Platform Strategy in Online Markets: The Importance of Interoperability

Benjamin Edelman
Harvard Business School

December 20, 2013
About me

- Associate Professor, Harvard Business School
  - Teaching: starting and running .COM’s
  - Research: Internet architecture and business opportunities, especially vis-à-vis law and regulation
- Consulting: advertising fraud, privacy, compliance
  - Some clients adverse to Google… but Google is a client too!
The promise of the Internet

• Efficient, cost-effective information sharing
  – Users finding the best & most relevant information
  – Sellers serving buyers more efficiently than offline
  – Publishers reaching audiences and enjoying fair compensation for doing so

• The expectation: Costs drop, information and services can be distributed more cheaply, consumers reap the savings
What could stand in the way?

• Internet access too costly or too slow

• No incentive for publishers to put material online
  – Too difficult for publishers to reach users
  – Profits too low due to high costs
  – Profits too low due to low ad revenue / few alternatives

• Users distrust the Internet
  – Online scams, fraud, deception
  – Pervasive privacy breaches

• Dominant firms install barriers to competition
What can a dominant firm do to exploit market power in this sector?

- Raise prices
- Restrict output
- Reduce quality
- Impose harsh non-price terms
- Suppress the growth of competitors
Agrawal on Groupon's Accounting, Liability of Gift Cards - YouTube

www.youtube.com/watch?v=VFnhE8eJPCE
4 min - 6 days ago - Uploaded by Bloomberg
8 (Bloomberg) -- Blogger Rocky Agrawal talks about Groupon Inc.'s accounting and the liability of its gift certificates.

More videos for groupon rocky agarwal »

Why Groupon Is Poised For Collapse (Rocky Agrawal/Tech... | XYDO

www.xydo.com/.../22092221-why_groupon_is_poised_for_collaps... - Cached
Rocky Agrawal / TechCrunch: Why Groupon Is Poised For Collapse — Editor's note: This guest post is part of an in-depth series looking at the daily deal in...

Street Fight Daily: 06.10.11 | Street Fight
streetfightmag.com/2011/06/10/street-fight-daily-06-10-11/ - Cached
Jun 10, 2011 – A restaurant owner talks to Rocky Agarwal about why Groupon was “the single worst decision I have ever made as a business owner. ...

Everyone Wants You to Fail: Groupon's Bad Press Keeps Up with Its ...
Jun 17, 2011 – On TechCrunch, Rocky Agrawal has been writing a series of posts about Groupon — which as you surely know recently filed for a $750 million ...
What can a dominant firm do to exploit market power in this sector?

- Raise prices
- Restrict output
- Reduce quality
- Impose harsh non-price terms
- Suppress the growth of competitors
Conversions and Synchronizations

Synchronize Outlook and Apple iPhone or iPod

Synchronization of contacts between Microsoft Office Outlook 2007 and your Apple iPhone or iPod touch requires Apple iTunes. You can configure which items are synchronized during a one-time setup process.

After the initial setup, each time that you connect your iPhone or iPod touch to your computer, the changes made on your computer or device are synchronized.

1. Connect your iPhone or iPod touch to your computer using the cable provided with your device or by placing the iPhone or iPod touch in the Apple Universal Dock.
2. In iTunes, in the source list, under Devices, click the entry for your iPhone or iPod touch.
3. Click the Info tab.
4. Under Contacts, click Sync contacts from, and then click Outlook.

WordPerfect 5.x (*.doc)
WordPerfect 6.x (*.wpd; *.doc)
campaign export
AdWords API Terms & Conditions

Functional Separation. Any information collected from an input field used to collect AdWords API Campaign Management Data may be used only to manage and report on AdWords accounts. … [A]ny information or data used [for] AdWords … must have been collected from an input field used only to collect AdWords … For example, the AdWords API Client may not offer a functionality that copies data from a non-AdWords account into an AdWords account or from an AdWords account to a non-AdWords account.
Implications

• Advertisers use Google only, not competing search engines
  – Especially for small to mid-sized advertisers
  – Harms competing search engines
    • Lower revenue
    • Less relevant ads – discouraging ad clicks and further reducing revenue

→ Monopoly maintenance
  – Harms price, choice, and competition
  – Harms advertisers
“Within 60 days, Google will remove from its AdWords API Terms and Conditions the AdWords API Input and Copying Restrictions currently contained within Section III(2)(c)(i-ii) of the AdWords API Terms and Conditions for all AdWords API licensees with a primary billing address in the United States. …”

Letter from David Drummond (SVP and Chief Legal Officer, Google) to Jon Leibowitz (Chairman, FTC) December 27, 2012
AdWords API T&C’s (updated)

9. Automated Use. You may not provide a Third Party the ability to, via automated means, use the AdWords API — all Third Party use must be by a human user via the AdWords API Client user interface.
Search marketing is now faster, smarter, better

Introducing DoubleClick Search V3

Easy workflow, powerful reporting

High-impact campaigns

Holistic campaign management

Cross-channel campaign management on one unified platform

DoubleClick Search makes it seamless to run search campaigns alongside the rest of your digital efforts. No data transfers, uploads or reconciling – it just works, thanks to native integration with the DoubleClick platform.

The result? A single view of your customer, and better measurement through accurate, unified reporting and de-duplicated metrics across channels.