

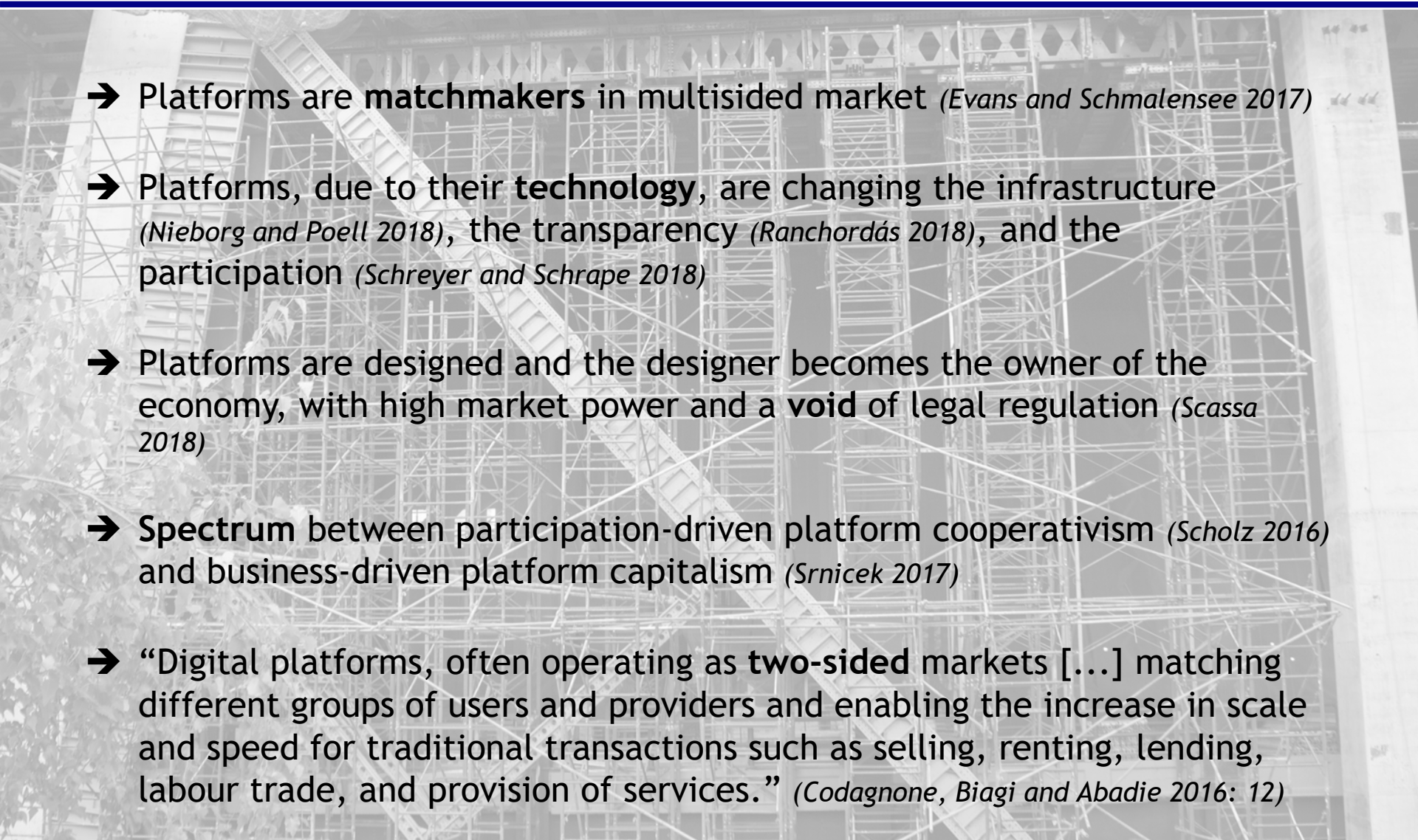
Risk Governance in the Platform Economy and the Evolution of Self-Regulation

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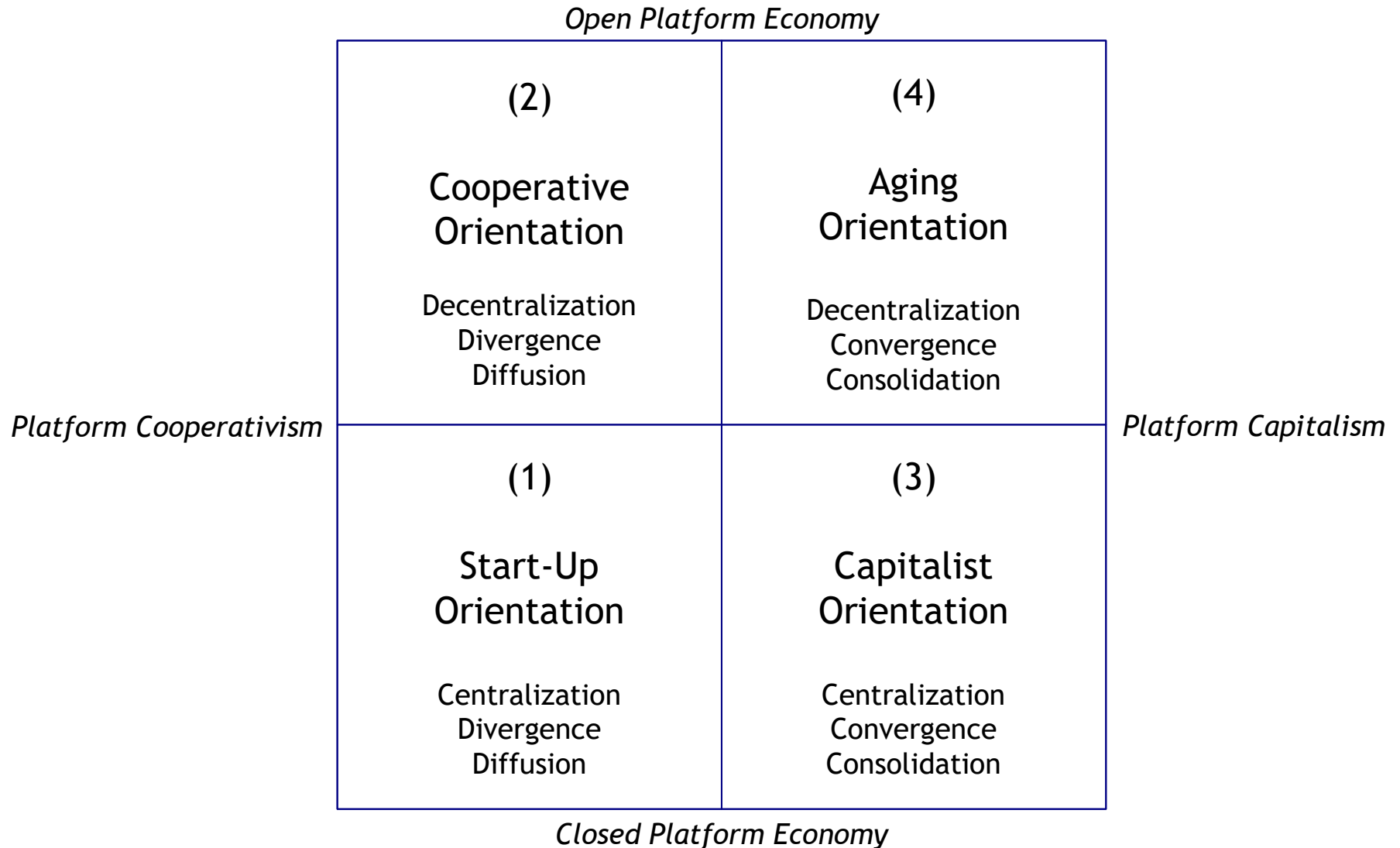
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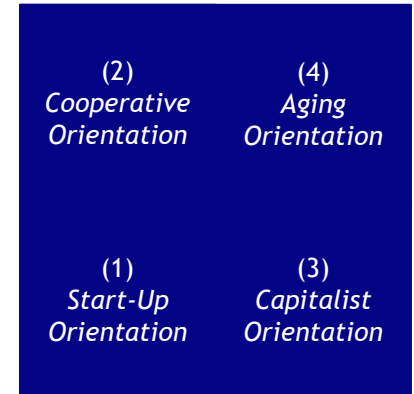
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- Platforms are **matchmakers** in multisided market (*Evans and Schmalensee 2017*)
 - Platforms, due to their **technology**, are changing the infrastructure (*Nieborg and Poell 2018*), the transparency (*Ranchordás 2018*), and the participation (*Schreyer and Schrape 2018*)
 - Platforms are designed and the designer becomes the owner of the economy, with high market power and a **void** of legal regulation (*Scassa 2018*)
 - **Spectrum** between participation-driven platform cooperativism (*Scholz 2016*) and business-driven platform capitalism (*Srnicek 2017*)
 - “Digital platforms, often operating as **two-sided** markets [...] matching different groups of users and providers and enabling the increase in scale and speed for traditional transactions such as selling, renting, lending, labour trade, and provision of services.” (*Codagnone, Biagi and Abadie 2016: 12*)

- Battle.net was founded in **1996** Used for the online gaming, social interaction, as digital distribution of virtual goods, and digital rights management
- “How cool would it be if we could create a network that was **deeply integrated** with our products such that people could connect up, [...] communicate, chat, play with their friends?” (*Bridenbecker in Fenlon 2016*)
- Battle.net became the **core** of the gaming experience and the platform economy of Blizzard Entertainment.
- Goal became to keep the players within the platform economy. Observable in the move to “**always online**” (*Purchase 2009*)

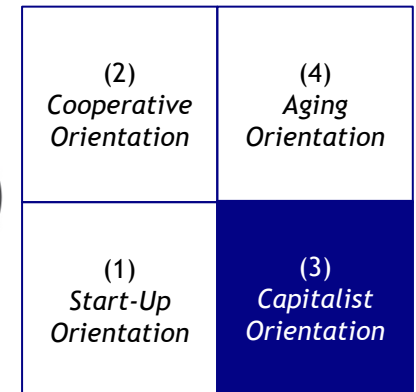




- StarCraft was the **basis** of Korea's esports ecosystem
- Centralization and **closing** down the ecosystem
- First international **legal** disputes about the fair usage of platforms
- Blizzard struggles to **keep** sustainability after 20 years



- Create a professional esports league that may rival **Baseball** and other traditional sports
- Strategy of full control and **overregulation**
- Unable to change and **overwhelmed** by the complexity
- Blizzard struggles to **create** sustainability



→ Design of risk models

A platform economy exist in the digital world, so it is possible to utilize various risk simulations and prepare for potential eventualities

→ Determination of model risks

As platform economies are evolving, risks are changing, consequently, model risks can also change and make the model unreliable quickly

→ Research and development in risk issues

Technology is moving fast, understanding and proactively discovering potential risks in a platform economy is essential

→ Risk consultancy for top management

There is an evolutionary path in platform economies that may lead to self-regulation, understanding and acting on this inherent evolution is complex

(based on Stein Wiedemann 2016)

- ➔ Platform economies are evolving due to the human-technology interaction, therefore, there is space for **self-regulation** within the economy
- ➔ There is a spectrum between cooperativism and capitalism as well as open and closed system, but the barriers are **blurry** and within a platform economy there can be various shapes be present
- ➔ Platform economies are not working in **isolation**, but are part of a bigger ecosystem consisting of various platform economies (e.g. Battle.net and Twitch)
- ➔ As the legal and regulatory framework and these platform economies are volatile, risk management is inadequate to deal with the potential risks, risk governance is **necessary** as many risks are not yet defined or even unknown



Platform economies are changing the way we work, we play, and we live. Digitization means platformization of society. The paradigm that *platform strategy follows the platform culture* highlights the techno-social interaction and rebut a technological determinism.

Platform economies and are self-regulated making it essential for any platform creator and owner to focus on **risk governance** to maximize the dynamism and deal with the complexity.



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