

The Catalyst Framework

Identify the Platform Community

- Identify distinct groups who need each other
- Determine why and how much they need each other
- Evaluate who else is serving the community
- Compare multi-sided business model with a single-sided one

Find Out who Needs Whom—and Why

Establish a Pricing Structure

- Set separate prices for access and usage
- Set prices to balance demand from two sides
- Price to grow slowly – at first
- Pay customers to belong – sometimes
- Price for long-term profits

Shape Participation and Maximize Profits

Design the Catalyst for Success

- Attract multiple customer groups that need each other
- Promote interactions
- Minimize transaction costs
- Design for evolution

Draw Customers and Facilitate Interactions

Focus on Profitability

- Study industry history
- Use forecasts to enhance profitability
- Anticipate competitor actions
- Align interests internally and externally

Visualize Path Toward Long-Term Profit

Compete Strategically With Other Catalysts

- Understand the dynamics of catalyst competition
- Look for competition from different business models
- Leverage to attack
- Consider cooperation

Challenge Existing Catalysts and React to New Catalyst Threats

Experiment and Evolve

- Know when to be first – and when to follow
- Control growth
- Protect your back
- Plan for what's next
- Look out for the cops

Pursue Evolutionary Strategy for Growth