

# Corporate and traditional startups in a platform society

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## ABSTRACT

In this paper, literature on corporate startups and traditional lean startups is analysed and the standards for creating a successful startup are explained. Furthermore, the differences between the two types of startups are determined. Literature on platforms is analysed to find the principles and tools for developing a platform. The findings of the literature research are applied to Asito's new platform Tisser. The research has shown that Tisser is not substantially different compared to traditional startups and platforms.

## KEYWORDS

Corporate Startup, Lean Startup, Platform.

## 1. INTRODUCTION

### 1.1 The case

Asito is a large Dutch cleaning company with over 10.000 employees. Out of those 10.000 employees 9.500 are cleaners and 500 work in one of several offices. Asito has several big clients, such as Schiphol and the Nationale Spoorwegen (NS). However, the majority of the company's clients are made up of small and medium enterprises (SMEs). This is problematic since all of these small clients require the same amount of maintenance as the big clients. In this case maintenance does not refer to cleaning, but maintaining client contact. Ultimately this costs Asito a considerable amount of time for a relatively low return.

To tackle this problem, the company is constantly innovating and finding new ways to improve its business model. The IT department plays a substantial role in these innovations, since most of the changes are related to new technologies. The number of employees illustrates this, as 35 out of the 500 office workers work in the IT-Department. This seems a lot for a company that makes their money by cleaning airplanes, train stations and office buildings.

One of the most recent innovations by Asito is an online platform. This platform is called Tisser.nl and was founded as a corporate startup within Asito. Tisser.nl is a separate legal entity and is seen as a company of itself. The startup costs were financed by Asito, but for Tisser to subsist they need to develop into a profitable business. The goal of Tisser is to make it easier for SMEs to hire cleaners. In the current situation this is an unnecessary

complicated process. Quotations and representatives of cleaning companies are no longer needed when using Tisser. With just a few clicks a business can hire cleaners that come on a weekly basis, or as a one-time deal. This means Asito is able to keep their smaller clients in a more efficient way.

## 1.2 Platform society

For practically every business or social activity there is a platform that can cater to someone's specific needs. For social purposes there are platforms such as Facebook, WhatsApp, and Twitter. These platforms are a way to connect people, bring them together and create communities. Besides socializing, platforms can present a way for people to offer their services or goods. They create a way to connect providers and clients who can both be private individuals.

Lets look at some of the biggest platforms used for this purpose: AirBnB, Uber and Booking. AirBnB presents a way for people to rent their room or their house online to the public. Uber is a platform where users can offer their services as a taxi driver. Lastly, Booking is a platform that redirects users to an airline, hotel or car rental site for the purchase of the service. These platforms all share one thing in common; they do not own any of the products that the customer buys or rents. The three platforms have adopted an asset-light business model. They own few capital assets and invest heavily on technology. The rooms that are offered on AirBnB belong to private individuals; the same applies to the cars on Uber. These platforms are a way to connect those private individuals to other people that are in need of a room or a taxi ride. Booking connects consumers to businesses; its business model is different compared to the other two platforms. However, they do not own any of the businesses that are offered on the platform. Besides having an asset-light business model, they have something else in common. These three platforms started as small startups before they turned into huge businesses with billion dollar revenues and thousands of employees. For example, Booking was founded at the University of Twente by students.

There are two major differences when comparing Tisser to these other platforms:

1. Tisser is a corporate startup. This means the platform was created as a regular startup, so a team came together and thought of an idea. However, this team is employed and commissioned by Asito.
2. When looking at the business models from the three startups described previously, one can see that all three platforms have few assets. Of course, they own buildings, have employees and use thousands of computers. However, the assets that make the actual money for the companies are not owned. As explained, Uber does not own cars and AirBnB and Booking do

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not own the rooms that they rent to the customer. This type of business model is known as an asset-light business model. This opposes the heavy-asset business model of Tisser; Asito employs all of the cleaners that Tisser 'rents out'.

### 1.3 Research Objective

This research will provide insight into a business-model that differs from the traditional startups and platforms. Some of the established platforms have briefly been discussed and they are similar to each other in two important fashions. They all have an asset-light business model and they are all examples of traditional startups. Tisser on the other hand has an asset-heavy business model and was founded as a corporate startup. This research aims to discover whether Tisser has the potential to join these platforms in terms of success.

### 1.4 Research Questions

The main research question:

*How does a corporate startup with full control over the services it provides on its platform compare to traditional startups?*

Sub questions:

1. What are the industry standards for creating a successful startup and how do these compare to Tisser?
2. What are the necessities for creating and maintaining a successful platform and how did Tisser incorporate these?
3. What are the advantages and disadvantages of a corporate startup compared to a traditional LEAN-startup?

*Main research question*

This question can be answered after the results of the sub questions have been analysed.

*Sub question 1 & 2*

In order to best predict the success of Tisser it is necessary to identify how its predecessors have established themselves. This will be determined by looking at the industry standards of startups and platforms. The results will be compared to Tisser.

*Sub question 3*

Answering this question provides insight on the differences between a traditional LEAN-startup and a corporate startup. This will strengthen the foundation of the research by adding more information to the topic of startups.

## 2. METHODOLOGY

This paper comprises of three parts: a literature study, interviews, and an analysis of the results. First, a literature study is conducted to gather information on the subjects of startups and platforms. The main sources of information are the following four books:

- Platformsamenleving;
- Plattformrevolution;
- The Corporate Startup;
- The LEAN Startup.

These books will provide a solid basis after which the rest of the research can be conducted. Scopus will be used to find other relevant scientific articles. After the literature study, interviews are conducted with experts to

gather more information on Tisser. In the last part of the research, the results are compared and analysed.

## 3. STARTUPS

### 3.1 Defining Startups

What is a startup exactly? A startup can be defined as a new business that develops a business model around a product, process, service, or platform [1].

The majority of startups do not flourish into successful businesses. Startups have high rates of failure. According to CB Insights, 42% of startups fail because their product lacks a market need [2]. In total, 9 out of 10 startups fail when examined over a period of three or more years [3]. Over 90% of the entrepreneurs who do succeed, do so in a business that is different than what they planned to do [4]. For now the aim is to learn more about startups in general. In this research a distinction is made between traditional startups and corporate startups. Traditional startups are founded by entrepreneurs, where corporate startups are a tool for companies to innovate and either conquer new markets or strengthen their established market position.

This chapter describes traditional and corporate startups, finds the essentials for creating a successful startup, and identifies the differences between the two types of startups.

### 3.2 Lean startup

Lean startup is a methodology for developing a business. By iteratively working on a service or product, a startup company reduces the market risks and does not require a large initial funding or expensive product launches [7].

#### Lean startup components

Eric Ries describes 5 principles of the Lean Startup:

1. *Entrepreneurs are everywhere.* Any person or any company can be an entrepreneur. The lean startup method can be applied to any size company.
2. *Entrepreneurship is management.* A startup is more than just a product. It is an institution and therefore it requires management that is geared to deal with the uncertainty that comes with startups.
3. *Validated learning.* Startups are not just created to make money and serve customers. Part of the experience is learning how to build a sustainable business.
4. *Build-Measure-Learn.* Turn the idea into a product. Measure how customers respond to the product. Learn during the process and decide what can be improved.
5. *Innovation accounting.* The innovation has to be measured to determine its success. Key performance indicators (KPIs) are used as metrics.

Eric Ries defines a startup as follows: "A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty" [11]. Innovation is what causes startups to be uncertain; the market appetite for new products can never be predicted with security. The success of copying an existing business model, with pricing and target customers is mainly determined by the execution. One can better predict beforehand how successful the company can become.

#### Lean startup tools

There will always be uncertainty regarding the success of a startup, but there are ways of ensuring a startup has the best possible conditions to thrive in the market. The *Build-Measure-Learn feedback loop* is one of the tools for enhancing the chance of success. This feedback loop is at the core of the lean startup model and is used for companies to learn when and if it is time to make a sharp turn (called a pivot) or preserve their current path. The time it takes to go through a feedback loop should be minimal. However, before engaging in the Build-Measure-Learn phase a startup should have a clear vision in mind.

This vision is achieved through a strategy that includes a business model, a product road map, ideas about who the customer will be, and a view on the partners and competitors. The strategy will then lead to a product. Before this product can be made and a strategy is chosen, the grand vision of the startup can get broken down into two parts:

- *Value hypothesis*: tests whether a product or service delivers real value to customers. This can be achieved through experiments and surveys.
- *Growth hypothesis*: tests how new customers will discover a product or service. Furthermore it focuses on how the product will spread and which customers feel the need for the product the most.

Once the hypotheses are tested the Build Phase is started as quickly as possible with the manufacturing of a Minimal Viable Product (MVP). An MVP is a product with just enough features to satisfy early customers.

MVPs help start the process of learning as soon as possible. The most important thing is not getting the smallest product, but it is getting a product that flows through the feedback loop as fast as possible. *"Customers do not care how much time something takes to build. They care only if it serves their needs."* The MVP has to be tested by potential customers. Once the MVP has been tested, the gathered data needs to be analysed. This will determine whether there is sufficient market appetite for the idea and whether it is possible to build a sustainable business around it.

Based on the outcome the final phase is entered. There are two ways a startup can go forward. If the hypotheses are correct and the startup decides to follow the same path, it can enter the feedback loop again to continuously improve their idea. If the opposite happens, a startup can decide to make a pivot. The hypotheses have been debunked, but valuable knowledge is gained. This knowledge can be used to test new hypotheses. For example, a startup can decide to make a customer segment pivot, where they focus on a different kind of customer.

### 3.3 Corporate Startup

Innovation is a crucial part of business in this era. It is what distinguishes traditional businesses from startups. Steve Blank describes *searching* and *executing* as the key differences between a large company and a startup. A startup searches for a sustainable and profitable business model while an established company executes on a known business model [5].

Technology and software have transformed many businesses and will continue to do so. Prime examples of this are Uber, AirBnB and Booking. Existing companies need to start innovating themselves in order to keep up

with these businesses. The Corporate Startup describes three steps for innovation. The first step is generating ideas. Second, one needs to ensure the ideas create value for customers and meet their needs. Finally, the startup needs to find a sustainable business model. These three steps lead to the following definition of innovation: *"The creation of new products and services that deliver value to customers, in a manner that is supported by a sustainable and profitable business model."*

To innovate successfully, a company must interact among multiple actors from multiple parts of the business [6]. The process involves amongst other, ideation, product creation, customer sales, and growth and scale. To create a corporate innovation ecosystem, The Corporate Startup describes five principles [12]:

1. *Innovation Thesis*. An innovation thesis clearly sets out a company's view of the future and the strategic objectives of innovation.
2. *Innovation Portfolio*. To achieve the innovation thesis and strategic goals, a company should set itself up as a portfolio of products and services. The portfolio should contain all products regarding innovation.
3. *Innovation Framework*. To execute on its thesis and manage its portfolio, a company needs a framework. This framework has three basic steps: creating ideas, testing ideas and scaling ideas.
4. *Innovation Accounting*. The same principle already described for lean startups. Measure the success of the startup with the help of KPIs.
5. *Innovation Practice*. No product can be taken to scale until it has a validated business model. The attractiveness of the product to customers and potential profitability has to be validated.

Innovation is key for corporate startups. The product should disrupt the market by providing a new technology. One way of getting from an idea to a fully working product is by following the principles described above.

## 4. PLATFORMS

To provide information on what platforms are and how one can create a successful platform, the book Platform Revolution will grant insight. In this chapter platforms are analysed and at the end it is clear what the principles of platforms are.

A basic definition of a platform from the Platform Revolution: *"a platform is a business based on enabling value-creating interactions between external producers and consumers"*[14]. Uber is currently one of the most famous and successful platforms. For Uber, the external producers are drivers and the consumers are riders. The platform enables the drivers and riders to connect and initiate a value-creating interaction. Like Uber there are more platforms where people can transport or get transported with other private individuals. As of the first quarter of 2018, ride-sharing now accounts for more than 70% of the ground transportation market for business travellers, Rental car companies get 23% and taxi companies account for a mere 6% of the total market. In 2014, the percentage of ride sharing was just 8% [10].

This is just one example of how platforms have conquered traditional markets. Many markets have preceded the ground transportation market and even more will follow. Platforms transform major industries and have caused revolutionary changes in the following ways:

1. Platforms eliminate gatekeepers. Gatekeepers get to decide what the consumers can buy. In the publishing industry, an editor decides which books get published. On platforms, everyone can publish their book and the public decides if it will fail or succeed.
2. Through platforms, new sources of value creation and supply arise. Ten years ago an empty room in a house would not be worth anything. Now, the owner of the house can offer the room on Airbnb.
3. Data is used to create community based feedback loops. The feedback provided by other users makes it easy to find something that will likely suit your needs. Netflix uses data to suggest its users series or movies they might like based on the behaviour of other users.
4. Platforms turn companies inside out. The traditional inward focus transforms into an outward focus. Uber owns no cars and Airbnb owns no rooms, which means those platforms have no resources to focus on, instead the focus is on the customer.

Just these changes alone are not the reason platforms have conquered most traditional industries. Platforms create powerful network effects. The number of users on a platform impacts the value it has for other users. Airbnb would be useless if there was only one room available. More rooms on the platform attract more travellers and vice-versa. Network effects are the main source of value creation and the competitive advantage in a platform business. Platforms like Airbnb and Uber have a two-sided network effect where the producers and consumers attract each other. These sides have to be balanced well; too many riders on Uber would cause longer waiting times and higher prices, this will discourage people from using the platform.

#### 4.1 Platform fundamentals

By now it is clear that platforms connect producers and consumers and allow them to exchange value. Three things are exchanged between the two sides:

1. *Exchange of information.* All interactions start with the exchange of information. Availability, price, and location are, amongst other things, needed by the consumer to decide if he wants to take a ride on Uber. This exchange takes place on the platform itself and is one of the fundamental characteristics.
2. *Exchange of goods or services.* The exchange of information can lead to a next exchange. This can happen on the platform itself or outside of the platform. On YouTube the exchange happens on the platform itself, on Uber it takes place outside of the platform.
3. *Exchange of currency.* Goods and services are exchanged for currency. Whether that is traditional currency, paying money for a ride, or other forms of value, paying the video producer with attention, does not matter.

Platforms find a way to bring consumers and producers together and enable them to participate in these exchanges. The exchange of value is what attracts most users to the platform in the first place. This is why every platform starts with the design of the core interaction that enables the exchange between producer and consumer. The core interaction has three components:

1. *Participants.* These are the producer and the consumer; both have to be defined explicitly.
2. *The value unit.* The good or service that is offered to the consumer.
3. *The filter.* The consumer selects a value unit based on filters. A filter is a software tool that selects products or services for the users. A search query is the most obvious example.

The next step is to find ways to encourage a high volume of core interactions. Once again, three functions are needed to achieve this:

1. *Pull.* Attract consumers to the platform and keep their interest when they visit. One tool to pull consumers is a feedback loop that recommends value units to the user based on user analyses.
2. *Facilitate.* Make it as easy as possible for users to operate on the platform. Producers want an easy way to create and exchange services and goods, and consumers want an easy way to accept those goods and services.
3. *Match.* Match the right users with one another to ensure that relevant goods and services are exchanged.

All three are essential for a successful platform and have to be balanced well in order to work efficiently. Once the core interaction is working, new features can be added to the platform.

Feedback from users is the most important factor when adding new features. This is one of the key differences that distinguishes a platform from a traditional business. The activity is not controlled by the owners or managers, but by the users.

The final step in the creation process of the platform is the launch. There are many strategies for launching a platform; the key is finding a strategy that best fits the platform in case. Platforms designed to serve two sides of a market face the chicken-or-egg problem. One side has to come first; also it is difficult to attract one side without the other. In traditional businesses push strategies are used to reach the customer. This strategy revolves around creating recognition and “pushing” a product into the consumers’ awareness. Since we live in a platform society, consumers move from one platform to another. Platforms should therefore design their products and services so they naturally pull users into their trajectory. It is crucial to not only focus on how to get users to find the platform, but also find ways to keep them interested once they visit.

#### 4.2 Platform society

To add to the literature of the Platform Revolution, this research also includes insights from De Platformsamenleving. De Platformsamenleving differentiates three characteristics of any platform [13]:

1. *Datafication.* All online and offline movements are processed into data. The behaviour of drivers and riders on Uber are transformed into data, the same applies to the availability and location of the cars.
2. *Commodification.* Adding economic value to objects, ideas, and services. As already established, platforms can create value to objects that were previously worthless (rooms that are offered on Airbnb).

3. *Selection.* The users control what they get to see on a platform. By analysing user behaviour a platform can provide the user with a personal information stream.

The research from the two books can be combined to verify the results. The three characteristics are not explicitly mentioned in the Platformrevolution, but similarities are visible. Datafication is discussed as the exchange of information. Commodification is explained as one of the ways platforms change the industry; creating new sources of value. This source of value is exchanged as a good or service. Selection is referred to as the community feedback loops and the filter.

## 5. REFLECTIONS AND SYNTHESIS

### 5.1 Reflection Startups

An important discovery that was made during this research is that corporate and traditional startups are remarkably similar. A corporate startup is simply part of a bigger picture. The five principles for a corporate startup apply to traditional startups too. The difference is that the thesis and portfolio are not relevant for a non-corporate startup. To determine whether Tisser has the potential to flourish into a successful startup, the essentials of creating a startup have been researched. The five principles from The Corporate Startup provide insight into the success of a startup. The research into Tisser should bring forward the following:

- Some sort of thesis that sets out the goals and strategic objectives of innovation.
- A portfolio containing all products of innovation.
- A framework for executing the thesis and maintaining the portfolio.
- A validated business model.

Furthermore, The Lean Startup determined multiple ways a startup can fail or succeed. To establish whether Tisser is a healthy startup the following tools will be researched:

- The build-measure-learn feedback loop
- Value hypothesis
- Growth hypothesis
- Minimal viable product

Once these principles and tools are analysed for Tisser, one can determine if, first of all, Tisser can be defined as a corporate startup. Secondly, the results will determine if Tisser has the potential to become a successful startup.

### 5.2 Reflection Platforms

Platform revolution has provided great insight into platform businesses. To determine whether Tisser is a proper platform business, multiple aspects have to be considered. First of all the research should point out if Tisser adapts to the industry changes caused by platforms:

- Eliminating gatekeepers
- Creating new sources of value
- Community feedback loops
- Transforming from inward to outward focus

Secondly, the research will determine if Tisser satisfies all three exchanges that take place on a platform:

- Exchange of information
- Exchange of goods or services
- Exchange of currency

Thirdly, the core interaction of Tisser will be researched; this will be done in two parts. First of all:

- Participants
- Value Unit
- Filter

And following that:

- Pull function
- Matching function
- Facilitation function

It is important to note that all platforms are different. The market, users, and product or service all influence the way that the platform is created. These findings are not a checklist that all platforms have to go through before they can launch. The findings are used as a base for determining whether a platform is either going to be a success or a failure.

### 5.3 Synthesis

Not all startups create platforms; startups generate and develop their idea, which can also be a product or a service. This product or service is then offered on their website. Do these types of startups follow the same path as a startup that develops a startup?

Most steps in the process are similar. When a startup creates a new product, for example a bike, they first need to observe the market appetite for the product. After that they can start working on their bike, which will begin with the production of the MVP. Users will then test this MVP and feedback will be incorporated. Finally, a product is made and the startup can focus on bringing their bike on the market.

For the most part, all startups follow the same path. However, the bike startup also has to identify appropriate suppliers that deliver the parts for the bike. Tisser does not have third party suppliers, but Tisser does have two types of participants that they must focus on. The bike startup focuses solely on their clients.

All in all, startups all follow a similar path on which they make use of the same tools: hypotheses, build-measure-learn loops, and MVPs. However, the idea that is developed determines how the steps on the path are completed.

## 6. APPLYING RESEARCH TO TISSER

### 6.1 Interviews

The research on startups and platforms has brought forward substantial information that can now be processed and tested. In order to test how Tisser was founded and how the startup has developed, interviews are conducted with people who worked on the platform. Before starting the interviews, the most important components of startups and platforms are determined. Furthermore, some predictions are made on the performance of Tisser in the different components. To bring structure into the research the components will be categorized. This will also ensure that there are no overlaps. Besides that, it should be clear what information is desired from the interviewees. An interview with a consultant will produce different results than an interview with a board member. In the interview with a board member one can learn about the corporate structure of the company, while the interview with the consultant focuses on the technicalities of the platform.

The first interview will be conducted with a consultant that helped with the development of Tisser. The following goals are set for the interview:

- Learn what information Tisser gathered before they started working on their MVP
- Learn how Tisser started building their MVP
- Learn how and if Tisser incorporated feedback from consumers

The second and third interview are conducted with two of the board members of Asito. The goals for those interviews are:

- Learn how Asito has incorporated the innovation thesis and portfolio
- Learn to what degree Asito is focussed on innovation

## 6.2 Interview Results

The first interview provided information on how Tisser started building the MVP and how they interacted with participants. The second and third interview provided insight into the corporate structure and culture of Asito.

Before working on the MVP, a market analysis was conducted by Asito. This analysis included the number of potential clients and amount of money to be earned in the market. This SME analysis proved successful and following that a business plan was made. Tisser did not make use of the traditional business model canvas. Finally, they did some proposition testing to test the willingness to use the platform by the clients. After creating a business plan they started working on the MVP. Mock-ups were shown to stakeholders, clients, and employees (who are the producers on the Tisser platform). However, the participants did not test the platform and therefore no feedback could be incorporated into the platform. For now, clients give the feedback only through verbal exchanges, but the platform is currently working on incorporating a feedback system. Furthermore the platform is continuously changing. There were no measurements during the MVP phase.

Currently, the user behaviour is analysed by Tisser, looking at the conversion rate of clients, and who clicks where and does what. Google analytics is a tool used by Tisser to help analyse the data.

An interesting take out from the first interview is that the focus for now is on getting the employees to join the platform. The client/employee ratio has to be balanced and it seems that there are not enough employees right now.

There are no explicit rules for the innovation thesis and portfolio. The most important part is to have an idea of what your companies' future is going to look like and how the market is going to evolve. Asito has an innovation thesis in the form of a company vision. This vision includes the direction in which the company plans to go and through which means they are going to achieve it. Tisser is one of those means and has emerged because of the innovation that Asito allows and promotes.

For Asito, the focus is on the cleaners. Asito wants to facilitate an environment in which the cleaners can function optimally. Tisser is created to empower the cleaners. By eliminating gatekeepers, the cleaners have direct contact with the clients. Cleaners have more freedom to discuss their work with the clients. The cleaners that want to use Tisser will receive additional training. They will learn how to work with clients and discover what they can offer a client.

## 6.3 Literature Results

Not all findings can be analysed by conducting interviews. To determine whether Tisser meets the requirements of a successful platform, one can also look how Tisser disrupts the market and how the three platform-exchanges are arranged. Platforms have caused four major industry changes. Has Tisser adapted to those changes?

The first change is the elimination of gatekeepers. Tisser allows SMEs to hire cleaners online, no people are needed that help with the contract or that visit the company before a contract is signed. The second change is creating new sources of value. With Tisser, cleaners can work outside of office hours. Previously this time was not worth anything, now the cleaners have the option to work. Thirdly, platforms use community based feedback loops. For now, Tisser has not incorporated a feedback loop into their platform. Since Tisser only offers one product, cleaners, there is no need to make use of such a loop yet. Finally, platforms turn companies inside out. This is not entirely true for Tisser, the focus shifts slightly more to the cleaner when compared to Asito. However, there is no question of a significant change of focus.

The next things to take into consideration are the three exchanges that are mentioned in chapter 4.1. These exchanges seem straightforward but have to be researched regardless. The first exchange is the exchange of information. The most required piece of information that comes to mind when hiring cleaners is the price. When visiting Tisser.nl, users can calculate the costs of the cleaning. Furthermore the site shows how the customer can hire a cleaner by following three steps. The second exchange is the exchange of goods or services. The service in this case is the cleaning; this service takes place outside of the platform. The final exchange is the exchange of currency; this exchange takes place on the platform when the customer finalizes his order.

The conclusion of this brief analysis is that Tisser has adapted successfully to the market changes that are caused by platforms. The creation of new value sources in combination with the elimination of gatekeepers and the switch of focus are all in place. Furthermore, the three exchanges that are fundamental to any platform are present.

## 7. DISCUSSION

A platform can be created in many different ways, there is no real right or wrong in that regard. However, there are certain tools and methods that will help the platform grow successfully. The same applies to startups; there are certain phases that every startup undergoes. Those phases include creating an idea, testing the idea, and scaling the idea. During those phases startups can follow some basic guidelines and customize them to fit their specific needs. It depends on the market, the participants, and the product or service.

### Limitations

Not all information gathered from the literature study could be tested during this research. The metrics and some of the tools that make platforms successful are applied to Tisser. Time constraints are the main reason for this.

This research focuses on the business side of platforms and startups. The theory has been analysed and applied to the case Tisser. The MVP, feedback loop,

business model, business plan, pull function, and more have been discussed with experts. This has provided a clear inside into the foundation of the platform. However, no interviews have been conducted with clients and cleaners to find out what their thoughts on the platform are. These interviews could have added a different view of the platform and its sustainability.

As discussed, startups go through the same phases, but have the freedom to move differently in those periods. This research focuses on one corporate startup. To provide more details about the sustainability of a startup, more startups would have to be studied. This startup wants to succeed in the market of cleaning buildings for SMEs. Startups that focus on a different market could be studied to find perhaps contrasting results.

#### **Future research**

To elaborate on this research, different startups and platforms would have to be studied. This research has focussed on one corporate startup in one particular market. For example, it would be interesting to study a corporate startup from a large bank or a government agency. I speculate that those startups have more interaction with their participants than Tisser.

Furthermore, different stakeholders can be interviewed in future research. Cleaners and clients have already been discussed as candidates. Besides that, one can also pay attention to the competitors of the startup. Examine what their thoughts are of the innovation and how they are planning to respond.

#### **Recommendations**

The price of the service that is offered on the platform is crucial for both sides that participate. Cleaners have more incentive to offer their services when the payment increases. Businesses are looking for the cheapest cleaning service. Finding a balance is important. However, it is not necessary to have a fixed price. Uber prices vary; when the demand for rides increases, the price increases as well. For example, a rider pays more for a ride during a rainy day. During a rainy day there are more riders than drivers and increasing the price allows for a more efficient market. This mechanism is called surge pricing.

Currently, Tisser has a fixed price on their services. My recommendation to Tisser is to adopt a similar price system as Uber. SMEs usually want their building to be cleaned early in the morning or after work hours. These are the *peak hours*; in between the peak hours are the *off-peak hours*. Clients pay the same for the service in the peak hours and the off-peak hours. Tisser could potentially boost their profit by introducing surge pricing. Cleaners have added incentive to join the platform if they can make more money on it. This can help to attract more cleaners to use the platform, something that Tisser is struggling with.

## **8. CONCLUSION**

Before the main research question can be answered, the sub questions will be discussed.

**Sub question 1.** *What are the advantages and disadvantages of a corporate startup compared to a traditional LEAN-startup?*

A corporate startup has funding from the company; a traditional startup starts without any funding and has to find investors that believe in their idea. Besides that, literature has proven there are no major differences in starting a corporate startup or a traditional startup. Both

follow the same steps in similar processes. The five principles of corporate startups described in chapter 3.3 are the same except a traditional startup does not have a thesis and a portfolio. The thesis and portfolio are part of the bigger picture for a company. A traditional startup focuses on their one successful idea, while a company that initiates an innovation projects also has the rest of their business to focus on.

**Sub question 2.** *What are the industry standards for creating a successful startup and how do these compare to Tisser?*

Throughout the literature research on startups, multiple principles of startups have been brought to light. Eric Ries determined the key elements of all startups: The build-measure-learn feedback loop, a value hypothesis, a growth hypothesis, and a MVP. The interviews have revealed that Tisser did not make use of a build-measure-learn feedback loop. This loop is advertised by Ries as the core part of the lean startup model. Tisser did invite participants and stakeholders to take a look at their MVP, but did not let the participants test it. There was little to no measuring and learning during this process. The MVP did not see any major changes and Tisser stuck to their first MVP as the base of the current platform. Tisser did incorporate the value hypothesis and the growth hypothesis. An analysis was made for the market and a business plan was built to determine the sustainability of the platform.

The principles of a corporate startup are mentioned in chapter 3.3. The research has shown that a corporate startup functions similar to a traditional startup, except for the innovation thesis and portfolio. The interviews have shown that Asito has an innovation thesis in the form of a company vision. In this vision they have decided in what direction the company will move and through what means they will achieve this. This vision is supported by the innovation culture that exists within the company. The management supports the innovation and the use of new technologies such as a platform. Culture is important for a healthy innovation ecosystem and one of the strengths of Asito.

Finally, research has shown that a startup should disrupt the market. The product or service that is created should be innovative. In Asitos' competitive market there is no platform such as Tisser. However, there are two platforms that are comparable: Iemand.nl and Helpling.nl. These startups allow private individuals to offer their services as cleaners to other private individuals or even companies. The crucial distinction is that the cleaners on Tisser are approved by Asito. The board members of Asito explicitly noted that professionalism is eminently meaningful for their clients. This is why it is difficult to compare Tisser to these other platforms.

**Sub question 3.** *What are the necessities for creating and maintaining a successful platform and how did Tisser incorporate these?*

The three fundamental exchanges that take place on or outside of the platform have been analysed in chapter 5. Research has concluded that Tisser incorporated all three exchanges. Additionally, the industry changes caused by platforms have been discussed and applied to Tisser:

- Gatekeepers are eliminated; the platform matches an SME with a cleaner and they will discuss the task together. This means the cleaners are empowered and have more freedom.

- The focus changes to the cleaners. As discussed, Tisser is created to empower the cleaners.
- New value is created, the cleaners can work during times they previously had no work. They can offer their services on the platform and decide for themselves when they want to work.

Tisser has the potential to become a successful platform. They are the first platform to focus on the SME market and the first clients that have engaged on the platform are satisfied with the outcome. To ensure that the clients return to the platform, Tisser should invite and incorporate client feedback. Furthermore they should listen carefully to what the cleaners' experiences are and make sure they optimize the platform according to their needs. The interviews have determined that the cleaners are the main focus of the platform and therefore their feedback should be taken seriously and regularly.

**Main research question.** *How does a corporate startup that has full control over the services it provides on its platform compare to traditional startups?*

The research has shown that there are no substantial differences between traditional startups and corporate startups. Tisser is one of the means to achieve the vision that Asito has constructed. Traditional startups do not possess a grand vision and are focussed on their one idea. However, if Asito is taken out of the picture one can see that Tisser behaves like any other traditional startup. They have created an idea, tested that idea and finally executed the idea. The management approved the idea and the team executed it.

When comparing Tisser to established platforms such as Uber and AirBnB, the major difference is the control of the resources. In the case of Tisser the resources are the cleaners that work for Asito. Uber does not own the cars and does not employ the drivers. That difference is made clear in the interview with the members of the board of Asito. They stressed the importance of focussing on the cleaners and explained that Tisser is a way for the cleaner to make their work more convenient. Furthermore, Tisser does not have 'full control' over their cleaners, Tisser depends on the willingness to work of their employees and this is why the focus on them is so crucial.

All in all, Tisser is not that different from a traditional startup or platform. The differences between corporate startups and traditional startups have been discussed and the conclusion is that they are surprisingly similar. As a platform, Tisser is also rather similar compared to other platforms. When compared to Uber and AirBnB, the most notable difference is that Tisser focuses more on the producer side than the client side. Tisser is a company with a sustainable business model, a healthy foundation, and a management that supports innovation; a combination that allows Tisser to be a success.

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## APPENDIX

### Selection of interviewees

Name	Function
Mert Alberts	CIO Asito
Arjan Geurtsen	Manager Marketing and Business Development at Asito
Remko Stolk	Commercial Director Asito
Marcel Hermsen	Financial Director Asito
Arjan van Liere	Owner Present media, Consultant

### Interview Setup

The interviews were conducted face-to-face in the headquarters of Asito in Almelo. The duration for each interview was 30-45 minutes. The interviews were semi-structured. The experts were chosen based on the advice of Mert Alberts and Arjan Geurtsen.