

COLUMNS

## Why every brand needs to become a platform

April 14, 2016



*Kurt Bilafer is global vice president of sales and success at WePay*

---

By **Kurt Bilafer**

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

What is the hottest trend in business right now? Social networks such as Facebook and Twitter? Sharing economy applications such as Uber and Airbnb? Apple and its line of personal computing devices? Or software as a service for the enterprise, such as Salesforce?

You could probably make a case for any one of these, but here is the thing: although on the surface these companies appear to have completely different business models, they all share one very powerful component: a scalable online platform connecting people and ecosystems.

Each monetizes their platform differently.

**Stands**

Facebook and Twitter sell ads alongside the content people share with each other.

Uber and Airbnb take a fee for connecting buyers and sellers of transportation and lodging respectively.

Apple manufactures products, owns retail stores and also has an open platform for developers to build and sell apps that makes the products that Apple sells even more desirable.

Salesforce does the same thing in the business-to-business world. Its cloud platform lets sales and marketing teams connect and share information about customers and prospects, and developers have enriched the value of the platform with a host of apps that integrate to the platform and add to its functionality.

Platforms' speed of growth and economies of scale enable them to out-compete traditional businesses. To stay competitive, businesses have to learn to leverage the power of platforms. That starts with platform thinking.

What is platform thinking?

The underlying strategies are not new. There are elements of vertical integration and franchising, classic business strategies for achieving operational efficiency and scale.

What is new is how technology allows companies to execute these strategies at unprecedented scale while also streamlining what were previously complex processes.

Any company that has a product or software or a business system that it has perfected that enables other companies,

even companies as small as one person, to better operate their business can evolve to become a platform company by thinking about their business through these three lenses.

### 1. Leveraging network effects

Network effects are the phenomenon whereby a good or service becomes more valuable when more people use it, so there is a relentless focus on building as large a network as possible.

That means making sure barriers to joining are as low as possible.

For example, to become an Uber driver, you complete an online application, get your car inspected, wait for your background check to clear and start driving.

By allowing people to provide transportation on demand without having to have access to an extremely scarce and expensive taxicab license, Uber was able to amass a United States network of more than 160,000 drivers in just five years. The traditional U.S. taxi industry, which began in the 1920s, by comparison has 232,000 drivers.

Another way to build your network is to increase the value of the platform by opening it up for others to build on.

Apple, Facebook and Salesforce have done this by offering APIs (application programmer interfaces) and SDKs (software development kits) so that people can build apps that extend the platform and make it even more compelling.

### 2. Customer intimacy

Customer intimacy is thinking about and solving for everything the customer needs to be successful in the area that your product or service addresses, mostly using technology.

Companies that think competitively try to win on price or features. Customer-intimate companies try to win on experience, and they think about that not just in terms of their customers, but their customers' customers.

These marketers ask questions such as, how do we improve our value to our customers? How do we help them acquire and retain more customers? How do we reduce friction, and how do we streamline their processes and the number of solutions they need to use to do their jobs? How do we make them feel safe and secure transacting with us?

Salesforce was thinking along these lines when it acquired SteelBrick, a company that helps sales representatives give price quotes, take orders, generate invoices and accept payments.

Is there other software that does this? Yes, but Salesforce is betting that if you have brought your prospect to the point of sale on its platform, you would rather do the rest right there if it is easy to do so.

### 3. Obsessive curation of the brand experience

For most businesses, the initial cost of acquiring a customer and building a network is relatively high.

With so much time and energy invested, it makes sense to do everything you can to maintain that relationship. These days that means things such as designing a frictionless Web experience, and providing a mobile app so that consumers can interact with your business anywhere, any time.

It means taking user data and pushing out actionable insights.

It means things such as embedding payments right into the platform, eliminating the hassle of having to enter credit card or PayPal account information.

It means continually working to make it safer, easier and more delightful to do business on your platform than any other alternative.

PLATFORMS ARE AT the core of the successful businesses of the future.

These opportunities are not limited to today's platform giants. By adopting platform thinking and new technology, any business can evolve to join the platform economy.

*Kurt Bilafer is global vice president of sales and success at **WePay**, Redwood City, CA. Reach him at [kurtb@wepay.com](mailto:kurtb@wepay.com).*