

The Digital Business Revolution – Powered by Platformation



**BREAK THE LINEAR RULES
OF THE OLD WORLD**

Sonata Software is a global IT solutions firm focused on catalyzing business transformation initiatives of its clients through deep domain knowledge, technology expertise and customer commitment. The company delivers innovative solutions for Travel, Retail & Distribution and Software Product companies through IP based Platforms, Products and Services. Sonata's solutions bring together new digital technologies such as Omni-channel commerce, Mobility, Analytics, Cloud and ERP, to drive enhanced customer engagement, operations efficiency and return on IT investments. A trusted long-term service provider to Fortune 500 companies across both the software product development and enterprise business segments, Sonata seeks to add differentiated value to leadership who want to make an impact on their businesses, with IT.



“A business based on enabling value-creating interactions between external producers and consumers. The platform provides an open, participative infrastructure for these interactions and sets governance conditions for them.”

- Prof. Geoffrey Parker, Platform Revolution: How Networked Markets Are Transforming The Economy-And How To Make Them Work For You



Platformation Rising

Uber. PayPal. Amazon. Expedia. These seemingly unrelated companies are connected by a common thread. They have transformed entire industries by harnessing the power of platforms.

We used to live in a world where enterprises created products and services, shipped, and sold them to customers. The product flowed from the maker to the customer and the value was generated upstream and consumed downstream, all in a linear fashion.

But now, we live in the digital world where market disrupters

are developing platforms that facilitate exchange between the customers and makers, partners or even peers, reshaping industries into interconnected ecosystems. Powering this rise of platforms is the Internet and the connected user. Consider this – there are now more devices connected to the Internet than there are people on the planet. By 2020, Cisco predicts that there will be 11.6 billion mobile-connected devices. And it is this proliferation of connectivity which has given rise to the sharing economy built on the free flow of information, services, and goods. Information technology (IT) is rapidly shrinking the gap between makers and consumers by making it much simpler and cheaper to build and scale up platforms.

Geoffrey Parker, Professor of Management Science at Tulane University, and Faculty Fellow at MIT and the MIT Center for Digital Business, as well as the coauthor of *The Platform Revolution*, arguably ‘the’ book on platforms, describes platformation as, “a business based on enabling value-creating interactions between external producers and consumers. The platform’s overarching purpose is to facilitate the exchange of goods, services, or social currency, thereby enabling value creation for all participants.”



How platformation is revolutionizing the way we do business.

Traditionally, business models were product-centric and set limitations on the makers as well as the customers. For the customers, the limitation was in terms of access, information and usage. A limited set of sources and channels, low visibility to information related to features and availability, as well as having to pay for the entire product or service irrespective of actual usage.

With the advent of platforms, connected customers, makers and partners can access each other anywhere, anytime. Unlike the linear mode of generating and consuming value in the pipe model,

platforms serve as an ecosystem of value generation and consumption. They create value by tapping into resources that they don't need to own.

Platforms connect the providers and customer, allowing them to interact and transact while exposing the application programming interfaces (API) to third party developers. The shift from the linear, resource-heavy, producer-driven pipe model to a demand-driven, circular networked model is enabling four big outcomes for enterprises – flexibility, scalability, mobility, and availability, through collaboration of diverse participants.

The IT industry is also moving away from the product-centric model, with cloud hosting taking a more prominent space. This model also enables technology platforms to be created that more closely serve the needs of platform based business models.



Different platforms, different values

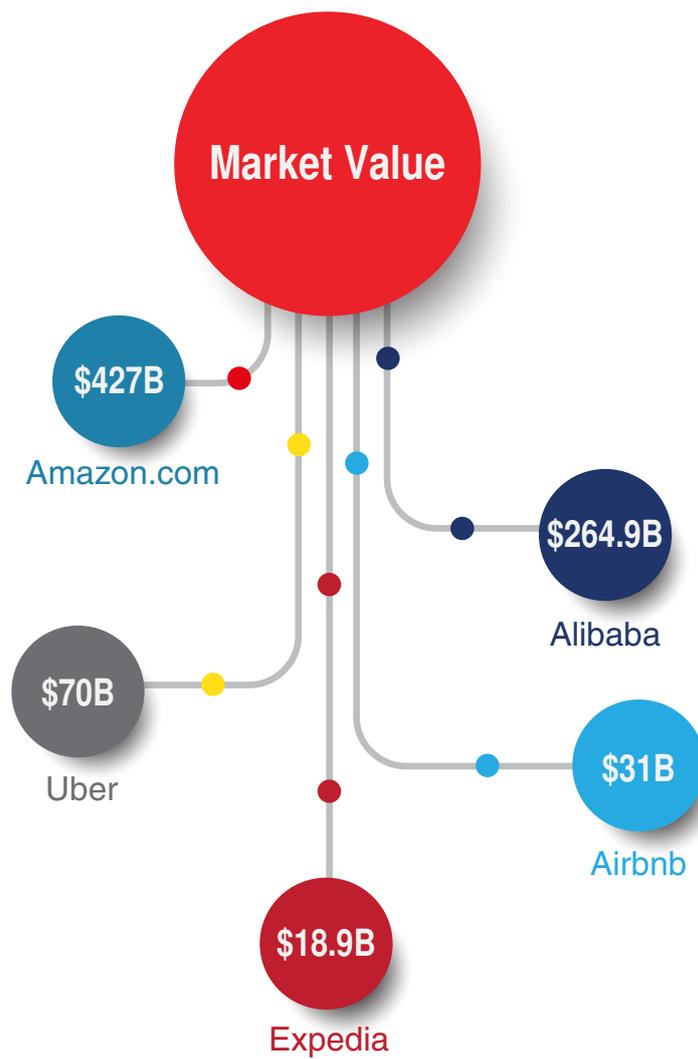
The value generated and consumed varies for different platform types. For instance, the value exchange in a social network platform such as Facebook is person-to-person interaction while in Airbnb, it is person-to-person payment or business-to-customer payment. The value can be broadly categorized into:

1. Connect people: Social media platforms such as Facebook, messaging platforms such as

WhatsApp, and professional network platforms such as LinkedIn, are some of the notable examples

2. Efficiently gather and share information: YouTube facilitates sharing information in the form of videos
3. Efficiently match supply and demand: Uber matches supply with demand through its taxi service

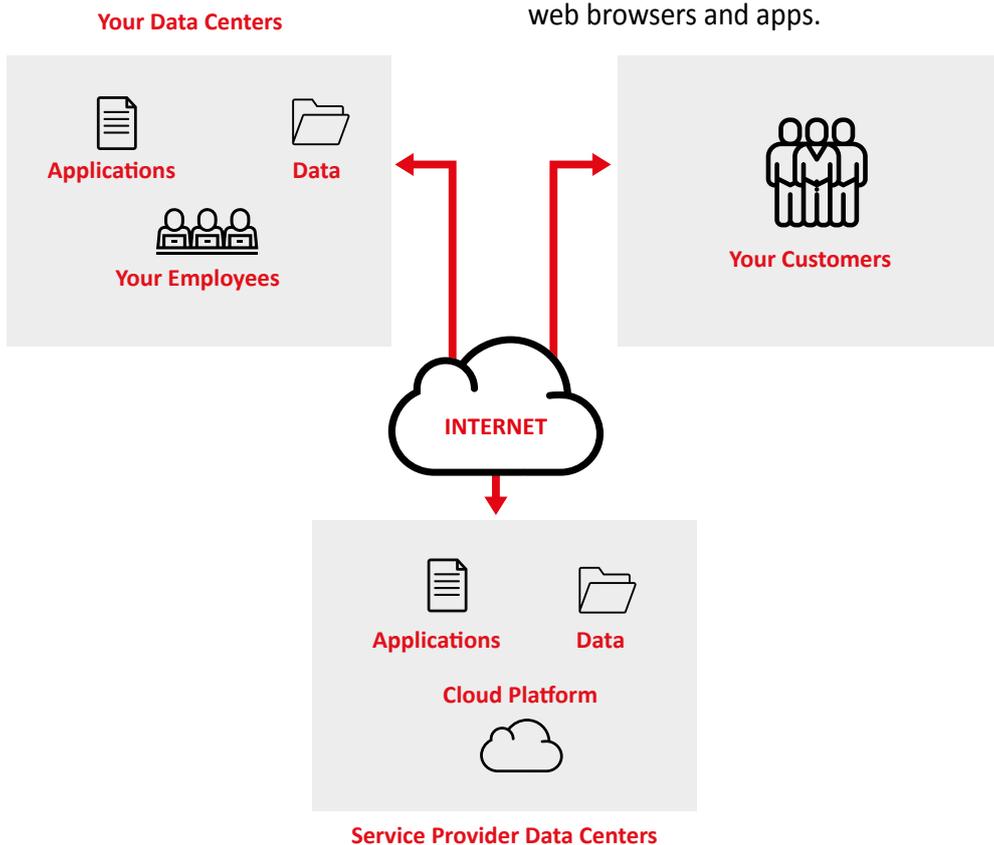
Platforms have emerged across diverse industries and function - from retail to healthcare and from industrial equipment automation to supply chain. A recent World Economic Forum report highlights the rise of the platform model.





Platformation – the inside story

Akin to Software as a Service, in the platform model too, the platform owner develops and operates the platform software application in a data center or cloud, often with mobile apps as extended points of connect. Customers, makers and ecosystem partners access the platform using web browsers and apps.





Platform participants connect as per their need, transact and pay based on usage. The fact that the platform can be accessed anytime and anywhere offers great flexibility. The value can be summed up as follows:

Open: Easily accessible for users, ecosystem partners, and businesses to participate in

Scalable: It gives the business the power to scale the platform by number of users, segments, and geography, easily

Connected: So they are always-on, always connected

Intelligent: To use the data generated in the platform to enable more efficient and meaningful transactions

Technological imperatives

While the success of platforms as a model for business are visible and growing, what is not equally obvious is that the underlying technology paradigms that enable the platform are very different too. The IT business has traditionally been anchored in multiple large software product systems being integrated and customized further to meet business process needs. These have historically been hosted in large data

centers on the premises, and scaling meant higher fixed costs. Large companies have also traditionally acquired a multiplicity of systems and environment across geographies and operating units.

The technology paradigms behind the most successful platforms mentioned earlier are very different. They have been designed, built and operated for the kind of usability, flexibility and scale that the digital age demands. The development and operating environment for platforms is usually standardized



on a core cloud platform and technology stack to minimize the complexities of integration and scaling of applications. Applications are designed with an emphasis on micro-services architecture and strong data governance policies to ensure flexibility and integrity business processes. Capabilities for distributed transactions that are omnichannel enabled on multiple devices and form factors, context aware services enabled by real time big data analytics and IoT / telemetry and careful user experience design to aid simple yet intelligent experiences are core to effective technology platforms. Platform operation approaches include fully automated, self-provisioning cloud infrastructure that can scale up or down with demand. SAI enabled systems both at the overall platform operations and business process

level enable state of art platforms to also achieve self-learning and self-healing capabilities.

The highlights of the technology aspects of platforms include:

1. Integrated systems
2. Auto scalable / Cloud-enabled
3. Distributed transactions
4. Localization and Internationalization
5. Micro-services architecture
6. Multi-device / Multi- channel capability
7. Intelligent customer experience
8. IoT & Telemetry
9. Full automation
10. Multi-tenancy
11. Security & compliance
12. Always on
13. Data governance & DAMA
14. Real-time analytics
15. Context-aware services
16. Self-learning (Platform machine learning)



Winning with platformation

The writing on the wall is clear: adopt platforms or get eaten by competition in the digital world. But platforms require new approaches to strategy. The platformation strategy depends on certain parameters. So, when looking to adopt the platformation strategy, it is best to first evaluate your strengths and needs. For instance, if you are working on a short budget and timeframe bracket, a pre-built platform that is ready-to-go, is apt. when looking for specialized

horizontal technology platforms compatible with established technology stacks – offerings from leading ISVs is an option. But when seeking to build a highly differentiated platform or seeking to optimize costs at large scales – a proprietary customized platform may be needed. Whatever your needs, strengths, and shortcomings, Sonata Software believes that platformation is the solution, and that enterprises must extend their existing business systems in a way that is tailor-fit for the organization's unique needs.

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