Software is no longer embedded in Products, but rather Products are Embedded in Software

Timo Seppälä

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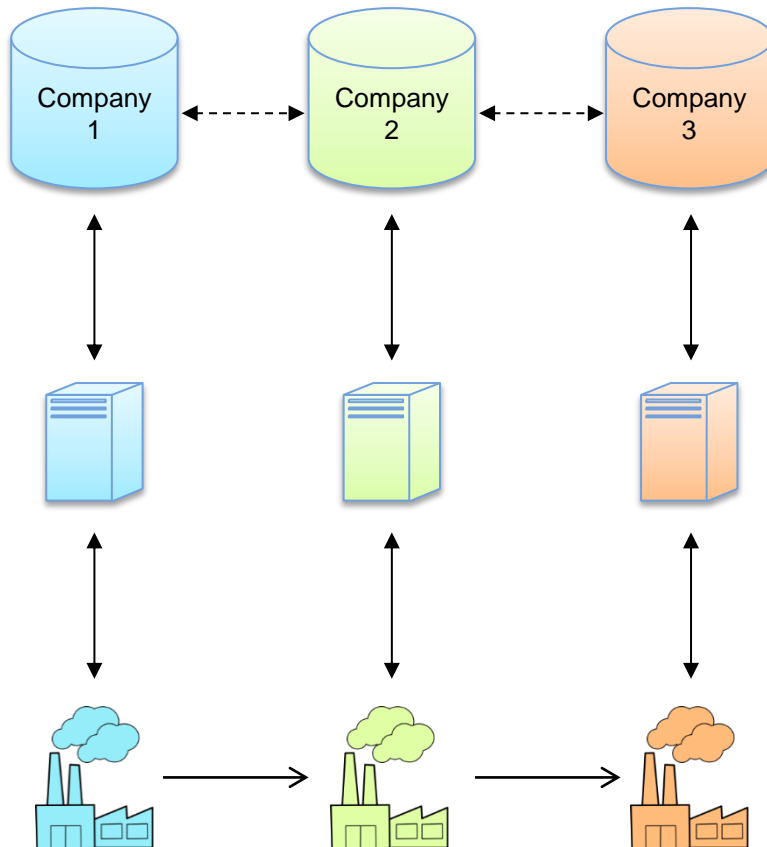
What is a Digital Platform Economy?

98%

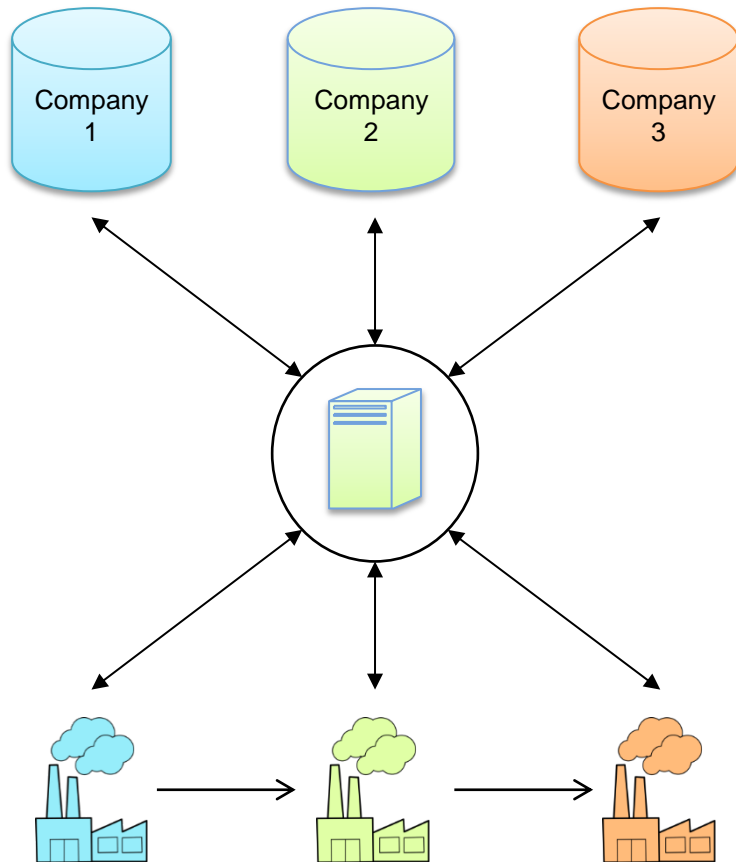24%   16%   24%   11%

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Current - No shared platform

Information asymmetries in data are likely to occur between the companies over time.

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Past 10 years - Centralized platform control

Companies not in control of the platform (and data) become the underdogs in value capture potential.
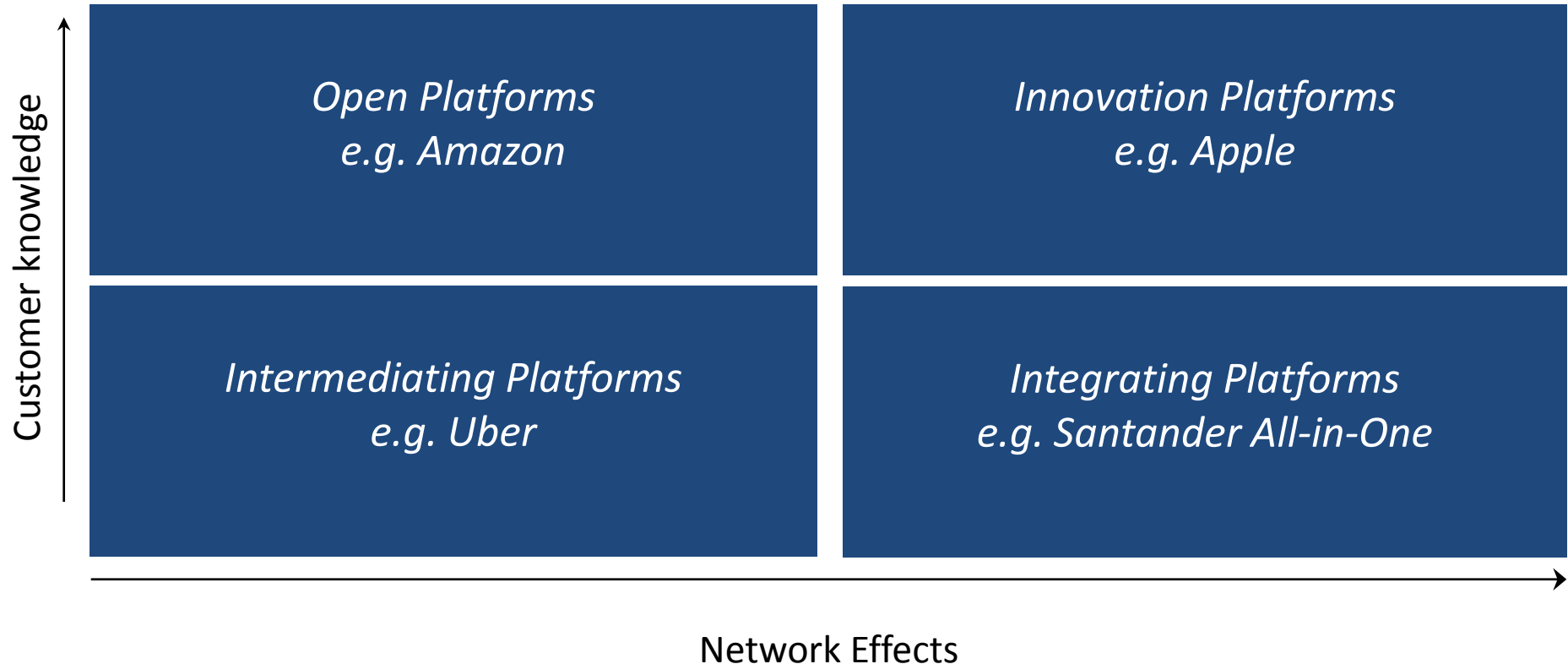
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Digital Platforms

Frameworks upon which actors, across industry boundaries, can undertake a range of innovation activities, often forming entire ecosystems (defacto standards) for value creation and capture
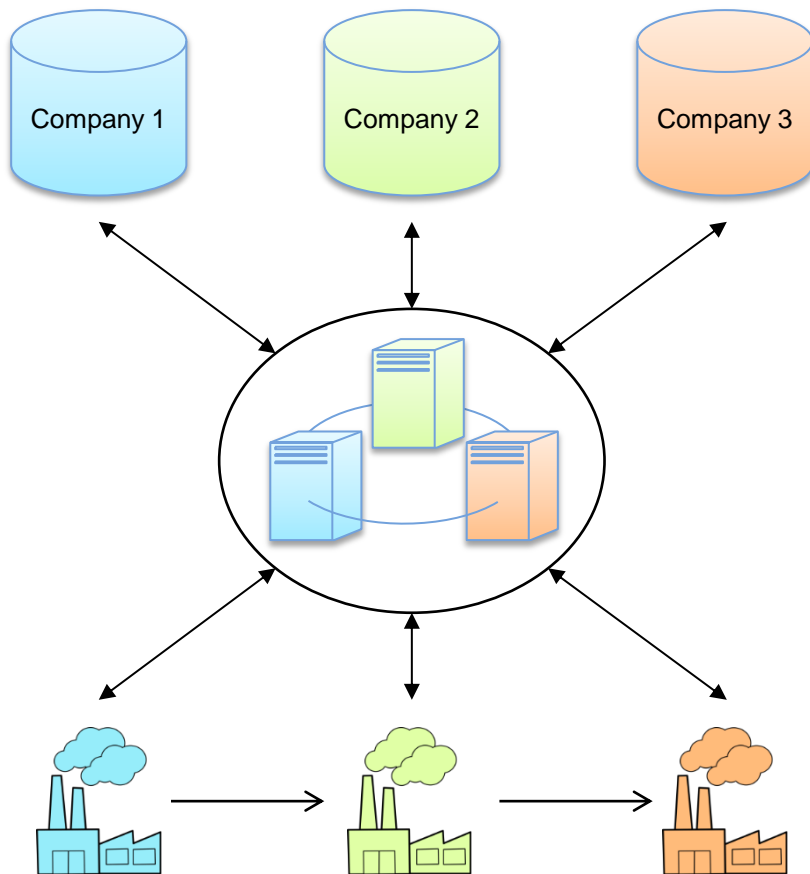
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Who owns data?

The biggest profits are earned when platforms (data) are made <u>accessible</u> to complementary third-party technologies, products and services that create value for the end customer

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Access and Interoperability

(Typology of Digital Platforms)

Customer knowledge

Open Platforms *e.g. Amazon*	*Innovation Platforms* *e.g. Apple*
Intermediating Platforms *e.g. Uber*	*Integrating Platforms* *e.g. Santander All-in-One*

Network Effects

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Past 10 years - Decentralized platform control

Company 1

Company 2

Company 3

The platform is produced by all parties together as equally privileged and equipotent participants.

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The Future of the Digital Platform Economy

"It is all interconnected

–

digital platforms, big data, co-data, data analytics, algorytmins, machine learning, and artificial intelligence"

Managing for the Future?

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Boundary Objects and Resources

(Breaking the barriers for market entry)

Multilayered operational compatibility
e.g. agreements on Rights, agreements on data

Multilayered technological compatibility
e.g. software development kits and application programming interfaces

Multilayered Digital compatibility of Smart Objects

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Typology of Markets

(Breaking the barriers for market entry)

From Fixed Role to Switch Role Markets *e.g. a Shop / Stock Exchange*	*From Two-sided to Multi-sided Markets* *e.g. Uber / Youtube*

Multisided Interoperability between Digital Markets

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Change in the Design Philosophy of Products and Services

The Software is no longer embedded in Products, but rather Products are Embedded in Software

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