

SUPER PLATFORMS IN THE DIGITAL ERA

*HAVE TODAY'S TECH-CONGLOMERATES OUTGROWN
ANTITRUST?*



Source: <https://www.theringer.com/tech/2018/6/7/17436870/apple-amazon-google-facebook-break-up-monopoly-trump>

PLATFORM COMPETITION AND DATA-DRIVEN INNOVATION:
ASIA-PACIFIC PERSPECTIVE
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THE RISE OF SUPER-PLATFORMS IN THE DIGITAL ERA

- **Platforms are business structures that make it possible to connect two or more groups in a way that (beneficially) exploits their mutually dependency**
- **Platforms have proliferated in the digital era supercharged by a dramatic shift of human activity into the online sphere and pervasive connectivity**
- **They are also an integral part of the business model of some of the most successful companies in the global economy today, which we will dub “super-platforms”**
 - *THE GUARDIAN, Apple becomes world's first trillion dollar company (Aug. 2, 2018)*

- **Antitrust analysis has primarily approached platforms from the perspective of their *multi-sided*-ness and the network effects coursing through the different sides of the business**
- **This has led to a two pronged analysis**
 - Stressing the possible pitfalls of neglecting the network effects of platforms (*i.e.*, analyzing platforms from merely one side of the business)
 - Pointing to network effects as a culprit of restraining competition (leading to the market tipping)
- **Network effects are certainly an important feature of platforms, but they fail to capture the true characteristic of today's super-platforms that trigger both concern and fascination with these businesses**

CORE CHARACTERISTICS OF TODAY'S SUPER-PLATFORMS

- **Today's super-platforms are not so much interested in harnessing network effects to lure different groups than in creating ecosystems that make the groups (reliant) habitants of the platform**
 - This has led to these platforms morphing into tech-conglomerates that span multiple businesses that service a diverse range of the needs and activities of its users
 - The key feature here is the *multi-contact (dimensional)* nature of the platform rather than its multi-sided-ness
- **The emergence of these super-platforms have also coincided with an overlapping (competition) between the platforms on multiple fronts, leading to “moligopolistic” markets in some cases**

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CORE CHARACTERISTICS OF TODAY'S SUPER-PLATFORMS

- **The concerns triggered by super-platforms have also evolved from tipping markets (and exploiting consumers) to threats to the underlying structure of society, such as:**
 - Fake news and disruption of the democratic process
 - Suppressed wages and the productivity gap
 - Eroded privacy and manipulation

- In response, some have advocated a return to antitrust's Brandeisian roots of its earlier trust-busting days, while others have derided such calls as "Hipster Antitrust" and argue that antitrust should focus on what it does best – promoting consumer welfare (allocative efficiency) as it has strived to do so following the Chicago revolution
- What then should be the proper response of antitrust law and policy?
- Regardless of which side one takes during the debate, it seems clear that antitrust law will become part of a *concerted* regulatory response to the concerns posed by super-platforms

THE ANTITRUST RESPONSE

- **We need to ask how society should devise this multi-dimensional response and how antitrust policy fits into that overall design**
 - This does not mean giving up on efforts to develop and fine tune analytical tools that allow appropriate antitrust analysis in the digital era
 - But it is unlikely that antitrust law will be an effective tool in promoting one or more (extra-competition) societal goals on its own
 - Rather the focus should be on discerning how antitrust enforcement impacts other regulatory goals (*e.g.*, privacy impact review), and coordinating regulatory responses between the different regulator regimes (which may result in either concomitant intervention by certain regulators together with antitrust regulation or restraining antitrust intervention in light of the costs)

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THE ANTITRUST RESPONSE

- **Multi-dimensional problems require a multi-dimensional response**
 - This is different from attempting to cram in different regulatory goals in to antitrust analysis that could easily result in a toxic and convoluted mix

Q&A

