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WEMOBI CASE - REDEFINING PASSENGER ROAD TRANSPORTATION IN BRAZIL

CASO WEMOBI - RESSIGNIFICANDO O TRANSPORTE RODOVIÁRIO DE PASSAGEIROS NO BRASIL

CASO WEMOBI - REINTERPRETANDO EL TRANSPORTE POR CARRETERA DE PASAJEROS EN BRASIL

ABSTRACT

Dilemma - An immediate and evident dilemma is the choice between leveraging the company via a pipeline or a platform. Another important consideration, although less explicit, are the trade-offs between scalability, quality control, and limitation of liability on digital platforms.

Educational Objective - After discussing this case, students are expected to: a) Understand the main business characteristics of pipeline and platform types; b) Understand the difference in scalability between pipelines and digital platforms; c) Understand the trade-off between scalability and quality control on digital platforms; d) Understand the trade-off between quality control and limitation of liability on digital platforms.

Context - Thiego Paes, Head of Business Development at Wemobi, is examining possible strategies to expand the company's operations, a Brazilian digital platform that connects passengers and bus companies.

Main Theme - The scalability of digital platforms in the passenger road transport sector in Brazil.

Audience - The case is recommended for undergraduate or graduate students in courses related to the field of management. Its application is suitable for courses in strategy, digital transformation, and innovation.

Originality/Value - The case stands out for exploring concepts of digital platforms applied to the road passenger transport sector in Brazil. By focusing on the challenges faced by a Brazilian startup in this realm, the case offers unique value to enrich discussions related to digital transformation in this sector.

Keywords: Digital platform, digital transformation, innovation, strategy, road transportation.

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RESUMO

Dilema: Um dilema imediato e evidente é a escolha entre alavancar a empresa via *pipeline* ou plataforma. Outra consideração importante, embora menos explícita, são os *trade-offs* entre escalabilidade, controle da qualidade e limitação de responsabilidade em plataformas digitais.

Objetivo Educacional - Após a discussão deste caso, espera-se que os alunos sejam capazes de: a) Compreender as principais características de negócios dos tipos *pipeline* e plataforma; b) Entender a diferença de escalabilidade entre pipelines e plataformas digitais; c) Compreender o *trade-off* entre escalabilidade e controle de qualidade em plataformas digitais; d) Entender o *trade-off* entre controle de qualidade e limitação de responsabilidade em plataformas digitais.

Contextualização - Thiego Paes, Head of Business Development na Wemobi, examina possíveis estratégias para ampliar as operações da empresa, uma plataforma digital brasileira que conecta passageiros e empresas de ônibus.

Tema Principal - A escalabilidade de plataformas digitais no segmento de transporte rodoviário de passageiros no Brasil.

Público - O caso é recomendado para alunos de graduação ou pós-graduação em cursos ligados à área de administração. Sua aplicação é indicada para disciplinas de estratégia, transformação digital e inovação.

Originalidade/Valor - O caso se distingue por explorar conceitos de plataformas digitais aplicados ao setor de transporte rodoviário de passageiros no Brasil. Ao focar nos desafios enfrentados por uma startup brasileira nesse âmbito, o caso oferece um valor único para enriquecer discussões relativas à transformação digital nesse setor.

Palavras-chave: Plataforma digital, transformação digital, inovação, estratégia, transporte rodoviário.

RESUMEN

Dilema - Un dilema inmediato y evidente es la elección entre impulsar la empresa a través de un "pipeline" o una plataforma. Otra consideración importante, aunque menos explícita, son los compromisos ("trade-offs") entre escalabilidad, control de calidad y limitación de responsabilidad en plataformas digitales.

Objetivo Educativo - Después de la discusión de este caso, se espera que los estudiantes sean capaces de: a) Comprender las principales características empresariales de los tipos "pipeline" y plataforma; b) Entender la diferencia de escalabilidad entre "pipelines" y plataformas digitales; c) Comprender el compromiso entre escalabilidad y control de calidad en plataformas digitales; d) Entender el compromiso entre control de calidad y limitación de responsabilidad en plataformas digitales.

Contextualización - Thiego Paes, Jefe de Desarrollo de Negocios en Wemobi, examina posibles estrategias para ampliar las operaciones de la empresa, una plataforma digital brasileña que conecta pasajeros y compañías de autobuses.

Tema Principal - La escalabilidad de plataformas digitales en el segmento de transporte por carretera de pasajeros en Brasil.

Público - El caso es recomendado para estudiantes de pregrado o posgrado en cursos relacionados con el área de administración. Su aplicación es adecuada para disciplinas de estrategia, transformación digital e innovación.

Originalidad/Valor - El caso se destaca por explorar conceptos de plataformas digitales aplicados al sector de transporte por carretera de pasajeros en Brasil. Al centrarse en los desafíos enfrentados por una "startup" brasileña en este ámbito, el caso ofrece un valor único para enriquecer discusiones relacionadas con la transformación digital en este sector.

Palabras clave: Plataforma digital, transformación digital, innovación, estrategia, transporte por carretera.

INTRODUCTION

Amid the uncertainties that had been accumulating in the market since the onset of the Covid-19 pandemic in 2020, investments in Brazilian startups dropped by 55% in 2022, and mass layoffs became increasingly frequent in these high-risk ventures[i]. Still, Wemobi, a technology

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company that facilitates the purchase of bus tickets by connecting passengers and bus companies, announced in January 2023 that it would invest 10 million reais to expand its operations across Brazil that year[ii].

At the time of the announcement, Thiego Paes, Head of Business Development at Wemobi, was sitting on the balcony of his hotel room, overlooking a panoramic view of the bustling financial heart of São Paulo. His expression carried a mix of determination and concern as he gazed at the concrete jungle of Brazil's largest metropolis. He and the company's executive team understood the necessity of keeping Wemobi competitive in a rapidly transforming market. Thiego and his team needed to quickly define a strategic plan to scale the company's operations across the country while maintaining the business's financial sustainability.

ANTECEDENTS OF WEMOBI

Thiego began his career in the aviation industry, having worked for 10 years at LATAM Airlines, formerly TAM Linhas Aéreas. During this period, he held numerous positions that gradually converged to make him an executive capable of operating at the intersection of three main areas: Transportation Operations, Business Development, and Technological Innovation Projects. In 2018, he was hired by Grupo JCA to manage initiatives that would lay the groundwork for the launch of Wemobi two years later, in 2020, such as the implementation of electronic tickets and other innovations.

Grupo JCA is a Brazilian holding company focused on road transportation. Its journey began in the 1940s, and since then, the group has expanded its business by acquiring several companies, such as Auto Viação 1001, Viação Catarinense, Viação Cometa, and Expresso do Sul. In 2018, the group's executives saw an opportunity and decided to redefine passenger road transportation in Brazil. At that time, consumer perception of the mode was ambiguous. On one hand, they valued its accessibility and geographical coverage. On the other, they perceived the service as outdated and inefficient.

Meanwhile, covid-19, a disease caused by the novel coronavirus SARS-CoV-2, was first identified in December 2019. The disease spread rapidly across the globe, affecting hundreds of millions of people and causing millions of deaths on all five continents. The pandemic had a significant impact on the global economy, with many businesses shutting down and taking numerous jobs with them. Additionally, many countries restricted the movement of their populations to try to contain the spread of the virus. Even in this scenario, with its employees working remotely, Grupo JCA decided to continue developing the Wemobi project.

Founded in July 2020, at the height of the pandemic, the company prides itself on meeting all legal requirements to offer a digital solution that simplifies the purchase of bus tickets at affordable prices, facilitating the connection between passengers and transport operators. In less than two years, Wemobi has contributed to the transportation of over 1.2 million passengers, recording more than 200,000 trips by the end of 2022. During this period, it established important strategic partnerships, including an agreement with the Palmeiras football team, taking on the responsibility of transporting the players and technical staff during their land travels for competitions (see Figure 1).

Figure 1.

Source: Provided by Wemobi.

i Redação. (2023, January 12). Startups brasileiras captaram US$4,45 bilhões em 2022, 54,5% a menos do que em 2021, diz Distrito. *Pequenas Empresas & Grandes Negócios*. Retrieved from https://revistapegn.globo.com/startups/noticia/2023/01/startups-brasileiras-captaram-us-445-bilhoes-em-2022-545per-cent-a-menos-do-que-em-2021-diz-distrito.ghtml

ii Bonfim, M. (2023, January 2). Startup de transporte rodoviário, Wemobi fatura R$67 milhões e prevê investimentos de R$10 milhões. *Exame.* Retrieved from https://exame.com/negocios/startup-de-transporte-rodoviario-wemobi-fatura-r-67-milhoes-e-preve-investimentos-de-r-10-milhoes/

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PASSENGER TRANSPORTATION IN BRAZIL

The predominant modes of collective passenger transportation in Brazil include road, rail, air, and water. The bus system is widely used in both large and small cities, offering regular routes that connect neighborhoods, municipalities, and even states. However, the quality of many roads, including aspects such as signage and paving, is often questioned (see Table 1). The railway system is less developed than in other countries, but there are some train lines in operation, mainly for long-distance transportation. In large metropolises, the metro is a popular option for daily passenger transportation.

Table 1

Data related to interstate bus passenger transport in 2022.

UF	Number of Regular Routes (by origin)	Number of Passengers (by origin)	Population Density (inhabit./km2)	Overall State of Highways (% of Total Length)				
				Very Poor	Poor	Fair	Good	Excellent
AC	5	53.534	5.06	47,7%	36,3%	15,3%	0,7%	0,0%
AL	47	226.448	112.38	0,2%	6,6%	54,2%	38,9%	0,1%
AM	25	117.235	2.53	43,3%	33,4%	23,4%	0,0%	0,0%
AP	NI	NI	5.15	34,8%	13,2%	46,5%	5,5%	0,0%
BA	372	1.230.799	25.04	2,5%	19,1%	55,7%	20,1%	2,6%
CE	141	187.657	59.07	3,7%	15,0%	60,1%	20,3%	0,9%
DF	356	265.877	489.06	0,0%	10,4%	43,9%	41,2%	4,4%
ES	158	1.248.025	83.21	1,5%	25,4%	39,8%	26,1%	7,2%
GO	559	350.247	20.74	2,7%	19,2%	37,3%	30,3%	10,6%
MA	128	140.061	20.56	14,6%	30,3%	43,4%	10,0%	1,8%
MG	883	3.038.248	35.02	8,4%	34,8%	35,5%	18,9%	2,4%
MS	156	305.203	7.72	1,3%	6,3%	48,7%	31,1%	12,7%
MT	169	252.462	4.05	0,3%	14,6%	61,0%	21,0%	3,1%
PA	172	179.925	6.52	12,8%	30,7%	35,9%	19,9%	0,7%
PB	61	69.432	70.39	7,9%	24,9%	35,8%	28,8%	2,5%
PE	116	190.724	92.37	8,2%	21,3%	36,7%	29,4%	4,4%
PI	157	188.978	12.99	3,2%	18,1%	39,2%	29,8%	9,8%
PR	390	2.585.953	57.42	2,6%	14,7%	42,0%	28,3%	12,5%
RJ	704	2.719.139	366.97	2,7%	13,7%	29,9%	37,8%	15,9%
RN	42	77.635	62.54	14,5%	20,0%	44,8%	19,1%	1,6%
RO	28	209.037	6.65	1,7%	19,6%	55,3%	23,5%	0,0%
RR	16	91.791	2.85	15,7%	11,6%	38,6%	31,8%	2,3%
RS	191	627.632	38.63	3,3%	23,1%	45,8%	22,9%	5,0%
SC	212	1.545.045	79.50	8,0%	25,2%	38,7%	18,6%	9,4%
SE	60	398.350	100.74	6,9%	15,3%	42,7%	35,2%	0,0%
SP	1.304	4.690.698	178.92	0,1%	2,7%	23,2%	41,0%	33,0%
TO	157	91.342	5.45	3,7%	22,2%	46,3%	21,6%	6,2%

Source: Developed by the authors based on public data from ANTT, IBGE, and CNT.

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Air transportation plays a crucial role in Brazil, a country of vast dimensions. Airlines operate flights to various destinations within the country, making it possible to travel quickly from one region to another. However, air travel is expensive, and there are airports in only a few cities. Water transportation is also important for some regions of Brazil, especially in coastal and riverine areas. Additionally, in the realm of urban mobility, taxis have historically played an important role, and more recently, ride-sharing through apps has also emerged as a significant option for individual passenger transportation.

The main players in passenger transportation in Brazil are the passengers themselves, vehicle manufacturers, public transport operators, regulators, and digital platforms. Passengers, besides being service users, have an active voice in demanding improvements and regulating the sector. Vehicle manufacturers, such as Volkswagen, General Motors, Mercedes-Benz, Marcopolo, and Embraer, are responsible for the production and development of transportation means. Public transport operators, such as Companhia Paulista de Trens Metropolitanos, Companhia do Metropolitano de São Paulo, and MetrôRio, manage and operate transportation systems in various regions. Regulators, such as the National Land Transport Agency (ANTT), the National Civil Aviation Agency (ANAC), and the National Waterway Transport Agency (ANTAQ), implement and oversee transportation policies. Digital platforms facilitate the interaction between those offering and those demanding transportation services.

This web of actors creates a complex network of relationships, especially concerning the regulation of the sector. With so many interests and entities involved, constant changes in legislation are common. Regarding emerging business models, such as many digital platforms, it is possible to find different rules and interpretations depending on the region, making legal disputes quite common.

REGULATION OF BUS COMPANIES

Bus companies are regulated by a variety of laws and regulations at the federal, state, and municipal levels. The National Land Transport Agency (ANTT) is responsible for the regulation and oversight of interstate and international road passenger transportation, which is divided into three categories: charter, regular road, and regular semi-urban. Charter services consist of private collective transportation. Regular interstate or international road passenger transportation is a collective transportation service available to the general public. The semi-urban service, on the other hand, is a public collective transportation service provided in buses with urban characteristics between nearby cities[iii,iv,v]. Urban and metropolitan bus companies are typically regulated by public transportation authorities at the municipal or state level[vi].

All bus companies, regardless of the type of service they provide, have a series of obligations to fulfill. However, there are some differences between charter companies and those providing regular transportation services. Charter companies need to obtain registration and a specific travel license to operate. Although they are required to ensure vehicle safety and comply with labor regulations, they are not subject to schedule and route determinations by regulatory agencies, nor do they need to offer free services, as their services are not publicly accessible but rather privately contracted.

Companies that provide regular collective transportation services, whether they are road, semi-urban, urban, or metropolitan, in addition to needing licenses and permits, must comply with established schedules and routes, which often include economically less viable routes. They must ensure vehicle safety, comply with labor regulations, and uphold passenger rights, including offering free services to certain categories such

iii Decreto n. 2.521, de 20 de março de 1998. (1998). Dispõe sobre a exploração, mediante permissão e autorização, de serviços de transporte rodoviário interestadual e internacional de passageiros e dá outras providências. Brasília, DF. Retrieved from https://www.planalto.gov.br/ccivil_03/decreto/d2521.htm

iv Lei n. 10.233, de 5 de junho de 2001. (2001). Dispõe sobre a reestruturação dos transportes aquaviário e terrestre, cria o Conselho Nacional de Integração de Políticas de Transporte, a Agência Nacional de Transportes Terrestres, a Agência Nacional de Transportes Aquaviários e o Departamento Nacional de Infraestrutura de Transportes, e dá outras providências. Brasília, DF. Retrieved from https://www.planalto.gov.br/ccivil_03/leis/leis_2001/l10233.htm

v Agência Nacional de Transportes Terrestres. (2023). *Site*. Retrieved from https://portal.antt.gov.br

vi Lei n. 12.587, de 3 de janeiro de 2012. (2012). Institui as diretrizes da Política Nacional de Mobilidade Urbana; revoga dispositivos dos Decretos-Leis n. 3.326, de 3 de junho de 1941, e 5.405, de 13 de abril de 1943, da Consolidação das Leis do Trabalho (CLT), aprovada pelo Decreto-Lei n. 5.452, de 1º de maio de 1943, e das Leis n. 5.917, de 10 de setembro de 1973, e 6.261, de 14 de novembro de 1975; e dá outras providências. Brasília, DF. Retrieved from https://www.planalto.gov.br/ccivil_03/_ato2011-2014/2012/lei/l12587.htm

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as the elderly and people with disabilities, in accordance with local legislation. These obligations aim to ensure the universality and quality of collective transportation services.

WEMOBI DIGITAL PLATFORM

Wemobi is a digital platform that facilitates the interaction between road transport companies and passengers who wish to purchase tickets. With a proposal to intermediate services with affordable prices, quality standards, and strict adherence to legal requirements, the platform also stands out by offering passengers the convenience of boarding and disembarking at various strategic points, in addition to traditional bus terminals. The platform offers a range of seating options, from sleeper seats or sleeper beds to more economical executive tickets.

With a presence in 5 states and 18 cities in the Central-West, Southeast, and South regions of Brazil, about 80% of Wemobi's passengers travel from cities in the Southeast region. Additionally, 25% of users travel between the cities of Rio de Janeiro and São Paulo. Some of the services offered through Wemobi are provided by companies within the Grupo JCA itself.

Regarding the profile of passengers, 54% are women, and 62% are aged between 25 and 44 years, with 83% of platform users balancing work and study. In terms of passenger satisfaction, Wemobi is in the excellence zone according to its Net Promoter Score (NPS), a metric that assesses customers' willingness to recommend the company. (see Figures 2 to 5; Tables 1 to 2)

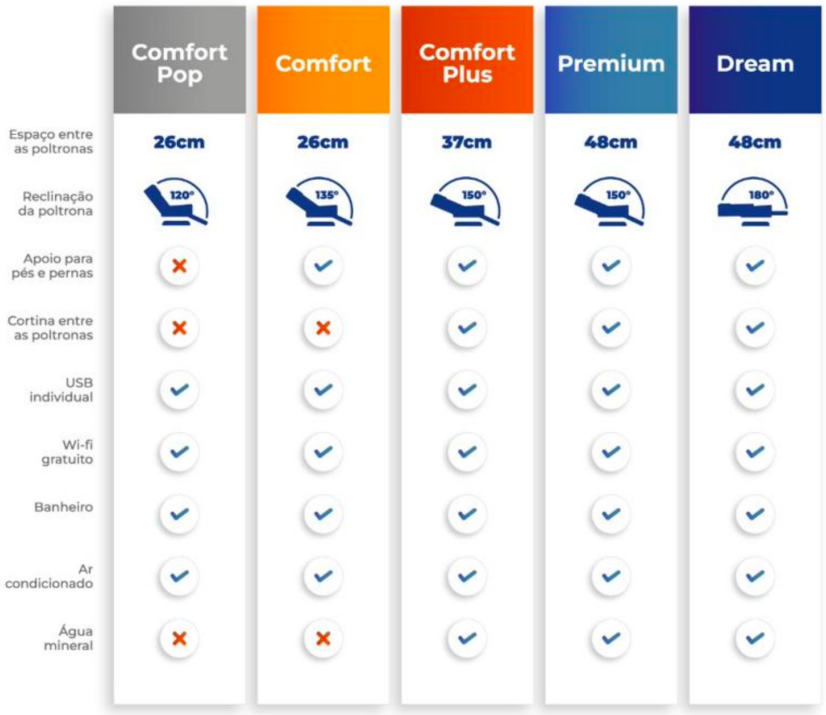
Figure 2

Wemobi platform

Source: Wemobi website.

Figure 3

Characteristics of services sold by Wemobi.



Source: Provided by Wemobi.

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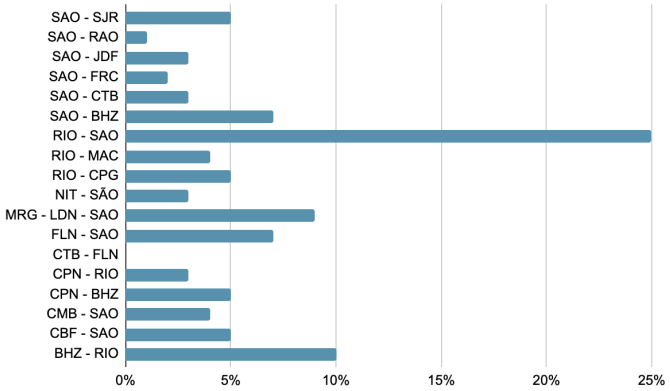
Figure 4

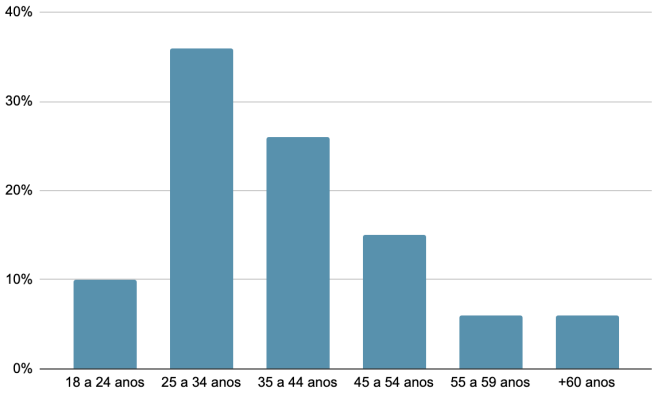
Wemobi passengers by route (summing both directions).



Source: Provided by Wemobi.

Figure 5

Wemobi passengers by age group.



Source: Provided by Wemobi.

Table 2

Presence of Wemobi in Brazil.

State	City	State	City
MG	Belo Horizonte	RJ	Niterói
MG	Juiz de Fora	RJ	Resende
PR	Curitiba	RJ	Rio de Janeiro
PR	Londrina	SC	Balneário Camboriú
PR	Maringá	SC	Florianópolis
RJ	Cabo Frio	SP	Campinas
RJ	Campo de Goytacazes	SP	Ribeirão Preto
RJ	Itaboraí (Manilha)	SP	São José do Rio Preto
RJ	Macaé	SP	São Paulo

Source: Provided by Wemobi.

Table 3

Companies that sell tickets through Wemobi.

Company
As Xavier
Auto Viação 1001
Caravellas Turismo
Catarinense
Cometa
Diretriz
Expresso do Sul
MF Turismo
Planalto Transportes
Rovetur
TJ Turismo

Source: Provided by Wemobi.

MAIN COMPETITORS

Buser

Founded in 2017, Buser is a Brazilian digital platform that facilitates collaborative charter bus services, connecting people interested in traveling between different cities with companies authorized to provide chartered road transportation. Through the platform, the cost of the trip is shared among passengers. In addition to collaborative chartering, Buser also intermediates the purchase and sale of tickets from traditional road transport companies with regular routes.

Collaborative bus chartering through platforms like Buser has generated various legal questions. Regulatory bodies and traditional road transport companies argue that such services may violate sector norms, as they claim it resembles the services offered by regular lines. According to Brazilian legislation, regular lines can only be operated by companies that have licenses and permits to operate on specific routes and comply with a series of obligations. This debate has led Buser and other similar platforms to face a series of legal battles, highlighting the need for greater clarity in the sector's regulation.

Currently, Buser is present in over 700 cities, has more than 300 partner companies, and has contributed to the transportation of over 8 million passengers. In 2022, more than 500,000 passengers chose the platform to travel between Rio de Janeiro and São Paulo, in both directions, with fares starting at R$59.90 per trip. This num-

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ber represents a 25% increase compared to 2021. The next most popular route is between Rio de Janeiro and Belo Horizonte, also in both directions, with around 230,000 passengers[vii, vii].

Flixbus

Founded in 2013, Flixbus is a German company that acts as an intermediary in the purchase and sale of bus tickets. Flixbus stands out by offering long-distance travel with prices starting at R$19.99, regular schedules—often with departures every 30 minutes—and modern, comfortable vehicles. Each passenger can bring a carry-on bag and a suitcase in the bus's luggage compartment. Its network covers 39 countries and more than 3,000 destinations worldwide, having transported 62 million passengers in 2019 alone. Most of the buses offer free WiFi and allow real-time trip tracking thanks to a tracking system.

Flixbus positions itself as a sustainable option, contributing to the reduction of traffic and the decrease in pollutant emissions compared to individual car travel. The company's aim is to make bus travel even more eco-friendly by focusing on compliance with environmental standards and the use of alternative engine and fuel technologies, as well as offering passengers the option to offset their carbon footprint when purchasing their bus tickets. In Brazil, Flixbus is present in 48 cities, 7 states, and the Federal District, covering the Central-West, South, and Southeast regions[ix].

Digital platforms act as intermediaries between passengers and bus companies. In this sense, they do not directly provide transportation services to passengers. For this intermediation, they usually charge a fee or a percentage of the total price paid by the passenger. In their terms of service, platforms typically disclaim responsibility for the provision of transportation services by bus companies, which includes liability for lost luggage, travel accidents, route deviations, or any other damage related to the transportation service, as they are not directly responsible for these services.

NEXT STEPS

While the road transportation sector was facing a period of intense uncertainty, directly impacting Wemobi's operations and those of other companies in the industry across Brazil, Thiego's phone vibrated with a notification from a news source: "Federal Court of Accounts may allow 468 cities for bus companies." This news fueled hope for an imminent revocation of the precautionary measure that had halted the authorization of new interstate bus lines. If this revocation occurred, it was estimated that 468 new cities—and consequently, thousands of new passengers—would be within Wemobi's reach.

Thiego was fully aware that the judicial decision would also open doors for new and traditional competitors of Wemobi, and the competition in these unexplored markets would be fierce. The situation required a swift and strategic response to establish a presence in these new cities and cultivate passenger loyalty. The awareness that time was a critical factor was very much on Thiego's and the other company executives' minds. In a market characterized by fare parity and narrow margins, becoming the first choice in passengers' minds could be one of the decisive factors for sales success. The emerging landscape was certainly complex. With a series of planned actions and a budget of 10 million reais available for investment, the need for careful allocation of resources was evident. The question facing Thiego and his team, however, was where to start?

vii Buser. (2023). Website. Retrieved from https://www.buser.com.br

viii Redação. (2022, December 28). Quais as viagens de ônibus mais buscadas em 2022, segundo app? Veja top 10. Uol. Retrieved from https://www.uol.com.br/nossa/noticias/redacao/2022/12/28/quais-as-viagens-de-onibus-mais-buscadas-em-2022-segundo-app-veja-top-10.htm

ix Flixbus. (2023). Website. Retrieved from https://www.flixbus.com.br

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TEACHING NOTES

EDUCATIONAL OBJECTIVES

After discussing this case, students are expected to be able to:

a) Understand the main business characteristics of pipeline and platform types;

b) Grasp the difference in scalability between pipelines and digital platforms;

c) Comprehend the trade-off between scalability and quality control in digital platforms;

d) Understand the trade-off between quality control and limitation of liability in digital platforms.

This case is recommended for undergraduate and graduate students in business administration courses. It is particularly suited for courses focused on strategy, digital transformation, and innovation, where the main discussion topics include scalability, quality control, and limitation of liability in digital platforms.

DATA SOURCES

The case was constructed from various information sources. We conducted interviews with Thiego Paes, the Head of Business Development at Wemobi, and utilized data provided by the company itself. Additionally, secondary sources were used, including industry information websites, competitor websites, news websites, and scientific articles.

TEACHING PLAN

This case was designed as a teaching resource to promote learning through an inductive process. No prior readings are required beyond this case.

The case was developed assuming individual preparation by the students and a 90-minute class, as suggested:

- Division of the class and small group discussion of the case: 30 minutes;
- Opening of the plenary discussion: 10 minutes;
- Plenary discussion of the case: 40 minutes;
- Conclusion of the plenary discussion: 10 minutes.

Small Group Case Discussion

The quality of the discussion during the plenary session will be influenced by the proper preparation of the students. In this regard, the following questions can be presented to guide the small group discussion, helping students prepare for the plenary debate:

-Who are the main actors in the Brazilian passenger transportation ecosystem? Reflect on the role of each of them.

-How do you evaluate the function and quality of the different passenger transportation modes existing in Brazil? To what extent do they complement or compete with each other?

-What are the advantages and disadvantages of a startup like Wemobi being born within an organization like Grupo JCA?

-If you were in the place of the case protagonist, Thiego Paes, what strategic recommendations would you propose to expand the company's operations in the given context?

Plenary Case Discussion

It is recommended to divide the plenary discussion into four debates. To transition from one debate to another, the professor should use opening, transition, discussion, and closing questions, as detailed below:

DEBATE 1 - Main business characteristics of pipeline and platform types;

DEBATE 2 - Difference in scalability between pipelines and digital platforms;

DEBATE 3 - Trade-off between scalability and quality control in digital platforms;

DEBATE 4 - Trade-off between quality control and limitation of liability in digital platforms.

The opening discussion can be used to draw students' attention to Wemobi's business

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model. Therefore, the professor can initiate this discussion with the following opening question:

(Opening Question) Who is responsible for providing the transportation service to the passenger who purchased their ticket on the Wemobi website?

DEBATE 1 - Main business characteristics of pipeline and platform types

Companies that intermediate transactions between members of distinct groups, such as readers and advertisers in newspapers, buyers and retailers in shopping malls, or users and app developers in operating systems, are called platforms (Eisenmann et al., 2006). Companies that do this digitally are known as digital platforms. On the other hand, companies that create value by controlling a linear series of activities, transforming inputs into products and services sold to customers, are known as pipelines (Van Alstyne et al., 2016). With the advancement of internet access and the development of information and communication technologies, various digital platforms have emerged and transformed sectors that were previously predominantly dominated by pipelines (Van Alstyne et al., 2016).

It is possible to assert that Wemobi operates a hybrid business model, since companies belonging to the JCA Group, which owns Wemobi, provide part of the transportation services to passengers who purchase their tickets on Wemobi's website. In this case, it can be said that Wemobi generates value as a pipeline. Additionally, other companies also provide part of the transportation services to passengers who buy their tickets on Wemobi's website. In this case, Wemobi generates value as a platform. By observing the main bus companies that provide the services sold on Wemobi's website, it is evident that Wemobi acts more as a pipeline than as a platform.

After establishing the characteristics of platforms and their differences from pipelines, the professor can explore the scalability of digital platforms. In this context, the following transition question can be presented:

(Transition Question 1) Is it faster to expand Wemobi's operations across the country using a pipeline-based model or a digital-platform-based model?

DEBATE 2 - Difference in Scalability between Pipelines and Digital Platforms

In pipeline-type businesses, the company grows by gathering its own labor and resources, transforming them into products or services that are sold to customers. This growth occurs more slowly and in a controlled manner, as it heavily depends on what the company can produce and sell. In platform-type businesses, the company grows by connecting people or businesses that want to offer something with those who want to demand it. These companies can grow very quickly because they do not rely solely on what they can produce themselves (Choudary, 2015).

Students are expected to notice that the resources available for Wemobi to invest in 2023 would not be sufficient to purchase the necessary number of buses and other assets to expand the company's operations throughout Brazil. On the other hand, by using the platform model, the company can expand its operations much more quickly without the need to acquire these assets.

After addressing the scalability of digital platforms, the professor can then analyze a secondary effect of this, which is the challenge of maintaining the quality of services offered by third parties. To explore this, the professor can propose the following transition question:

(Transition Question 2) What would be the trade-off if Wemobi decided to expand its operations via a platform model?

DEBATE 3 - Trade-off between Scalability and Quality Control in Digital Platforms

As a platform grows and attracts more suppliers, it becomes more challenging to ensure a high level of quality control. The decentralization of control and reliance on the active participation of third parties can result in variations in the quality of services offered (Choudary, 2015). To control the quality of services offered by third parties, Tiwana (2014) suggests that the platform can use one or more of the following mechanisms:

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Control Mechanism	Definition
Gatekeeping	The use of predefined criteria to restrict suppliers' access to the platform.
Process Control	The use of rewards or penalties for suppliers based on the extent to which they follow predefined methods and procedures.
Metrics Control	The use of rewards or penalties for suppliers based on the extent to which they achieve predefined performance targets.
Relational Control	Communicating norms and values to suppliers to shape their behaviors.

Students are expected to recognize the challenge faced by Wemobi in expanding its operations across the country via a platform, especially regarding ensuring the quality of services provided by bus companies outside the JCA Group. Additionally, students should be able to list measures, such as those mentioned above, that could be implemented to enhance quality control.

After listing possible measures to control quality, the professor can explore the impact of adopting these measures on Wemobi's responsibility for the services provided by third parties. To encourage this reflection, the professor can propose the following transition question:

(Transition Question 3) What would be the trade-off if Wemobi decided to implement all the listed measures to control the quality of services provided by third parties?

DEBATE 4 - Trade-off between Quality Control and Limitation of Liability in Digital Platforms

In digital platforms, there is a trade-off between quality control and limitation of liability (Cusumano, Gawer, & Yoffie, 2019). On one hand, the platform needs to control the quality of services provided by suppliers to ensure a satisfactory experience for users. This involves adopting measures such as screening, rating systems, and quality guidelines. On the other hand, the platform also seeks to limit its legal liability for the actions of suppliers, as it cannot have full control over their actions. This limitation of liability is important to protect the platform from potential issues or damages caused by suppliers. Finding a balance between quality control and limitation of liability is essential for the success and sustainability of digital platforms.

Finally, the case does not present absolutely correct or incorrect answers; it is more important to discuss the challenges faced by Wemobi. However, throughout the discussion, students will have realized that Wemobi can expand its operations both through a pipeline and a platform. They will also understand that expansion via a platform is faster but raises concerns about how to ensure the quality of services provided by third parties. Additionally, they will recognize that increasing quality control may increase the risk of Wemobi being held accountable for issues in service provision by third parties.

t this point, the professor can revisit the dilemma of the case and propose the following closing question:

(Closing Question): After everything we have debated, what would you do if you were in Thiego's position?

It is important to highlight that at this moment there are no right or wrong answers, and the discussion may extend beyond the class.

Disclaimer

The authors claim no conflicts of interest to report, nor did they receive any financial assistance for the creation of this material. While the dilemmas, protagonists, and company presented in the case are real, part of the narrative may have been adjusted to achieve the learning objectives. Therefore, the information presented here may not necessarily represent the opinions or viewpoints of the individuals and companies involved.

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