

Book Review: Platform Capitalism by Nick Srnicek

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In Platform Capitalism, Nick Srnicek examines the rise of platform-based businesses from the 1970s to the present and how these are transforming the workings of contemporary capitalism. While more discussion of potential sites of future contestation would have been welcome, Sin Yee Koh applauds this book for its rational and accessible portrayal of the evolution of platform capitalism.

If you are interested in this book, you may also like to read [Nick Srnicek's short essay on Platform Capitalism](#), published on LSE RB on 24 February 2017, or listen to a recording of his LSE Lit Fest panel discussion with Luke Dormehl and Laurie Penny on ['The Future of Humanity'](#).

Platform Capitalism. Nick Srnicek. Polity Press. 2017.

Find this book: 

How do we make sense of the rise of platform-based businesses that are increasingly monopolising the global economy? How did they grow and morph so rapidly? What are the consequences of this business trend? And are there any alternative possibilities as we contemplate a post-capitalist future?

Platform Capitalism addresses these questions through a matter-of-fact narration of the growth of platform-based businesses in the broader history of capitalist development – or what Mark Carrigan calls ‘[the historicisation of the platform](#)’ in his review of the book. As Nick Srnicek argues: ‘phenomena that appear to be radical novelties may, in historical light, reveal themselves to be simple continuities’ (9). Through this broadened historical perspective, the book takes readers through an enlightening journey that seeks to understanding the past, present and future trajectories of capitalism and digital technology.

As a reader who is generally interested in financialisation and big data, I found the book’s matter-of-fact narrative useful in two ways. First, it connects the dots between events that may initially appear to be disparate. This helps readers to understand that the current state of the global economy is an inevitable part of capitalist processes. Specifically, by positioning major tech companies as ‘economic actors within a capitalist mode of production’ (3) – instead of cultural or political actors who are informed by cultural values or motivated by the pursuit of power – readers come to understand, with economic clarity, that these companies’ actions are merely reactions to business needs. Secondly, by removing emotions from the narrative style, it allows readers to think logically (and therefore less subjectively) about possible solutions for the future.

In terms of organisation, this short and concise book consists of an introduction and three chapters. The first chapter presents an economic history of the global economy. It focuses specifically on three milestones in the twentieth and twenty-first centuries: ‘the response to the 1970s downturn; the boom and bust of the 1990s; and the response to the 2008 crisis’ (9). The second chapter explains the rise of business models capitalising on big data and the development of their monopolising platforms. In this characterisation, data is synonymous with oil, i.e. a resource ‘to be extracted, refined, and used in a variety of ways’ (40). The third chapter analyses the present state of the platforms – specifically their tendencies as they contend with intracapitalist competition and the challenges they face in the current global economy milieu characterised by stagnant wages, declining productivity and rising inequality – before ending with some concluding thoughts about the future.





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According to Srnicek, platforms embody four characteristics. Firstly, they are *intermediary digital infrastructures* that enable different user groups – ‘customers, advertisers, service providers, producers, suppliers, and even physical objects’ – to interact (43). Some platforms further empower users ‘with a series of tools that enable [them] to build their own products, services, and marketplaces’ (43). Secondly, platforms rely and thrive on *network effects*. The more users a platform accumulates, the more potential it has to milk and generate value from its users and their activities on the platform. This explains why platform businesses enjoy rapid, exponential growth and unprecedented capital accumulation over a relatively short period of time.

Thirdly, platforms use *cross-subsidisation*. By offering free products and services, a particular platform could accumulate more users and, therefore, more activities on its network. Economic gains and losses are balanced out as the platform corporation taps on its multiple arms of business. Finally, platforms deploy the strategy of *constant user engagement* through attractive presentations of themselves and their offerings. This is done with the end purpose of extracting (more) data from its users.

Through the interplay of these four characteristics, platform businesses can thus enjoy massive and almost perpetual returns on their initial infrastructural investments. This is because once the platforms are built and established, these businesses can enjoy the monopolistic ability to continually exploit and benefit from their users and their activities, with relatively little productive input on their part. Put differently, in [John Hermann’s words](#): ‘if successful, a platform creates its own marketplace; if extremely successful, it ends up controlling something closer to an entire economy.’

Srnicek goes on to identify five types of platforms, which may exist in various combinations (or in full) within a particular platform corporation. These are *advertising platforms* (e.g. Google, Facebook), which extract user data and capitalise on ad space; *cloud platforms* (e.g. Salesforce), which own and rent out hardware and software; *industrial platforms* (e.g. GE, Siemens), which build the necessary infrastructures ‘to transform traditional manufacturing into internet-connected processes’ (49); *product platforms* (e.g. Rolls Royce, Spotify), which make use of other platforms ‘to transform a traditional good into service’ (49); and *lean platforms* (e.g. Uber, Airbnb), which operate on a business model of minimal asset ownership.

Although some large platform businesses have enjoyed economic success, the sector as a whole is facing four interrelated tendencies. These are the ‘expansion of extraction, position as a gatekeeper, convergence of markets, and the enclosure of ecosystems’ (98). On the one hand, the inherent push towards expanding the reach and technologies of data extraction is counterintuitive to the business logic of keeping platform businesses lean. On the

other hand, the competitive need to dominate a certain niche becomes increasingly difficult as markets and user groups converge, therefore presenting pressures for common or shared interfaces. One reaction to this is for platform businesses to enclose their proprietary ecosystems (e.g. developing closed apps and privatised internet infrastructure) in order to maintain competitive advantage over their rivals. This, however, will lead to the fragmentation of the internet, which stands counter to the digital economy.

Looking at the current and near-future state of platform capitalism, Srnicek predicts that platform businesses 'will be forced either to develop novel means of extracting a surplus from the general economic pie or to fold their expansive cross-subsidising monopolies into much more traditional business forms' (125). In other words, platform businesses will have to conjure up complete reinventions of their business model to ensure sustainability or face an eventual apocalypse.

Although I applaud this book for its rational and easy-to-understand portrayal of the evolution of platform capitalism, I am somewhat disappointed by the concluding section on 'futures' (126-29). While Srnicek does offer a possible solution to counter the expansion of platform businesses, which is to create public platforms 'owned and controlled by the people' (128), this section pales in comparison to the rest of the book in terms of its depth of analysis and extent of elaboration. Perhaps only time will tell if, and how, the story of platform capitalism and our collective contestations against it will unfold in the economic history of capitalism.

Sin Yee Koh is Assistant Professor of Geography in the Institute of Asian Studies at Universiti Brunei Darussalam. She is author of *Race, Education, and Citizenship* (Palgrave, 2017) and co-editor of *Cities and the Super-Rich* (Palgrave, 2017). [Read more reviews by Sin Yee.](#)

Note: This review gives the views of the author, and not the position of the LSE Review of Books blog, or of the London School of Economics.

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