2018
MIT PLATFORM STRATEGY SUMMIT

Geoffrey Parker
Peter C. Evans
Marshall Van Alstyne

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MIT MANAGEMENT SLOAN SCHOOL

MIT DIGITAL MIT INITIATIVE ON THE DIGITAL ECONOMY

Conference Agenda

8:00 a.m.	**Registration and Continental Breakfast**
8:30 a.m	**Call to Order and Welcome** Christie Ko, *Associate Director, MIT IDE* Erik Brynjolfsson, *MIT IDE Director, Schussel Family Prof. of Management Science*
8:35 a.m. *DISCUSSANTS:*	**2018 Platform Review and Forecast** Geoffrey Parker, *Professor, Dartmouth and MIT IDE Digital Fellow (Summit Co-Chair)* Marshall Van Alstyne, *Professor, Boston University (Summit Co-Chair)* Peter C. Evans, *Principal, KPMG, (Summit Co-Chair)*
9:00 a.m.	Peter Coles, *Head Economist, Airbnb*
9:30 a.m. *MODERATOR:* *DISCUSSANTS:*	**Blockchain and Platforms Panel** Eamonn Maguire, *Global Lead in Financial Services, KPMG* Gerhard Lohmann, *Chief Financial Officer of Reinsurance, Swiss Re.* Jalak Jobanputra, *Founding Partner, Future\Perfect Ventures* Kiran Nagaraj, *Managing Director, KPMG*
10:15 a.m.	**Coffee Break**
10:45 a.m.	Mike Morris, *CEO, Topcoder*
11:15 a.m. *DISCUSSANTS:*	**Platforms for Opportunity and Inclusion Fireside Chat** Peter C. Evans, *Principal, KPMG, (Summit Co-Chair)* Rodney Sampson, *Executive Chairman & CEO of Opportunity Hub*
11:45 a.m.	**Driving Growth in Multi-Sided Markets** Irfan Ganchi, *Global Head of Product, Advertising & Marketing Technologies, Uber* Ahmad Anvari, *Product Lead, Optimization & Automation, Uber*
12:15 p.m.	**Networking Lunch**
1:20 p.m	**MIT Inclusive Innovation Challenge Update** Susan Young, *Assistant Director, MIT IDE*
1:30 p.m.	Uri Sarid, *CTO MuleSoft*
2:00 p.m. *MODERATOR:* *DISCUSSANTS:*	**AI and Data-Driven Business Innovation Panel** Mona Vernon, *Chief Technology Officer, Thomson Reuters Labs* Ian Myers, *CEO, NewsPicks* Jessica Stauth, *CEO, NewsPicks* Michael Palumbo, *Head of Data Innovation, Marine, R2 Data Labs Rolls-Royce*
2:45 p.m. *MODERATOR:* *DISCUSSANTS:*	**Entertainment Meets Platforms Panel** Joe Bellioti, *Founder, NOISEGATE* Nathan Hanks, *CEO, Music Audience Exchange* Nick Terzo, *Vice President of Strategy Development at Royalty Exchange* Fabrice Sergent, *Managing Partner of Bandsintown*
3:30 p.m.	**Coffee Break**
4:00 p.m. *MODERATOR:* *DISCUSSANTS:*	**Healthcare Platforms and Digital Health Panel** Geoffrey Parker, *Professor, Dartmouth and MIT IDE Digital Fellow (Summit Co-Chair)* Alice Raia, *Vice President, Digital Presence Technologies Kaiser Permanente* Thomas Friese, *VP for Digital Ecosystem Platform at Siemens Healthcare* Valérie Abrellduong, *Vice President for ITS at Sanofi*
4:45 p.m.	**Closing Remarks** Geoffrey Parker, *Professor, Dartmouth and MIT IDE Digital Fellow (Summit Co-Chair)* Marshall Van Alstyne, *Professor, Boston University (Summit Co-Chair)*
5:00 p.m.	**Reception**

Q&A: www.sli.do, Event Code: #B567

DATA

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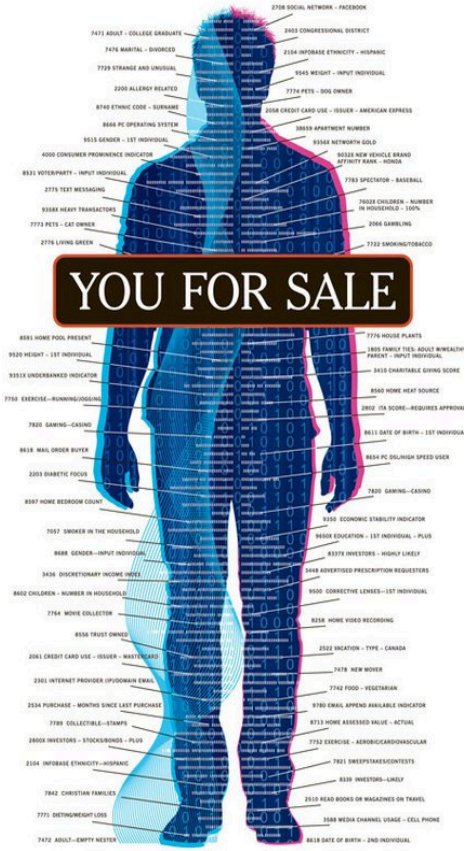
0.19 18.94 1.1 2.33%
0.28 19.44 0.5 -5.22%
0.62 24.87 2.1
0.35 19.43 0.8

Consumer data has value … markets immature

Types of data for sale

- Browsing & purchase history
- Age, race, religion, education
- Marital status & children
- Income, homeowner status, mortgage, investments
- Charitable & political donations
- Social media, email, and texts



Potential Intermediaries

- Banks/Financial firms
- Utilities
- Posts
- Big Tech Platforms

Issues

- Information Asymmetry
- Trust

“Brick and Mortar” firms adopting platforms

Cemex “Go” platform reaches 10,000 users

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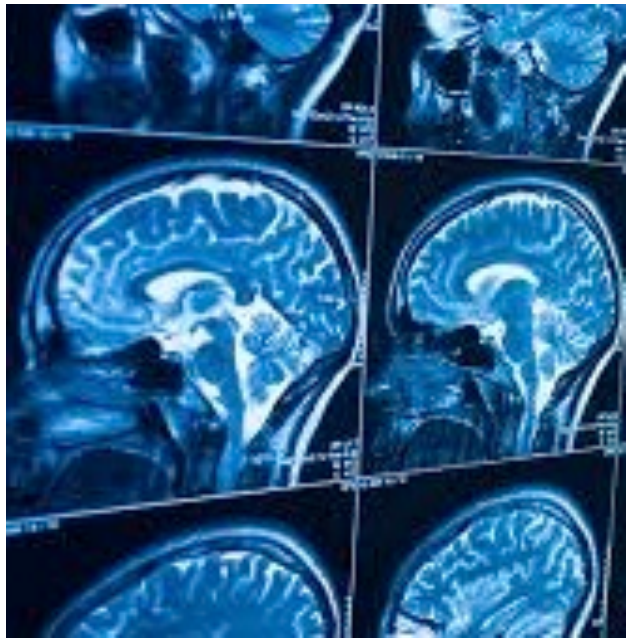
Markets for industrial / IoT data emerging



Energy

Smart Cities

Healthcare

Consortia being formed to work out data exchange standards using blockchain

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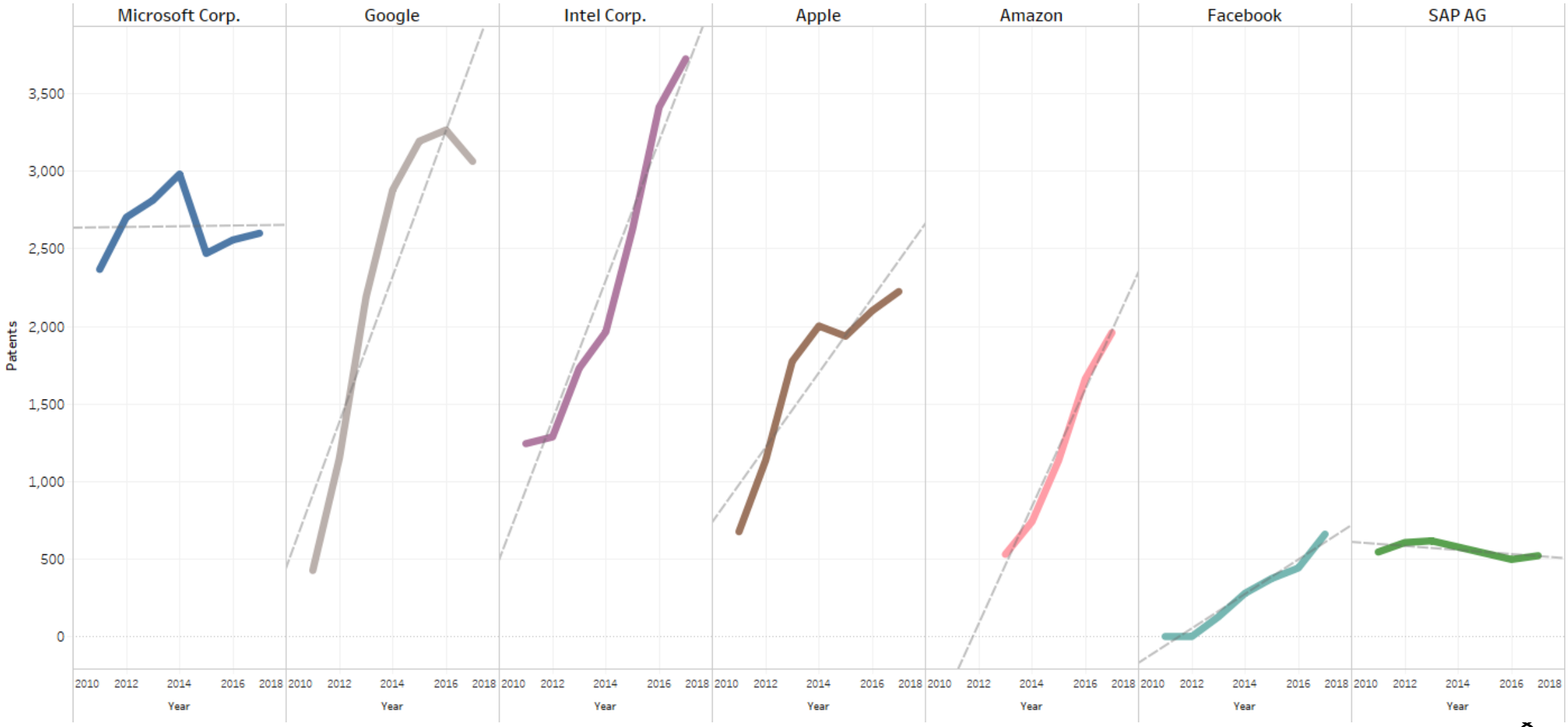
INTERNATIONAL DATA SPACES ASSOCIATION

Pressing data questions

- Who will capture value—platform sponsors, consumer users, developer users, or other platform participants?
- What will compensation look like?
- How do you assert downstream ownership rights when network effects change the dynamic?
- Who will safeguard consumer data privacy and how?

INNOVATION

Innovation- platforms show strong patent growth



Source: KPMG analysis with data from Top 300 Patent Owners, Intellectual Property Owners Association, 2011, 2012, 2013, 2014, 2015, 2016, 2017

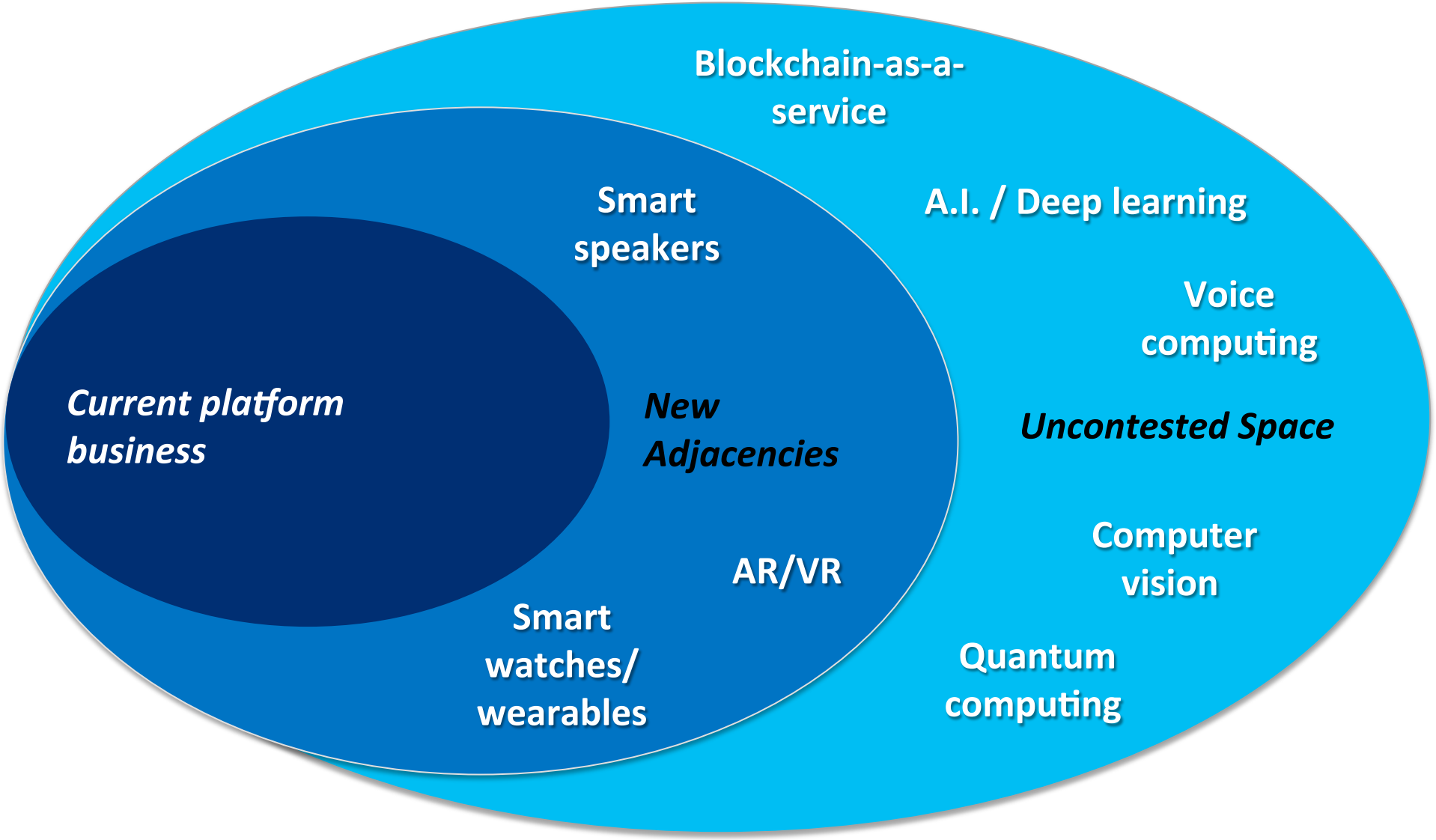
Platforms for voice computing

Estimated Smart Speaker Penetration of US Households in 5 years

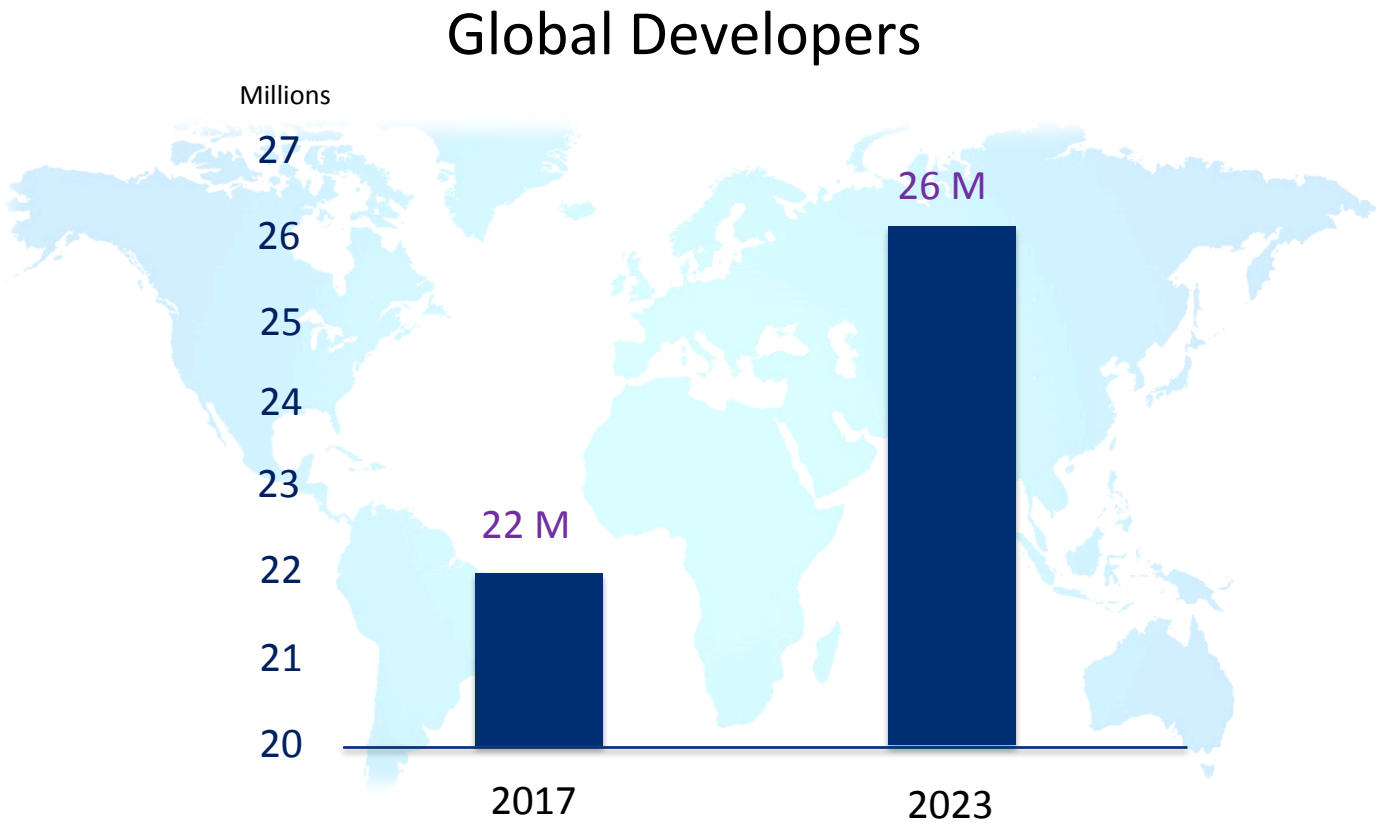
Source: Forrester, US Census Bureau, BI Intelligence, 2017

Within the next 5 years forecast to be a $18.3B market with 870M devices deployed

New technologies creating platform opportunities



Battle for developers and talent



Source: *Global Developer Population and Demographic Study 2018*, Evans Data Corp. May 2018

Strategic acquisitions

- Microsoft- Github
- Google – Kaggle
- WeWork – Flatiron School

Tapping top university for AI talent

- University of Washington, Carnegie Mellon, UCLA, Oxford University, and many others are being "stripped" of talent.

Developer relations programs

- More companies are investing in sophisticated programs with win developers to their platforms

Yet, minorities remain underrepresented

- Are their platform solutions for expanding racial and ethnic diversity in tech

REGULATION

Regulation

GDPR – May 2018

Right to be informed

Right of access

Right to rectification

Right to be forgotten

Right to restrict processing

Right to port data

Notification of breach

PSD2 – Jan 2018

Open Banking APIs

All EU banks must open their systems so that licensed third parties can access customer accounts, aggregate information and perform payments

Open Vehicle APIs

EU forcing auto manufacturers to open vehicle systems for services

Regulation

Mass. DOR demands

Amazon disclose contact and inventory value of firms fulfilled by Amazon, demurred then complied

CA Supreme Court on Freelance

a) Performance must be free of direction b) work is outside usual course of entity's business c) worker customarily engaged in independent

SCOTUS: South Dakota vs Wayfair

States may tax non-resident firm's sales to residents

SCOTUS: Carpenter vs US

Cellphone location records subject to reasonable expectation of privacy. Access requires warrant.

UK fines Facebook £500,000

for Cambridge Analytica (max allowable) = only 1/20th US lobbying budget!

Macro Implications

1. Incumbent platforms will win, incumbent banks & auto mfg will lose. Consumers will win.

2. Platforms now providing key infrastructure: search, mapping, cloud storage, network infrastructure & directory services, AI

3. Antitrust becoming harder and harder (see 1 & 2). Predation tests fail: Consumer surplus higher, below marginal cost pricing logical, not restricting output.

4. Platforms becoming de facto regulators, better transaction visibility, easier enforcement, governments waking up to using their data. Think implications for Greece, Italy, …

5. Platforms are deflationary, incredibly resource efficient, tap spare capacity

6. Policy questions increasingly relevant e.g. better to give 50¢ to 100,000 people (no one eats) or $50,000 to one person (one lives well).

Key themes for today…

- Data is both a fuel and sometimes fire for platforms
- Platform companies have become powerful innovation engines
- Regulation is reshaping strategic platform landscape
- Facts confirm the adage: “everywhere there can be a platform, there will be a platform”
- Platforms have become an integral part of the fabric of economies throughout the world