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AI Engineering Capabilities Study

Series: Platform Engineering

WHAT'S YOUR PLATFORM?

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Introduction:

In today's digital-first economy, the business question is no longer "What do we sell?" but rather, "What is our platform?" This shift reflects a fundamental evolution in how value is created, exchanged, and scaled. Platforms are no longer simply technological enablers they are strategic business architectures that unlock exponential growth, adaptability, and resilience.

Understanding Business Platforms: Beyond Infrastructure

A business platform is a digital environment that facilitates value exchange among users, producers and other stakeholders. These platforms do not merely serve as a medium for transactions; they act as ecosystems that can evolve, scale and adapt to market changes. They create network effects that grow in value as more users engage.

Key Features of a Business Platform

A true business platform has four core elements.

- **Network Effects:** The platform becomes more valuable as more participants whether users, service providers or developers join and contribute.
- **Intermediation:** The platform acts as an intermediary among various user groups, streamlining and optimizing interactions.
- **Scalability:** A platform can grow exponentially without a proportional increase in operating costs.
- **AI-first, agentic, algorithmic Value Creation:** Platforms leverage intelligent agents to continuously improve user experience, refine services and optimize processes.

Examples of Business Platforms

- Amazon is an e-commerce platform that connects buyers and sellers, with an expansive ecosystem including logistics, cloud services (AWS) and digital entertainment.
- Airbnb is a platform that connects property owners with travelers, creating an entire hospitality ecosystem.
- Uber is best known as a platform for connecting drivers and passengers but is has expanded into food delivery (UberEATS) and freight services

Case Study: Spotify's Platform Strategy

Spotify provides an excellent example of how defining and building a platform can disrupt an industry. Originally a music streaming service, Spotify expanded its platform to include podcasts, playlists and user-generated content, creating a rich ecosystem for music lovers and content creators. By integrating social features, offering personalized recommendations and leveraging data to improve user experience, Spotify has become a leading platform in the music industry.

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The Importance of Defining Your Platform

Before diving into platform creation, businesses need to answer the fundamental question: What does the platformized form of your business look like?

Defining your platform goes beyond simply identifying the product or service you offer. It requires understanding your ecosystem, the stakeholders involved and how value is exchanged.

Key Questions to Define Your Platform

Here are questions that should be discussed among enterprise stakeholders to build the knowledge foundation needed to plan a platform that is optimized for the business.

- Who are your users? Identify who will participate in the platform, whether they are consumers, producers or developers.
- What is the core value proposition? What unique value does your platform deliver that your competitors cannot be easily replicated?
- How will value be exchanged? Identify the ways users will interact, such as through transactions, content, data or collaboration.
- What is the platform's network effect? How will your platform's value grow as more users join and interact with it? Will it be able to grow without raising costs?

Answering these questions is essential for building a platform that aligns with your business goals and market needs. Once you understand your platform's core dynamics, you can create a strategy that ensures its long-term success.

The Steps to Building Your Platform: From Concept to Execution

This process involves several key stages, from ideation to platform engineering and requires cross-functional collaboration across business, technology and operations.

1. Identify the Core Purpose of Your Platform

The first step in building a successful platform is to define its core purpose. What problem should your platform solve? How will it make life easier or better for your target audience?

Whether it's solving an efficiency problem, creating new revenue streams or improving access to resources, the platform must have a clear, compelling reason to exist.

2. Design Your Platform's Architecture

A platform's architecture must be designed with flexibility, composability, scalability and interoperability in mind. This often involves leveraging APIs, agentic development tools like ADK from Google, AI models, microservices to build a platform that can handle a diverse range of users and use cases. Resources like Kubernetes, Docker and serverless computing have become critical to enabling efficient, scalable platforms.

3. Focus on the Ecosystem

Platforms thrive on their ecosystems – communities of users, developers and partners that contribute to the platform's success.

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Building an ecosystem requires not only attracting users and customers but also creating an environment where unique third-party contributors e.g. evangelists and influencers, can add value.

This might include offering different types of digital tools for stakeholder persona's e.g. for marketing, branding, content creation, development, and providing LCNC (Low code no code) features and easy-to-use APIs or encouraging partnerships to integrate additional services. Many digital-native tech and business platforms often have a marketplace too.

4. Agentic intelligence leverage

Generative models and intelligent multi-agent operations are at the heart of many successful platforms. Platforms use data and algorithms dynamically, to improve user experiences, optimize processes and identify new opportunities for growth. For example, Amazon uses recommendation engines to predict customer preferences, while Uber uses data to optimize routes and pricing models.

Agentic AI use cases have given platforms another opportunity to grow and pivot, for instance, by giving different user personae to build their own digital agentic twin emulating and augmenting the journey-maps of different human roles.

These digital twins can be machine avatars as customers, developers, employees, partners, digital assistants, negotiators, sales agents, recommenders, trainers etc.

5. Ensure Scalability

A platform must be able to scale rapidly, with minimal additional cost. This means designing the platform architecture to handle increasing numbers of users and data without compromising performance. Cloud-based platforms and microservices are often the go-to resources for businesses looking to build scalable platforms.

Challenges in Defining and Building a Platform

Platforms have potential but businesses often face significant challenges when defining and building them. Some of the leading challenges are summarized below.

- **Market Competition:** In highly competitive sectors, distinguishing your platform and creating unique value propositions can be difficult.
- **User Acquisition:** Attracting and retaining users to create network effects is often a slow process that requires strategic marketing, incentives, ongoing focus and continuous innovation.
- **Integration:** Integrating with legacy systems or third-party technologies to ensure a seamless platform experience can be complex and time-consuming.

Governance and Security: Platforms often handle vast amounts of sensitive data, making security, compliance and governance top priorities.

Overcoming these challenges requires a clear vision, a robust technological foundation and an unwavering commitment to building a platform that delivers value to all stakeholders.

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The Strategic Advantage of Platforms

Defining your platform is not just a technical decision, it is a strategic one. Platforms offer a competitive edge by providing businesses with the ability to scale quickly, access new markets and unlock new revenue streams. They allow companies to engage directly with customers, receive real-time feedback and evolve in ways that traditional business models cannot.

The platform business model is fundamentally different from traditional linear models because it creates new opportunities for co-creation, collaboration and rapid iteration. By embracing this model, companies can become more agile, innovative and responsive to customer needs.

Conclusion

In the platform economy, businesses must recognize that success lies not just in the product or service they offer but in how they create and manage the platform that supports it. Defining your platform, understanding its purpose and building an ecosystem around it are crucial steps in ensuring long-term success.

As platforms continue to redefine industries, companies that embrace the platform business model will be better positioned to thrive in an increasingly connected world. The key is to start with a clear understanding of what your platform is, who it serves and how it will evolve and then build with flexibility and scalability in mind.

By focusing on these principles, businesses can transform themselves into thriving, platform-driven ecosystems capable of driving sustainable growth and creating value for all stakeholders.

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