

# PLATFORM BY WHAT?

- HYDROGEN OR TELEMATICS, OR SOMETHING TOTALLY NEW -

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# DIFFERENTIATING STRATEGY: AUTOMOBILE

## Ford

- "Economy of scale" vertical integration
- Model T
- No customization

## GM.

- "Economy of the scale"
- "brand strategy"

## Toyota

- "Tournament system" and a long-term relation, with "economy of the scale"
- Economy of agglomeration (industry accumulation) around Toyota city.

# WATCH

- 1970: Quartz revolution
- A leader of the quartz system clock: Seiko and Citizen
- Seiko: 22,000,000 watches in 1979: the world largest manufacturer
  
- Swiss clock industry: Decline
- concentrated in the two companies, ASUAG and
- The world share of these two companies in 1983, fell in less than 15 %.

# SWATCH

- ASUAG and SSIH: crisis (excessive debt) in 1983
- Banking sector: considered selling of several brands
- Mr. Hayek advised mergers of these two companies.
  
- ASUAG and SSIH were merged (company's name :SMH)
- Swatch for low end markets.

# SWATCH GROUP: RIGHT DECISION WITH TRIPLE OR MORE HELIX

- "economy of the scale" by production of Swatch
- Realizing its cost reduction effect and quality improvement effect for also other brands
- "brand strategy"
- Big crisis as a quartz revolution → in fact they seem to be like GM type (ex. captive supply company) rather than Toyota type.
- But, "original product" through open innovation by industry-academia cooperation and cooperation with a government. Triple-helix
- In addition to those, "finance"

# APPLE AND GOOGLE

- "The externality of the accumulation"
- a price strategy of "Two-sided market"
- "platform" with the available provider of contents as well as hardware design
- "intellectual properties" strategy of in-house
  
- Google: more "open" platform strategy than Apple

# PRICE MECHANISM OF TWO-SIDED MARKETS

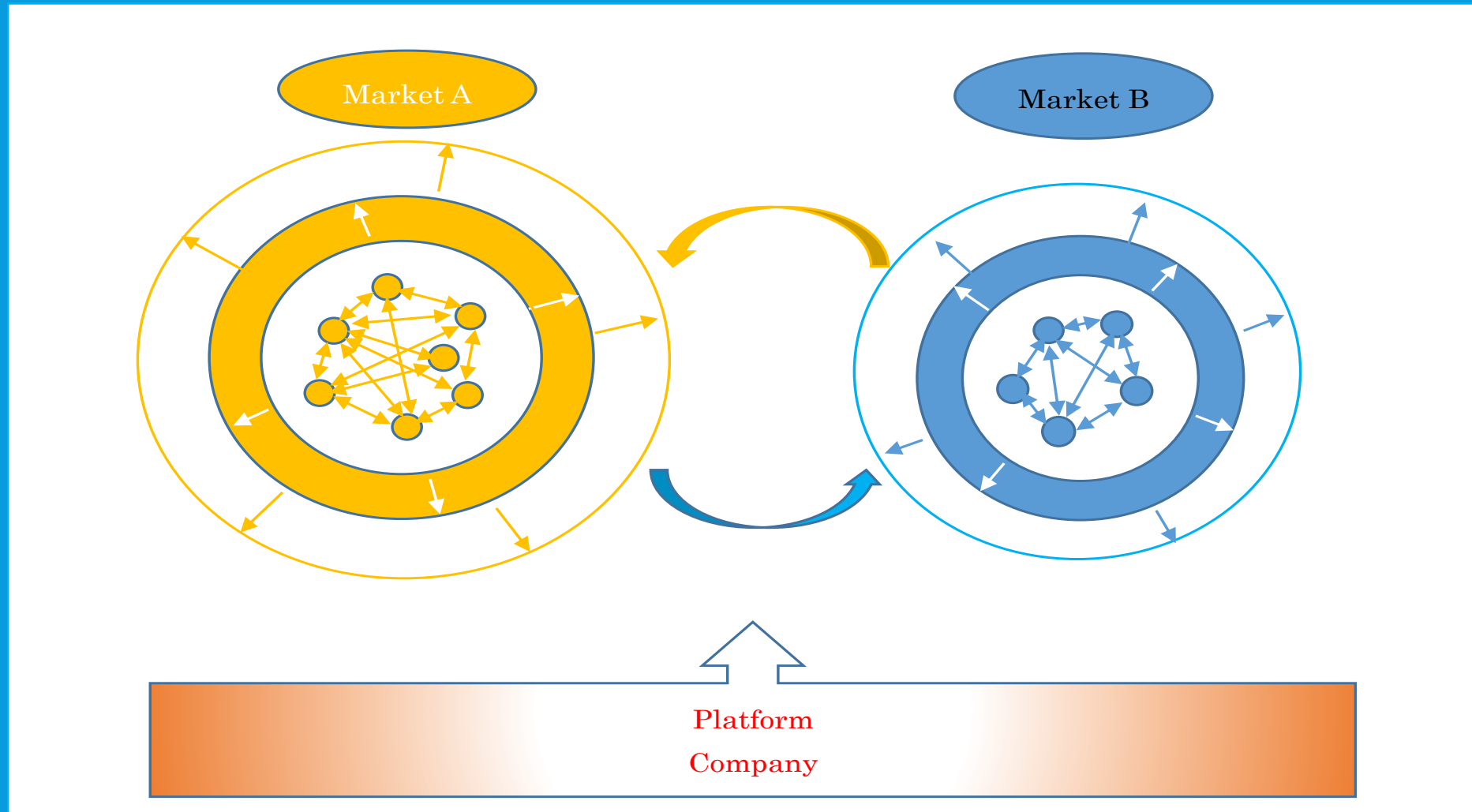
The network externality of the platform

- effect obtained from some goods depends on the number of those users:
- OS(PC)
- cellular phone
- Critical point (number of users) → demanded increases explosively.

direct network effect and indirect network effect

- two markets
- A: cellular phone and smart phone or advertisement
- B: application and contents
- Effect within a single market
- Effect from mutual positive cycle (feedback) between two markets

# PLATFORM --> TWO SIDED MARKET

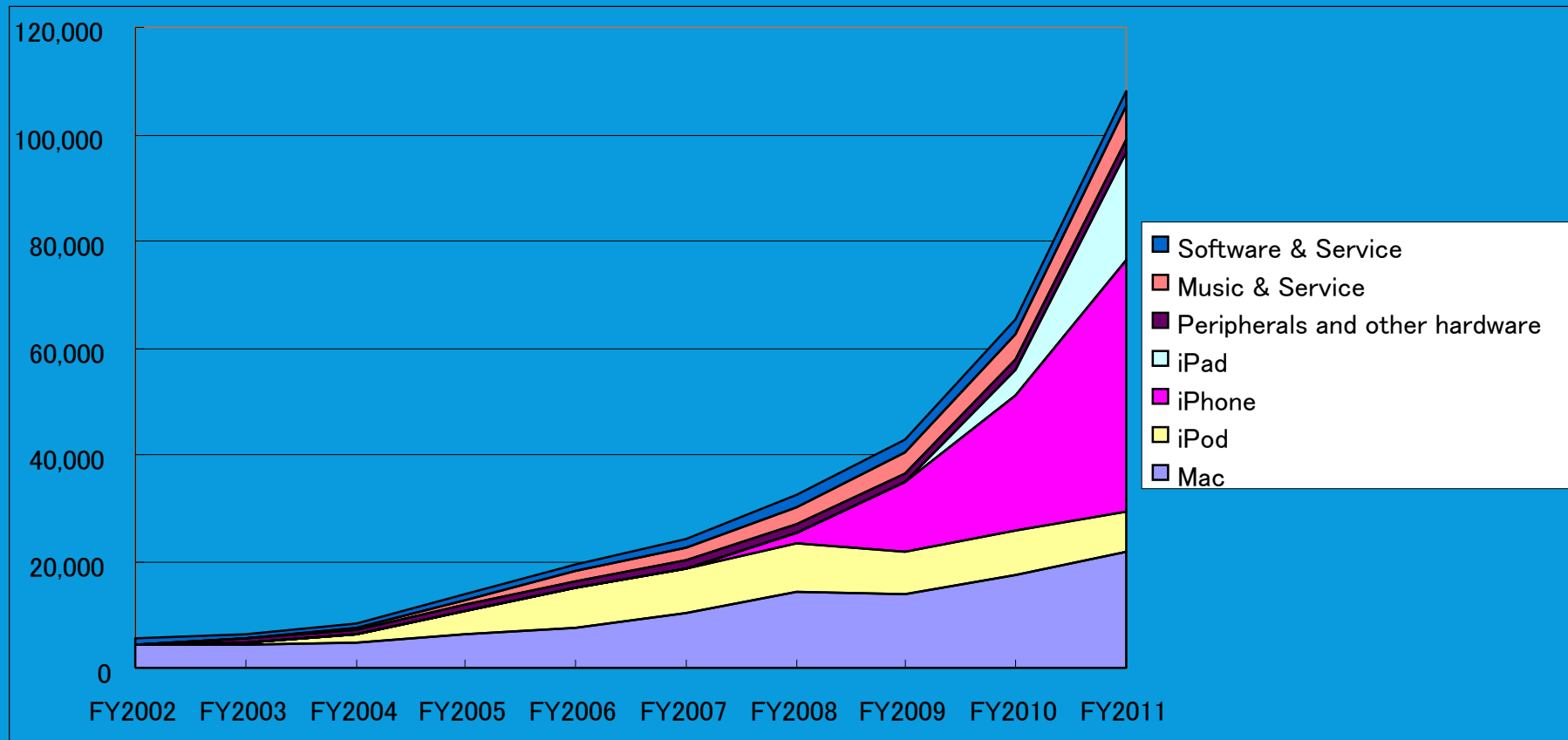




# SUPPOSE: ELASTICITY OF DEMAND OF MARKET A IS LARGER THAN THAT OF MARKET B

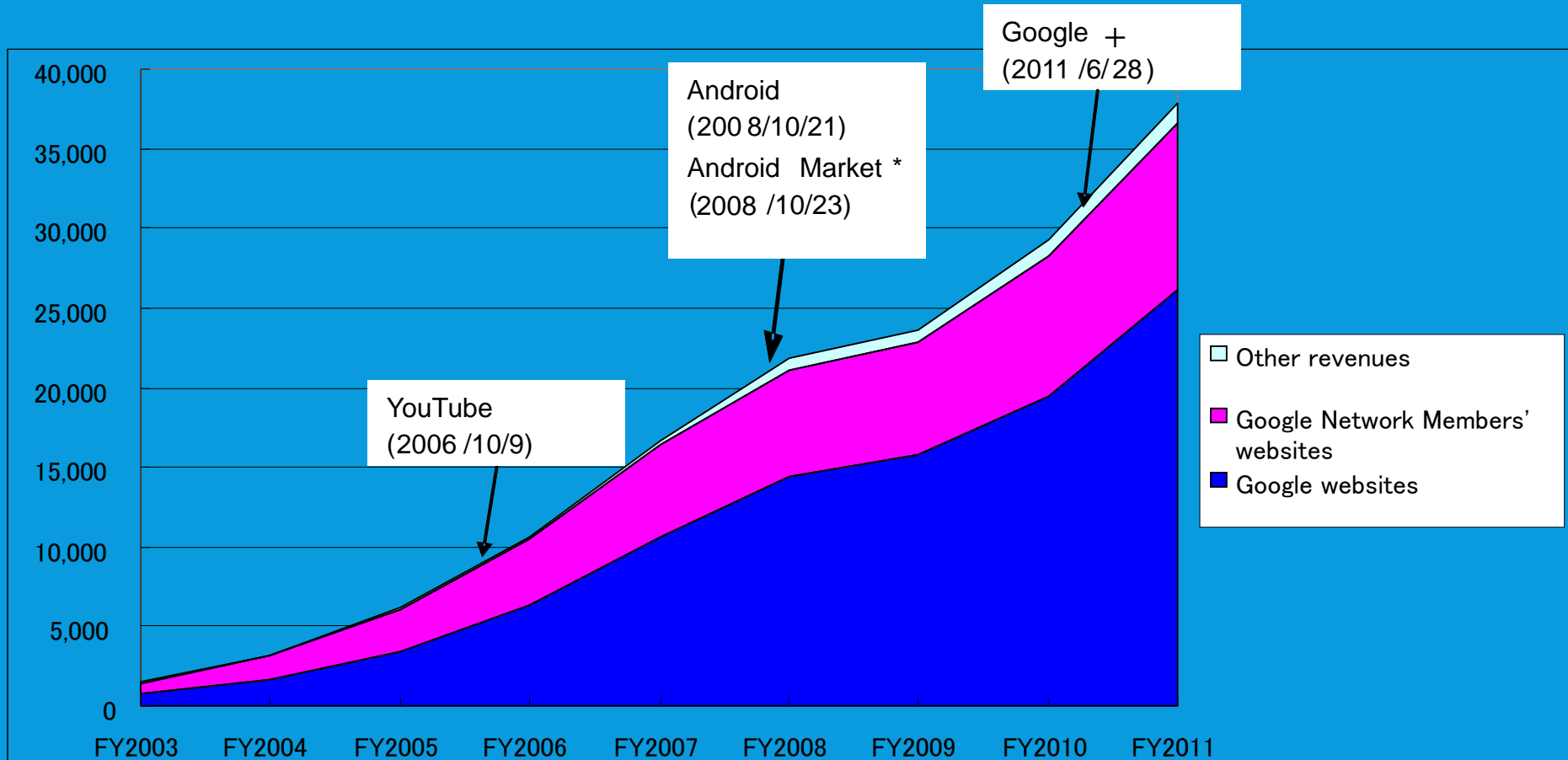
- Possible case:
- Low price for A  $\rightarrow$  decrease of profit from market A  $\ll$  increase of profit from market B
- Platform which can become an industry standard: much larger (indirect) network effect

# APPLE



(Data Source: SEC Filing Form 10-K)

# GOOGLE



\*Android Market --> Google Play

(Data Source: SEC Filing Form 10-K)

# APPLE AND GOOGLE

Same strategy: platform business

- But, the big difference

Apple

- Platform: iTunes App Store
- Cash cow: in-house product such as iPhone and iPad

Google

- Platform: web search engine YouTube Android
- Cash cow: advertisement

# SONY AT THAT TIME

- Seemed to have all resources which can make itself APPLE
  - CD/MD, Music, Trinitron
  - Became just a burden
  - Governance?
- 
- TOYOTA
  - Another Sony?
  - Engine, Hybrid system, Part suppliers, Distribution chain
  - Governance?

# THE ANXIETY

- Sony Digital dream kids
- stock price soaring <---> not clear strategy
  
- Toyota
- Hydrogen?
  
- Telematics
- Platform???

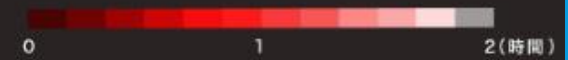
# CHANCE: A GOOD, A LITTLE OR LITTLE

- Vigorous entrepreneur
- Individuals playing globally
- Collaboration with big companies
- Conversion to a new model
  
- Default for pharmaceutical industry, now IT, then Automobile
  
- CVC: serious one, independent, spin-off

# BIG DATA SHOW US...

(SOURCE: [HTTP://DOCS.YAHOO.CO.JP/INFO/BIGDATA/SPECIAL/2015/01/](http://docs.yahoo.co.jp/info/bigdata/special/2015/01/))

## 関東地域のみ拡大版 (出発から2時間)



宇都宮駅 53分

高崎駅 56分

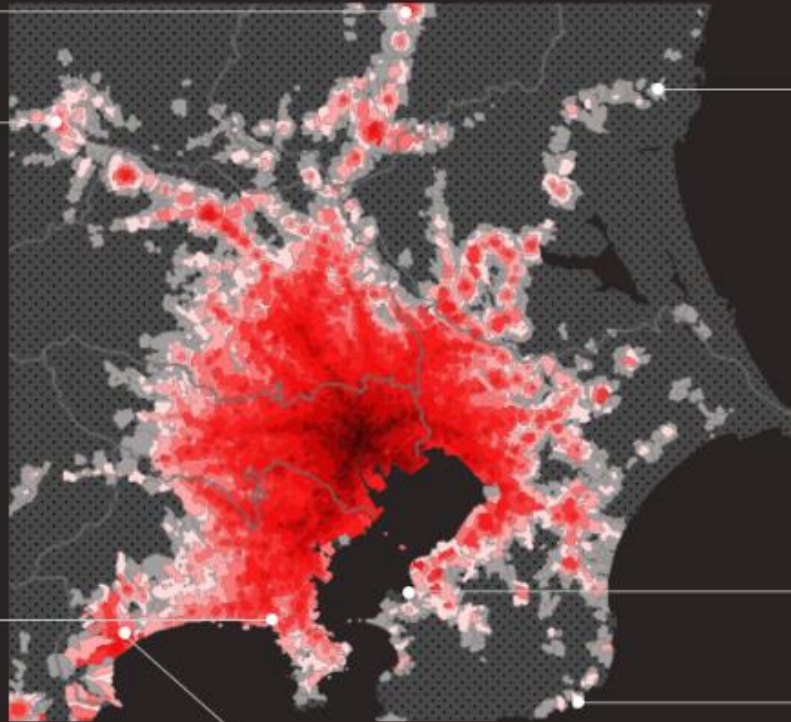
鎌倉駅 53分

水戸駅 1時間49分

木更津駅 1時間27分

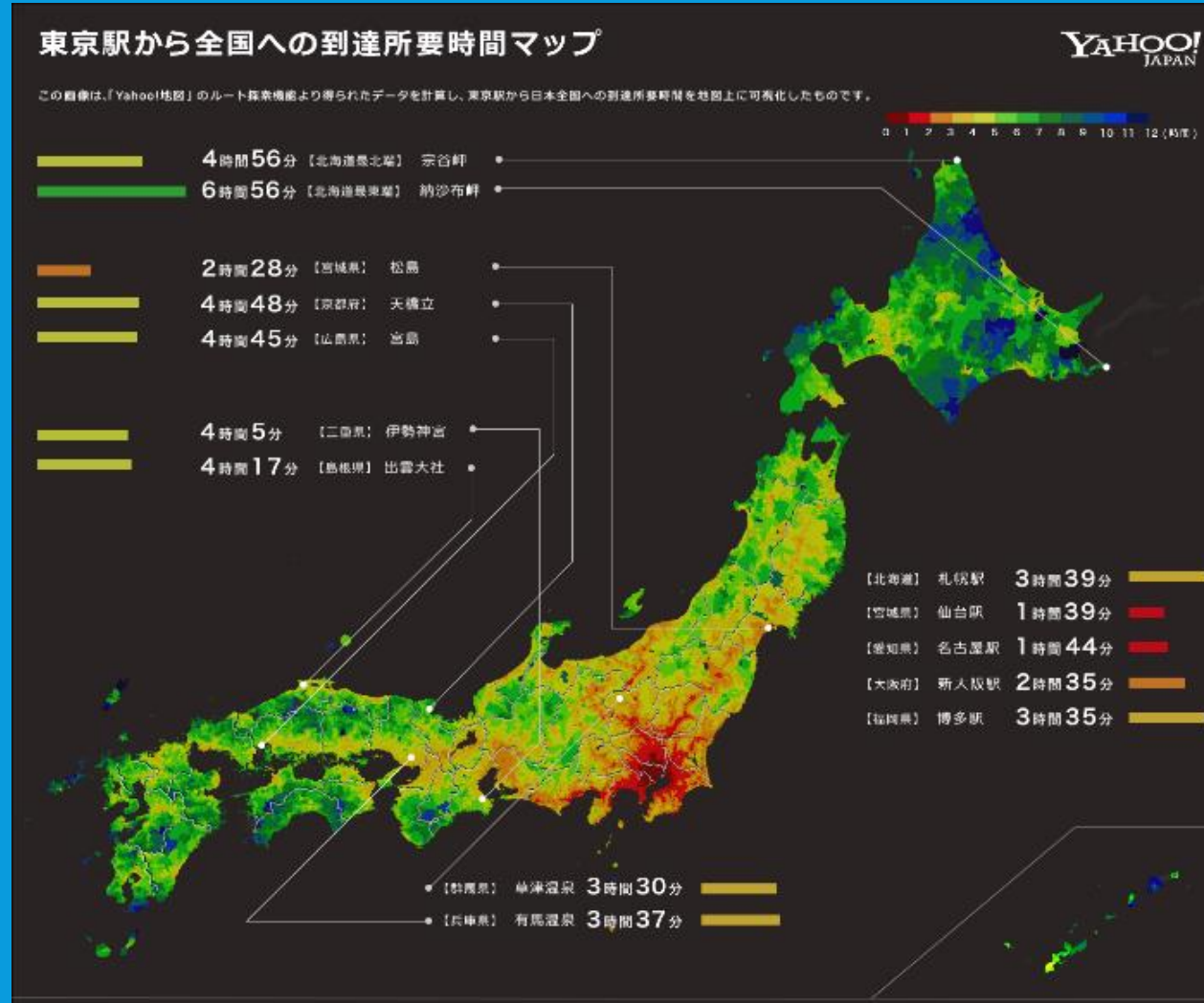
勝浦駅 1時間46分

小田原駅 37分





# CONTINUED: JAPAN SENDAI (MATSUSHIMA)



# GREATER TOKYO

- Tokyo will survive, because
  - 30,000,000 people with very efficient transportation system (within 2 hours)
  - Frequency
  - Convenience
  - Certainty
- 
- Sendai should seriously consider its future as Greater Tokyo