

## **Platform Strategies:**

### **The First Central European Online Legal Platform**

#### **Capstone Project Public Summary**

Mark Kakas – 23 June 2020

Department of Business and Economics

The following document provides the reader with a high-level overview of my Capstone Project, the results delivered, and the professional experiences gained from the work. Due to the non-disclosure requirement, only certain details of the project will be shared in this public summary.

#### **Project Description**

The project aimed to be a guide for a recently established online matchmaking platform to understand and apply the key features of the platform economy with a particular focus on the so-called two-sided markets and digital transaction platforms. My main role in the project was to assist the strategic decision making for the client which I accomplished mainly by two steps.

First, I formulated and delineated the concept of the platform economy and within that, presented the main attributes of transaction platforms, the types of their digital business models and their value creation. Second, I incorporated the findings of my research into the client's strategy and created the company's initial business plan, which annexed to this technical discussion of the Capstone Project. Correspondingly, the project had two main deliverables: an analysis of the platform economy and contribution to the business plan of the client.

#### **On the Challenges of the Platform Economy**

Digital transaction platforms like the one the client has established, are online marketplaces that enable participants to exchange goods and services or information. These platforms operate in so-called 'two-sided markets', which have significantly different features than traditional single-sided markets. The special features of two-sided markets include the network effect, which means that a platform's value will grow as the size of its userbase increase. This phenomenon has a huge impact

on pricing mechanisms and competition dynamics of transaction platforms since as a result of it, two-sided markets favour ‘winner takes all’ dynamics.

Besides these, platform companies have to solve the ‘Catch-22’ problem which holds that users on each side will not start using the platform until they are not persuaded that there will be a sufficient number of users on the other side. This requires transaction platforms to develop efficient network mobilization strategies. Accordingly, they have to design their digital business model which enable them to leverage digital technologies to enhance network effects.

Moreover, platforms create value by facilitating interactions on their respective marketplaces while they act as value creation orchestrators enabling cooperation between different market players. The maximum number of interactions can be achieved in various ways. First, enhancing network effects as the more users are on the platform, the more transactions are likely to take place between them. Second, platforms have to put a great emphasis on interaction management. This includes defining the right type of interactions in which users can engage with each other, and continuously analyse and improve this engagement. Digital reinvention plays a key role in this, as platforms have to develop innovative strategies, new products and new experiences. While focusing on these, platforms ought to also make sure that they manage information and interactions efficiently within their ecosystems, the key sources of their competitive advantage.

### **Key outcomes**

I have concluded in my project that the client has a competitive advantage as the founders of the company have a well-established network within the respective industry in which the platform was established that covers both freelancers and potential clients that are supposed to interact with each other on the platform. Furthermore, the client also has the first mover’s advantage and it should use this position to establish strong brand recognition and customer loyalty among its users. Given these, I suggested that the client has a great chance of building a single platform model on its respective market.

In contrast, I have identified the network effect as one of the greatest challenges that platform businesses face. In case it is not appropriately enhanced, businesses cannot pursue their objectives even if the other dimensions of their operation are managed accurately.

In parallel, to succeed within its ecosystem as a platform provider, the client has to take a holistic approach of service management, meaning the company needs to understand how all the components and activities of the organization work together as a system that enables value creation. In this regard, I recommended that the client should put a great emphasis on IT service management to establish, maintain and effectively manage its ecosystem and proactively facilitate interactions between its users.

Lastly, concerning potential risks, I highlighted that the Client should factor in potential future risks when creating its strategy. I pointed out that the European Union (EU) works on a future regulatory framework in the platform economy, which can create additional barriers to platform businesses in general.

### **Learning Outcomes**

The project has provided me with both in-depth theoretical knowledge and practical experience. During the research phase, I was able to develop a deep understanding of the special features and the underpinning mechanisms of the platform economy, while contributing to the client's business plan has enabled me to understand how my theoretical findings can be used as a guide and transferred into practice.

Throughout the project, I was able to implement the knowledge and skills on the intersection of business and technology gained during the MSc in Technology Management and Innovation program. The project has enabled me to discuss technology trends with business leaders and understand the drivers behind their decisions making processes concerning technology investments. While engaging in such discussions, I had the chance to compare the theoretical knowledge against the previous practical experience I had within the industry and become more aware of potential fallacies and biases which can be easily identified and avoided.

Overall, the Capstone Project was an excellent final accord in the Technology Management and Innovation program that deeply build on the essential knowledge and skills and their alignment in practice.

\*\*\*















