



The Future of Technology and Society

Chapter 5 – Sharing Economy and Society

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AGENDA

What is “Sharing Economy” really?

Where is the business for “Sharing Economy”?

How to adapt to the “Sharing Economy”?

The Rise of the Collaborative Economy

The Rising of Sharing Economy

- It is a little like online shopping; at first, people were worried about security.
- The main worry is regulatory uncertainty. Will room-renters be subject to hotel taxes, for example?
- This emerging model is now big and disruptive enough for regulators and companies to have woken up to it. That is a sign of its immense potential.



Oct-2013

Source:
<http://www.economist.com/news/leaders/21573104-internet-everything-hire-rise-sharing-economy>



Current Disruptive Innovation and and Social Impact

Disruptive Innovation	What it changes?	How?
IoT	Data Driven Economy	Multi-modal data, new interfaces
Cognitive Computing	Intellectual Jobs	Automated insights over data; self-programming computers
Shared Economy	Job Market & Structured organizations	Non-organization based job market; new services

What is Sharing Economy?



<https://www.youtube.com/watch?v=5y2P4z7DM88>



Collaborative Economy- Definition

- The Collaborative Economy (or Sharing Economy) is “an economy built on distributed networks of connected individuals and communities versus centralised institutions, transforming how we can produce, consume, finance, and learn.”
- ... “an economic model based on sharing underutilised assets from spaces to skills to stuff for monetary or non-monetary benefits. It is currently largely talked about in relation to peer-to-peer (P2P) marketplaces but equal opportunity lies in the business to consumer (B2C) models.” (Rachel Botsman, 2014)
- **The collaborative economy is platform-based and works upon dynamic insights**; sharing economy business models are hosted through digital platforms that enable a more precise, real-time measurement of spare capacity and the ability to dynamically connect that capacity with those who need it.



Related names and topics

PEER ECONOMY. ACCESS ECONOMY. GIG
ECONOMY. SHARED CAPITALISM.
COLLABORATIVE CONSUMPTION.
SHARING ECONOMY. ON-DEMAND
ECONOMY. CIRCULAR ECONOMY. THE
MESH. HIPPIENOMICS, PEOPLE
ECONOMY. SHARING ECONOMY.
ENABLING ECONOMY. EMPOWERING
ECONOMY. INSTANT GRATIFICATION
ECONOMY. COLLABORATIVE ECONOMY...

Examples of Sharing Economy



https://www.youtube.com/watch?v=NY_VqkE25j0



<https://www.youtube.com/watch?v=axqh6SJ000c>

What is Crowdfunding?



<https://www.youtube.com/watch?v=8b5-iEnW70k>

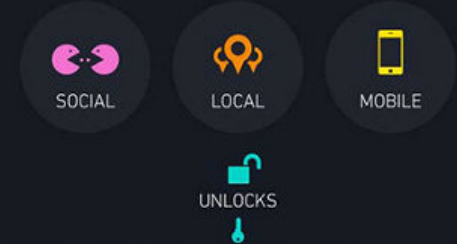
Concepts behind Sharing Economy

"Business has spent centuries making buying really easy. We're just at the beginning of making sharing easy"

- Neal Gorenflo,
Cofounder Shareable



NEW TECHNOLOGIES UNLOCK A
HIDDEN WEALTH OF UNDERUTILIZED
RESOURCES



IDLING CAPACITY: untapped social, economic and environmental value of underutilized/idle assets.

Free Market Economics

Collaborative Economy – Why now?

THE SHARING EVOLUTION: FOUR PHASES

1

Connect to share
information



2

Connect people to
each other



3

Connect to share daily
thoughts and media



4

Connect to access
and share assets



COLLABORATIVE LAB / RACHEL BOTSMAN

FOUR DRIVERS



TECH
INNOVATION

+



VALUES
SHIFT

+



ECONOMIC
REALITIES

+

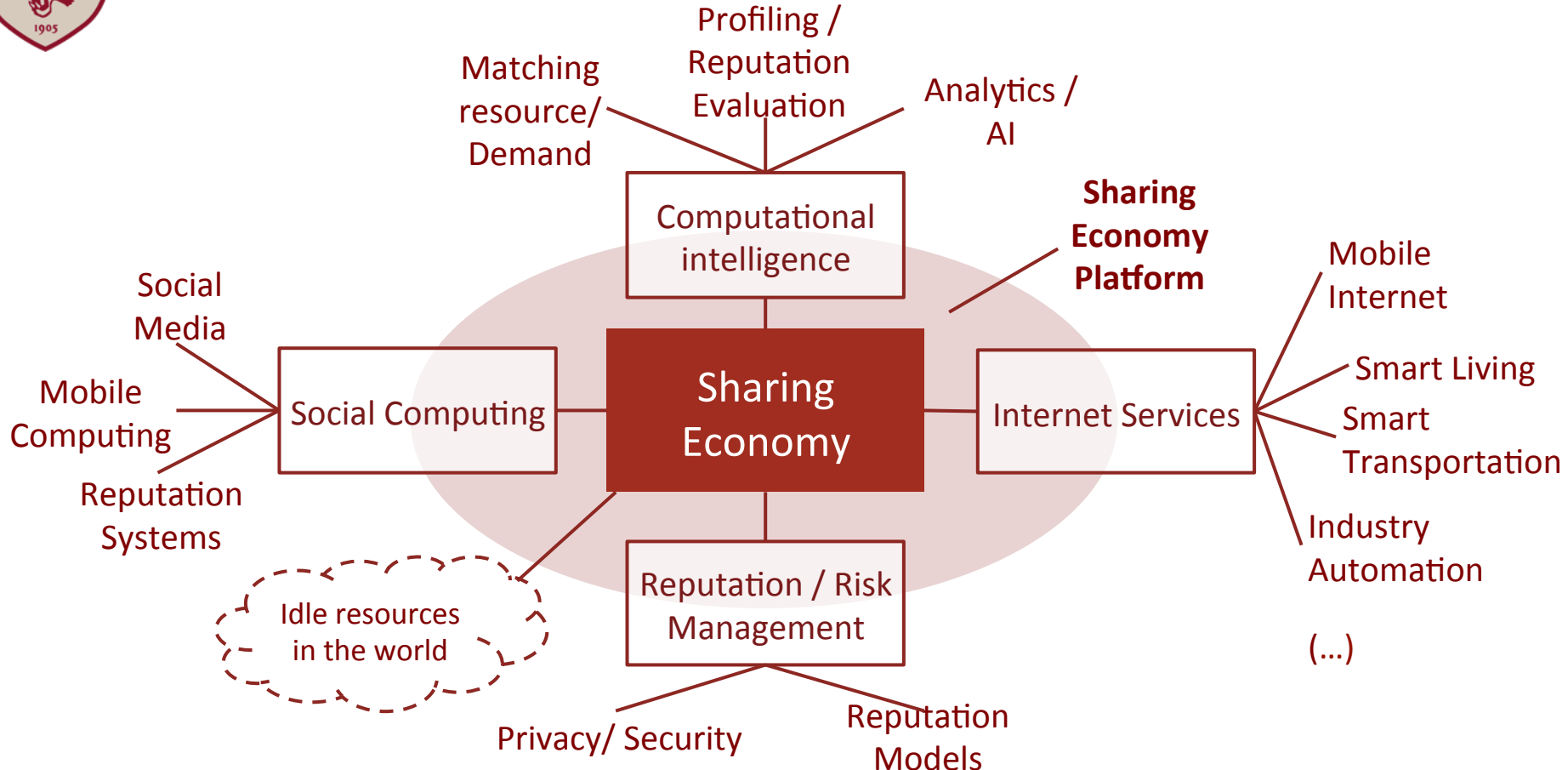


ENVIRONMENTAL
PRESSURES

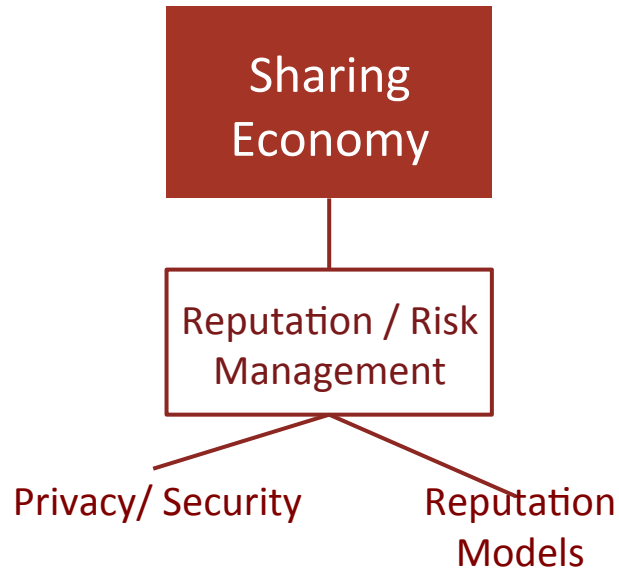
**Massive paradigm shift in how we live, work,
play, travel, create, learn, bank and consume.**

COLLABORATIVE LAB / RACHEL BOTSMAN

Sharing Economy – Tech Chart



Reputation and Risk in Sharing Economy



Ex: Risks in Shared Economy Fintech / Crowdfunding

Risk	Mechanisms used by platforms to mitigate risks
Counterparty or credit risk: lenders invest in projects with unrealistic returns, or borrowers are unable to pay	<ul style="list-style-type: none"> • background checks and verification of users • project authentication • sharing individual loans among several investors to minimise the individual risk per lender • funds to compensate lenders whose debt has gone bad
Risk of fraud or misleading information	<ul style="list-style-type: none"> • minimum information requirements • credit rating agencies providing objective information
Operational risk—e.g. if the platform suffers technological failure or defaults	<ul style="list-style-type: none"> • corporate governance arrangements • user protection

TED - The Sharing Economy

TED^x TimesSquare
x = independently organized TED event

Kurt Abrahamson
The Sharing Economy



Kurt Abrahamson
CEO – ShareThis
<http://www.sharethis.com>



0:01 / 12:02





Adapting to the Sharing Economy

The Sharing Economy

The Sharing Economy

Consumer Intelligence Series

pwc.com/CISsharing



pwc

<http://www.pwc.com/CISsharing>

Where is the Sharing Economy (2016)?

- Living space (58%)
- Work space (57%)
- Food preparation/meal-sharing (57%)
- Household items/appliances (53%)
- Apparel (50%)
- Car-sharers shared across significantly more categories than non-car-sharers

Airbnb averages 425,000 guests per night, nearly 22% more than Hilton Worldwide

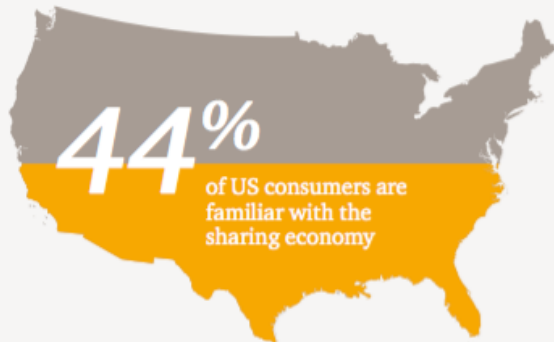
The Sharing Economy – Big View



<https://www.youtube.com/watch?v=q8shRsyeGr0>

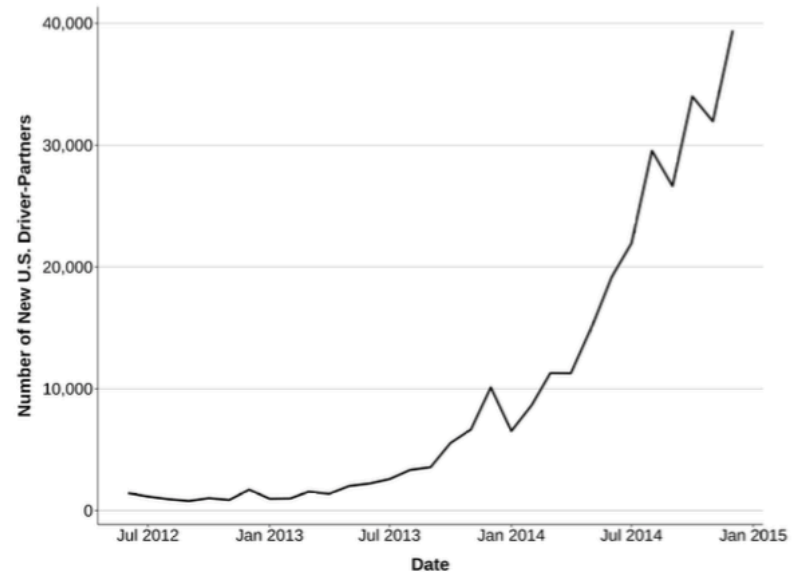
The Sharing Economy market (2016)

Trust, convenience and a sense of community are all factors in pushing adoption of the sharing economy forward. Thanks to consumer willingness to try mobile apps, there are lower barriers to entry when it comes to building brands and scaling up quickly—the innovation clock is now set to fast-pace, and will get even faster as consumers become more trusting of relationships tied to social sentiment and communities of users.



19% of the total US adult population has engaged in a sharing economy transaction

Figure 3: Number of New Driver-Partners Starting Each Month in the United States



Note: Figure based on U.S. UberBLACK and uberX driver-partners who have joined since June 2012 (303,985 individuals), based on Uber data.

Among US adults familiar with the sharing economy, they perceive many benefits to it



86% agree it makes life more affordable



83% agree it makes life more convenient and efficient



76% agree it's better the environment



78% agree it builds a stronger community



63% agree it is more fun than engaging with traditional companies



89% agree it is based on trust between providers and users

Percentage of US adults who have engaged in a sharing economy transaction



Entertainment and Media



Automotive and Transportation



Hospitality and Dining



Retail

Review of the collaborative economy in NSW

NSW Department of
Finance, Services and
Innovation

October 2015



Deloitte.

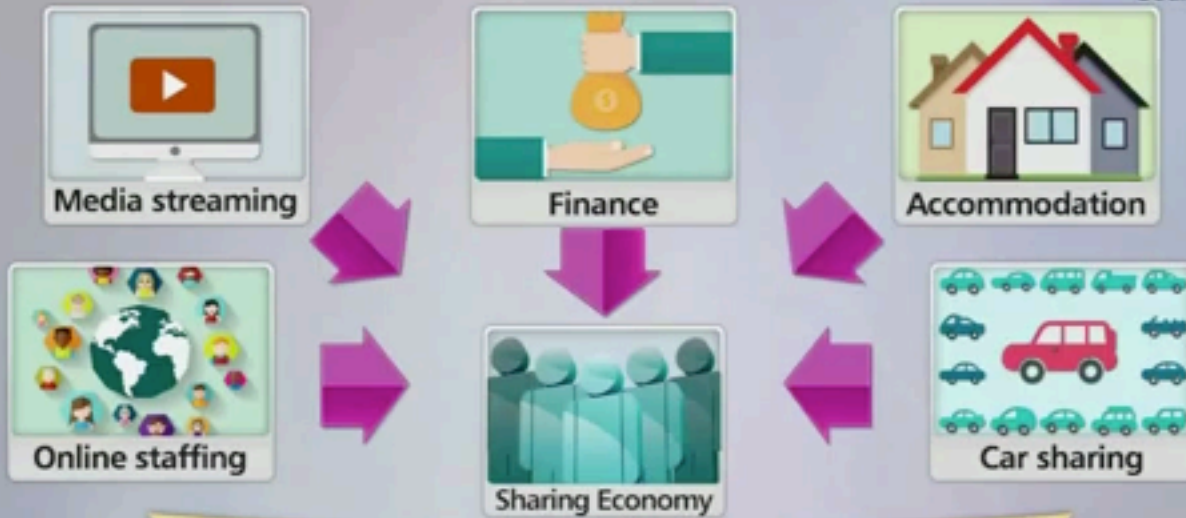
Where is Sharing Economy?

- Most prevalent with regards to the consumption of goods and traditional services such as accommodation, transport, and personal and professional services.
- The following may have contributed to their success:
 - **They connect people with assets that are not fully utilised**, but which they already own, with those who do not have these assets.
 - **They meet a market demand** for an improved service.
 - **They achieve network effects**; where the number and density of participants leads to greater outcomes for all parties involved.

Where is Sharing Economy?

FIVE MAIN SECTORS OF SHARING ECONOMY

Source: PWC, 2015



Global revenue expected to
reach **US\$ 335 billion** by 2025



Profile of the Sharing Economy

A Profile of the Sharing Economy

Results of a PricewaterhouseCoopers survey of adults in the U.S.

Participation Is Still Limited

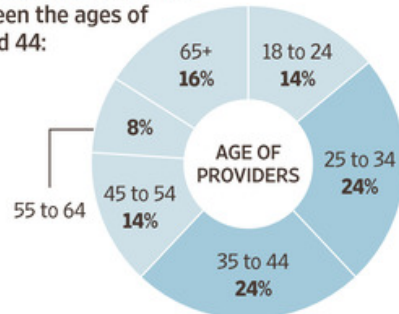
The percentage who have engaged in a transaction in each of these sectors:

Entertainment and media	9%
Automotive and transportation	8%
Hospitality and dining	6%
Retail	2%

19%
of American
adults have tried
the sharing
economy.

Interest in Being a Provider Is High

7% of American adults currently are providers. Nearly half are between the ages of 25 and 44:



51%
of those familiar
with the sharing
economy say
they could see
themselves
being providers
in that economy
in the next two
years.

Pros and Cons

Among U.S. adults familiar with the sharing economy:

86% agree it makes life more affordable

83% agree it makes life more convenient and efficient

78% agree it builds a stronger community

76% agree it is better for the environment

63% agree it is more fun than engaging with traditional companies

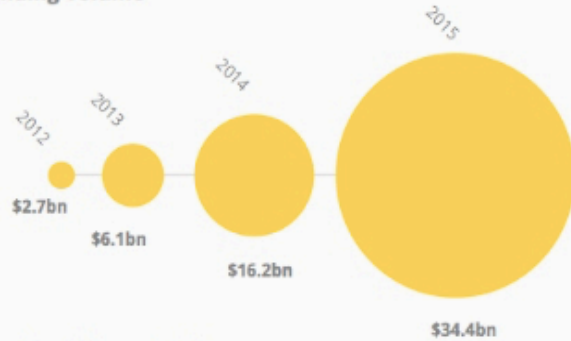
But there are some complaints and concerns:

72% agree that the sharing economy experience is not consistent

69% agree they will not trust sharing economy companies until they are recommended by someone they trust

Where is Crowdfunding?

Total Funding Volume



Total Funding Volume: 2015

\$34.4bn












Source: Massd

TOTAL (2015): \$34B




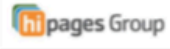





- P2P Lending \$25B
- Reward and Donation: \$5.5B
- Equity: \$2.5B






Where is the Shared Economy? (1/3)

Industry	Examples of major players	Which key areas are included in this report?	Key conclusions
Transportation and automotive	  	<ul style="list-style-type: none"> Ridesharing Car sharing P2P car sharing 	<ul style="list-style-type: none"> UberX contributed over 1 million rides and around \$20m in income in Sydney in the year since its launch in May 2014, representing 1.2% of all point-to-point transport activity according to our calculations Pocketbook claims that around \$1 is spent on Uber services for every \$12 on taxis 31.6% of all car sharing platforms were established in NSW GoGet the most established brand in the Australian car sharing market (22.1% market share) was launched in Sydney
Accommodation services	  	<ul style="list-style-type: none"> Home sharing platforms Estate and space sharing 	<ul style="list-style-type: none"> Airbnb contributed approximately \$284m in income last year nationwide and \$115m in NSW. This represents approximately 3.4% of the total hotel, resort and motel market in Australia Sydney is the 10th largest Airbnb market worldwide With 80% of Sydney's Airbnb listed properties outside of main hotel areas such as the city centre, Airbnb claims that it allows tourists to see a different side of Sydney
Financial services	  	<ul style="list-style-type: none"> Online crowdfunding Lending Other financial services 	<ul style="list-style-type: none"> The current size of P2P lending in Australia is small (only one founded before 2014), but has significant room for growth in the future Future prospects will depend on the regulatory approach taken by policymakers

Where is the Shared Economy? (2/3)

Industry	Examples of major players	Which key areas are included in this report?	Key conclusions
The goods and redistribution market	  	<ul style="list-style-type: none"> • Peer-to-peer marketplaces • Peer-to-peer sharing • Crowdsourcing 	<ul style="list-style-type: none"> • The collaborative economy probably makes up around 1-2% of the retail goods market. eBay accounted for 20.3% of total online retail shopping visits in Australia for 2014 (this includes both eBay Australia and eBay overseas). Online retail shopping is now a \$16.9b industry representing 6.8% of traditional retail spending
Services and labour hire	  	<ul style="list-style-type: none"> • Personal services • Professional services 	<ul style="list-style-type: none"> • Digital labour marketplaces provide a significant opportunity for flexible working options • A whole new market of services has emerged – for example line queuing • Some platforms such as Hipages Group have over 55,000 listed service providers which represents around 3% of the entire tradesperson industry in Australia • It is possible that the collaborative economy will be one of the most significant forces affecting the nature of work and workplaces in the coming decades
Education	  	<ul style="list-style-type: none"> • Collaborative courses • Peer-to-peer platforms such as the used textbook and tuition market 	<ul style="list-style-type: none"> • Massive open online courses have made education more collaborative between students • Textbook rentals and second hand exchanges are making education more accessible and affordable • Around 780,000 users are registered on StudentVIP, a second hand tertiary textbook marketplace, compared to 1.3 million enrolled tertiary students in Australia

Where is the Shared Economy? (3/3)

Examples of major players	Which key areas are included in this report?	Key conclusions
  	<p>Additional markets covered include:</p> <ul style="list-style-type: none"> • Logistics • Utilities • Media • Equipment rental • Pet sitting • Food and dining 	<ul style="list-style-type: none"> • The collaborative economy is very diverse and far reaching. It is affecting a range of different industries such as pet sitting, utilities, logistics, food, media and equipment rental • Organisations such as One Big Switch have used the collective power of people in bargaining arrangements and claims to have reduced energy bills from Energy Australia by 22% • Crowd shipping companies such as MeeMeep have used their platform to reduce transport costs of small goods by approximately 55% compared to standard delivery methods



THE NEW SHARING ECONOMY

A STUDY BY **LATITUDE** IN COLLABORATION WITH SHAREABLE MAGAZINE

IT'S TRUE THAT SHARING IS A SIMPLE CONCEPT AND A
FUNDAMENTAL PART OF EVERYDAY LIFE. THANKS IN LARGE
PART TO THE WEB, IT'S NOW AN INDUSTRY WITH SEEMINGLY
UNBOUNDED POTENTIAL.

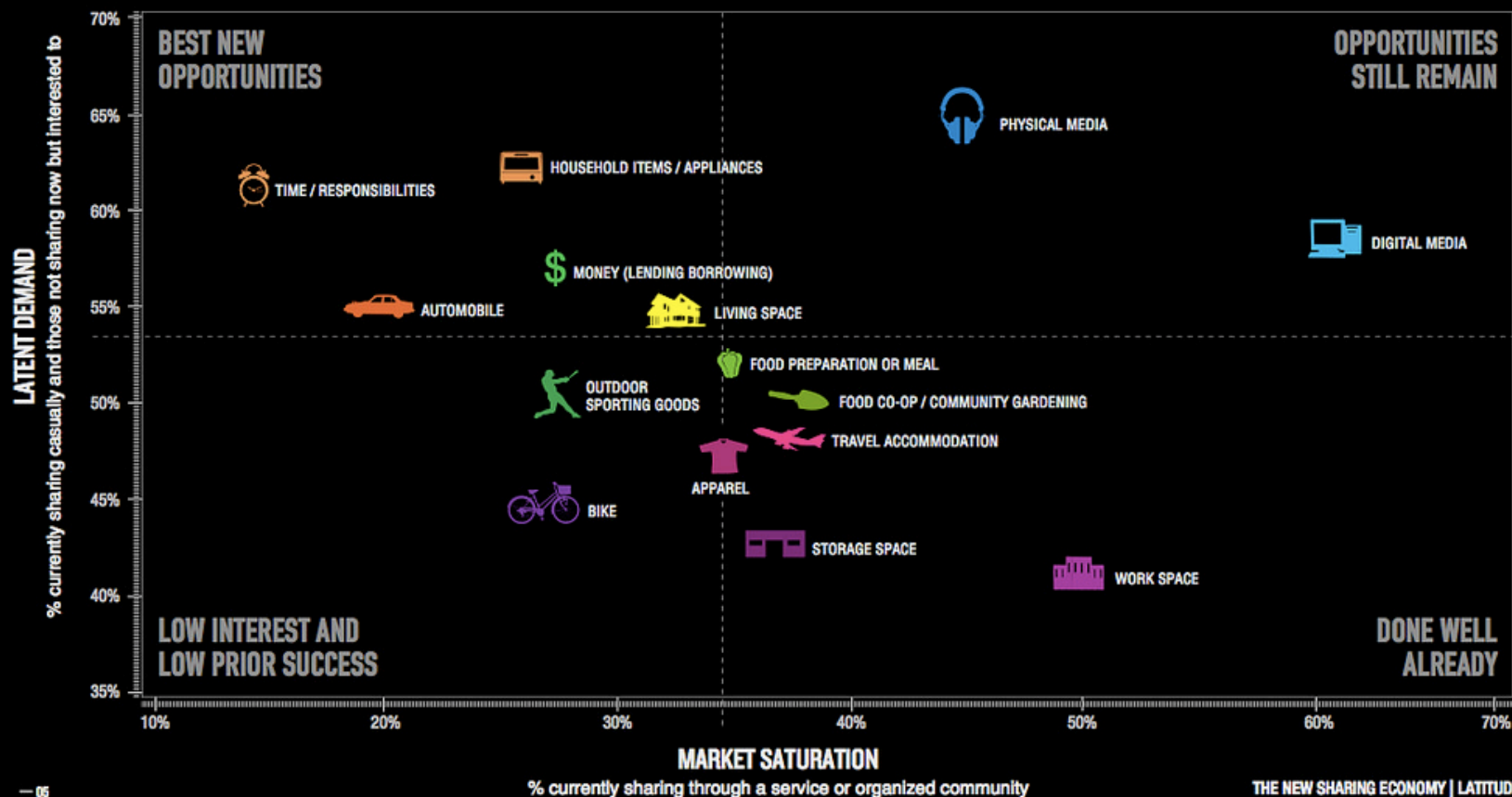
THE NEW SHARING ECONOMY IS ONE INSTALLMENT OF **LATITUDE 42s**
an ongoing series of open innovation studies which Latitude, an international research
consultancy, publishes in the spirit of knowledge-sharing and opportunity discovery.

Latitude
LIFE, CONNECTED

THE NEW OPPORTUNITIES FOR SHARING

Created by Latitude for The New Sharing Economy study

The greatest areas of opportunity for new sharing businesses are those where a lot of services do not currently exist within a specific industry category and where a large number of people are currently either a) sharing casually (not through an organized community or service) or b) not sharing at all but would be interested to share. They include transportation, infrequent-use items, and physical spaces.





The Rise of the Collaborative Economy

Collaborative Economy



<https://www.youtube.com/watch?v=I3kzq9IJ67E>

Regulation Considerations of Sharing Economy



Government and Sharing Economy

Argument: by 2025.2 70% of the UK population would share their idle assets if it were easy or convenient.

What Government must do to support Sharing Economy:

Fostering innovation

- An Innovation Lab for the sharing economy should be created as an incubator and research centre

Trust and Identity

- Helping to build consumers' trust in online transactions in the sharing economy is critical for its future development.

Government procurement – opening up options

- The government should update its procurement frameworks, so that sharing economy platforms are an option when travelling, alongside the more traditional services.

Insuring the risks

- Sharing economy companies need to pool their resources to jointly negotiate insurance coverage.

Digital inclusion – reaching new audiences

- The government should continue to help the digitally excluded get online, so that they can access the opportunities offered by the sharing economy.

Sharing government assets

- The government should simplify the registration process for Space for Growth to remove the requirement for security vetting in buildings

Sharing economy industry representation

- Sharing economy businesses should join together to create a trade body, representative across all sectors.

Unlocking the sharing economy
An independent review

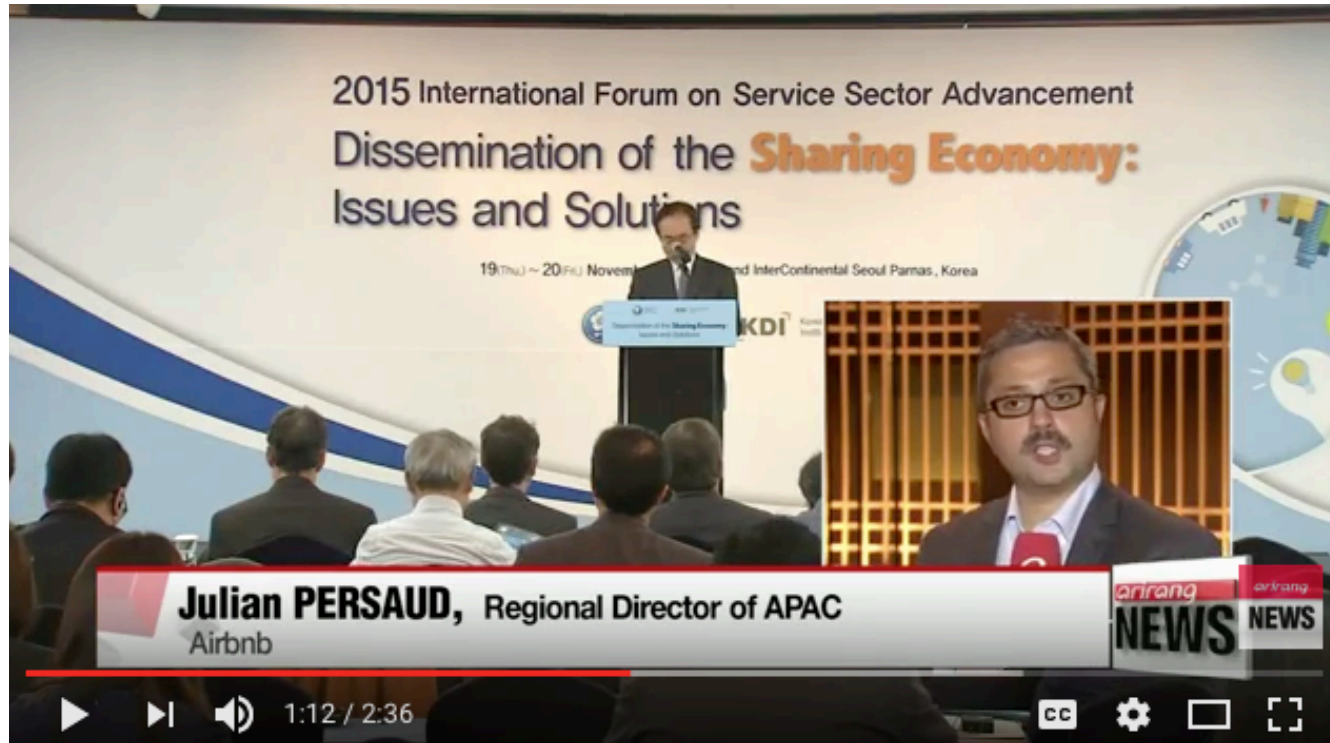
by Debbie Wosskow

November 2014



UK.gov

Regulatory Concerns around Sharing Economy



<https://www.youtube.com/watch?v=0uV3Orha1sc>

The Social Aspects of Collaborative Economy



Michel Bauwens

- Philosopher
- Peer-to-Peer theorist
- Technology, culture and business innovation
- Founder of the P2P Foundation, a global organization of researchers working in collaboration in the exploration of peer production, governance, and property.

<http://p2pfoundation.net>



<https://www.youtube.com/watch?v=KMV4cqRgV6Q>



Thank you
고맙습니다

Presentation at:
<http://www.fernandokoch.me/fts-ku>
password: kumot2016



Please email questions to:
fkoch@acm.org

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