PLATFORM BUSINESSES: A GUIDE

GUIDE   5 August 2021

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In this guide we explore the nature of platform businesses, the importance of trust in their successes, and how trust is generated and maintained. The last two sections explore the opportunities to disrupt industries and the actions businesses can take to ensure they make the most of the platforms they engage with.

1.   THE EMERGENCE OF PLATFORM BUSINESSES

The rise of platform based businesses has generated a huge amount of interest over the past ten years or more. For writers and academics they're a fascinating phenomenon to study, for businesses they are something to learn from and perhaps mimic in some way, and for governments they present a whole host of new regulatory challenges. These platform entities have a kind of digital American mystique, emerging quickly and apparently from nowhere to take over industries and transform society: black cabs give way to Ubers, the high street struggles to compete with Amazon, and social networks have become key market places for influence, brand building, sales and direct recruitment.

While most businesses do not operate their own platform, many will run some part of their operations through digital platforms. The challenge many face is deciding what platforms to engage with, for what purposes, and how to best exploit their potential, and avoid the (perhaps unforeseen) risks that accompany platform-dependent business strategies.

1.1   Platform characteristics

Before discussing these issues in more detail, we first address the most obvious question: what exactly do we mean by a platform, and in particular, a digital platform?

Amazon is a good example of a fairly straightforward online retailer that identified an opportunity to become a platform, then leveraged its platform infrastructure to enter multiple new markets. When Amazon was founded in 1994 it was an online book store and nothing more. These were the very early days of online business: Google would not be created for another four years and Facebook another ten.

Amazon quickly grabbed market share away from traditional high street book shops, but later realised that many small businesses could benefit from selling through its sophisticated digital shop front. In 1999 Amazon shifted from being purely a retailer to being a platform: with Amazon Marketplace it set out to connect multiple buyers to multiple sellers, without any direct involvement in the transaction itself.

This idea of connecting disparate groups of willing buyers with willing sellers, without being a party to their contractual relationship, is a defining feature of a platform. This is also where platforms diverge from simple supply chain relationships. A platform can often be described as having two sides to its business model: it generates value for the community of businesses that trade through it, and makes locating the right product and supplier easier for those who buy through it. This is

how platforms avoid entering an industry, from a legal perspective: Facebook may publish more written content than the average global publishing house, yet it is not (yet) subject to the laws that govern publishing in the UK because it merely provides the platform for the publishing of others.

1.2 Blurred lines

In reality, the lines separating platforms from the industries they support are blurred, and many of the world's largest platforms have discovered just how problematic this blurring is. Uber's claim to be a platform were dismissed in California in a lawsuit in 2015, in London in an Employment Tribunal in 2016[1], and in the European Court of Justice where it was ruled to be a Taxi firm in 2017. These legal challenges highlight the balancing act played by platforms: if they exert too much control on those who trade through their platform, they become service providers liable to industry-specific regulation, and in the case of Uber, they also become employers of tens of thousands of drivers.

Yet a seemingly similar business to Uber managed to prove the opposite last year. In a new ruling on 3rd December 2020[2] by the European Court of Justice, a much smaller digital app for taxi services was able to prove that it was an 'information society service', ie, a platform and not a transportation provider. This was because of how it had configured its digital interface in order to remain separate from all passenger-driver communication and price negotiations. This followed a similar ruling in 2019 in favour of Air BnB[3], when French authorities tried but failed to classify it as an estate agent, to then be able to regulate it through their real estate licencing requirements.

2. TRUST: A MULTI-DIMENSIONAL PROBLEM

Platforms provide a valuable connecting service, which means they allow us to see and explore products, people and places that we would not normally do business with. This leads to an important question for purchasers: how do we know we can trust the sellers we are ultimately buying from, given that the platform can only provide so much control before it ceases to be a platform at all?

2.1 The digital disconnect

Digital platforms promise businesses a new level of customer access: anyone with a presence on a well networked platform has the opportunity to sell to anyone with internet access. However, this promise of unlimited digital access to markets and the removal of physical barriers to customers creates new barriers in its place. Unlike tradition approaches to building customer relationships or generating sales, online platforms can create a disconnect between customer and vendor that goes much deeper than mere distance: the building of relations, the personal advice, the simple ability to see and evaluate a product first hand, all disappear or change significantly. Perhaps the most important outcome of these changing relations is their impact on trust.

Purchasers are often expected to buy unseen goods from unknown sellers, in unknown places. Yet we know that this happens, and while early e-commerce tended to focus on low value items (think books and Amazon) we now either buy high value items outright through platforms, or get a long way down the purchasing journey before any human interaction. So how does trust in platforms emerge, and how can businesses ensure that they benefit?

2.2 Competence trust and goodwill trust

Trust can be thought of as two components: 'competence trust' reflects our belief that the other party has the *ability* to deliver the outcomes they promise, while 'goodwill trust' reflects our belief that they have an inclination to behave fairly and ethically towards us, or in relation to other

[1] https://www.judiciary.uk/wp-content/uploads/2016/10/aslam-and-farrar-v-uber-reasons-20161028.pdf
[2] https://curia.europa.eu/jcms/upload/docs/application/pdf/2020-12/cp200149en.pdf
[3] https://curia.europa.eu/jcms/upload/docs/application/pdf/2019-12/cp190162en.pdf

promises they make to us or wider society[4] – which might extend to broader issues such as worker treatment, sustainability, or tax avoidance. Yet for the platform customer these two types of trust must now be addressed on at least three levels: they must trust the platform they choose to transact through, they must trust the end supplier, and they must trust the product itself.

As a business seeking to reach new markets through platforms, these layers and components of trust need to be carefully addressed. Optimizing your offering for a certain platform can be costly so you need to be certain that if has the right trust profile with end users. For example, seeking investment through a crowdfunding platform may require you to overcome significant hurdles in the form of appraisal by the platform itself before being listed: a cost to you, but one that is designed to deliver both goodwill trust in the platform (by demonstrating their intention to offer genuinely high quality investment opportunities to users) and competence trust in you (by demonstrating that your offer has been through a robust evaluation process, and is therefore more likely to be a sound investment).

2.3   The cost of building trust

Tackling trust in an online environment can have significant financial and operational consequences. For online fashion retailers 'competence trust' doesn't just mean their ability to supply clothing, it means their ability to supply the *right* clothing – with fit, colour and style all matching up to online descriptions and buyer expectations when they finally get to experience the items in person. To achieve this, retailers routinely offer generous, no-cost returns. However, they have recently had to adapt to buyers who routinely order clothes to wear once, perhaps even just for sharing through social platforms, then return 'as new' for full refunds. When ASOS tackled this issue they still did not instigate a paid-for returns service, which was seen as a major barrier to purchases from their site, but strengthened their wording in relation to both the removal of customer accounts or the refusal to refund dubious returns.

These points reveal two additional components of platforms: they enable the use of data to drive deeper understanding of customers, and related to this, they allow businesses to be far more selective about the customers they wish to serve. This may be through targeting of advertisements and recommendations, or by leveraging the human networking effect of platforms. For example, VRBO (formerly HomeAway, the vacation rental platform acquired by Expedia in 2015 for $3.9bn) not only allow guests to review properties, but also encourages owners to review guests and comment on attributes such as their treatment of the property during their stay. As platforms seek to build trust-inducing terms and conditions into their ways of working, smaller suppliers in particular need to be increasingly aware of the costs and risks this can impose on them.

With so many sellers competing for attention, and an environment that enables users to jump quickly between products, storefronts, and platforms, trustworthiness is being evaluated rapidly. For smaller businesses with brands that are not household names, understanding how to maximise perceptions of trustworthiness is critical. Mechanisms that have become central to the platform environment, as a response to this need for trust-shaping information, are ratings, reviews and awards.

3.   RATINGS, REVIEWS AND AWARDS

Ratings are everywhere. The marketisation of modern society has seen ratings, rankings and annual cycles of comparative review brought into play in a myriad of places; From primary schools to universities, NHS trusts to private fertility treatment centres, we tacitly expect everything to be subject to an Amazon-like 5-point rating, or Trip Advisor-like ranking against our peers. For industry, we have ranked lists of 'Best firm to work for' and 'World's most admired companies' as well as sustainability indices for individual firms and entire countries[5].

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[4] This analytical separation of the components of trust was first written about in Nooteboom, B. (1996). *Trust, opportunism and governance: A process and control model. Organization studies*, 17(6), 985-1010. Subsequently, these ideas have been used across many areas of research, most recently to explore the relationships between CFOs and Auditors in Maresch, D., Aschauer, E. and Fink, M. (2019), *Competence trust, goodwill trust and negotiation power in auditor-client relationships*, *Accounting, Auditing & Accountability Journal*, Vol. 33 No. 2, pp. 335-355.

[5] Examples include https://www.worldbenchmarkingalliance.org/ and the nation-level performance index used by the World Economic Forum: https://www.weforum.org/agenda/2020/06/chart-of-the-day-this-is-the-state-of-sustainability-around-the-world/

3.1 The power of ratings and rankings

The purpose of these is simple: in an information-packed world, ratings and awards offer a critical heuristic, a mental short cut that allows us to move rapidly when assessing a product or business. We can draw swift conclusions based on a handful of visual cues: an eco-award logo, a 5-star review from a well-known magazine, multiple 5* ratings or a high position in a ranking....we barely need to read the product description, detailed customer reviews or have heard of the company before, to trust products or firms with these kinds of credentials.

For the platform, ratings perform another function: they create the impression of a transparent marketplace where informed buyers can make safe purchasing decisions. Yet the power of ratings and rankings to change the fortunes of businesses can lead to all kinds of gaming, with the abuses of platforms such as TripAdvisor and Amazon[6] well documented. By manipulating ratings, for example through 'buying reviews' or creating false reviews of rivals, a business can distort platform algorithms in order improve their product's visibility. As platforms become crowded with similar products, anything that generates consumer trust and higher rankings can enable rapid market entry for previously unknown products and brands. This, however, presents a real threat to the platform itself in the longer term: trust in a digital marketplace can quickly fall away if suppliers do not live up to the promises suggested by their elevated status.

3.2 A new digital product

Reviews, then, can be seen as a new and valuable knowledge product in their own right. Whilst some illegal or questionable markets have emerged, such as the 'buying' of 5-star reviews, other legitimate review markets also exist. Importantly, you don't need to trade through a platform in order to benefit from this exploding review culture. The importance of ratings led to the founding of firms such as Feefo (based in the UK), TrustPilot (Denmark), Yotpo (US), and Stamped (Singapore), who compete in a global market for product reviews, but also the data-driven customer insight that comes with these online interactions. These services support review-based relationship building from within your own website, whilst also integrating with other online platforms such as Facebook for seamless promotional strategies.

Smaller businesses can deploy more personal review-based strategies directly through social media platforms. Products with a local market, such as trades people or regional produce, can access a strong community culture and rapidly build a customer base on the back of these pre-established, high-trust networks. The key is finding out where and how people share knowledge within their online communities, then give them a trigger to begin talking about you. Often this is no more complex than a simple request, in person, online, or through a simple business card.

While dedicated review and rating sites offer a powerful way to represent your performance, they are not the only alternative to direct engagement with a platform. A significant shift towards the use of photo and video content, through sites such as Instagram and YouTube, has made these a powerful and important means of connecting with audiences.

4. UNLOCKING THE POWER OF VIDEO

Video platforms and in particular YouTube have evolved to become powerful drivers of individual product sales, but also a critical way for companies to connect with customers and drive engagement, revenue generation, and data. Whether you are building your own platform, or simply seeking to incorporate some platform thinking into your strategy, it's important to understand the power and potential of online video.

4.1 Direct versus indirect connection to the masses

Channels on YouTube can support businesses in a number of ways. Some firms simply create their own content and use it to add an additional layer of information provision to potential

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[6] In September 2020 The Financial Times reported on the deletion of approximately 20,000 reviews after their investigation into the practice of paying for 5-star reviews. They noted that *"Overwhelmingly, those products were from little-known Chinese brands, who often offer to send reviewers products for free in return for positive posts"* https://www.ft.com/content/bb03ba1c-add3-4440-9bf2-2a65566aef4a

customers. This direct approach, where you are responsible for content, promotion and audience generation, offers high levels of control about the messaging, but that control comes at a cost – it's very hard to build a significant audience. This is where the growth in online vloggers, reviewers and influencers has created a market for quasi-independent product reviews and product placement. A quick test to see if you have a grasp of how powerful these individuals can be: do you know who PewDiePie is?

Between 2014 and 2017 PewDiePie had the most watched channel on YouTube, he has over 100 million subscribers, owns the first ever YouTube channel to achieve 10 billion views, and in 2016 he was named by Time Magazine as one of the 100 most influential people of the year, then ranked No.1 in the 2019 list of Top Digital Influencers in The Times. PewDiePie, like an increasing number of digital influencers, has an extraordinary ability to shape youth culture, gaming culture, and any social issue that takes his interest.

For example, during the freedom of speech controversy that engulfed America in October 2019, as influential figures spoke in support of Hong Kong protesters, PewDiePie was a direct commentator. Then the power of collective action emerged, as he and other influencers supported the South Park episode entitled *Band in China*, which mocked the Chinese Communist Party and Xi Xinping himself[7]. American brands such as the NBA, that had initially appeared to bow to Chinese pressure, were now facing a revolt at home, and ultimately decided to speak out in favour of free speech, accepting the loss of an estimated \$4bn when the Chinese state broadcaster enforced a complete blackout of their games[8]. The fact that these YouTubers have the power to tackle not only products, but also nations, and shape the response of US-based firms to international issues, highlights the extent of their influence.

4.2   Linking across platforms to generate value

Turning back to the UK, and a more directly commercial approach to the use of YouTube, tech firm Carwow was launched in 2013 with a specific, single-market objective of connecting car buyers with dealers to secure better prices for new cars, while saving them significant time. Carwow constructed a dedicated review site on YouTube which now has over five million subscribers, to support its UK-based car sales platform. This highlights the power of platform integration: working across sales platforms and content-delivery platforms such as YouTube, to build a comprehensive information and product offering. Importantly, the extended, independent video reviews generate trust in its position as an independent knowledge and product broker, and so in the cars being sold through its platform.

Different again is the approach taken by an already well establishing publishing house, what was Future Publishing, founded in Bath in 1985. Now trading as Future PLC, they steadily migrated from being a magazine publisher focussed on specialist titles including niche sports and technology, to a FTSE250 media company owning over 200 brands, that integrates printed magazines with online titles, video review content, and ecommerce offerings. This enables them to generate significant online and offline advertising revenue that far outstrips the income from direct subscriptions[9]. *The Economist* in January 2021 notes that Chinese platforms have been at the forefront of this trend to combine a broad range of services and advises businesses to think about following the trend.[10]

5.   EVALUATION AND THE INFRASTRUCTURE OF PLATFORMS

Ratings, rankings and reviews are a critical part of platform infrastructure: the ability to help customers evaluate products is central to a successful platform environment. In some cases these

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[7] This story was extensively covered in the US and Hong Kong, including features in The New York Times https://www.nytimes.com/2019/10/19/opinion/sunday/china-nba.html, Fox Business News https://www.foxbusiness.com/technology/youtube-pewdiepie-ban-internet-china , and the South China Morning Post https://www.youtube.com/watch?v=A1KCVj_v0ik
[8] This development in the story is well documented across the media, with a good summary available in Forbes magazine here: https://www.forbes.com/sites/roberthart/2020/10/09/nba-returns-to-chinese-tv-after-yearlong-ban/?sh=cc306c817d91
[9] Future PLC provide revenue breakdowns and business model information at https://investor.futureplc.com/ and https://www.futureplc.com/resource/our-business-model/
[10] *The Economist*, 2 January 2021, *The next big thing in retail comes with Chinese characteristics*.

reviews are embedded in the platform itself, in other cases they connect across other media, using more established platforms like Facebook, YouTube and Instagram to build a comprehensive platform strategy. As we build platforms or increasingly trade through them, we must understand these different forms and uses of evaluation. This is what allows digital transactions to replace our ability to see, touch, discuss and experience products in the real world, before making a purchase.

Every major platform approaches evaluation in a different way: Amazon allows purchasers to evaluate products, sharing not only ratings but also descriptions and photographs; Ebay allows us to evaluate each other as we trade together, and get satisfaction from being described as 'a great ebayer'; Uber offers double sided evaluations as both drivers and passengers rate each other, while crowd funding platforms may construct their own forms of investment evaluation, then use this as part of their pitch to both suppliers of investment opportunities, and the suppliers of capital they want to connect to, through the platform.

For the CFO exploring either building a platform, or entering a relationship with one, the due diligence required here involves the study of these multiple forms of evaluation. Here the 'currency' of value is often more obscure than financial performance, and successful market entry requires an investment in understanding the role of rankings and reviews, at multiple levels.

Platform success is underpinned by the legitimizing power of a simple, trustworthy and well used evaluation mechanism, yet for individual product providers the goal is to understand how to optimize for a specific platform environment. This may require the study of algorithms and the underpinning AI that drives traffic to specific products, as well as understanding the costs, lead times and power dynamics of different review types. This assemblage of financial and non-financial ways of communicating value, which together make up the 'evaluative infrastructure' of a platform[11], needs to be carefully studied prior to launching a product through a platform, or when launching your own platform-based business.

6. OPPORTUNITY AND RISK IN DISRUPTED MARKETS

Platforms offer a step change in buyer-seller connectivity. In any market where sellers cannot easily reach multiple dispersed buyers, and vice-versa, or where each connection is time consuming or costly to create, platforms may emerge. If such a platform can solve the connectivity problem, overcome perceived trust/risk issues, and offer relatively frictionless trading, then it can disrupt the business models and income streams of incumbents.

6.1 Disruption and response in the travel market

The travel market has been subject to major change as a result of digital platforms and the connectivity they bring. Pre-internet, the UK market for organised foreign holidays was dominated by UK-based tour operators and travel agents. They had to make the sizeable investment of doing on-the-ground research in countries around the globe, identifying partners, hotels, and so on, to enable them to build up their packages for their domestic consumers. To understand the process of change brought about by digital platforms, and the impact on individual firms, we can look at a single but fairly large market: the market for Himalayan trekking.

According to the Foreign Office, over 50,000 Britons visit Nepal every year, and many go trekking. Before the internet, UK travel agents established relationships with local ground handlers in Nepal. This was more than an outsourcing arrangement, as specialist tour operators worked with their Nepalese partners on the ground too, often deploying UK-qualified mountain leaders to work alongside local expert guides.

The advent of the internet allowed those local tour operators to connect directly to customers, in theory, but in practice this was a challenge. These entirely unknown Nepalese agencies needed to be found, trusted, and seen as viable alternative providers for high value, high risk mountain adventures. This created a platform opportunity, and Viator, launched in 1995 and eventually bought out by TripAdvisor in 2014, is a leading example of a platform that transformed the market

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[11] Leading accounting academics are studying what they call the 'evaluative infrastructures' of platforms. See Kornberger, M., Pflueger, D., & Mouritsen, J. (2017). Evaluative infrastructures: Accounting for platform organization. *Accounting, Organizations and Society*, *60*, 79-95.

in favour of these locally-based tour operators. Viator built up the largest global portfolio of reviewed and rated travel experiences, allowing customers to buy their 'dream holiday' direct from the supplier with increased confidence.

The emergence and growth of these in-country, platform-enabled businesses demanded a response from the UK-based incumbents. The businesses they relied on and collaborated with had now started offering their own direct-sell products too. The business model of established UK-based trekking firms was under threat; they had to adapt to be both price competitive, but also to be seen as adding value. A major cost saving came from the removal of UK qualified mountain leaders accompanying less well-paid local guides, and value was added by presenting themselves as the curators not only of the trips, but of the entire end-to-end service. Travel firm websites talk about their local partners, their fair pay policies, they have payment protection through government regulated schemes, offer flight inclusive packages, and present information in a consistent format across a global range of products. This is important as it allows people to make not one but many holiday purchases from them in the knowledge that quality, service and the level of physical challenge on the trip itself will be consistent. They also demonstrate their level of experience through easy access to past-client opinions, with one example, Exodus Travels, displaying 17,936 reviews by December 2020, all searchable by trip name.

6.2   Information difficulties as an invitation to disrupt

The travel example highlights the opportunity presented by communication gaps in a valuable market: the more work that needs to be done by businesses seeking to reach customers, and vice-versa, the greater the likelihood that some new, enabling platform may come in and disrupt that market.

Carwow, mentioned earlier, similarly exploited such a gap, by allowing car seeking customers to input their details once into the Carwow platform, which then connected the information to a UK-wide network of dealers to enable each of them to offer their best price for the exact specification requested. Without such a platform, car buyers were limited to doing all the searching themselves, trawling websites and car dealership groups at considerable expense of time and effort. Yet exploiting this gap required them to construct a full platform environment complete with evaluative infrastructures: Carwow proudly links to its TrustPilot page with over 22,000 reviews, displays the logos of multiple newspapers that have written about it, and points to its YouTube channel where it evaluates the products themselves. This ensures that it becomes a legitimate, trustworthy, cost saving intermediary.

7.   PLATFORM ACTIONS

7.1   Map the platforms around you

Studying the dynamics of your own markets from a platform perspective can reveal opportunities to exploit, and threats that need to be addressed. Whilst Amazon's entry to online retail, then shift to platform retail, then global technology firm, all took place relatively slowly, the pace of change in some markets is far quicker now. It is important to become platform aware sooner rather than later.

Drawing together expertise from across your organisation to run a 'platform workshop' can reveal a whole range of possibilities that need to be monitored, or exploited. If you can invite early-career individuals into the workshop mix, so much the better. Younger people may lack firm-level strategic insight, but may be be more open-minded about who your rivals are, where danger may emerge, or where existing technology platforms may add value.

In these workshop's it's important to look for information inefficiencies that platforms may resolve. You should also consider what high value assets or capabilities exist or are developing within your firm or rivals, those that may be exploited in new ways. Amazon's cloud computing business, developed first to support its own platform, now outperforms its retail business and has left rivals such as Microsoft struggling to catch up. Similarly, as new platforms emerge, they spawn new opportunities for your business to enter new or changed markets.

7.2   Undertake trust profiling

Who trusts you, who needs to trust you, and what kind of trust do you need in order to ensure success? If you seek to build a platform, trade through one, or make use of one to support rapid entry in to new markets, then building up a profile of the kind of trust you need to create is essential.

By reviewing the ways that rivals deploy reviews, ratings, multi-platform information sharing and customer connectivity, you can build a picture of how trust is secured and then exploited in different markets. By profiling rivals, you can then begin to build up a plan for your own future trust profile. It's important to make explicit decisions about the kind of trust building you need to engage in to deliver on your goals, and create criteria that you can use for progress monitoring and evaluation.

For lower value, repeat purchase, quasi commodity products (eg, printer paper) you need to think very differently about trust to those selling high value, single purchase, highly differentiated products (eg, a premium car). As product complexity and cost increase, and the risk to purchasers of an error becomes greater, you need to think not only about the trust profile of your own firm, but also of any platform you wish to trade through. Working through high-trust platforms, such as those that offer expert evaluations of products to support buyer decision making, can be an important part of a trust building approach.

Unpacking the dimensions of trust – in your product, in your firm, in the platform – can help you to identify areas for investment. For example, the fate of a product may be entirely changed if you are able to establish its quality through securing an independent review (in a B2C market) or a specialist's recommendation (in a B2B market), then leveraging those reviews through communication platforms such as YouTube, Facebook, LinkedIn, or industry-specific networks. Unpacking trust is also important for risk management, for example do you trust a platform not to change its terms and conditions to your disadvantage.

7.3   Examine the skills and structures you need

To develop and deploy platform approaches you need to understand the skills your organisation needs, and the way these are embedded into existing or new structures.

 As we have seen, platforms connect buyers and sellers in novel ways, often cutting out certain channels of communication and evaluation, and replacing them with others. For example, utilising LinkedIn as a recruitment tool may reveal new ways to deploy budgets once spent with recruitment firms, or offer a first foray into AI-enabled selection through the LinkedIn Recruiter product[12]. This, in turn, may allow internal HR capabilities to be redesigned, with greater focus on how to make best use of technology-driven recruitment markets, and maximise exposure to the broadest range of high performing potential recruits.

As you explore new forms of organisation, you can make temporary hiring decisions by using platforms designed to reduce friction in the gig economy. These platforms cover an extraordinary range of jobs, and in a post-Brexit, digitized world, they can enable access to European or wider labour markets without anyone needing to relocate. As part of any review of skills and structure, an evaluation of what can be flexibly outsourced may open up avenues for rapid scaling (both up and down) during a period of experimentation.

7.4   Manage the ownership of customers and markets

Platforms can become powerful intermediators between producers and customers, and as platform markets grow they can begin to take ownership of customer relationships. When this happens in a market that you compete in, it has the potential to turn your offering – bit by bit – into a lower valued commodity, competing with multiple new entrants who have arrived on the back of the growing platform infrastructure. It is important, therefore, to look specifically at the relationships you own, and how to manage and protect them in reshaped markets.

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[12] LinkedIn provide a detailed description of the AI and how they use it to drive their recommendations at:
https://engineering.linkedin.com/blog/2019/04/ai-behind-linkedin-recruiter-search-and-recommendation-systems

If you intend to trade through a platform, identify ways of working within its structures to maintain any points of differentiation; alternatively, if platforms are a threat, build rival routes to market that protect you against platform encroachment. However, if you want to gain rapid access to new markets, search out platforms that have a strong footprint, already owning a significant number of platform-level customer relationships. Creating an entry strategy based on established platform use can deliver rapid growth, but may capture less value initially, so identifying other higher value outlets for products may become important for protecting margins in the longer term.

7.5   Seek out openings for new markets

Creating entirely new products that satisfy new information needs is increasingly possible where digital platforms or digital products are reshaping markets. Building on your increasing awareness and understanding of the trajectory of your sector, you can start to see trends or gaps for novel forms of product development; you may discover that you are well positioned to build such new products. This is best explained through examples in healthcare and recruitment.

The comparison and validation market: Health professionals are increasingly interested in promoting wellness, and supporting good lifestyle choices that deliver such wellness. This notion of a shift towards a 'health' service rather than a 'treatment' service is being supported by a growing industry in health app production. However, these apps can be problematic for healthcare professionals – firstly, their ratings on download sites are based on consumer popularity, rather than any form of clinical evaluation, so they need to be evaluated differently if they are to be taken seriously by clinicians. Secondly, the proliferation of these apps makes it hard to find, validate and compare one against another.

Daresbury-based ORCHA tackles both of these issues. ORCHA is a world leading app validator, supporting NHS Digital as well as governments on every continent, through clinically robust app accreditations, listings, and prescription support services. In addition to this customer support, ORCHA offers various support and advisory services to developers, thus enhancing the quality of the products coming to its governmental clients through its portal. For independent developers working on health apps, ORCHA has become an accelerated route into global markets. In effect, ORCHA has created a powerful platform niche that offers extremely valuable services to both sides of its community.

The meta-market opportunity: In large, growing markets there is now a strong probability that the number of platforms competing for attention in that space will increase. The growth of gig economy platforms for short term recruitment is a prime example. Yet as those platforms proliferate, they become a market in their own right, and create an opportunity for a powerful player to build a 'platform of platforms' or 'market of markets' to help guide consumers to the best platform for their specific needs.

One meta-market for information on recruitment platforms is developersforhire.com. This site offers users reviews and information to guide them through the many platforms that can connect them to different kinds of workers; developersforhire.com aims to signpost the best platform for your specific needs, the one that will connect you to the biggest pool of the right kind of talent. The growth of such markets-of-markets presents a threat to the individual platforms that it lists, by separating them from the customer, and seeking to capture some of the value in each transaction. As this new platform builds relationships with users, it becomes the first point of contact, and the platforms it lists become a set of increasingly commoditised service providers.

ABOUT THE AUTHOR

Chris Ford is an academic, writer and entrepreneur. His career started at Deloitte in London, but he discovered a passion for mountain biking, established his own adventure travel business, and moved to East Africa. On his return to the UK in 2000, Chris established himself as one of the UK's leading authorities on outdoor leadership development, working with British and Scottish Cycling, and authoring over 50 articles on the subject. He completed an Executive MBA at Lancaster University, and he enjoyed it so much that he sold his business, and took up the offer to study for a PhD. Chris is now a Lecturer in Accounting and Management, a Cabinet Office Policy Fellow, Academic Advisor to the Institute for Outdoor Learning, and Academic board member of the ICAEW's Business and Management Faculty. His research into the performance of platforms, ecosystems and open innovation led to a prestigious prize for Best Innovation Paper from the British Academy of Management in 2018. His expertise in this domain has led to him working with policy makers and businesses on local, regional, and national levels.

Chartered accountants are talented, ethical and committed professionals. There are more than 1.8m chartered accountants and students in the world, and more than 187,800 of them are members and students of ICAEW. All of the top 100 global brands employ chartered accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor over 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

We are proud to be a founding member of Chartered Accountants Worldwide, a network of 750,000 members across 190 countries which promotes the expertise and skills of chartered accountants around the world.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

Source: CAW, 2020 – Interbrand, Best Global Brands 2019

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