

WINNING THROUGH PLATFORMS

How to Succeed When Every
Competitor Has One

BY

TED MOSER

CHARLOTTE BLOOM

OMAR AKHTAR



United Kingdom – North America – Japan – India
Malaysia – China

Emerald Publishing Limited
Emerald Publishing, Floor 5, Northspring, 21-23 Wellington Street, Leeds LS1 4DL.

First edition 2024

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-80455-301-5 (Print)
ISBN: 978-1-80455-298-8 (Online)
ISBN: 978-1-80455-300-8 (Epub)



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THE SEARCH FOR PLATFORM ADVANTAGE

COMPETING IN THE PLATFORM ERA

We're living and leading in a fast evolving business era – the platform era.

The 2010s were the takeoff years for platforms, when simply having one could bring differentiation.

In the mainstream 2020s, platforms are becoming a must-have. This means markets will be platform crowded, customers platform expectant, and investors platform impatient.

It's time to move beyond simply heralding platform business, to focus on how companies can win at platforms when every competitor has one. Enough experiments have occurred that we can glean success patterns. Enough technologies are emerging that we can see new opportunities.

What's missing is a how-to-win playbook, focused on ways to earn customer choice and energize customer use for advantaged growth and economics.

This book is that playbook. We believe you should learn it. Because when business eras change, the rules of winning change too. Those who learn, apply, and scale the new rules of platform success are those who will prosper.

Introduction

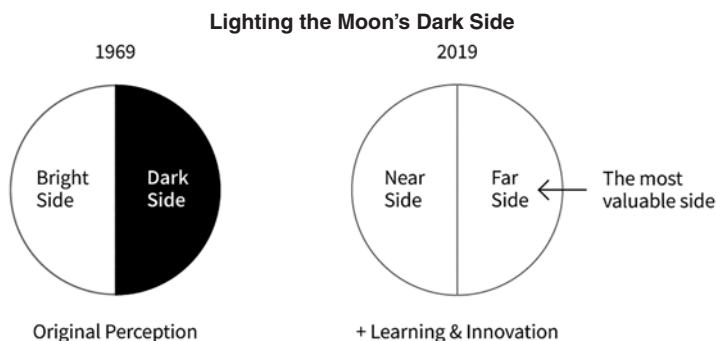
LIGHT THE DARK

When humanity took its first big space adventure in 1969, our most gripping moment didn't come during the rocket's voyage to the moon and back. It didn't happen during astronaut Neil Armstrong's descent to the surface, walk on the moonscape, or ascent to redock. No, when we really grabbed our chairs and held our breath was when astronaut Michael Collins flew the spaceship Columbia around the "dark side" of the moon, the half that never faces Earth.

It lasted 47 agonizing minutes. No radio contact, no visual sighting, no way to know what was happening. If the ship had crashed or escaped lunar gravity for a long drift toward the sun, we could have only guessed – with a sick feeling in our stomachs – at what had gone wrong. All we would know is that they never came back. We collectively exhaled when Collins and Columbia reemerged into view.

Fast forward to 2019. What a difference 50 years of learning and innovation make! China's Yutu-2 rover landed – on purpose – on what we once called the "dark side" of the moon. We called this new visit a trip to the moon's "far side," no longer dark because we learned the sun shines there and new communication satellites keep us constantly connected.

Yet far bigger than a new name was a change in our perspective. Geological moon samples taught us that the far side of the moon is the most valuable side – by far. Economically it has valuable minerals like titanium and platinum. Existentially it has Helium-3, the most promising material for clean, non-radioactive



Int. 1.1

nuclear fusion energy. Experts estimate that fewer than a dozen space shuttle cargos of Helium-3 annually could provide enough fuel to sustain all human beings on the planet for 10,000 years.^{1,2} In short, the side of the moon that we couldn't see for so long is the side that can change our future for the better.

Now, the race is on to realize the full value of our discovery. The world's major powers have all reprioritized lunar mining exploration.³ Tech incubators are developing infrastructure for the far side.⁴ Experts in geology, robotics, and energy work cross functionally to solve new problems. And futurists remind everyone that success depends on global collaboration. Our fate is too interconnected to work in siloes.

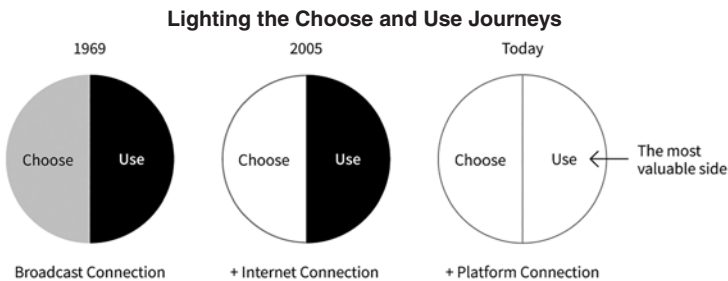
LIGHTING THE CUSTOMER JOURNEY

The most important business story of our lifetime runs remarkably parallel to our story of lunar discovery. This story is about the digital lighting of the customer journey. It's particularly about how platforms enable your company to light the dark side of your customer's journey – the post-purchase "Use" journey. Platforms are the technologies that enable your company to observe, interact with, and provide value to customers as they use what they have accessed through you. This story is about how you can shine the light of platforms for advantage. Your customer's advantage, your company's advantage, and your competitive advantage. As you do, you'll discover that the

side of your customer’s journey that had always been dark is in fact the most valuable side.

The digital lighting of the customer journey launched in 1969, the same year as our lunar rocket. A new startup named Intel designed a microchip that would change everything – the micro-processor that powered mass market computing.⁵ The rising customer visibility that resulted over 50 years is represented by three customer journey “moons” in three different years.

Each journey moon has two sides – the customer’s *Choose journey and Use journey*. In the Choose journey, customers explore their needs and options, assess their final choices, and transact. In the Use journey, customers use the products and services they have accessed, then eventually decide whether to access them again – and if so, from who.



Int.1.2

Two major lightings got us to where we are today.

Lighting the Choose Journey: 1969–2005

In 1969, the customer’s Choose journey was murky to companies, and the Use journey was pitch dark. Customers would emerge from shadow into light as shoppers, perhaps lured by an analog broadcast advertisement – no one knew for sure. The shopper would expose their needs and identity, make their purchase, and then disappear into the dark.

When shoppers became users, companies lost their line of sight and communication. If a customer drifted away, there was no way for a company to know if they had learned how to use what they bought, if they had become stuck, or if they turned sour on a

purchase and bad-mouthed the brand to friends. All that a business would know is that the customer never came back.

From 1969 to 2005, the computing revolution started by Intel and other innovators shined new light on the customer's Choose journey. First companies used computers to analytically personalize messages for segmented mailing and phone lists, raising customer response rates. Then networked personal computers enabled direct communication to shoppers, with real-time stimulus-response adjustments.

The Choose journey shone brightest with the Internet revolution. Internet search engines and websites transformed one-way company communication at customers into a two-way dialogue with customers, inbound and outbound, as they were in the act of choosing.

By contrast, in 2005, the customer's Use journey was still dark to companies. True, most companies had improved new purchase onboarding and had set up call centers for moments of need. Yet the real-time user journey remained dark – an undiscovered land, an untapped source of customer and company value, a hidden treasure waiting to be mined.

Until platforms arrived.

Lighting the Use Journey: 2005 to Present

A platform runs on customer sensing data linked to cloud-hosted software code and computing power. It is the act of cloud hosting that enables your company to observe, interact with, and provide connected value to customers during their Use journey, for mutual gain and growth. Regardless of whether you're swiping a cell phone, tapping a keyboard, accelerating your car, working out, cooking a meal, or lying in your bed – Use journey darkness between customer and company has come to an end.

A platform isn't experienced directly by the customer, but is expressed to the customer through one or more experience hubs. These experience hubs may take on many names: apps, super apps, clouds, suites, consoles, exchanges, displays, dashboards, and more. The moniker doesn't matter – the job of an experience hub is to convert platform functionality into valued customer experiences of interface, interaction, and performance.

Today's tech titans pioneered platforms for themselves around 2005. Then in a burst of creativity from 2005 to 2010 several titans created the infrastructure that the world's entrepreneurs would need to get into the platform game. Apple (iOS) and Samsung/HTC (Android OS) invented smartphones with app stores, paving the route to market for platform app developers. Titans also began renting their data center infrastructure and know-how to every company, creating a business model that today we call Cloud Service Providers. Those titans were Amazon Web Services, Google Cloud Platform, and Microsoft Azure. Thanks to every titan's lowering of investment barriers, platform innovation took off.

During the takeoff years of 2010–2019 more than 16,000 platform companies started up,⁶ backed by risk capital and hoping for Initial Public Offerings (IPOs). Platform companies who filled business headlines in the early 2010s included Uber, Zillow, AirBnB, MasterClass, Netflix, Tesla, and OneTrust, to name just a few. These early disruptors proved what a difference a platform can make. By turning the customer's darkened use journey into a zone of visibility and interaction, disruptors created new markets, took market share from incumbent leaders, and raised customer expectations for what a modern brand could deliver.

Progressive incumbents didn't stand still. Inspired by disruptors, they added platforms to their businesses, most in the later years of the 2010s. Firms like Adobe, Disney, Autodesk, Progressive, Nike, Haier, Thompson Reuters, Zebra, and Sleep Number all began or completed transformations to become platform companies.

And the innovations kept coming. Platforms can now be found across the economy, spanning agriculture, construction, banking, cosmetics, medical devices, fitness, media, eyeglasses, transportation, home appliances, mattresses, apparel, investment management, cybersecurity, real estate, insurance, hospitality, accounting, and global poverty alleviation. Businesses in every corner of the economy are being made stronger through platforms.

Fueled by mounting evidence of success and turbocharged by the pandemic, platforms have gone from being a novelty to being top of the list of every management team's agenda. In other words, the platform era's takeoff years have evolved into its mainstream years.

The implication for business is profound. Just as no major company thrives today without a website to interact with buyers on their Choose journey, in 5–10 years no major company will thrive without a platform that enables them to interact with customers on their Use journey.

That's why business leaders need to raise their competitive game to make experience hub and platform advantage a critical new means of achieving business advantage. Through this book, we'll introduce a playbook for winning through platforms.

But before we do, we'll provide three important answers you can give your leadership team if they question the business imperative behind platform excellence and advantage. Managed well, platforms will redefine your company's relevance to customers; they will give investors confidence in your future; and they will equip you to compete in convergent competitive markets. Managed poorly, the opposite will be true.

PLATFORMS REDEFINE YOUR RELEVANCE

Platforms redefine – by elevating – a company's relevance to its customers. They add a new value proposition – infinite connection throughout the customer's Use journey – to the company's traditional value proposition. This higher relevance is reflected through the customer's view of the company's brand. One fact-based proof point is found in the results of an annual Brand Relevance Index (BRI) survey carried out since 2014 by the growth consulting firm Prophet.⁷ The survey asks tens of thousands of consumers annually about the relevance of hundreds of brands in their lives. The Prophet survey also captures and correlates the underlying drivers of that relevance. Brand relevance is the business equivalent of the canary in the coal mine. It is existential, because it indicates whether customers want to be in a forward-looking relationship with your company.

We averaged the BRI scores of brands who were tested a minimum of three years during this time. The results are revealing. From 2014 to 2022, brands with higher and lower relevance scores are highly correlated to whether a platform does or doesn't play a key role in their value proposition to customers. The top 10 brands are 80% platform businesses; the next 10 brands are 50% platform;