

By Eva-Maria Scholz, 26 April 2014

## Mind. your own. business school - a case study of a multi-sided platform

This blog post is based on the comments of Master students to [an article posted by Paul Belleflamme](#) in April 2014.



source: mybs.eu

A large part of today's most successful and fastest growing business ventures is in fact multi-sided. Meaning they enable and derive value from the interaction between at least two distinct groups of participants. The example of *mind your own business school* (MYBS) illustrates that business opportunities for such multi-sided platforms (MSPs) may also arise in the academic world. As the following quote explains, MYBS serves as a platform that assists future Master students in finding *the perfect business school*.

*After several years of studying, you have a clear idea where your interests lie and what exactly is your cup of tea. Searching this preference in the extensive offer currently existing is like searching a needle in a haystack. We help you by adding specific and relevant search criteria and help you to easily access all the necessary information. (source: [MYBS](#))*

This post builds on the example of MYBS to illustrate the concept and challenges of MSPs.

To start with, we need to clarify why MYBS can be described as an MSP. MSPs are intermediaries, such as technologies, products or services, that connect two or more customer groups ([Hagiu \(2013\)](#)). Further, according to [Evans \(2011\)](#) (see also [here](#)), a business opportunity for an MSP may arise when three necessary conditions are met: (1) there are at least two distinct participant groups, (2) the platform features indirect, or cross-side, network effects and (3) there are potential efficiency gains from the intermediary role played by the platform. Let us now check whether those three conditions are met for MYBS.

Identifying the different participant groups of MYBS is not entirely straightforward. Clearly, one is

readily identified; namely, the group of future Master students, who use MYBS in order to search and compare various Master programs. A second group is made up of the business schools, which offer the different Master programs featured on MYBS. Business schools are typically represented by at least one alumnus. Alumni may thus be seen as a third participant group. Next, there is the group of advertisers, or partners of MYBS. This, potentially fourth, group includes a small subset of the business schools as well as other companies (OTM foods, BeanZ, forGrass) or institutions such as student associations or Deloitte student academy. Finally, MYBS features the Financial Times ranking of Europe's top 70 business schools. Ranking providers may therefore be a fifth participant group. Be it as it may, condition (1) is satisfied as MYBS connects at least two distinct participant groups: prospective Master students and business schools.

A key element of MSPs is the presence of indirect, or cross-side, network effects. Meaning the presence of participants on one side of the platform generates value for participants on other side(s). For MYBS this is clearly the case. To give an example, a larger number of participating business schools provides future students with information on a larger set of Master programs and by this may enable them to find a better match. In turn, a larger number of prospective Master students, who use MYBS, may increase a school's chances of attracting the strongest, or most motivated, students.

Finally, interacting with participants from an other side of the platform is more efficient when done via the platform (compared to outside the platform). We will discuss this point in detail later on.

Despite the large number of successful multi-sided business ventures, managing a multi-sided platform is a complex task and, as [Hagiu \(2013\)](#) points out, successful MSPs are the exception rather than the rule. That is why, in the following I will address four fundamental challenges of MSPs and analyse how MYBS deals with them.

### **How many sides to bring on board?**

A first and obvious question to ask when building an MSP business is how many sides to include. Advantages from bringing a further participant group on board may include stronger cross-side network effects, a larger scale of operation as well as an additional source of revenue. Nevertheless, increasing platform complexity may lead to potential conflicts of interest between the different sides and may significantly constrain the platform providers' (future) strategy.

I discussed previously that MYBS brings between two and five different sides on board: future Master students, business schools and their representatives as well as advertisers and ranking providers. Let us now have a closer look at their relationship to one another.

- As mentioned before, prospective students and business schools strongly benefit from the presence of one another. Moreover, prospective Master students most likely value the presence of alumni. Here a key challenge of MYBS is keeping the group of alumni motivated as the latter derive no direct benefit from their participation (although they may very well derive indirect benefits from guiding prospective students, representing their Alma Mater, and so on). In this context, MYBS could extend its offer by adding current Master students as contact persons or by including testimonials of current and/or former Master students.

- The amount of advertising on MYBS is limited. What is more, it is informational and mainly provides more visibility to certain schools. By clicking on the logo of an advertising business school, one obtains an overview of its different Master programs; the logos from other MYBS partners are collected on a separate page. Regarding the question of whether or not to extend the amount of advertising, e.g. by adding further business schools, companies or other education providers (study abroad programs, language classes, etc.), MYBS faces a conflict. Naturally, more advertising partners imply larger advertising revenues. At the same time, however, an increased amount of advertisement may not be welcome by the prospective Master students (disturbance, lowers perceived quality of MYBS and the information provided on it) and/or the business schools (increased competition, advertisement not in line with reputation/image). MYBS carefully needs to balance this trade-off when deciding about its future (advertisement) strategy.

One side that so far is not featured on MYBS are companies in their role as the prospective students' potential employers (unless the former opt for an academic career). Companies, which are for example partners of certain business schools or employ one or several of their alumni, may provide feedback on the Master programs offered by those schools. Such a service is very likely to be valued by the prospective Master students; nevertheless, a conflict of interest with the business schools is equally likely to arise. Business schools and companies, to a certain degree, compete with one another for prospective students. For instance, depending on the offer, students may decide to postpone their Master studies and first work for a couple of years. Also, a company may be put in an awkward situation if it employs alumni from different business schools.

### Features and functionalities

MYBS' main purpose is to enable students to search, select and compare different Master programs offered by highly reputed European business schools. As such it features a variety of search and comparison tools. Prospective students may search for Master programs via a geographical map, by viewing the top 20 Masters as ranked by the Financial Times, by discovering Master programs in a certain field of study or more structured by means of a search engine with different search criteria such as field of study, study fees or language and duration of the program. Alternatively, students may obtain an overview of the different programs offered by a specific business school by clicking on its logo (provided, of course, the business school opted for advertising on MYBS). For each specific Master program, MYBS then provides a summary sheet with the program's most important characteristics (study fees, language and duration of the program, country), links to the business schools' websites (application procedure, funding possibilities), an indicator of the associated living costs (provided by [numbeo](#)) as well as, in most cases, the possibility to contact one or more alumni. The last point has to be seen as the key feature of MYBS which sets it apart from competing platforms.

*[...] we think it's essential to not only be guided by cold numbers. The strength of our offer lies in our network. We try to have a contact person for all the masters. (source: [MYBS](#))*

For the group of prospective Master students, MYBS yields a significant reduction in search costs

and further benefits from one-stop shopping as information from diverse sources is aggregated in one place. Moreover, as pointed out previously, for the majority of business schools MYBS provides the possibility of contacting one or several alumni. Finding such contact persons, who are further willing to share their experience, on one's own should be rather difficult and time consuming. For the groups of business schools and advertisers, MYBS offers visibility and the possibility to promote their Master programs or other offers to a large and targeted audience. To summarise, there are clear benefits for all participants from interacting via MYBS.

### **Pricing structure**

In theory, MSPs have access to multiple and diversified revenue sources as they include several distinct participant groups ([Hagiu \(2013\)](#)). In reality, however, most MSPs offer their services for free, or at a subsidised price, to at least one side of the platform and derive their profits from the remaining sides.

This is also what one can observe on MYBS. Prospective Master students are the participant group with the highest price sensitivity. Also, information aggregated on MYBS can be found for free elsewhere, although, undeniably, with some effort. As a result, students may access MYBS for free and represent therefore the subsidised side. Advertisers, i.e., business schools and other partners of MYBS, are the money side and pay a fee in order to have their logo featured on the website.

### **Rules and regulations**

MYBS mainly creates value by aggregating information from diversified sources. Its main focus should thus be on ensuring that sufficient and high quality information is provided. To put it differently, as the quality of the information on MYBS is directly linked to the information provided by its participant groups, some type of entry regulation is necessary to ensure a certain quality standard of the platform. How does MYBS put this into practice?

- First off, to be included on MYBS, a business school has to be featured in the Financial Times ranking of the top 70 European business schools. This focus on a restricted set of highly reputed business schools has several important implications. First, for MYBS it is easier to guarantee that the information provided on their website is accurate and up-to-date when the number of business schools is limited. Second, competition between business schools is restricted. However, it is at the same time restricted to some of the strongest schools. This may provide the featured institutions with additional incentive to provide current and accurate information on their respective websites. Third, MYBS may be particularly interesting for prospective Master students with a strong academic and professional background. The reason is that those students are more likely to fulfil the entry requirements of the featured business schools. Thus, the focus on a restricted set of highly reputed business schools may also feature a positive feedback effect for the group of business schools in terms of the quality, or motivation, of their applicants.
- Regarding the group of prospective Master students, any prospective student, or more generally anybody, can browse MYBS. In order to contact an alumni or to keep track of one's favourite Master programs, however, one is required to log in via facebook or linkedin. MYBS hence outsources any identity verification and relies on the controls of the

two networking sites. For the prospective Master students this brings with it that there is limited anonymity when contacting an alumnus. The contact details or the identity of the alumnus in turn are not revealed (at least for the first contact) as an alumnus may only be contacted via MYBS.

*Now that we have analysed the business strategy of MYBS, how well do you think it is adapted to its competitive environment? On a more general note, in your eyes, what are the prospects for MYBS? Do you have any suggestions in terms of its future strategy? In particular, should MYBS include employers as an additional side? What is more, should the platform expand its offer to non-European business schools, different degrees (Bachelor, PhD) or different fields of study? Or is its focus on a restricted set of reputed business schools and their Master programs its key asset?*