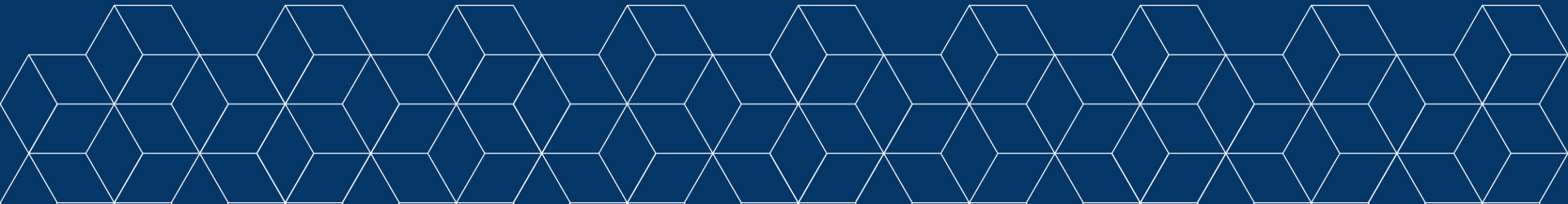


The Platform economy, Algorithmic management in the age of digital competition, innovation and market power

Piattaforme, Imprese, Lavoro I risultati dell'Indagine Inapp DPS sul mercato della ristorazione, del turismo e dei trasporti in Italia

Roma, 20 Giugno



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Genesis, Features and Statement of Platform business

Growth and power in traditional markets

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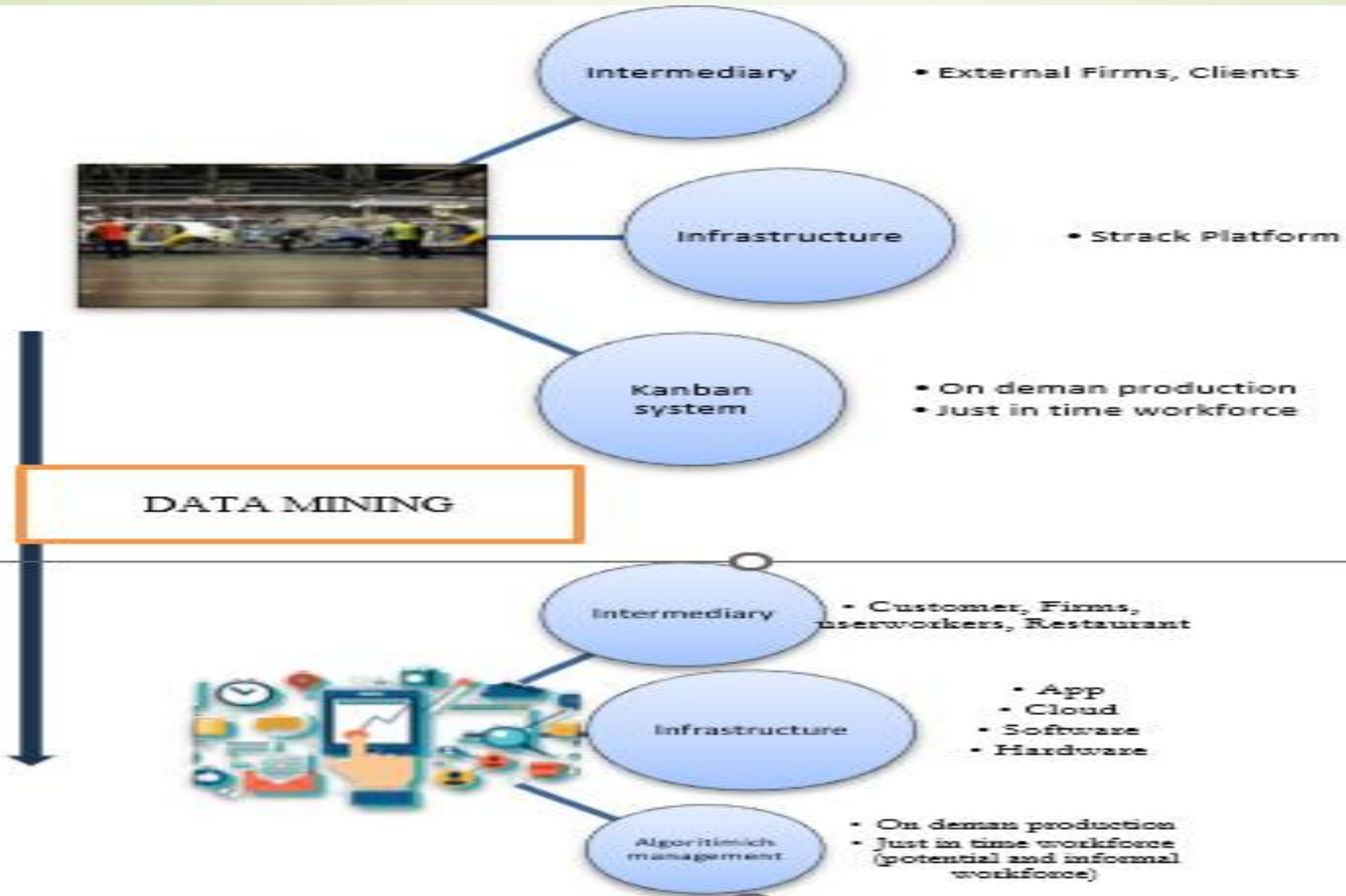
Platform standardisation of traditional enterprises and conclusions



- Steinberg's 2022 theory: platform capitalism should be seen as a radical extension of a specific method of production in the post-Fordism framework: the Toyota's production model
- Resumed studies of authors like Cusumano – Toyota Culture, Microsoft Business Strategy, Amazon-Facebook Platform Strategy
- Steinberg suggests that organizations are clusters of practices that resist to the adoption of new technologies
- The name platform itself originated within the Japanese and U.S. lean automotive industry (80') and then in the digital economy of Silicon Valley (90')



Comparing the Two models 2

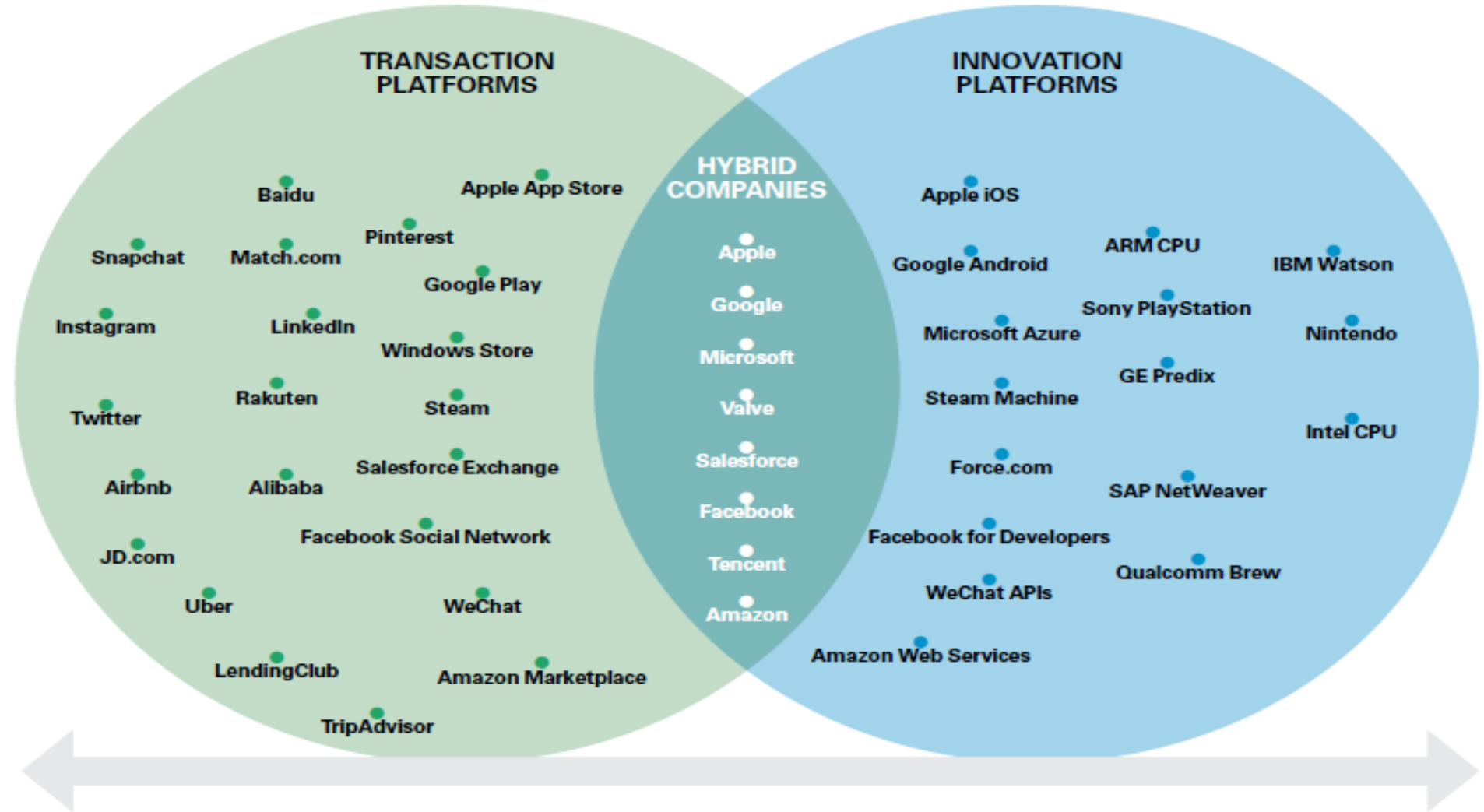


Cusumano double Platform Identity

- ▶ Platforms are unique business driven by network effect and multisided market dynamics-
- ▶ Platforms can create more value than conventional business and traditionally supply chain

BASIC PLATFORM TYPES

In the quest for competitive advantage, companies are combining transaction and innovation platforms into a hybrid model.



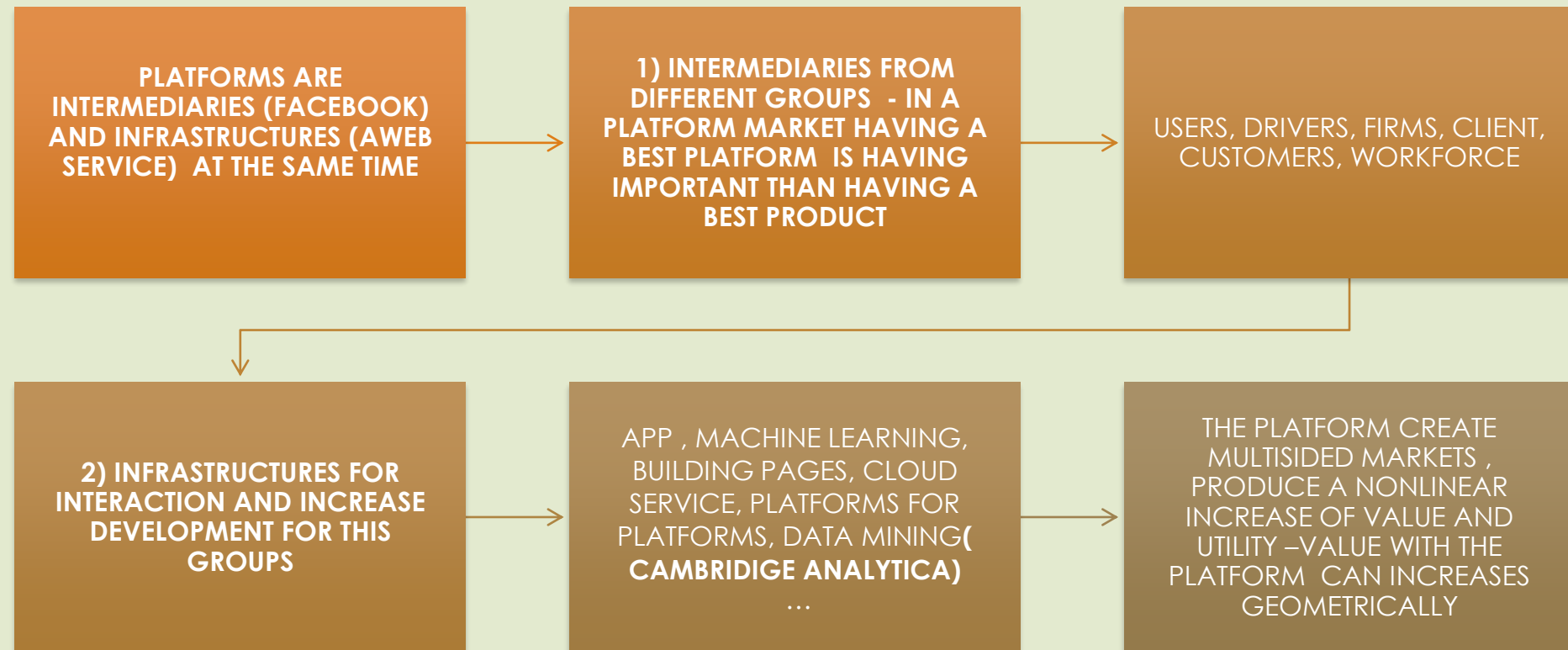
Transactions

The platform serves as an intermediary for direct exchange or transactions, subject to network effects.

Innovations

The platform serves as a technological foundation upon which other firms develop complementary innovations.

The Srniceck Platform double Identity

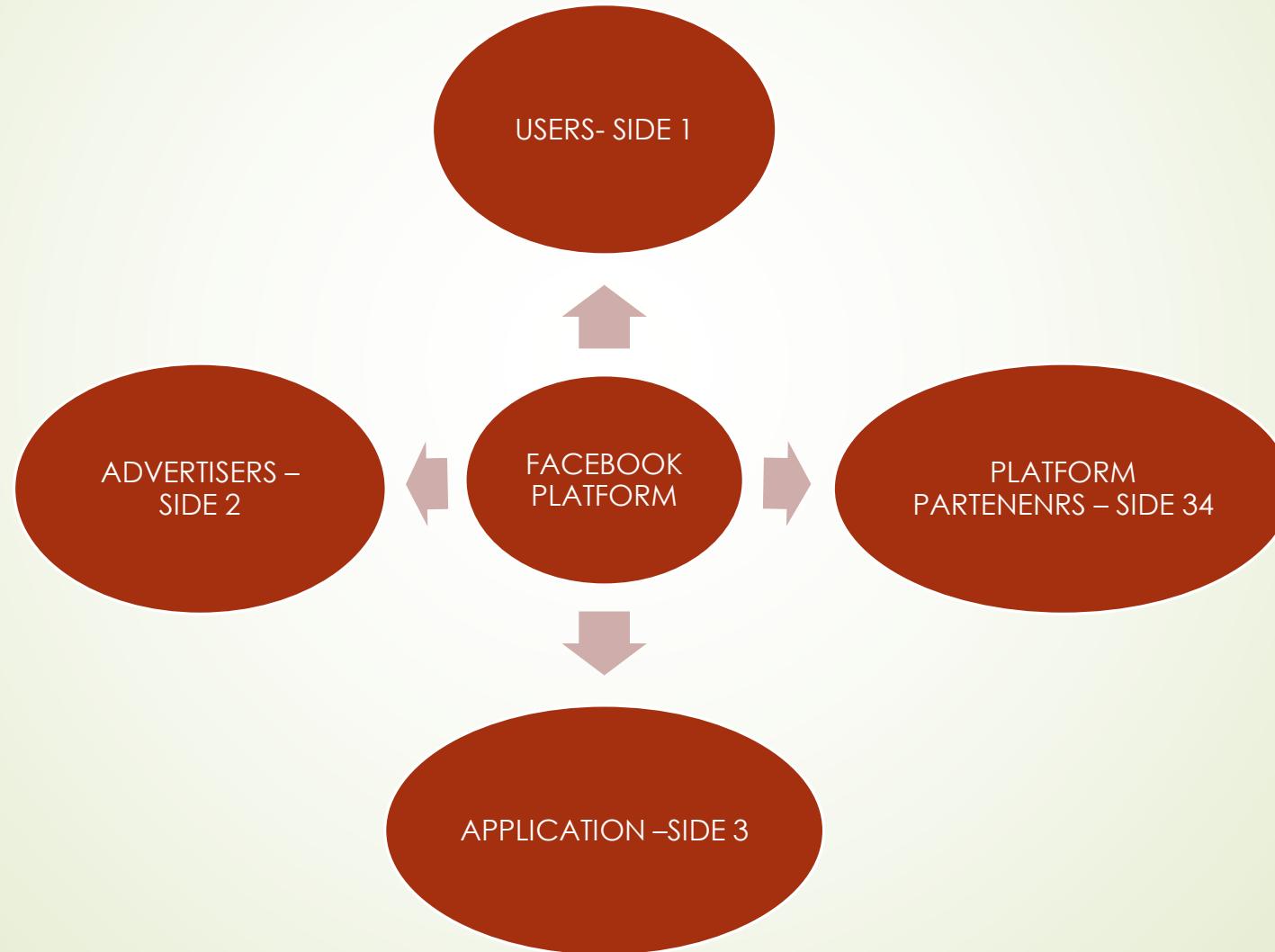


What Do All Industry Platforms Have in Common?

- **Bring together 2 or more “market sides”**
- **Generate value from “network effects”
(direct/same-side ... indirect/cross-side)**
- **Must solve a “chicken-or-egg problem”**

*Complex business models & market dynamics
Like playing “three-dimensional chess”!*

ENGAGE MULTIPLE SIDES OF MARKET



Users & Friends



Platform Partners

Login with Facebook

CNN

Spotify

Pandora

Platform

facebook

Advertisers/Corporate Pages



Buy NOW!



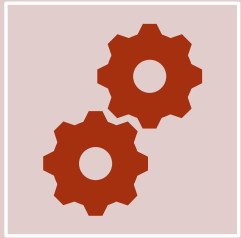
Applications



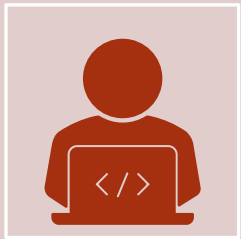
Features of digital platforms economy

- ➔ **Network Effects:** When one side of the market, such as users, attracts another side of the market, such as sellers or developers, this type of network effect is called “indirect” or “cross-side” - More advertisers and developers are likely to appear if the number of users grows
- ➔ **Cross subsidization effect – Different from Lean culture**
- ➔ **Standardization effect**
- ➔ **Algorithmic Management**

Algorithmic management effect



In the platform, a set of rules, norms, specifications, and regulations are embedded into programs dominated by automatic algorithms, whereby the business processes are coordinated and instructed by advanced algorithms step by step with close monitoring (Gandini, 2019) – e.g blind orders



In the platform economy managing activities are transferred from humans to sophisticated algorithmic technological systems (Curchod et al., 2019; Schildt, 2017), management is no longer a human practice, but a process embedded into technology



Designed core architecture effect

Platform intermediation is not neutral, it's not empty space for intermediation

Platforms are designed and contain a politics, a firm management plan actuated thanks to algorithmic action

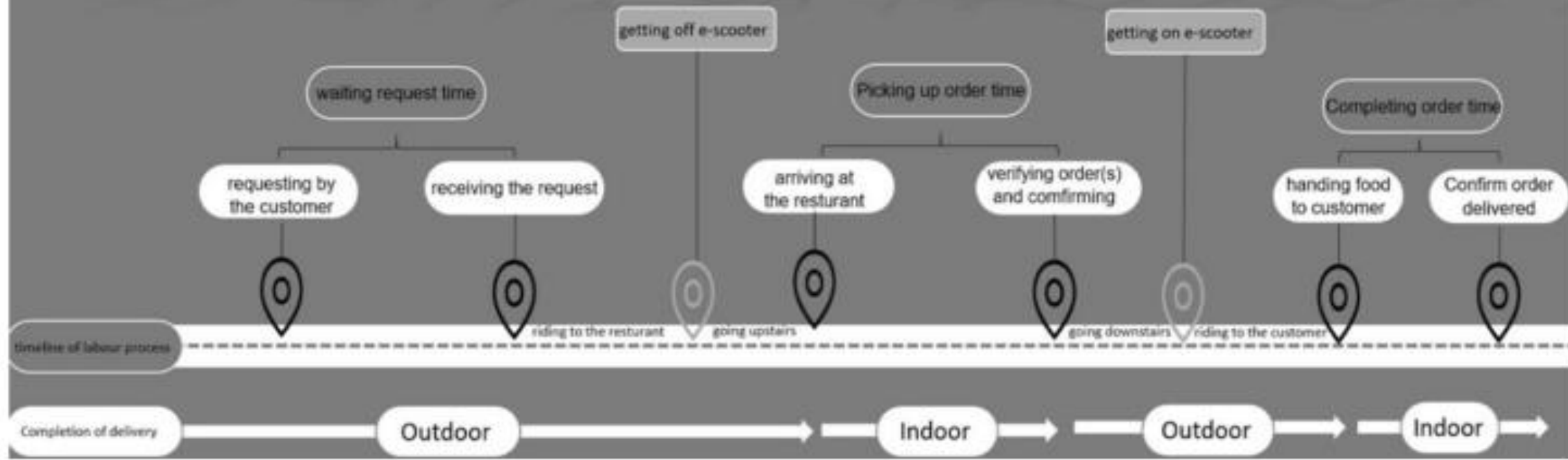
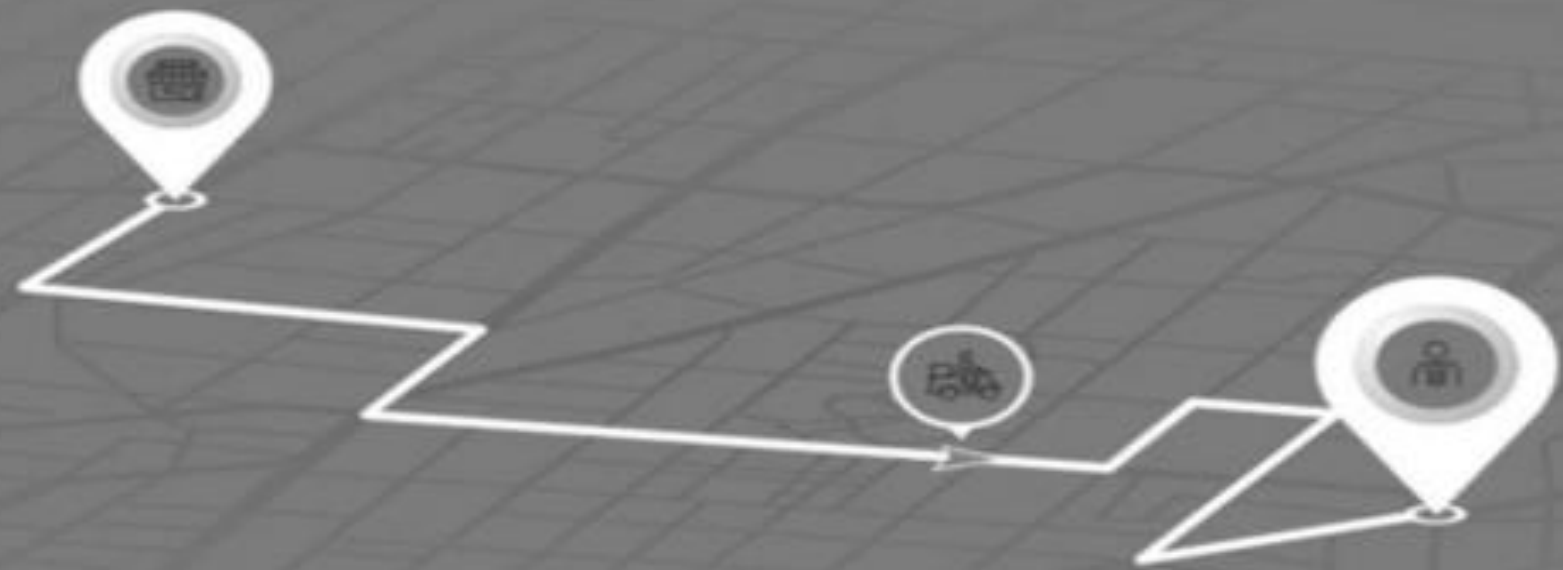
Management by multiple stakeholder's effect



The platforms have developed an original governance model whereby different key stakeholder are involved in managerial control, including customers, labor supply company, firms and in some cases government.

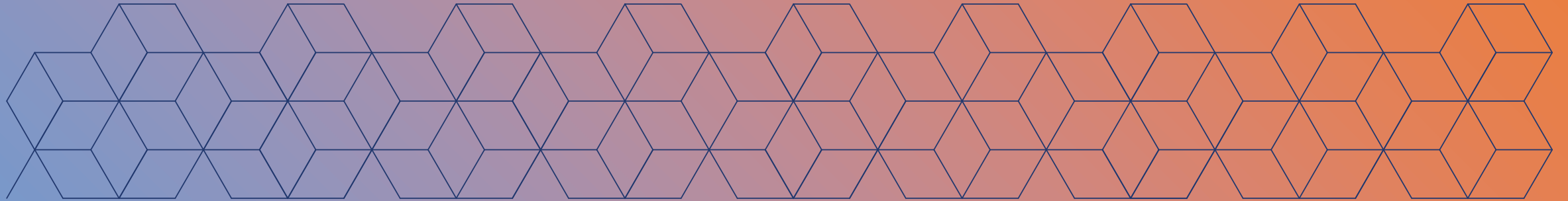


But the platforms played a dominant role in a multidimensional supervision control on this network (Duggan et al., 2020).



PLATFORM STANDARDISATION IMPACT

- In the platform ecosystem, there are platforms that are specifically dedicated to the standardisation of the services of the companies and, as a result, of the market; changing the production spaces of material companies
- Platforms are starting to open shops in the meatspace themselves, together with traditional firms
- The future: Platformisation of firms and markets?



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