

# DESIGNING PLATFORM BUSINESS MODELS

## Module 4

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# CASES WE HAVE BEEN LOOKING INTO



# SOME RELATED PUBLICATIONS

- Eloranta, V., Ardolino, M., and Saccani, N. (2021). **A Complexity Management Approach to Servitization: The Role of Digital Platforms**, International Journal of Operations and Production Management.
- Könnölä, T., Eloranta, V., Turunen, T., and Salo, A. (2021). **Transformative Governance of Innovation Ecosystems, Technological Forecasting and Social Change**.
- Eloranta, V., Hakanen, E., Töytäri, P., and Turunen, T. (2019). **Aligning Multilateral Value Creation and Value Capture in Ecosystem-level Business Models**, Academy of Management Proceedings. Boston, US. August, 2019.
- Töytäri, P., Turunen, T., Klein, M., Eloranta, V., Biehl, S., and Rajala, R. (2018). **Aligning the Mindset and Capabilities within a Business Network for Successful Adoption of Smart Services**. Journal of Product Innovation Management, 35(5), 763-779.
- Turunen, T., Eloranta, V., and Hakanen, E. (2018). **Contemporary Perspectives on the Strategic Role of Information in Internet of Things -Driven Industrial Services**. Journal of Business and Industrial Marketing.
- Eloranta, V., Hakanen, E., Töytäri, P., and Turunen, T. (2018). **Business Models in Decentralized Ecosystems: Conceptual Analysis of Blockchain-based Data Markets**, Academy of Management Specialized Conference: From startup to scaleup. Tel Aviv, Israel. December, 2018.
- Hakanen, E., Eloranta, V., Töytäri, P., Rajala, R., and Turunen, T. (2017). **Material intelligence: Cross-organizational collaboration driven by detailed material data**. Proceedings of the Hawaii International Conference on System Sciences (HICSS).
- Eloranta, V. and Turunen, T. (2016). **Platforms in service-driven manufacturing: Leveraging complexity by connecting, sharing, and integrating**. Industrial Marketing Management, 55, 178-186.
- Eloranta, V., Orkoneva, L., Hakanen, E., and Turunen, T. (2016). **Using platforms to pursue strategic opportunities in service-driven manufacturing**. Service Science, 8(3), 344-357.
- Eloranta, V. and Turunen, T. (2015). **Seeking competitive advantage with service infusion: a systematic literature review**. Journal of Service Management, 26(3), 394-425.

# TODAY'S LEARNING OBJECTIVES

- 1. Identifying the core concepts related to platforms as ecosystem-level business models.**
- 2. Identifying and comparing different approaches to platform economy.** Exploring different metaphors of platform business.  
Reflecting these from own perspectives
- 3. Identifying and applying ecosystem business model design tools.** Is there a case for platforms, and what kind of platform? What is our role as platform owner, facilitator, sponsor, or complementor? Identifying other relevant points?

When you are designing platforms, you are not designing business models or firms.

**You are designing institutions.**

**Designing institutions involves a great responsibility.**

Institutions are providing the basis for all business. They set the baseline for accountability, fairness, and – ultimately – sustainability.

# ARTICLE DISCUSSIONS

## **Discuss with your group, in breakout rooms**

1. Comments & remarks related to the article
2. How did the article relate to what you already knew?
3. Did it change some of your thinking?
4. Did you “unlearn” something?
5. Something left unclear?



# **NEXT**

- 1. Platforms as ecosystem-level business models**
2. Using metaphors to understand platforms
3. Designing platforms
4. Summary

# **KEY CONCEPTS**

# ECOSYSTEM?

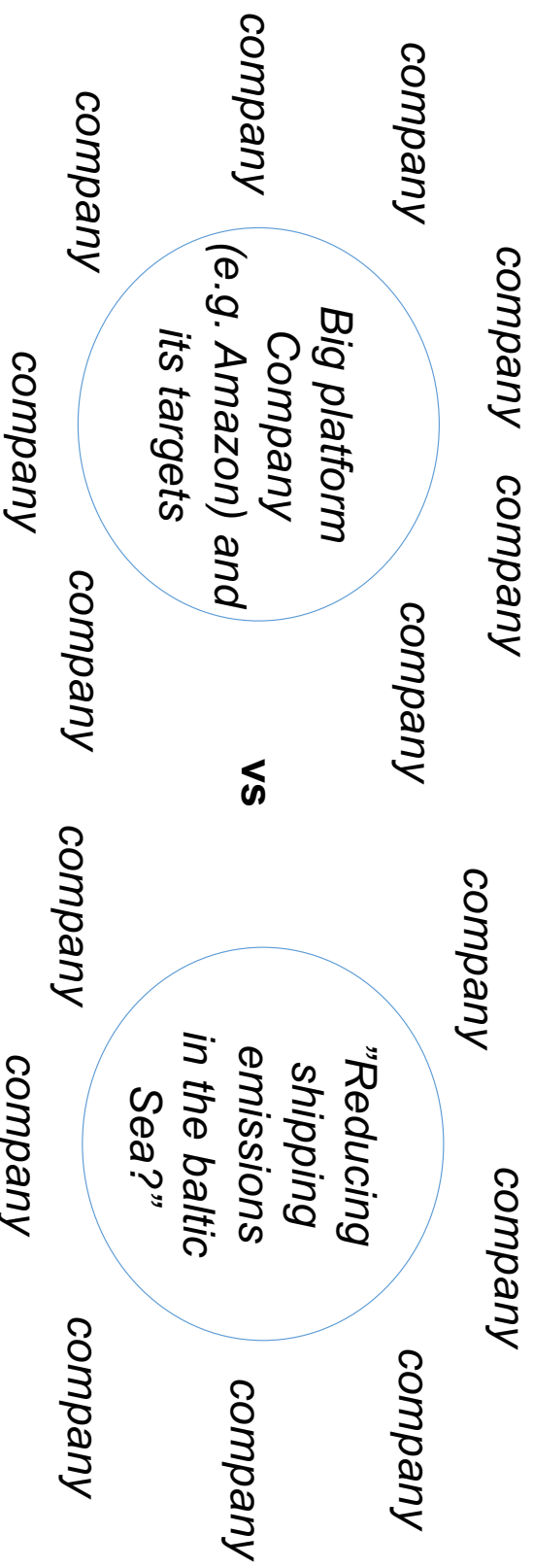
Set of interacting organizations

Connected together with a modular structure

**Not necessarily hierarchic but can be**

Bound together by the nonredeployability of their  
collective investment elsewhere

# ORGANIZATION VS MISSION CENTRIC ECOSYSTEM?



**Organization centric**

**Mission centric**

# **BUSINESS MODEL?**

***Value creation +  
value sharing***

# CONCEPTUAL HIERARCHY

# CONCEPTUAL HIERARCHY

Business  
environment

**Business ecosystem**  
(interdependent people, organizations, autonomous machines, etc.)

# CONCEPTUAL HIERARCHY

Way to organize agents to  
create and share value

**Platform as an ecosystem-level business model**

Business  
environment

**Business ecosystem**  
(interdependent people, organizations, autonomous machines, etc.)



# CONCEPTUAL HIERARCHY

Platform variations



Way to organize agents to create and share value

**Platform as an ecosystem-level business model**

Business environment

**Business ecosystem**  
(interdependent people, organizations, autonomous machines, etc.)

“

A platform is a plug-and-play business model that allows multiple participants (producers and consumers) to connect to it, interact with each other and create and exchange value.

”

Source: PLATFORM THINKING



# **THREE SOURCES OF VALUE IN PLATFORMS**

Across all platforms, we can observe the following three sources of value





## **Community**

Users connect with each other, e.g. to share thoughts and ideas (Facebook), offer services, (Airbnb, Uber, Taskrabit), trade goods (Ebay)



## **Technology infrastructure**

Developer build apps with technology (android), video creators host videos (Youtube), sellers and buyers list product availability (Ebay)



## **Data**

Users and content are matched with data (Facebook, Youtube), users are provided insights with data (Uber, AirBNB)

**DIFFERENT CONFIGURATIONS  
EXPLAIN SUCCESS AND FAILURE!**



Ever heard of  
Hipstamatic?

It was Instagram, before Instagram  
existed

**Why did it fail?**

Source: PLATFORM THINKING

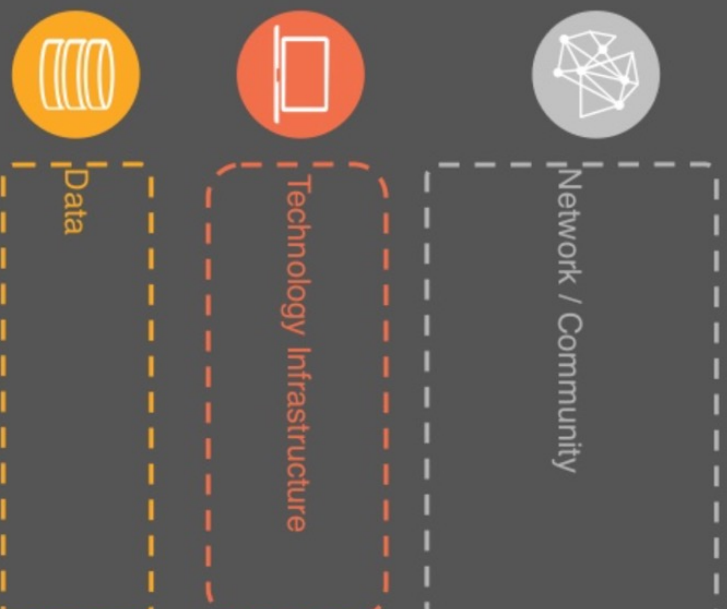


# Hipstamatic



Focus on provision of tools only

# Instagram



Focus on creation of community through provision of tools



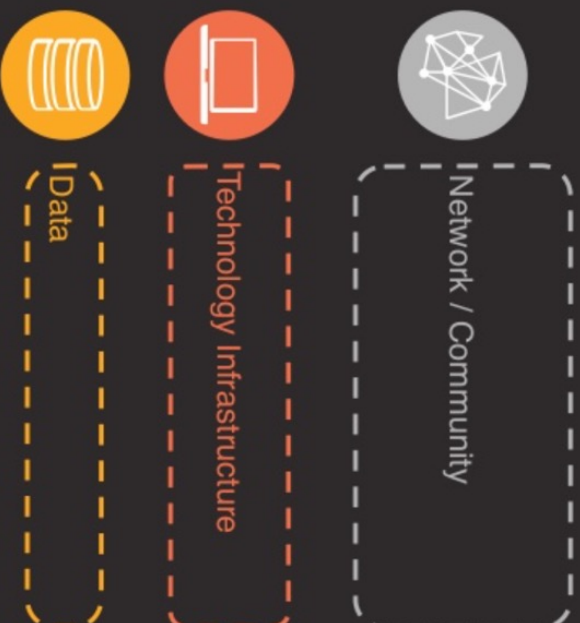


# Why did LinkedIn beat Monster?

Source: PLATFORM THINKING

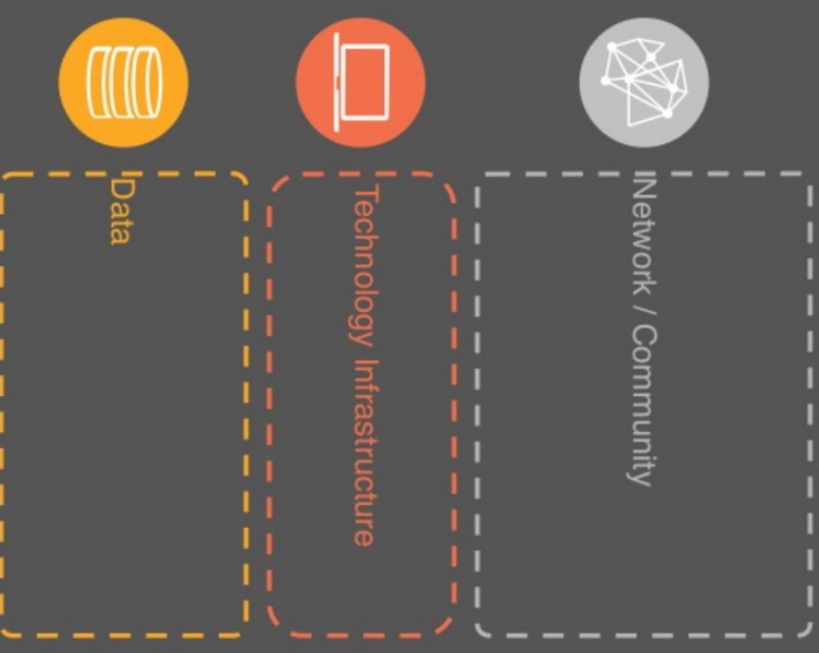


# Monster



Lower network effects, focusing only on active job seekers

# LinkedIn



Much stronger network effects and higher data leverage leading to activation of passive seekers

# The sources of value in platforms



**BREAK 10 MIN**

# **NEXT**

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# HOW TO UNDERSTAND THE FUTURE OF PLATFORM ECONOMY?

- While the platform economy is indisputably progressing, it is unclear what **opportunities and challenges** the platform economy presents in the **longer term**

## IMPLICATION?

*“You have to be careful in what you wish for because you might get it.” –Andy*

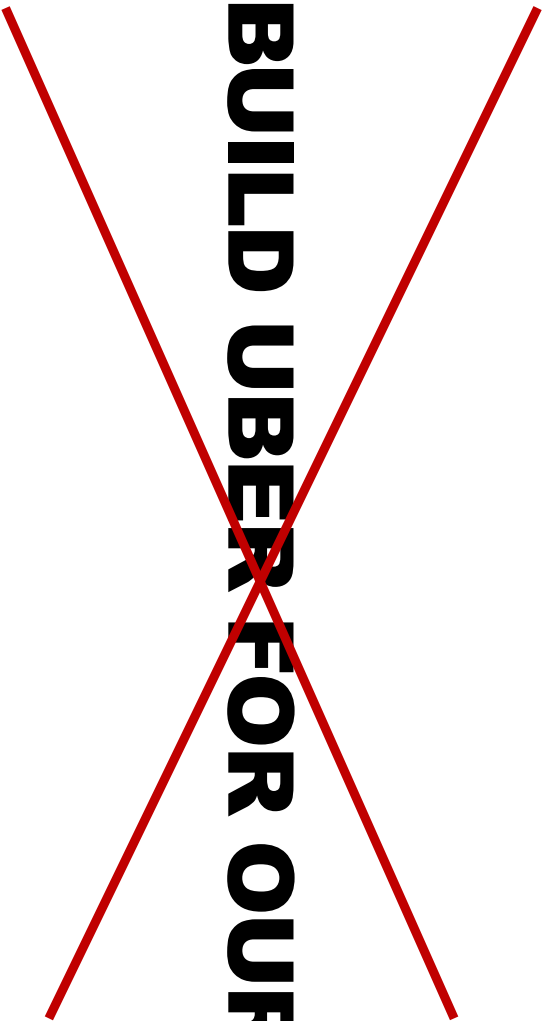
**THE KEY QUESTION:**

**WHAT IS THE PURPOSE/MISSION OF OUR PLATFORM?**

**WHY DOES IT EXIST?**

**WHO DOES IT BENEFIT?**

**LET'S BUILD UBER FOR OUR INDUSTRY**







# **BUILDING BETTER UNDERSTANDING WITH ORGANIZATIONAL METAPHORS**

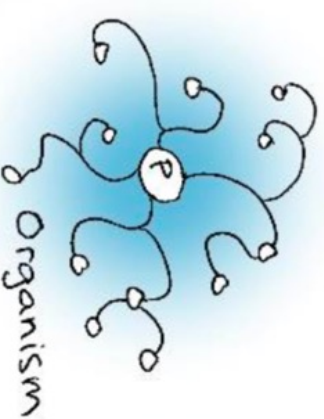
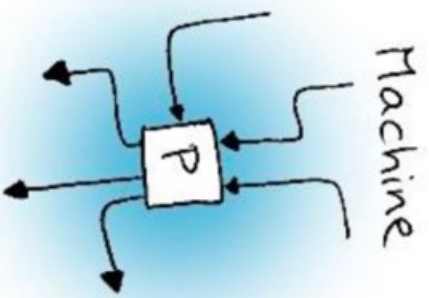
- We need to **widen our perspective** about platforms and their future. One way to do this is to use **metaphors**.
- Metaphors are mappings across conceptual domains, meaning that they describe a concept in terms **borrowed from another context** (Lakoff 2009).
- I will approach the concept of the platform economy using 7 metaphors derived from **organizational studies** (Morgan 1997; Jackson 2003)

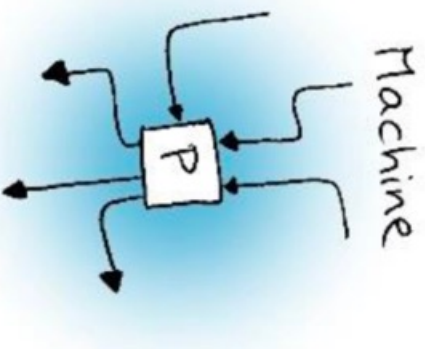
# **DISCUSSION IN BREAKOUT ROOMS**

1. I will give each group a metaphor
2. Discuss in groups: What does the word mean? Why does such thing exist?

7 mins in groups

# What do these words mean? Why do such things exist?





**Uber as Machine – App to connect the supply and demand for rides**

*Mechanism for transforming input into output?*



**Uber as Brain - Algorithmic, data-driven management of rides**

*Central node or protocol for coordinating action?*

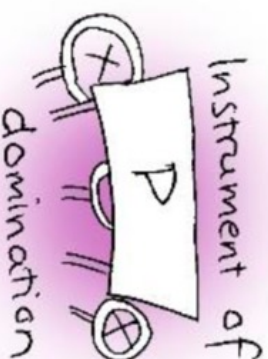


**Uber as Organism – Open network of drivers and passengers connected by the app**

*Organism - Network of actors serving a common purpose?*

## APPLICATION TO PLATFORM CONTEXT

# What do these words mean? Why do such things exist?

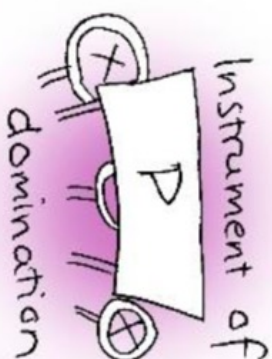




**Uber as Culture –**  
**Combining aspirations for flexible mobility and employment**  
 Shared code of conduct based on an ideology



**Uber as political system – Disruptor of existing mobility patterns, trades, legislation and other structures**  
 Complement or disruptor of institutional structures



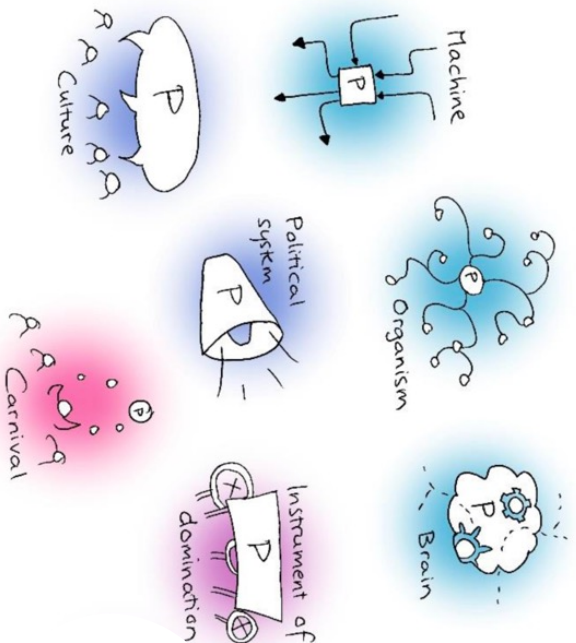
**Uber as dominator – Tool for controlling drivers and constructing a leading position in ride-sourcing markets**  
 Tool for control



**Uber as disruptive carnival – Experimental forerunner with an innovative mobility alternative, a disruption with societal benefits but also notable threats**  
 Creative disruptor deconstructing existing structures

## APPLICATION TO PLATFORM CONTEXT

# SUMMARY OF THE METAPHORS



## Metaphors benefit you when

1. illustrating alternative perceptions about platform companies
2. structuring the discussion around them, and
3. making sense of the opportunities and threats around the platform business

The idea is **not** to "pick one metaphor for your platform". The idea is to **describe** the platform from **different** perspectives... and check whether you could **benefit** from that perspective, and how you can **mitigate** the **risks** related the perspective.



**WHAT IS THE PURPOSE/MISSION OF OUR PLATFORM?**

**WHY DOES IT EXIST?**

**WHO DOES IT BENEFIT?**

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# **Task for Thursday**

- Same workshop run two times. You have already selected a group. Please stick to that one :)
- We will run a set of tasks: instructions will be today in Mycourses so you will know what needs to be done
- Tasks are done in teams. We set the teams today! New teams each week.
- We will soon open breakout rooms in which you can discuss with your team shortly.

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# Q&A

# MORE INFORMATION

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