

A blurred background image of a financial candlestick chart. The chart features yellow and blue candlesticks, with dashed orange and blue trend lines. A blue box with a white plus sign and numerical data is visible in the upper left quadrant.

The power of
using a digital platform

1

Becoming: How to evolve into a digital platform

2

Building: How to create a digital platform

3

Boosting: How to monetize a digital platform

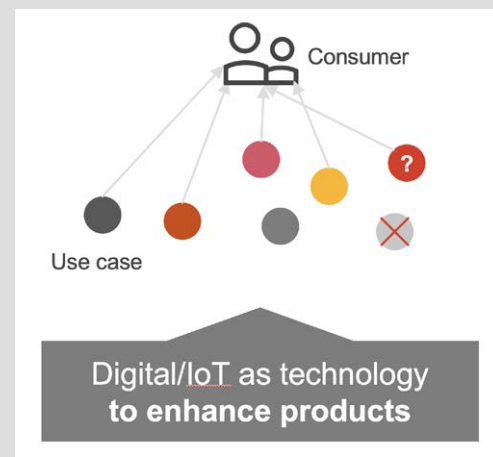


Most digital initiatives are driven by single use cases – scaling potential comes with a platform/ecosystem perspective 1

From use cases to platforms

Single use case view

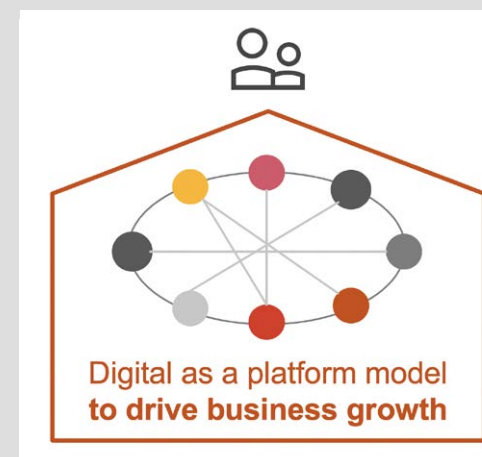
Typically, digital/IoT is seen as eye-catching, with individual use cases for “fancy” consumer needs.



- Technical enhancement of existing products
- Limited business impact, fewer synergies, no scaling potential, often stopped after pilot
- Need for technology capabilities “only”

Platform/ecosystem view

An ecosystem platform orchestrates multiple use cases, enables new services and drives business scaling by leveraging own and partner capabilities



- Creation of new digital services and solutions
- Enhances customer centricity as a seamless channel for “all products”
- Enterprise integration of business/digital/people/technology and partner capabilities

Companies we advised during their transformation from a single use case view to a platform view to exploit their full business potential.



Energy & utilities company



Leading global audio company



International automotive supplier

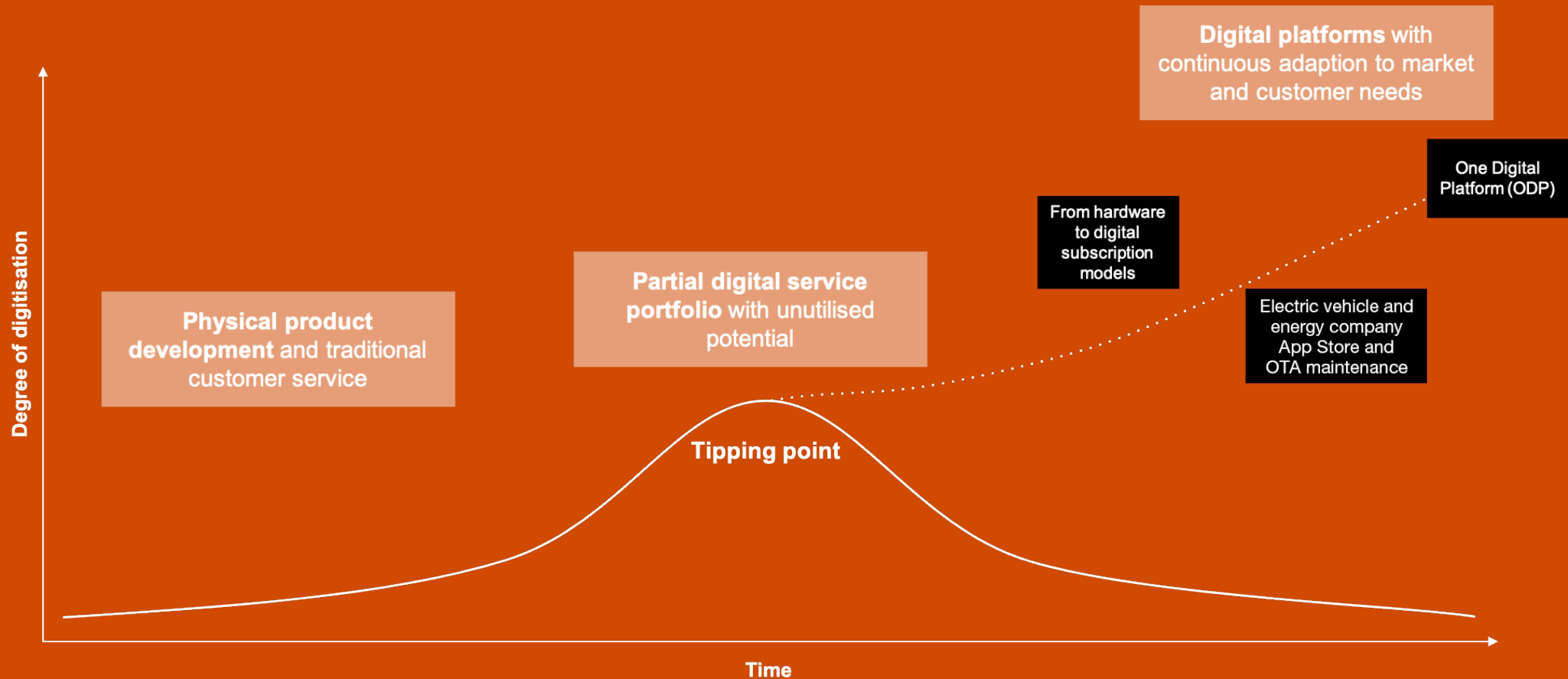


Global smart energy provider

Successful players move single solutions onto platforms to scale-up digital business

1

Digital lifecycle (exemplary)



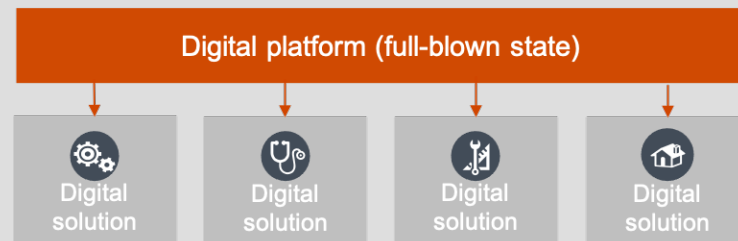
Two strategic approaches to designing and building digital platforms

1

Different approaches for different requirements

Top-down (standardised solutions follow platform)

The digital platform is geared towards strategic requirements and is defined in detail from the very beginning and separately from the digital solutions to be sold. The platform is specifically designed to help a company achieve its business goals and often managed as a large transformation programme.

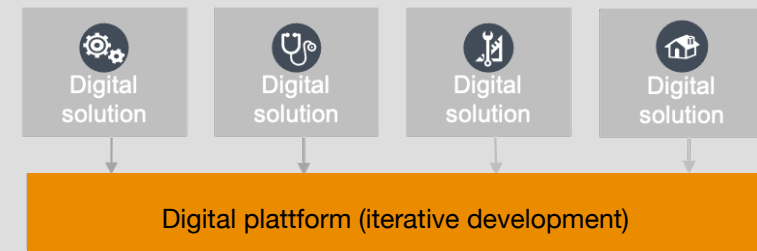


Used when:

a clear business strategy and goals are already connected to building a digital platform, with most requirements known upfront.

Bottom-up (platform follows selected solutions)

Digital solutions define the digital platform. The platform is built according to specific requirements derived from selected solutions. In practice, this is often combined with an agile, iterative development approach, aiming at a short time to market and a lean organisational setup.



Used when:

the main goal is enabling known digital solutions by raising synergies with standardised, centrally provided digital building blocks.



We can advise on how to deal with the key challenges involved in building and scaling digital platform business and ecosystem play

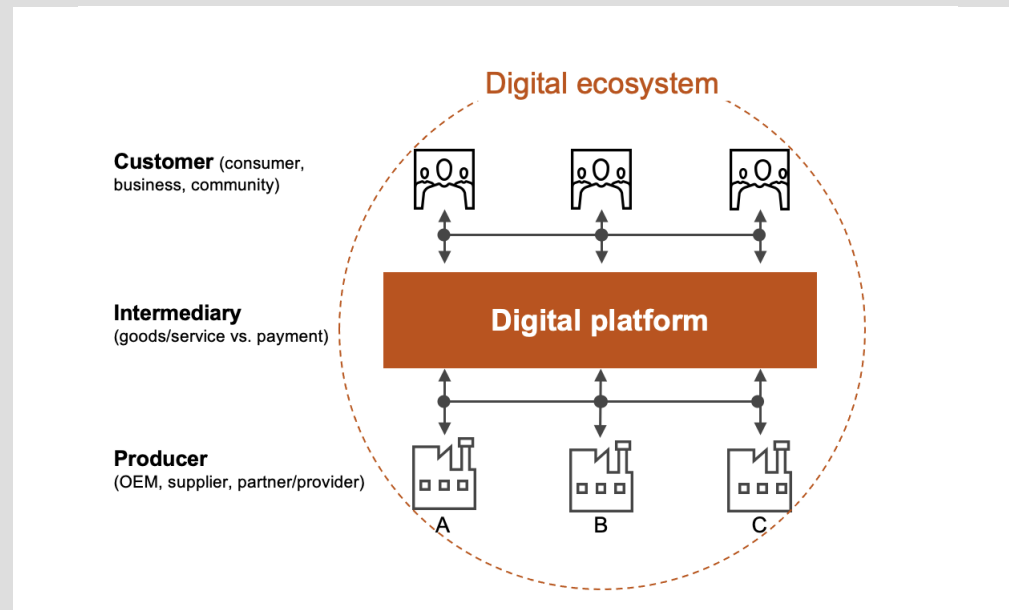
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How to approach

- 1 Find your individual right-to-win in digital platform/ecosystem play and start straight away; commit senior management to an investment/build-up phase for the first 12 to 18 months.
- 2 First demonstrate the business value of digital platform business (with real use cases, no tech gimmicks); then deliver the platform backbone stepwise.
- 3 Pursue a partner strategy following the “make/buy/partner” principle to build the platform and innovate on new digital solutions and services; don’t do everything yourself.
- 4 Focus on an open, modular platform with reusable building blocks and invite further stakeholder groups (e.g. developers, external partners, communities); that’s the basis of an ecosystem.
- 5 Make a plan for scaling and monetisation; increasing reach brings traffic and ensures the growth of the digital platform, its solutions and its services.

To generate maximum value from the digital ecosystem, companies need a central digital platform 2

Motivation platform/ecosystem play



Direct access to internal and external target groups (users, customers, suppliers, partners), realisation of bilateral markets via the platform



Overcome commercial, legal and technical barriers using common standards, business rules and built-in features, e.g. legal and commercial framework, compliance, security and privacy aspects

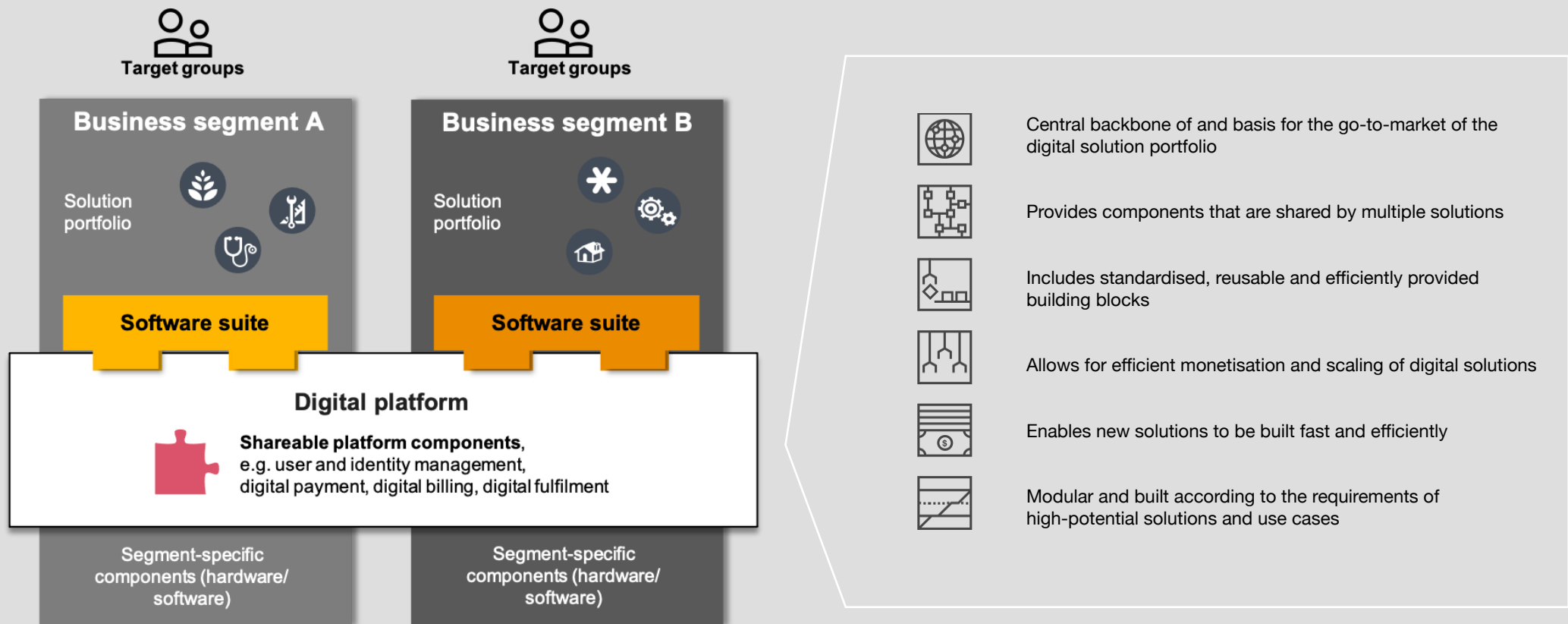


Scale digital business through extensive reach, use of shared business, and platform capabilities at low transaction costs/“as a service”, e.g. Go2Market, billing, UX/CX, APIs, operations, security

A platform leads to efficiency potentials in your core business through the centralised provision of digital assets within a company, new growth opportunities in digital business and by opening up to the outside world, e.g. customers, suppliers and partners via the marketplace.

An underlying platform provides shared capabilities, allowing for a higher level of standardisation and synergy effects

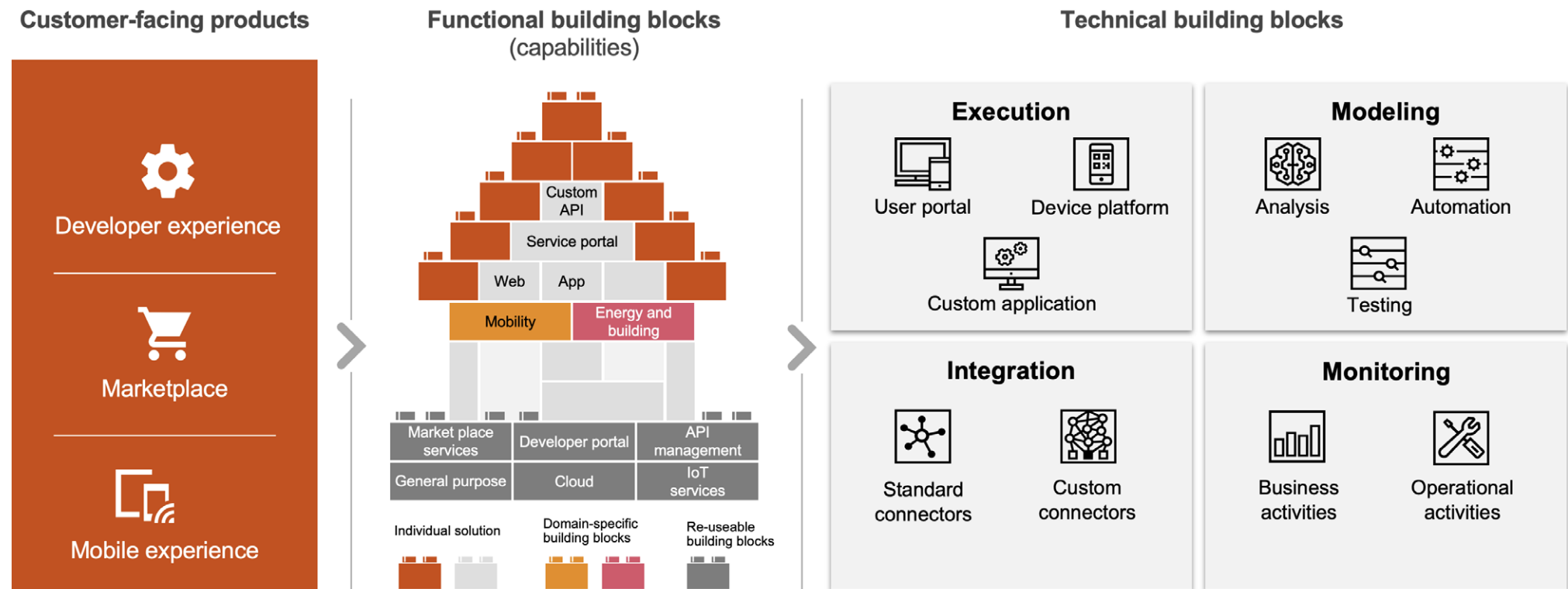
Shared platform approach (exemplary)



Functional and technical building blocks enable customer-facing products

2

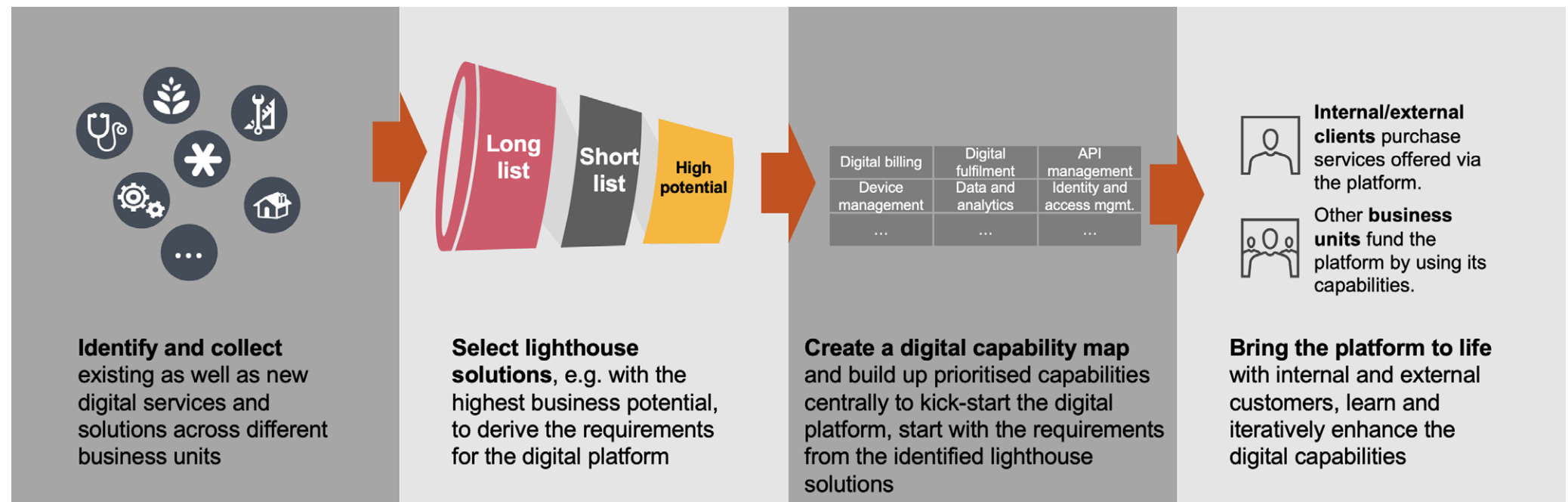
Building blocks



The requirements for building the platform are best derived from digital lighthouse solutions and use cases

2

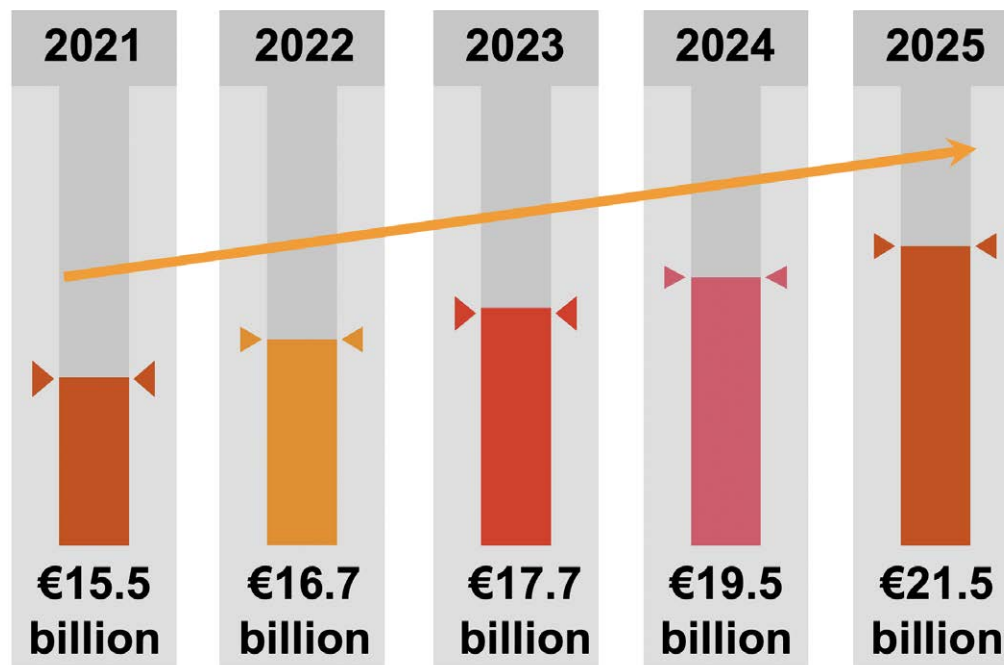
How to build a digital platform



The increasing importance of platform-based, digital revenue streams calls for new ways of monetisation

3

Manufacturing market potential of platforms and software (EMEA)



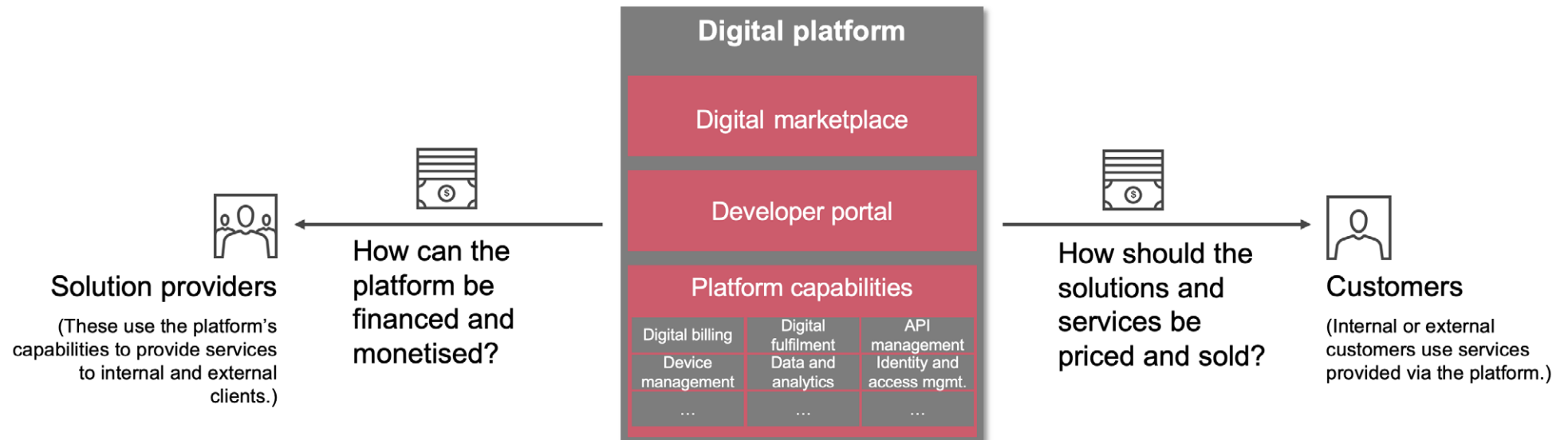
With a share of only €700 m the participation of digital platforms and value-added services on the machinery and plant engineering sector has a high potential to increase the ratio of the overall sales volume.



* according to internal PwC research (IMOK)

There are two ways of generating revenue with a digital platform business: digital solutions and the platform itself

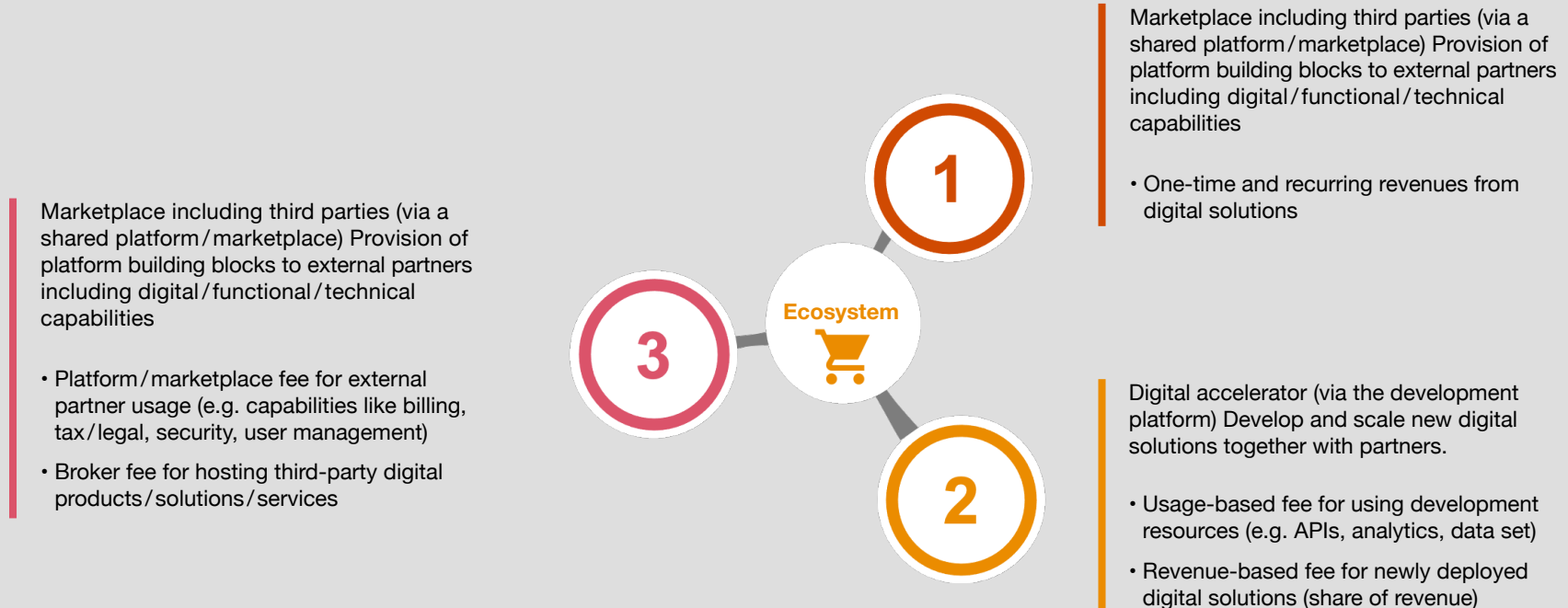
Digital platform: revenue generation



There are three different models for monetising the platform and solutions

3

Three monetisation models



Different types of digital solutions must be priced in different ways

3

Monetisation approaches depending on the use case



Software solutions

Proprietary software which is installed in your customer environment



Software and hardware bundles





Enhancement of existing hardware devices with smart digital devices within various branches



Digital services

Fully automated digital services which are entirely controlled and maintained by you and made available to your customers



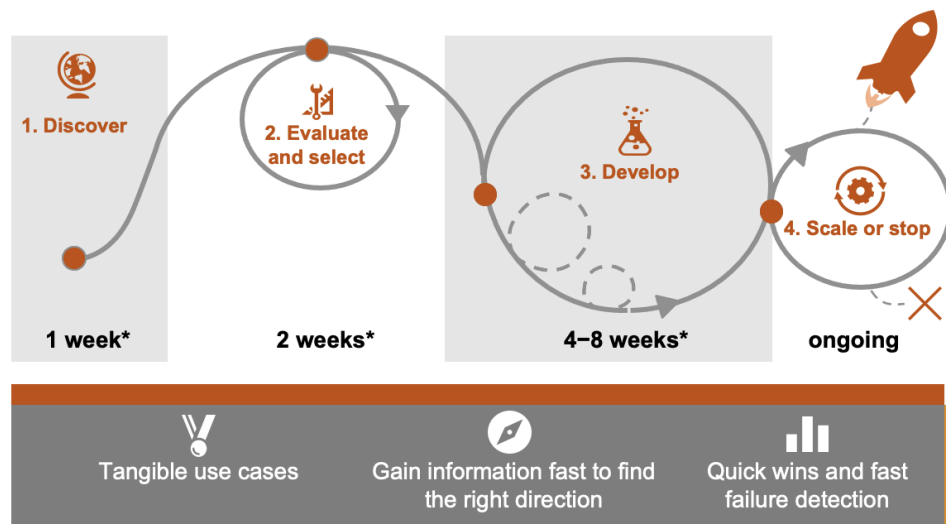
 Revenue-based pricing	 Transaction-based pricing
Fees based on a fixed percentage of the service's outcome (e.g. a percentage of additional revenues, cost savings)	Fees based on the number of transactions (e.g. number of API calls, installations, downloads, service calls)
 Functionality-based pricing	 EcoCoin-based pricing
Fees based on the level of usage (e.g. basic vs. premium features, billing only vs. billing + security + xyz)	Purchase prepaid "bucket" to spend on services/platform (e.g. invoices, API calls, consulting/training days)

With our iterative approach, we can help you find the right way to monetise your digital solutions

3

Project approach (exemplary)

Iterative approach



* Duration depends on the complexity of the use cases/platform

Essential steps

- 1. Discover digital solutions:** create a baseline, identify your digital solutions, discover your current situation and define your target picture.
- 2. Evaluate and select:** analyse your different types of digital solutions and select the most representative use cases. Define a pricing model for these use cases.
- 3. Develop:** for the selected use cases, build pragmatic go-to-market features based on existing platform capabilities or add third-party software components. Validate the solution and repeat until the MVP is ready to launch.
- 4. Scale/stop:** scale your solution with new use cases/pricing models or stop and change if the solution doesn't meet your requirements.

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