the authors explain how entrepreneurs—and traditional companies—can thrive in this new world. In cases as diverse as shoes, spices, dating, energy, home appliances, and education, *Platform Revolution* provides the essential guide to unlocking the potential of an economic landscape transformed.

Platform Revolution: How Networked Markets Are Transforming the Economy--and How to Make Them Work for You Details

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From Reader Review Platform Revolution: How Networked Markets Are Transforming the Economy--and How to Make Them Work for You for online ebook

Jason Cox says

Rating: 3.7

Fairly interesting read focused on the idea of the "platform" in the commercial space. Not to be confused with the Michael Hyatt style individual platform (which is basically your professional/personal/social presence on the internet which you use to forward your ideas and showcase your talents). This book is more focused on what I would describe as "integrated commercial platforms."

For example, the Android ecosystem is a platform. It includes a standard set of apps and APIs which are commonly used in phones and tablets. Google also has their larger web based platform that includes Chrome, Google docs, their cloud services, Maps/Earth, Youtube, G+, etc. Apple has it's platform with iOS/MacOS (you can include those together or keep them separate) which includes the OS, mail app, safari, iTunes, iMovie, Quicktime, and all the rest.

Basically these are tightly integrated applications (+/- hardware) that work together to make certain things easier for the end user and at the same time serve to keep that user tied to the platform. A long-term Mac user isn't very likely to switch to Windows (or Linux) because they likely have a large investment in software, hardware and peripherals that work a certain way together. Not to mention the years of experience using the interface that helps in productivity.

Those are commonly understood platforms. But there are others. Amazon has it's platform. Facebook is a platform (so was MySpace). Uber is a platform. AirBnB and more.

All of this movement to socially-integrated platform businesses is producing a 4th wave of change. This book talks about that change and the effects it has on legacy industries and governmental regulation. There is a fair amount of discussion regarding governmental involvement, but I found it to be either balanced or directionless (maybe the author hasn't made up his mind on the issues - at times he seems liberal and at other times libertarian). Overall, the political discussion isn't preachy or burdensome.

If you're looking for a roadmap on how to best direct your efforts to ride the wave of the Platform Revolution, I don't know that this book delivers on that promise. But if you're firmly rooted in a legacy industry and want to better understand these changes and therefore get some insights that you might use to get your company out of the muck of the past, this is a good overview that should give you an idea of what is going on and why.

Wendy Liu says

I almost feel guilty giving this a review since I'm deliberately reading it critically (for my dissertation), as I'm definitely not the intended audience. It's very much a business how-to catering to managers & would-be entrepreneurs/investors. There are some decent case studies and there's even a bit of criticism of the business models of some of the new tech platforms, but it's almost wholly devoid of any actual analysis beyond a superficial level. No critical engagement with the political assumptions underpinning the environment on

Platforms are eating the world. That phrase would be a timely update to Marc Andreessen's famous article on Why Software is Eating the World. From Airbnb, to Facebook, to Uber, to Amazon the list of platform companies dominating their market niches in an accounting of an unparalleled rise.

Geoffrey Parker's book is an insightful look at the mechanics of one-sided and two-sided networks, and the strategies they employ for virality and dominance. For those in markets with dominant players, Parker spends time detailing how Vimeo can thrive despite Youtube, or how 500px, and Lift co-exist in the shadow of much larger market leaders. He rightly notes that Facebook itself was cast in the shadows of Myspace. Reversals of platform leadership as this case of Facebook and Myspace can be swift and sweeping in their networked effects.

Sun famously noted that "the network is the computer". Increasingly the platform is the network.

Homam says

Just a great book explains almost everything you need to know about platform business and it inspires you with many great platform companies and startups.

Pouting Always says

Apparently people earn money by providing a platform for people to share their own content and material, that it that is the whole book. How is that enough material to write a whole book? Like even the concept itself isn't that interesting. Department stores and supermarkets sell things other companies produce as well does that make them platforms or unique and innovative?

Atila Iamarino says

Um daqueles livros que ouvi e em seguida incorporei no que falo ou discuto. Uma revisão excelente do que são plataformas e porque elas tomaram conta de várias indústrias (Amazon, Apple, Google, etc.). Um pouco mais técnico do que biográfico, é um livro de princípios por trás do que torna algumas áreas mais suscetíveis a plataformas, o que elas exploram e porque crescem tão mais rapidamente do que indústrias tradicionais. Excelente para quem curte internet e tecnologia.

Karen Chung says

It's a bit long, but it's full of useful information and food for thought, especially if you're working on a startup.

Sten Tamkivi says

Good intro to someone trying to understand how software powered network effects create different business dynamics from old school service business with controlled supply chains. Or a structured, well researched reference for those who have not known business any other way.

Sampada Nayak says

This one is a really good read !

For those who are curious and intrigued by how , when , where and how the platforms like Amazon , Uber , Apple etc have taken over our world this book is a delight .. The authors start right from basic principles governing design of platforms , get you educated on "platform thinking " and "platform lingo " eventually moving on to launch , monetization and a detailed discussion on governance of platforms.. The narration does get a little textbooky and this not a book that can be read in one sitting ..Take your time to go through the chapters... The best part is explaining of concepts /principles with real life examples from platforms that we use everyday ..It even highlights "things that went wrong " with platforms in quite a few cases .. If you are anyway connected to designing , selling or improving platforms this book will have some good take-aways for you ..The last chapter on future of platforms gives great food for thought for platform designers and users both alike..

Dominic Wörner says

Timely book that discusses various aspects of platform businesses drawing from academic research (mostly performed by the authors themselves) and anecdotal case studies.

There is an extensive discussion about various aspects a successful platform business has to consider. From network effects (demand economics of scale) over Monetization strategies to Governance and Policy.

I really enjoyed this book and have only two minor negative points.

- 1) Most research that is cited is located in the Boston Area (Harvard/MIT/BU/Darthmouth). I'm wondering if the rest of the world hasn't really contributed anything.
 - 2) The last chapter discussing the future areas of platform disruption is not of the same quality as the rest of the book.
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Joel Gray says

PLATFORMS ARE ONLINE MARKETPLACES FOR INFORMATION TRANSFER OR TRANSACTION ORIGINATION.

Platforms grow fast because they create value using resources they dont own or control.

Network effects refers to the impact that the number of users on the platform has on the value created for

each other.

Frictionless entry is a key factor in enabling a platform to grow rapidly.

The key to minimising most negative network effects is quality curation, which increases the chances of a happy match between producer and consumer.

Practically any industry in which information is an important ingredient is a candidate for the platform revolution.

A platform is a business based on enabling value-creating interactions between external producers and consumers.

Platforms power via annihilating barriers of time and space.

Platforms beat pipelines because platforms scale more efficiently by eliminating gatekeepers.

Platforms unlock new forms of supply by making fragmentation economic and break down the issue of trust by being the guarantor.

Charging either side of the network provides terrible friction on entry into the ecosystem and should be avoided. Monetisation needs to relate to the value created - at the end of the deal.

A monetisation strategy is sustainable only when it strengthens network effects, rather than weakening them.

Alibaba charges no transaction fees, having managed to monetise the platform via advertising.

The more crucial information is a s a value source, the closer the industry is to being transformed by platforms.

Marks54 says

Parker and two colleagues have produced a readable trade book on the "platform revolution" focusing on how a set of Internet firms that digitally match buyers and sellers in a variety of information intensive industries. What industries do I mean? Think of Uber, Air BnB, Alibaba, Amazon, Facebook, and a bunch of others seeking to emulate these sites ("become the Uber of industry X" - the most recent I heard of was a service linking dog walkers with dog owners in need of care). All of the authors have academic/consultant backgrounds and their book is intended for those seeking to start, invest in, work for, or others interact with these new businesses.

The basic story is clear enough and covered in the various chapters. Platforms are complex sets of programs that provide new solutions of traditional market inefficiencies or regulatory problems. What makes them especially noteworthy is their reliance of "network externalities" -- meaning that platforms become disproportionately valuable to everyone involved as large number of users (both buyers, sellers, and related parties) are attracted to the site. Basic principles of designing networks are covered as are their disruptive effects. A variety of issues related to the growing of platforms are covered in subsequent chapters and

approaches are discussed for building platforms to reach critical mass. There are interesting chapters on monetizing platform activities, achieving the right amount of openness in the growth of the platform, and governing the activities of the platform as it relates to its varied stakeholders. Chapters on metrics, strategy, and regulatory policy finish up the book.

Overall, it was good, but not great. I think the authors end up taking a defensible position and backing it up with some arguments and a number of interesting cases. The Evans/Schmalensee book "The Matchmakers" was in my opinion a superior book that overlapped this book on a number of topics. This was a worthwhile read, however, and makes some good points.

What didn't I like about this book? Why give it only a 3?

I found the style and tone of the book irritating and even annoying in spots. It is clearly written in the style of a high tech business trade book where you sense that the authors are pushing their consulting credentials as much as informing you about the subject matter. In writing style, there are short punchy sentences that include lots of long multi-syllable noun-like words ending in "tion". This consultant bureaucratese just comes across as lazy writing or incomplete editing. The prevalence of battle terminology ("dominating", "crushing") is a bit over the top and seems like script discards from the current season of "Silicon Valley".

Some of the chapters were more interesting than others. For example, the design chapter used a lot of material from Baldwin and Clark's work on "Design Rules". This is a very good book for understanding modularity - which is relevant here - but it is hardly new or specific to platforms.

The chapter on monetization was also frustrating. Much was made about all of the value created by various platform sites, but little was said about charging for it. I get this - up to a point - but the question quickly arises about how valuable something really is if your customers are not willing to pay you anything for it. After all, if it does not make money it becomes a hobby right? I understand Tirole's work but in a trade book, the audience would seem to be less interested in the dropping of Nobel winning names and more interested in running a successful business.

This brings up governance and ethical issues, which are also covered. A nagging fear about these businesses is that the "business model" does not really hold up and that the key move is tied to the successful IPO, when the developers and key investors can cash out and leave the employees, smaller investors, and various stakeholders holding the bag. While it is clear that the authors really like platform firms, their discussion of ethical and regulatory issues is OK, all things considered. I was turned off, however, by the last chapter which seemed to go right back into internet boosterism with suggestions that the next industries for new dominant platforms are health care and education. Perhaps, but arguing this effectively will require much more than a summary look to tomorrow.

If one is into these businesses, then this is not a bad read. It is OK.
