Chapter 5
Understanding Digital Platforms:
Types of Platforms and Their Evolution in the Organizational Context

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ABSTRACT

In our interconnected world, everyday it becomes more difficult to think of a product or a service that could provide its full value if not combined with other products. In this chapter an overview on platforms is presented, illustrating the different types of platforms that exist, its origins, how the literature on platforms evolved, their role in organizations, why understanding how platforms work is crucial to increase the success rate of their roll-out and how those platforms are shaped through platform governance and architecture, including an overview on platform-centric ecosystems.

INTRODUCTION

Innovations in multimedia have been spreading around organizations in different forms and shapes. Gradually, knowledge management tools became cornerstones within organizations to ensure that professionals can leverage organizational knowledge to its most. Among the emerging multimedia innovations adopted by organizations, the use of digital platforms became one of the most promising ones. Thus, the purpose of this chapter is to provide the reader with an overview of what digital platforms are and how the concept of platform evolved over time. First, in this chapter we provide

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Understanding Digital Platforms

a literature review that studied platforms over the last decades; second, we elaborate on why it is crucial to understand how platforms function; third, we provide the reader with some real examples of knowledge sharing platforms to illustrate their knowledge management potential; and finally, we provide perspective on promising research streams within this field.

The Origins of Platforms

Digital platforms can be defined as the foundation technology or set of components used beyond a single firm that bring multiple parties together for a common purpose or to solve a common problem (Gawer and Cusumano, 2002). In our interconnected world, it becomes difficult to think of a product or a service that could provide its full value if not combined with other products. For example, to produce the Microsoft XBOX video console Microsoft used components from IBM (CPU processor), Nvidia (GPU processor), Samsung and Qimonda (memory chips), and several other manufacturers among others. Led by Microsoft, this coordination and integration of different elements into one single product involved knowledge sharing among different components’ suppliers and their participation in collaborative projects. Once the product was released it had to achieve also a sufficient target audience. That is, attracting new users through its continuous growth and capture and redistribute the monetary value obtained in exchange across different platform participants that contributed with resources. This example just illustrates the increased challenge that represent the wide range of different relationships that platform owners need to coordinate in order to make a platform successful. There are plenty of examples of industries where different products and services complement each other for providing combined a service that otherwise they would not be able to provide on their own.

In fact, a group of economists that studied platforms as products (product platforms) (Katz & Shapiro, 1994) pointed that, indeed, certain products and services only become valuable when they are combined with other elements (e.g. other products and services). Such examples range from the combination between smartphones and wireless communication providers for providing mobile communication services; computers and internet for providing a very wide range of other services (e.g. email, news, social networks); or video consoles and video games or other multimedia content providers that together provide entertainment services. As we can observe in all these cases, products and services are strongly complementary to each other and can be considered as the forming systems where the collections of two or more of these components allow them to work together as one single product or service (Katz and Shapiro, 1994).

Over time platforms have emerged at multiple levels within organizations as well. Platforms became part not only of the daily resources that are used to increase
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