



PLATFORM THINKING THE NEW NORMAL

“Three forces today – increasing connectedness, decentralized production, and the rise of artificial intelligence – are driving a whole new design for business.”

Sangeet Paul Choudary, The Platform Manifesto

The Future Doesn't Fit into the Containers of the Past

Enterprises everywhere are under intense pressure to innovate, as brands strive to meet customer expectations for more personal, relevant and effective engagement across the entire customer journey. Legacy technologies, infrastructure, processes, and ways of working that maintain the status quo (bureaucracies, waterfall development, command-and-control structures) are still rampant among enterprises, despite their liability in this battle. These disadvantages are creating challenges across all sectors, which, by and large, share these characteristics:

Siloed organizations, that don't communicate and lead to...

Long cycle times, which miss opportunities and lead to...

Initiatives that stall or have little to low impact on the business

Processes that were built for yesterday were designed to address a very specific set of circumstances – ones that no longer exist or have lost relevance – leaving businesses playing catch-up with the new digital economies of consumption. In order to succeed in the ever-evolving, digital world, companies are having to renew their legacy landscapes while simultaneously creating new technologies and processes to match the speed of innovation and changing consumer behaviors.



Enter Platform Thinking

Some of the fastest-growing companies in the past ten years (Digital Natives) – Airbnb, Apple, Amazon, Facebook, Google, and Uber – leverage Platform Thinking to create an infrastructure that enables dual roles – where producers and consumers (and businesses-to-businesses) can interact to create shared value in a way that was not previously possible. American entrepreneur, investor and software engineer, Marc Andreessen describes platforms simply as “a system that can be programmed and therefore customized by outside developers — users — and in that way, adapted to countless needs and niches that the platform’s original developers could not have possibly contemplated, much less had time to accommodate.” It’s clear that we are witnessing several trends that are intersecting to create “combinatorial innovation,” including mobile, sensor technology (smart, connected devices), big data, on-demand cloud computing, machine learning and predictive analytics. This is a radical departure from traditional product or production thinking, which for the last century focused on creating products that others can consume. The platform approach creates shared value creation between both producers and consumers where consumers are enabled and encouraged to become producers.

Key Drivers and Benefits of Platform Thinking

A perfect storm of transformative technologies: cloud, mobility, and social is driving the adoption of Platform Thinking.

The Cloud allows anyone – producers and consumers – to create content and deliver that content globally

Mobility provides an ultra-connected delivery system that connects most of our world anytime, anywhere

Social networks connect people around the world while maintaining their online identity

According to Gartner Vice President, Dave Aron, “Businesses are looking less like fixed “systems” and more like platforms, which

provide the business with a foundation where resources can come together — sometimes very quickly and temporarily, sometimes in a relatively fixed way — to create value.” Traditional Industrial Age products add value by bringing materials to market and by transforming materials into more immediately useful forms. The relationship between producer and consumer is typically confined to a transaction, and transactions continue until the product is used up or worn out. By creating a platform on which others can build, business value will increasingly come from creating opportunities in which others can create value thereby widening the pool of producers/creators. The benefits of the Platform Thinking include:

Connection

The ease with which people can plug into the platform to share, transact

Gravity

How well it attracts producers and consumers to contribute

Flow

How well it facilitates shared value – exchanging and co-creating content

If we look at the sharing economy, we can see how this strategy has facilitated connection, gravity, and flow of these dual roles, where an Airbnb host can also be a guest and Uber drivers are also passengers. These users can move seamlessly between the two roles as needs change in a data-driven, living breathing eco-system.

The Rise of Responsive Organizations

Brands that have grown by more than 25% from 2015-16 include Adobe, Amazon, Facebook, Google, Nike, Paypal, and Starbucks. These “responsive organizations” all employ Platform Thinking models and share common characteristics:

Hypersensitive to friction – across systems and operations as well as user experience

Obsessed with their customers

Open and connected – with content, products and services designed to meet the changing needs of their customers; they are comfortable with the rapidly changing digital landscape

By embracing these characteristics, responsive organizations can adapt seamlessly across the digital landscape while addressing, in real-time, changing consumer behaviors and needs through co-ownership of the value ecosystem.





Conclusion

While not all companies will adapt platform models for their organizations, it is clear this approach can help provide a catalyst for competitive advantage to those companies that embrace it. The effects across delivery, talent and leadership can make the difference between thriving in the future or buckling under the weight of legacy processes and infrastructure. The companies that will win in this new paradigm are those that embrace the blurring of the boundaries between all the players – producers and consumers – to leverage the shared value proposition that arises from, what is essentially, crowd collaboration. The result will be a reimagining of the relationship between business and customer that looks more like a seamless and integrated, mutually beneficial partnership than merely the transactional relationship of the past.

For more information, contact askus@infosys.com

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