

About the

Authors

Philippe Corrot and Adrien Nussenbaum co-founded Mirakl in 2012 after eight years building and managing online marketplaces. They founded the gaming marketplace Splitgames in 2005 which was sold in 2008 to FNAC, France's leading electronics retailer. They then built FNAC's marketplace to 100% annual growth and 60%+ of operational profitability.

In 2012 they decided to create Mirakl, and build the Mirakl Marketplace Platform, to help the rest of the world harness the platform revolution and re-invent their businesses.

Philippe and Adrien are sharing their vision on The Platform Revolution, with Marketplaces as the prime example of transforming from Retailer, Manufacturer or Distributor, to Platform Operator.



Philippe Corrot



Adrien Nussenbaum

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Chapter 1

Where we've come from

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Where we've come from

Let's take a step back in time to the early days of commerce. In the beginning, there was darkness. Consumers were left in the dark. Information about products was impossible to find. Knowledge about technology, about price, about product ratings - all of this was totally invisible for consumers. And at the same time, retailers, distributors, and brands thought of the customer as simply the end of the value chain; a distant entity that simply paid for products.

These companies did not have extensive data about customer preferences. Rather, they were waiting in their stores for customers to walk in and say "I'm interested in a Camera, do you have one for me?"

That was the age of darkness. And then along came digital commerce with the promise of providing light to consumers and the businesses selling to them. However, some of the fundamental changes that digital commerce enables are still not harnessed by many of the companies around the world.

Mirakl and our partners enable business models that capture all of the benefits of digital commerce and its transformative elements: Time and space compression, Information ubiquity and Interconnectedness.

***"WE ENABLE BUSINESS MODELS THAT EMBRACE
TIME AND SPACE COMPRESSION, INFORMATION
UBIQUITY AND INTERCONNECTEDNESS."***



Time and space compression

Today, no matter what kind of company you are - a manufacturer, a brand, a distributor, a services company - you live in a world where consumers have instant access to information that, in the past, was hidden from them. Information such as competitive pricing, detailed product content, and user ratings and reviews.

The world we live in is now fundamentally different. The price of sourcing goods from China is lower than ever. Amazon can do same-day delivery in 91% of the United States.

In today's world, consumers don't put up with friction in the buying process. They are not content to wait for an associate in a store to say, "Sorry, we don't have that in stock," not when they have dozens of other ways to immediately purchase that product.

This first transformation of time and space compression has enabled consumers to quickly get the information they need to make purchases, and the ability to purchase from any merchant around the globe. As such, merchants need to be more agile and more transparent in order to win and retain today's consumers.



*"IN TODAY'S WORLD, AMAZON COVERS
91% OF THE UNITED STATES WITH THE
ABILITY TO DELIVER WITHIN THE SAME
DAY, AND IT'S GROWING."*

Information ubiquity

The second digital commerce transformation is information ubiquity. This refers to consumers having access to more information than ever before. Consumers are out of the darkness, and the light makes them more empowered. Consumers have now been exposed to tools, technologies, communities, and networks, that give them intelligence. That intelligence in turn gives them power to know about products, availability, price, reliability of sellers - and the list goes on and on.

The old days of driving to the mall, going to the store, talking to a sales associate to discover products – is over. That was the world before information ubiquity.

Today, if you want to buy an underwater camera, a very specialized product which you formerly needed to go to a store to talk to an associate and learn about – you can now research & purchase exclusively online.

The world is fundamentally different, and the balance of power has shifted from sellers to buyers. Surviving in this new world means thinking differently about how to sell.



***"IF YOU WANT TO BUY AN UNDERWATER CAMERA,
A VERY SPECIALIZED PRODUCT, YOU CAN NOW
RESEARCH & PURCHASE EXCLUSIVELY ONLINE."***

Interconnectedness

The third digital commerce disruption is interconnectedness. Many IT projects over the last two decades have centered on systems integration. In today's world systems - ERPs, order management, back-end, front ends, middle ends - can communicate with each other much more easily than in the past. As systems talk to each other better and better, more fruitful collaboration takes place, both within and between companies. This collaboration creates benefits throughout the value chain - benefits that extend all the way to the customer.

The perfect example of these collaborations is TMall Global, owned by Alibaba. Chinese customers are able to buy products - for businesses or themselves - from anywhere around the world at great prices. It's a new collaborative channel for foreign brands to enter the Chinese market, which is the largest eCommerce Market in the world.

A major innovation driving this type of collaboration is the application programming interface (API). APIs let diverse systems talk to each other efficiently, which breaks down boundaries in order to fuel business collaboration.



"WITH TMALL GLOBAL, CHINESE CUSTOMERS ARE ABLE TO BUY PRODUCTS FROM ANYWHERE AROUND THE WORLD AT GREAT PRICES."

Chapter 2

The Platform Revolution is here

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The Platform Revolution is here

These digital commerce transformations - Time and Space compression, Information Ubiquity, and Interconnectedness - are driving what we call The Platform Revolution.

If you build a Marketplace, you're actually building a platform approach to your business. You're transforming your business model to capitalize on connecting systems, and building networks of partners and people, to offer more value to your customers.

If you build a Platform business model, you can better capitalize on what you've already built: your brand, your knowledge, and your relationships. The new world is here, and to embrace this new world, you need to seriously consider the impacts of the Platform Revolution for your business.

At the highest level, we refer to this change in your business as a move from pipelines to platforms. The pipeline model will feel familiar because it's the way companies traditionally operate, all the way from suppliers to consumers in a very linear fashion.

A futuristic, blue-toned interior space featuring a large, curved staircase that spirals upwards. The ceiling is a complex, illuminated structure with a grid of dark lines and several bright blue lights. The walls are also illuminated with a soft blue glow and feature small, circular lights. The overall atmosphere is clean, modern, and high-tech.

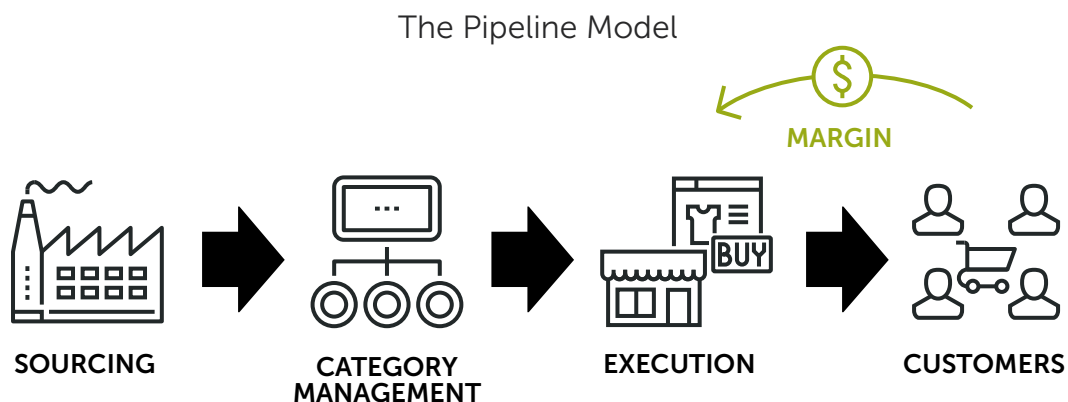
***"THE NEW WORLD IS HERE, YOU NEED TO
SERIOUSLY CONSIDER THE IMPACTS OF THE
PLATFORM REVOLUTION FOR YOUR BUSINESS."***

Moving from the Pipeline Model

In the pipeline model, there is a flow of margin through the value chain wherein each player in the chain takes a piece. At the end of the value chain is the customer, who pays the full margin. Information about that customer flows back only to the entity at the end of the value chain, facing the customer.

In a pipeline model, there are two priorities that have always been the same. For a retailer, the priority is to buy low, sell high. All the marketing, the customer experience, and the loyalty programs only work if, at the beginning, the retailer is able to buy low, and sell high.

The priority for brands - such as a company like Decathlon in France - is on brand/product innovation. The goal of innovation is to create more margin (more value that customers are willing to pay for) to flow through the value chain.



*"IN THE PIPELINE MODEL, A COMPANY LIKE
DECATHLON IN FRANCE MUST INNOVATE TO BE
ABLE TO CREATE ADDITIONAL MARGIN."*

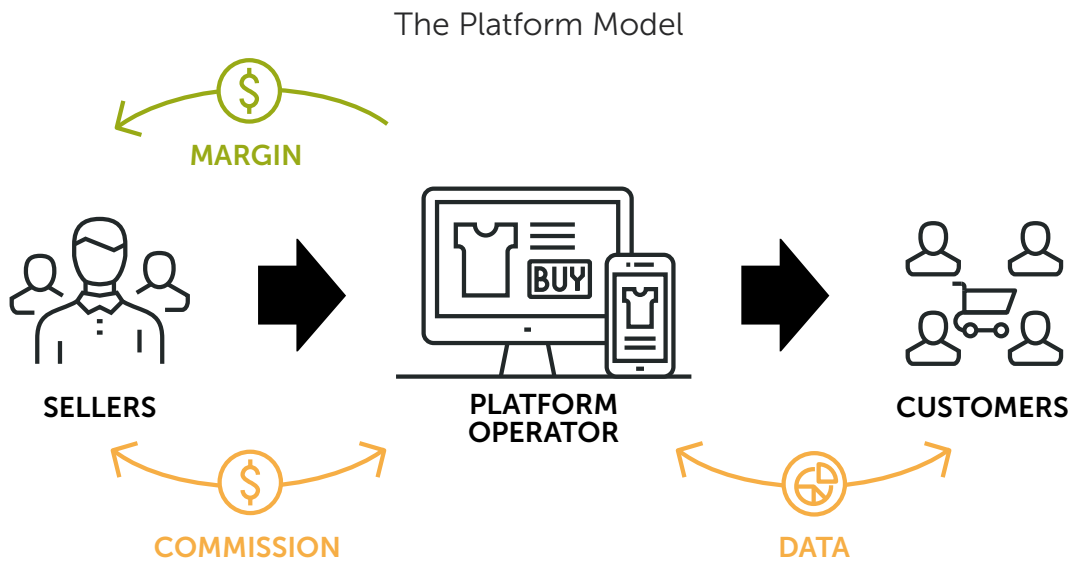


Moving to the Platform Model

The pipeline model is too linear to be efficient in the digital world. The dynamic nature and agility of digital business require a new understanding of business and an evolution of business models.

The platform business model is the one used by the most successful digital businesses. Just look at Amazon, Apple, Uber, and Airbnb - these companies connect buyers and sellers at a global scale and are growing faster than we have ever seen business grow.

In looking at the platform model, at the heart of it is a platform operator. For example, Amazon operates a platform in which third-party sellers can connect with eager buyers. Becoming a platform operator gives a company a strength beyond just its brand - it puts that company at the center of an ecosystem. In doing so, platform operators think of customers not as someone at the end of an economic value chain, entities they can interact and engage with. This creates much more compelling value propositions that can involve having more products, that can involve having more services, that can involve creating solutions by putting together various combinations of products and services. Companies can become the go-to source for their customers, building trust and brand value.



In a platform model, a company organizes itself around the necessity to have this ecosystem work and operate in a seamless way for partners and for the customers.

As a platform operator, a retailer no longer has to stress at all times about buying low and selling high. Rather, the platform operator takes a commission that is virtually pure profit. The principal revenue model for a Marketplace is based on sales commission. When the sale takes place on the operator's showcase, the operator takes a percentage commission on the transaction. This is a win-win-win model: Win for the customer who has found the product or service he or she wants at a competitive price; Win for the seller who has opened a new risk-free sales channel where technical infrastructure and marketing costs are entirely assumed by the operator; and a Win for the operator who is guaranteed customer loyalty by being able to offer more products, at more competitive prices, without running logistical or stock risks.

The beauty of the platform model is that, even if the operator sells a product that is not its own (it is through a third-party seller), the all-important customer data still flows through the operator. Armed with that data, the operator can then find ways to improve the customer experience, and offer more products, solutions, and services that the customer expects to find. The operator can also very openly share this data with the partners in the ecosystem, because it strengthens them and their offering, too.

It's critical that businesses assess the technology options available to them in their transition to platform operator. For example, in order to have a successful marketplace, you need a solution that easily onboards sellers, enforces governance around seller performance, ensures quality control, and enables easy access & transfer of the data from marketplace sales. Many companies have tried and failed to build these kinds of technology platforms on their own only to find that their core competence is not building software, but rather selling goods.

Companies moving to platform business models should instead focus their attention on becoming a best-in-class platform operator, while making use of technology that will speed their time-to-market, and is purpose-built with the features required for their success.



93 years to build

610,000 rooms
88 countries



4 years to amass

650,000 rooms
192 countries

TRADITIONAL BUSINESS

VS

PLATFORM BUSINESS

\$298B
Market value*

Walmart

TARGET

BEST BUY

macy's

KOHL'S

NORDSTROM

\$356B
Market value*

amazon.com

*as of December 30th, 2016

Becoming a best-in-class Platform operator

Offer an exceptional customer experience

Whether it's the navigation, payment options, delivery options, or the quality of the product data in the catalogs, all this is about creating a great customer experience in a platform context. The customer experience goes beyond the look and feel of the digital commerce site; it includes emotional elements such as the right assortment of goods and services.

Build great matching between sellers and customers

A critical role of any platform operator is to create great matching between sellers and customers. You need to find the right sellers, put together the right offer, and ultimately, the relationship with the participants in the ecosystem.

Collaborate with your partners

When creating an ecosystem, the relationships you have with other entities change. It is no longer a "you buy this from me and sell it to someone else" type of relationship. It is a collaborative situation that requires a different approach to relationship management. For example, a retail platform operator will help its sellers as they try to please customers, rather than simply connecting the sellers with buying and then walking away.



*"ALL THIS IS ABOUT CREATING A
GREAT CUSTOMER EXPERIENCE IN
A PLATFORM CONTEXT."*

Chapter 3

The future of commerce is happening now

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The future of commerce is happening now

We take Ubers. We book our travel accommodations on Airbnb. Many people buy clothing on Farfetch, and order groceries on Instacart.



All of these companies are platforms. Uber doesn't own any cars, Airbnb doesn't own any real estate, Farfetch doesn't own any clothes, and Instacart doesn't own any groceries. They've used the platform business model to establish a prolific ecosystem of sellers and customers. And these ecosystems and business have grown at an unprecedented rate, because their models are based on technology that fuels network effects. And it's not just using a platform model to drive sales in their core category.

Think of Airbnb. In France last year, Airbnb drove \$650 million worth of bookings. Their model roughly gives them \$65 million in commission.

Behind Airbnb, there's a €6.5 billion economy, just in France: Entertainment, food, lodging, clothing, services, anything you can think of. And what is Airbnb's move today? They've asked themselves, "How can I capture this ecosystem, how can I capture value here?" And so they've used their platform model to create Airbnb Trips, where customers can now book experiences in addition to accommodations. Through that platform, they're growing and expanding into adjacent categories. When we were operating in a traditional economy, doing that seemed like a giant leap; It was something very complicated to do. Now, doing that is very simple. And this is a fundamental shift in the way businesses grow.



Amazon is a pioneer

Jeff Bezos has leveraged the Marketplace Model to become a platform business. The platform allows Amazon to innovate and dominate at a global scale. In a recent Gartner report “Willful Disruption: Amazon Disrupts Through Scale, Richness, and Reach,” analysts David Smith and Daryl Plummer caution leaders to “Examine Amazon’s forays into all types of services enabled by its platforms such as Amazon Prime and AWS. Amazon’s potential for disruption is almost unlimited given the strength of its platforms and their ubiquity.”

And it all started with a simple model: The Marketplace model, in which Amazon sells goods and services from trusted third parties alongside its own. But what’s interesting about the Amazon story is the fact that the only reason why Amazon is strong today is that it created this ecosystem that provides tremendous customer value. They’ve been able to provide business for tens of thousands of entrepreneurs, for tens of thousands of businesses, that are now relying on Amazon to grow their business. And that virtuous cycle, that flywheel effect, that network effect, creates a situation where last year Amazon captured 53% of all e-commerce growth in the US. And recently, a survey showed that Amazon’s Marketplace would represent 70% of their business in 2020.

A photograph of Jeff Bezos, the CEO of Amazon, sitting in a dark brown leather chair. He is wearing a dark blue blazer over a light blue button-down shirt and tan trousers. He has a slight smile and is looking off to the side. The background is a warm, dimly lit room with a large, ornate painting on the wall.

***"JEFF BEZOS HAS FOUND A GREAT MODEL.
IT'S THE MARKETPLACE MODEL. BEYOND
THAT, WE CAN SEE HOW AMAZON HAS
BECOME A PLATFORM."***

B2B Commerce is also experiencing the Revolution

Alibaba is another company that used the marketplace model to create a platform business that is wildly successful. It had 11 billion orders in 2016, from 3 million active sellers. The company has created an ecosystem in which it drive more value and profit from its relationship with Asian manufacturers by connecting them with buyers in the western world.

Both Alibaba and Amazon are proving that platform business thrive not only in B2C commerce, but also in B2B commerce. Alibaba has given many businesses a less expensive way to buy from manufacturers than the traditional distribution channel. Amazon Business did over \$1 Billion in revenue in just its first year of operation. And, it continues to grow at 20% month-over-month.

NEW YORK STOCK EXCHANGE

*"ALIBABA HAD 11 BILLION ORDERS IN 2016,
FROM 3 MILLION ACTIVE SELLERS."*



Alibaba Group
阿里巴巴集团



Chapter 4

Creating your platform

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Creating your platform

We've built the technology that serves as the backbone for customers to become platform operators. The Mirakl Marketplace Platform™ was created to give customers all of the functionality they need to build a robust ecosystem.

Our technology is based on five critical pillars to platform success:

1. Seller onboarding:

Your organization needs a simple workflow that allows third parties to easily list their products and services. Because third parties typically have their products and services in different data formats and files, it can be hard to design a system that can ingest many different formats. Mirakl makes this very challenging task easy, and third parties are able to upload their products in minutes and simply point and click to map to your catalog structure.

2. Streamlined administration:

Mirakl's platform includes the operator portal - where you can easily monitor the performance of your marketplace, and the seller portal - where third parties can manage their products, pricing, and promotions. Making it easy for you as the platform operator, and for third parties as sellers, is critical to accumulating many partners in your ecosystem.

3. Reliability & flexibility:

You need a high performance platform that scales as your ecosystem does. We designed a system that performs no matter how quickly you scale. You can rest assured your platform will be up and running, and your customers will know your platform is reliable.

4. Task automation:

We've built automated processes into our platform for maximum efficiency, and architected the platform so you can easily add rules and processes of your own. Our API-first approach makes it possible for our customers to add new data sources, and automate business processes, as your platform grows.

5. Quality of service:

The most critical element of your marketplace performance is ensuring your quality standards are met by all third parties. Our platform makes it easy to set the standards with your third party community, and enforce those standards, all with a quality management dashboard.


Our customers recognize Mirakl's strength in technology, and have opted to take advantage of what we offer on their journey to becoming platform businesses. Once your technology is set, the next part of the journey is to build your ecosystem.

Building an ecosystem

If you create your own ecosystem, and you start having sellers that tell you, “I’m more happy with you than with Amazon”, you have a way to start protecting your business and expanding into a new world. And that’s really something fundamental.

To be successful in doing that, you have to question yourself: “What should I offer to my customer: what he wants, or what I want him to want?” Today’s world requires being customer-centric. There is a shift away from trying to prescribe exactly what your customer wants, and offering them the opportunity to tell you what they want from a much broader assortment. This shift upends our traditional understanding of merchandising and the value of product curation. But it doesn’t replace that – it only adds to it. The marketplace model allows you to use a platform to quickly onboard sellers and increase assortment, drastically improving your offering and giving your customers more options. To sell more, you need to first offer more. The impact of having an expanded assortment on the quality of your customer experience is extremely high, and starts to propel the network effect – bringing more and more new customers to your brand.

Every statistic shows that the ability to provide great customer experience has immediate impact on repeat business and the ability to grow your business.

The image features three vertical glass tubes filled with a variety of colorful candies. The left tube contains large, teardrop-shaped candies in shades of red, orange, yellow, and green. The middle tube is filled with smaller, bean-shaped candies in a rainbow of colors including blue, yellow, orange, pink, and purple. The right tube contains small, round, spherical candies in a wide array of colors, including red, blue, green, yellow, and white. The candies are densely packed and create a vibrant, multi-colored pattern.

***"THE IMPACT OF HAVING AN EXPANDED
ASSORTMENT ON THE QUALITY OF YOUR
CUSTOMER EXPERIENCE IS EXTREMELY HIGH."***

Managing your sellers

Mirakl has long touted the three pillars of a successful Marketplace operation: great vendor onboarding, great vendor management, and excellent quality control.

Being able to streamline the onboarding of your sellers is absolutely essential to the success of your marketplace. The faster you can increase the amount of sellers and products, the faster you'll learn what your customers do and don't want. Building a platform that helps you easily manage many vendors at scale is also essential to streamline day to day administration of your marketplace.

Finally, ensuring quality for the end customer, so your brand integrity is held up by every seller, is essential for a great customer experience that brings more customers to your site. This quality control must be automated in order to achieve the scale that the platform business model enables.

Mirakl has built this platform for retailers, brands and manufacturers to harness in their transition from pipeline businesses to platform operators.

**"ENSURING QUALITY FOR THE END CUSTOMER,
SO YOUR BRAND INTEGRITY IS HELD UP BY
EVERY SELLER, IS ESSENTIAL FOR A GREAT
CUSTOMER EXPERIENCE."**



Chapter 5

Conclusion

Conclusion

We've seen that there is a move from pipelines to platforms, and to the platform economy.

Mirakl exists to help businesses who understand that the future – The Platform Revolution – is here today, and is the best path forward. But it is a fundamental shift in thinking and in business models. This shift will bring forth endless possibilities in growth, addressing new market opportunities, and their ability to drive profit margin. It needs to be harnessed quickly, and requires the right technology platform to power the ecosystem.



"MIRAKL EXISTS TO HELP BUSINESSES WHO UNDERSTAND THAT THE FUTURE – THE PLATFORM REVOLUTION – IS HERE TODAY, AND IS THEIR PATH FORWARD."

Video

Mirakl's vision



Jess Iandiorio
SVP, Global Marketing



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