Ecosystem Engineering:
How Apple, Google and Amazon are building their empires

Michael Vakulenko,
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VisionMobile | Ecosystem analysts

**Developer Economics**
The biggest, most global developer research platform

**Mobile Innovation Economics**
Thought-leading ecosystem economics

**Trends watch**
Tracking app and developer trends

**Tier-1 clients**
trusted by the top brand names in mobile

- at&t
- Telefonica
- Nokia
- BlackBerry
- Intel
- Mozilla

**Digital ecosystem experts**
Thought leaders in the economics of ecosystems and telecoms in the software era

**Media coverage**
Global media reach

- The Guardian
- TechCrunch
- Wired
- CNET Asia
- intoMobile
Mobile is being disrupted by asymmetric competition

- Try to limit the number of slides you use
- Keep text to a minimum
  - Instead, speak more to your audience (engage them with anecdotes/enthusiasm/eye contact)
  - Try not to read your points verbatim; bullet points should be used for key points only
- Use images/graphics to help convey your message

- online advertising
- e-commerce
- consumer electronics
- Internet companies

Google

Internet companies

Online advertising

Consumer electronics

Amazon

E-commerce
Apple media business - a $8.5B empire?

Bigger than combined

- apps, games
- music, movies
- magazines, newspapers
- ebooks

The New York Times
WB
Simon & Schuster
Time Inc.
Why Apple is in media business?

We run the App Store just a little over breakeven.”

Peter Oppenheimer, Apple CFO
The mechanics of iOS ecosystem

telcos reduce friction for the iPhone business
operators

users and data plans
subsides

$$$
and
user engagement

content, apps
and services

access to market
complements, revenue share

accessory manufacturers

developers
sw publishers
content retailers
content owners
internet players
brands
verticals

premium
product experience

premium $$$

iOS platform
Turning developers into investors (2012 figures)

- iOS platform
- $9.5B developers' investment
- $1B Apple app store cost
- $123B iOS device sales
- Apple developers
- EA developers

GPU TECHNOLOGY CONFERENCE
Google strategy pillars

- Flatten anything standing between eyeballs and ad inventory
  Uses the economics of complements to increase the value of Google’s core product. Android and Chrome strategies are examples.

- Expand the footprint of ad inventory
  Across user journey by introducing new services like Gmail, Google Maps, YouTube, Google TV.

- Mine information on every user
  Helps Google to better micro-target users directly increasing the value of its inventory. Mobile payments will provide even more customer intelligence.
The mechanics of Android ecosystem

- Advertisers
- Media publishers
- App developers
- Operators
- Handset OEMs
- Users, data plans
  - 25% rev. share on app sales
- Subsidies
- End-to-end product experience
- Eyeballs
- Ticket to smartphone market
- Devices
- Content, apps and services
- Monetisation & user reach
- Ad network
- Telcos reduce friction for Android distribution
- Operators

End-to-end product experience for Android distribution.
Google and Apple - Entrenched duopoly

Users are locked by habits represented by apps.

App store locks developers to users.

Developers are locked by skills and experience.

Source: VisionMobile
What business Amazon is in?

“Amazon is in the business of taking the right decisions for customers”

Amazon VP of Design, Brian Kralyevich at SXSW
Amazon expertise - Convert traffic into sales

20%-30% of sales come from recommendations **
Only 16% of people go to Amazon with explicit intent to buy something **
(** Andreas Weingend, ex Chief Scientist at Amazon)
The mechanics of Amazon Kindle ecosystem

Amazon Kindle platform

Amazon content and E&GM retailing

Personalized content

Attention

Applications and services

Monetisation & user reach

Software stack and ecosystem

Open-source OS

App developers

Media publishers

Traffic

Nothing

Software stack and ecosystem

Support

Traffic

Traffic

Traffic

Traffic

Traffic
GPU capabilities are key to performance of smartphones and tablets

Games
33% of downloads and 66% of revenues on iOS

Photo sharing
NVIDIA computational photography architecture

Immersive and sticky experiences to drive up loyalty and ASPs
Thanks for listening!

want more?

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