CONVERTING COMMUNITY PLATFORMS INTO REVENUE-GENERATING ASSETS IN THE HIGH-TECH DISTRIBUTION INDUSTRY

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The high-tech and distribution industry generates a huge volume of data from several touchpoints including sales, marketing, and field force. Also, investments to build various community platforms generate useful data, which catalyzes to drive innovation. However, the challenge lies in turning information assets into innovative products.

In this point of view, we devise a high-level strategy for the high-tech and distribution industry to leverage communities and accelerate monetization, by learning how GitHub, Lowes DIY, and Kedro have monetized their platforms.

Industry context

The semiconductor sector is an integral part of technology enablement powering cutting-edge digital devices in upstream industries such as telcos, hyperscalers, retail, banking, and healthcare. It captures different elements of memory, logic, microprocessors, and power semiconductors. The industry is set to register robust growth with emerging technologies such as autonomous driving, AI, cloud, 5G, and IoT. Traditionally, the sales channel has been core distributors such as Arrow, Avnet, and Digi-key. There is constant pressure on distributors to innovate to deliver value to their end customers and consumers, by enhancing features and reducing cost. Distributors have also started investing in community platforms to create differentiation.

Platform monetization challenges:

Typically, enterprises face three types of challenges while monetizing their assets:

(a) Strategic challenges

(b) Organizational challenges

(c) Technology challenges

(d) Ecosystem challenges

| Strategic challenges |
| Organizational challenges | **Monetization challenges** | Technology challenges |
| Ecosystem challenges |

(a) Strategic challenges

- Enterprises may not have the budget to repurpose their assets. Generally, these investments are capital budgets, so leadership may find it difficult to define ROI and draw a yield curve.

- Since the high-tech and distribution industry is undergoing disruption, it is imperative to compete with an adjoining yet unfamiliar market segment. For example, in the growing edge computing market, hyperscalers are dominant, so the core high-tech sector needs to identify their competitive advantage.

(b) Organizational challenges

- **Alignment of skills**

- New product development is a long-drawn-out process requiring skill-sets and scalability. For example, Intel placed a multi-billion-dollar wafer order with TSMC to address their 7nm core manufacturing delay.

- **Internal focus**

- The high-tech and distribution industry is at the bottom of the value chain. For example, building autonomous

cars requires several ecosystems covering different service providers (vertical solution, application solution, communication service provider solution such as 5G), but the high-tech industry may be focused on building their hardware assets only.

(c) Technology challenges

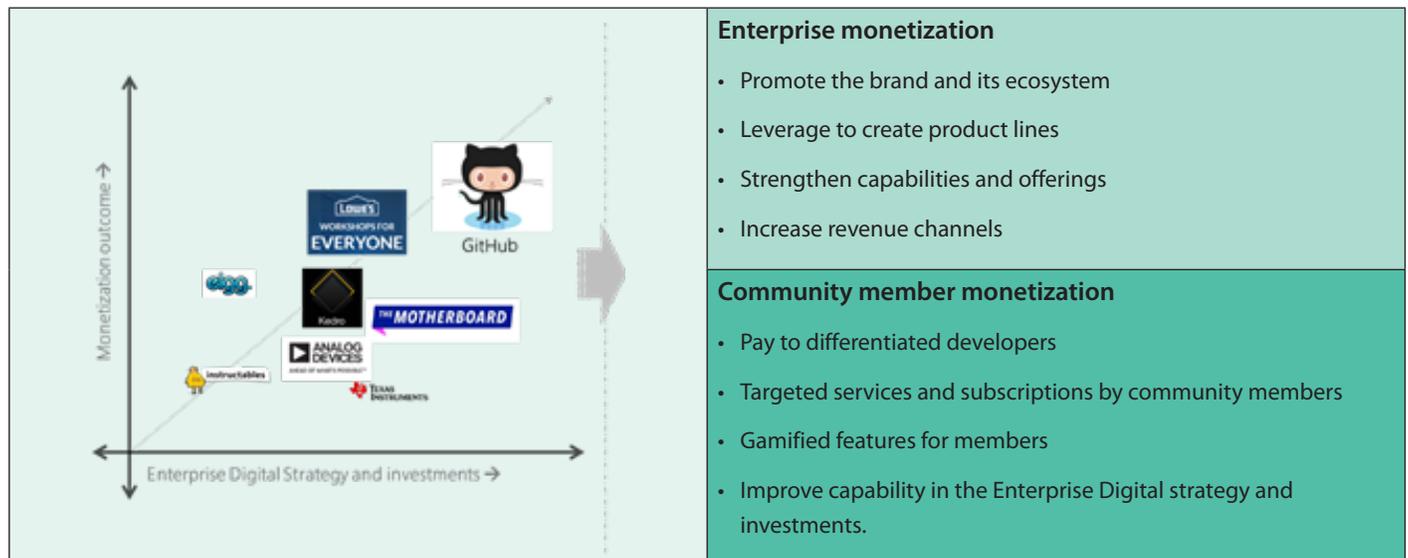- Interlocked content and data: In most situations, data exists in silos across diverse legacy systems, which are designed to be stored in enterprise systems and firewalls. Turning these assets into revenue-generating products may prove cost-prohibitive and create operational and technical issues.

- **Scalability and infra dependency: As-a-service model has been adopted by the high-tech and OEM industry, specifically the B2B business.** However, high-tech enterprises new to the data domain are generally ill-equipped to deliver information-as-a-service (IaaS). Their IT infrastructure lacks the flexibility and scalability to support self-service subscription and access, recurring transactions, huge spikes in data volume, and increased business velocity.

How a few industry players are leveraging their assets

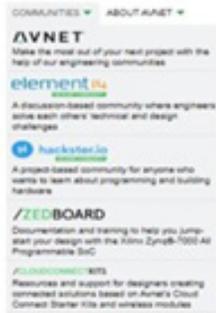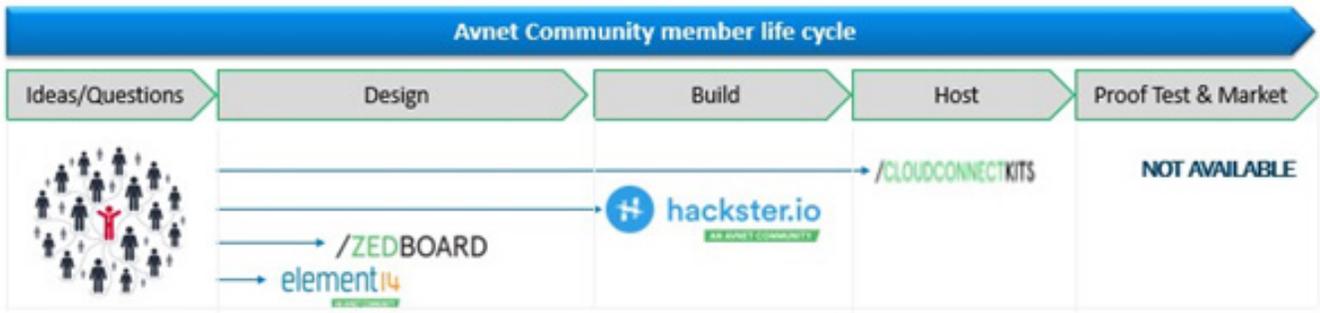Some examples of enterprises evolving in their community platforms include:

S. No	Parent company	Community / assets	Comments
1	Microsoft	GitHub	• GitHub brings together the world's largest community of developers to discover, share, and build better software • A gold mine of talent + code • 40 million developers • 1.8 billion users + business connect
2	Analog Devices	EngineerZone and PartnerZone	• Engage with ADI technology experts in the online community, EngineerZone • Platforms are used to ask design questions, browse the rich knowledge base, or read about new technologies, and blogs authored by engineers.
3	Infosys	Wongdoody – The Motherboard	• The Motherboard is a community of mothers who share their thoughts and opinions to help brands innovate and shape consumer experiences. • 4,000 mothers are subscribers, sharing in-depth ethnography videos
4	Elgg	Elgg	• Elgg is an open-source social networking software that provides individuals and organizations with the components needed to create an online social environment. • It offers blogging, microblogging, file sharing, networking, groups, and several useful features
5	Instructables	Instructables	• Community. Find answers to questions about DIY projects. • 35 million unique users • A gold mine of talent + code • 1.8 billion users + business connect

The high-tech and distribution industry focuses on two types of monetization – enterprise monetization, and community member monetization. Key benefits of this strategy, include:

Enterprise monetization

- Promote the brand and its ecosystem
- Leverage to create product lines
- Strengthen capabilities and offerings
- Increase revenue channels

Community member monetization

- Pay to differentiated developers
- Targeted services and subscriptions by community members
- Gamified features for members
- Improve capability in the Enterprise Digital strategy and investments.

The infographic illustrates how a leading high-tech distributor with US$ 17 billion in revenues leverages its community member lifecycle:

OUR INITIAL REFLECTIONS ON AVNET COMMUNITY PLATFORMS

Avnet Community member life cycle				
Ideas/Questions	Design	Build	Host	Proof Test & Market

/ZEDBOARD
element14

hackster.io
AN AVNET COMMUNITY

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NOT AVAILABLE

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AVNET
Make the most out of your next project with the help of our engineering communities.

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/ZEDBOARD
Documentation and training to help you jump-start your design with the Xilinx Zynq®-7000 All Programmable SoC

/CLOUDCONNECTKITS
Resources and support for designers creating connected solutions based on Avnet's Cloud Connect Starter Kits and wireless modules

1. SILO'ED ENGAGEMENT OF COMMUNITY MEMBERS
2. NOT CONSIDERING - INCUBATE TO PRODUCT LAUNCH
3. ABILITY TO VISUALIZE AND TRACK
4. INFORMATION SPREAD
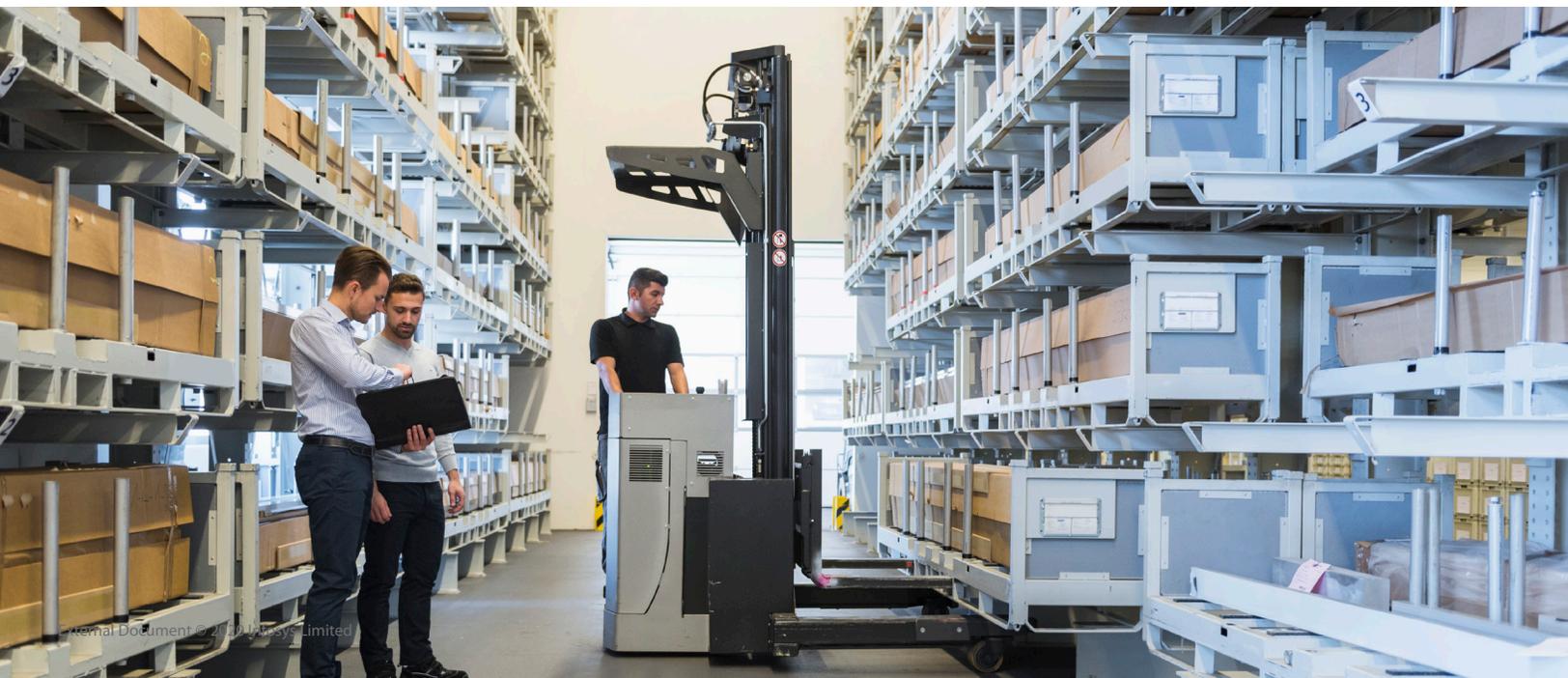5. OPPORTUNITY TO ADD ADDITIONAL SUPPORTING ECOSYSTEM IN MIX

Source of research: www.avnet.com, https://hackster.io/, www.element14.com

Strategy and recommendation

The high-tech and distribution industry should divide the community platform transformation into two steps:

Step # 1: Formation and spread of community

Step # 2: Evolve / grow and consider community as mainstream for Avnet revenue growth.

Monetization outcome

Community Platform

Hitech & Distribution industry Digital Strategy and investments

Form and Spread of Community

Evolve / Grow and Mainstream for Avnet

Key parameter	Formation and spread of community	Evolve/grow and consider community as mainstream revenue growth
The goal of high-tech and distribution firms	1. Network effect by community 2. Content crowdsource through the digital channel	1. Platform ecosystem 2. Content monetization and marketplace 3. Revenue-generating platforms
Role of high-tech and distribution firms	1. Incentives to community members	1. Additional revenue streams for high-tech and community members 2. Differentiated offering
Strategic nature	1. Physical and non-physical motivation to community members 2. Content curation	1. Uberization – supply and demand – of concept, idea, talent, services 2. Partnership with external entities

A few monetization ideas:

Monetization ideas	Example	Success metrics
Transform from generic community to Uberized service/market platform	DIY (Do It Yourself), like Amazon Services	Revenue uptick, customer interest in product and service
Data marketplace to understand the market interest for products	Selling data to various industry verticals, develop innovative products	Revenue uptick, co-innovation
Talent marketplace to get the best talent for the semiconductor industry	Selling data to various industry verticals, develop innovative products	Revenue uptick, co-innovation, Uberization of talent, partnership with universities, schools, and colleges
Funding and partnerships with fintech firms and sponsor entrepreneur	Selling data to various industry verticals, develop innovative products	Revenue uptick, co-innovation, Uberization of talent, partnership with universities, schools, and colleges
Offer end-to-end design hub to co-create and co-innovate	Selling data to various industry verticals, develop innovative products	Revenue uptick, co-innovation, Uberization of talent, partnership with universities, schools, and colleges

Conclusion

The high-tech industry needs to respond to the rapid consumerization of IT, where business buyers want to do more of their discoveries, gain insights, conduct trials, on their own before they interact with the brand. The high-tech and distribution industry should invest in capabilities to accelerate innovation through the community. High-tech enterprises should adopt the XR development kit, studio hub – concept to creation renting / subscription models, and playground to code and test. Enterprises should implement a learning engine, gain access to a broader ecosystem of customers through a technology consulting and service provider, tap finance and loans to invest further, tie-up with high school coaching, and implement a K12 credit mechanism. Also, enterprises can combine a marketing agent with advertisement and campaign kits.

About the Author

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Ramesh Lakshmanan is a seasoned Solution strategy & transformation leader with over 22 years of experience in building - industry products & integrated business solutions, sales, consulting, and delivery globally. A Digital specialist in guiding clients to transform their technology landscape & business processes. He has been a champion in deploying customer-centric solutions and simultaneously carry out diverse industry expertise in Telco, Hitech, OEM, Retail & CPG. His unique skillset consists of Product led & Cloud-native solutions, AI, Human Experience (HX) design, Deep expertise in Digital Ecommerce, B2B/B2C/B2B2C, As-a-service, subscription models, Digital Marketing to name a few. Ramesh can be reached at Ramesh_Lakshmanan@infosys.com.

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