Worksheet - platform business model #3

Brainstorm the below & add to the table provided:

1. **Search costs:**
   a) How can you reduce search costs for existing sides through usage of a platform?
   b) How can you add new economic agents to the table by allowing a new type of search?

2. **Transaction costs:**
   a) How can you reduce transaction costs for existing transaction significantly in a way that adds many new people to use your (core) transaction?
   b) Can you identify a transaction that would make sense among different sides that currently just doesn’t make sense because transaction costs render the total transaction too costly?

3. **Revenue model - what could be the elements of your revenue model?**
   c) Any subsidise for one side (likely the consumer)?
   d) Can you charge the provider per transaction?
   e) Can charge you one side for advertising to the other side? Or can you charge them for other benefits related to interacting with or targeting of the other side of your platform?

Don’t miss worksheet #4

*Check out [www.InnovationTactics.com/platform-business-model](http://www.InnovationTactics.com/platform-business-model) for more*
| **Search costs** | a) how can you reduce search costs for existing sides through usage of a platform? | Example: Google and Facebook reduced search cost for advertiser for more efficiently targeting very specific target audiences. They did so by providing a service to the targeted side that allowed identification of their preferences. |
| | b) how can you add new economic agents to the table by allowing a new type of search? | Example: Uber and Airbnb added providers to the table that previously were consumers. They did so by making them findable by those who may have an interest in taking up their offering (previously, this was “too hard”). |

<p>| <strong>Transaction costs</strong> | a) How can you reduce transaction costs for existing transaction significantly in a way that adds many new people to use your (core) transaction | Example: Adobe gave away the Adobe Reader for free. It reduced transaction costs for transfer of file across applications, operating systems and other barriers to exchanging information. |
| | b) can you identify transaction that would make sense among different sides that just currently don’t make sense because transaction costs render the transaction too costly? | Example: Foodora and Deliveroo get people with bikes or bicycles deliver food for low incremental cost, thereby stimulating more home-delivery orders for people who previously found incremental delivery costs as prohibitive for their order |</p>
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Platform business model - brainstorm innovation ideas

How can your platform create value

Utilise idle assets
Human capital
- Tangible assets
- Intangible assets
- Reduce costs for the sides
- Search costs
- Transaction costs
- True value creation

Brainstorm potential sides from your industry or an adjacent one

Customers
- Tier-1 vendors
- Tier-2 vendors
- Service providers
- Contracting providers
- Contracting providers
- Peer companies
- Infrastructure develops/operators
- Alliance partners
- and many more, check PayPal’s list of business categories

Identify network effects among the sides you are considering

Same-side effects
- Positive network effects
- Cross-side effects
- Positive network effects
- Macro economic data, e.g. http://fred.stlouisfed.org/

Research potential economic Value

Company data

Market data, e.g. Statistica.com

Industry-specific intelligence, e.g. IDC.com