MODULE 2 · SESSION 3

Govern a Defensible Platform Ecosystem

How access rules, incentives, standards and enforcement determine whether a platform becomes infrastructure or collapses.

Theory session

Advanced

Running case: RelayMesh

ORIENTATION

Where this session sits

2.1 and 2.2 built the mechanisms; 2.3 writes the rules that hold them together

MODULE 1
Foundations of Defensible Position

MODULE 2
Defensibility Through Market Architecture

MODULE 3
Strategic Advantage Under Rivalry

SESSIONS IN THIS MODULE

2.1 Capture Value from Novelty
Patents, secrecy, complementary assets, speed and contracts

2.2 Engineer Retention and Positive Feedback
Migration friction and participant density

2.3 **Govern a Defensible Platform Ecosystem**
Access rules, incentives, standards and enforcement

YOU ARE HERE

SESSION OUTCOMES

What this session explains

Designing rules that independent participants will actually sustain

01 **Governance is four decisions**

Access, incentives, standards and enforcement — each with its own failure mode.

02 **Openness is a dial, not a switch**

Every increment trades adoption against control and quality.

03 **Ownership sends a signal**

A platform owned by a participant carries a structural credibility problem that reform may not fix.

04 **Legitimacy is earned by constraint**

Rules that bind the owner are the ones participants believe.

What platform governance actually decides

Each has to be answered explicitly, before scale forces an answer

ACCESS	Who may join, on what terms, and who may be excluded. The first and most visible choice.
INCENTIVES	What participants gain, what they must give, and how the surplus is divided.
STANDARDS	Interfaces, data formats and quality requirements — and who may change them.
ENFORCEMENT	How rules are monitored, what happens on breach, and who adjudicates.
META-GOVERNANCE	Who may change the rules themselves. The question TradeLens answered too late.

THE OVERLOOKED ONE

Who may change the rules

Participants invest against a rule set. If the owner can alter it unilaterally, every investment carries that risk.

TRADELENS' SEQUENCE

Reform came after doubt

Publishing APIs and equalising oversight answered objections that had already suppressed participation.

Tiwana, A. (2013). Platform Ecosystems. Waltham: Morgan Kaufmann. · Boudreau, K. (2010). Management Science, 56(10).

How open to be

Each position trades adoption against control

CLOSED

You supply everything. Quality controlled, adoption slow, and the platform's growth is capped by your own capacity.

MANAGED OPENNESS

Third parties participate under published standards, with curation and enforcement. Most durable platforms sit here.

FULLY OPEN

Anyone joins, no curation. Fastest growth, and quality and trust degrade without a mechanism to protect them.

OPENING IN THE RIGHT ORDER

Open first	Open last, or never
Interfaces and documentation — they drive adoption at little cost.	The rule-setting process itself — share it only when you can be bound by it.
Data formats, so participants can connect without bespoke work.	Anything that lets a participant disintermediate the platform entirely.
Extension points for complements you will never build.	Core matching or pricing logic where your value capture lives.

When a platform owner is also a participant

The structural conflict TradeLens could not fully resolve

THE ADVANTAGE

An anchor participant

WHAT IT SOLVES

Cold start. A large participant supplies immediate volume and credibility.

WHY IT IS TEMPTING

The hardest problem in platform building is the first side, and an owner-participant removes it.

TRADELENS

Maersk's scale gave the platform immediate relevance in shipping.

THE COST

A permanent credibility question

WHAT IT CREATES

Rivals must contribute commercially sensitive data to infrastructure their competitor controls.

WHY REFORM IS HARD

Reducing oversight answers the formal objection; it does not remove the underlying incentive.

THE OUTCOME

60% of capacity reached, full collaboration never achieved, platform closed in Q1 2023.

THE DECISION THAT CANNOT BE RETROFITTED

Structural separation — an independent entity, a foundation, or genuinely shared ownership — has to be decided before participants are asked to commit, not after they decline.

CONCEPT 4 · COMMITMENT

Governance works by binding the governor

A rule the owner can suspend is not a rule

WORKING DEFINITION

Participants invest in a platform against the rules they are shown. Governance becomes credible when the owner's ability to change those rules is itself constrained — by structure, by contract, or by a body the owner does not control.

1

Constrain the rule-maker

Independent boards, supermajority requirements, or published change processes with notice periods.

2

Make changes predictable

Versioned interfaces, deprecation windows, and grandfathering. Surprise is what destroys trust.

3

Accept a real cost

A constraint that costs the owner nothing signals nothing. TradeLens reduced Maersk's oversight because cheaper signals had failed.

Schelling, T. (1960). The Strategy of Conflict. Cambridge, MA: Harvard University Press, on binding commitments.

CONCEPT 5 · SEQUENCE

Seeding a platform without the owner dominating it

Order matters more than terms at this stage

GETTING TO CRITICAL MASS

1. Pick the narrowest neighbourhood that can sustain itself
2. Subsidise the scarcer side
3. Publish rules before asking for commitment
4. Constrain your own authority visibly
5. Only then widen access

WHAT THE CASE SHOWS ABOUT ORDERING

TradeLens ran a version of this in reverse: build, attract, encounter resistance, then reform governance. By then the participants who mattered had already priced the risk.

CONCEPT 6 · ENFORCEMENT

Rules require a mechanism, a sanction and an adjudicator

Unenforced standards are advisory, and behave accordingly

Element	The question	Weak version
Detection	How do you know a rule was broken?	Relying on complaints from other participants.
Graduated sanction	What happens first, second, third time?	Only one sanction — removal — so it is never used.
Adjudication	Who decides, and can they be appealed?	The platform owner decides disputes involving itself.
Transparency	Are enforcement decisions visible?	Private decisions, so nobody learns the real boundary.
Recourse	Can a participant contest a decision?	None, which makes participation feel arbitrary.

WHY THIS LITERATURE APPLIES

Ostrom's work on commons governance is the closest fit: durable shared resources have graduated sanctions and accessible conflict resolution. Platforms are the same problem in a commercial setting.

Taking too much, and taking too little

Both kill a platform, on different timescales

OVER-EXTRACTION

The owner captures too much

WHAT IT LOOKS LIKE

Rising take rate, competing with complementors, appropriating successful extensions.

WHAT HAPPENS

Complementors stop investing; the ecosystem stops producing the variety that attracted participants.

THE TIMESCALE

Slow. The platform looks healthy while the pipeline of new complements dries up.

UNDER-EXTRACTION

The owner captures too little

WHAT IT LOOKS LIKE

Heavy investment in infrastructure, minimal monetisation, growth funded externally.

WHAT HAPPENS

No commercial viability. TradeLens reached 60% of capacity and still closed.

THE TIMESCALE

Abrupt. Funding stops and the platform disappears, taking participants' investment with it.

WHICH FAILURE THIS CASE IS

TradeLens is the second failure, not the first. Scale without a viable model is not a platform — it is a subsidised utility waiting for its sponsor to reconsider.

CONCEPT 8 · FAILURE MODES

Three governance designs that do not survive scale

Each is defensible at launch and untenable at a thousand participants

Governance retrofitted

Looks like Build first, write rules when participants object.

Why it fails The firms you most need have already declined and priced the risk.

Fix Publish rules and constraints before asking for commitment.

Owner as judge in own cause

Looks like The platform adjudicates disputes it is party to.

Why it fails Every decision is read as self-interested, whether or not it is.

Fix Independent adjudication for anything involving the owner.

Openness without curation

Looks like Rapid participant growth, falling quality.

Why it fails Negative network effects — noise drives out the participants you wanted.

Fix Managed openness with standards and graduated enforcement.

CASE STUDY

TradeLens

A technically capable platform that reached 60% of global shipping capacity and shut down anyway.

Legitimacy repaired, coordination unresolved

Reaching 60% of capacity was not the same as sustaining shared rules

THE GOVERNANCE PROBLEM

Neutrality had to be demonstrated

THE ORIGIN

Launched in 2018 by A.P. Moller–Maersk and IBM to enable open, neutral supply-chain data exchange.

THE OBJECTION

Competitors questioned whether Maersk's ownership was compatible with neutral governance and secure data exchange.

WHY IT WAS STRUCTURAL

The platform needed broad participation from firms that competed with its owner.

REFORM, AND COLLAPSE

Legitimacy is not the same as adoption

WHAT WAS CHANGED

APIs published, Maersk's oversight reduced to an equal level, data privacy guidelines improved.

WHAT WAS ACHIEVED

60% of global shipping capacity reached after the reforms.

WHAT WAS NOT

Full collaboration and commercial viability. The platform was taken offline in Q1 2023.

READING THE CASE

Platform governance is tested not by a promising launch but by whether independent participants sustain shared rules at scale. Formal reform improved legitimacy without resolving the coordination problem.

Drawn from the session case pack.

APPLICATION

Bringing the theory to RelayMesh

Governance decided before the platform needs it

Decision	What you set	RelayMesh example
Access	Who joins, and who can be removed.	Any licensed carrier; removal only for data-integrity breach, published criteria.
Ownership signal	Whether the operator is also a participant.	RelayMesh does not broker freight — stated and structurally enforced.
Standards	Who may change interfaces, with what notice.	Versioned schemas; twelve-month deprecation; participant council consulted.
Incentives	How the surplus is divided.	Take rate capped and published; no repricing without twelve months' notice.
Enforcement	Graduated, with recourse.	Warning, throttling, suspension; appeals heard by an independent panel.
Meta-rule	Who may change the rules.	Supermajority of the participant council, not the operator alone.

WHAT COMES NEXT

Module 3 moves from architecting the market to acting inside it against rivals who are doing the same.

SUMMARY

What to carry out of this session

1. **Governance is four decisions plus one meta-decision.**
   Access, incentives, standards, enforcement — and who may change them.

2. **An owner-participant carries a structural credibility problem.**
   TradeLens reduced Maersk's oversight and still never achieved full collaboration.

3. **Publish rules before asking for commitment.**
   Retrofitted governance answers objections after the firms you needed have declined.

4. **Credibility comes from constraining yourself.**
   A rule the owner can suspend is not a rule, and participants price that.

5. **Scale is not viability.**
   Sixty percent of global shipping capacity did not prevent the platform being taken offline.

FURTHER READING

Sources for this session

Primary references behind each concept

PLATFORM GOVERNANCE	Tiwana, A. (2013). *Platform Ecosystems*. Waltham: Morgan Kaufmann.
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