The real sharing economy

12 billion – annual investment in online exchange economy

9,192,654 – member of Freecycle.org

The real sharing economy

Increasing collaboration drives organisations to reconfigure based on social networks and impact. Real sharing enterprises, not driven by profits, seek to share resources, knowledge, and decision-making responsibilities.

Based on online marketplaces creating transparency of demand and matching to it supply, at a competitive price, the sharing economy already encompasses a wide range of models, the likes of *Airbnb*, *Uber* and *TaskRabbit*, most founded on a for-profit approach. Many of them have been established around the more open and transparent sharing of information that enables more peer-to-peer business models to be developed. While many of the current successes are labelled as being part of the sharing economy, a good number are using Internet platforms to run disruptive and profitable new businesses. Many see that going forward a more meaningful approach to sharing may emerge and so we will see a real sharing economy – one where people genuinely share skills, information and knowledge with each other in a way that creates additional value for everyone, and not just for some.

Whether considering eBay - the original online marketplace, *Lyft* - the car sharing competitor to *Uber*, or *TaskRabbit* – that connects odd jobs to people in your neighbourhood, the majority work on the basis that the platform takes a cut of every transaction. Whether that is 5%, or 30% as with *Uber*, as more customers are attracted to these and similar marketplaces, the corresponding attraction for investors is that the companies both control and acquire the majority of the value. Although often creating a more efficient system than the incumbent, and so seen as being disruptive to the status quo, as can be seen by the valuations now attached to these companies, many have proven to be far more profitable than original service providers – largely because the new models mean that the marketplaces don't need to support any of the assets. They simply match supply to demand as and when needed but don't own or therefore pay for the resources when they are not being used. Little surprise therefore at the resistance seen by taxi drivers around the world to *Uber* and its like.

There may be limitations to how this approach goes forward, especially in terms of the premise of sharing both assets and value. As *airbnb* entrepreneurs are seen to be accelerating the prices of homes in San Francisco and elsewhere, the sharing platforms are themselves distorting communities. They are less about sharing and more about access. What began as a peer-to-peer idealistic and egalitarian movement has, in some eyes, become a commodifier of other people's resources. The platforms are extracting most of the value created by their users and seeking to create, often unregulated, monopolies with little if any competitors of scale. Government regulators in some cities are also starting to raise concerns about how some of the recent start-ups are going against the public interest - *Airbnb* is being challenged in Singapore.

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Changing business

Many, such as the New Economics Foundation, are seeking a real sharing economy where information, power and profits are more genuinely shared. There are several existing not for profit examples of what good sharing is like; the challenge is how to make them and others more influential. Localised sharing platforms such as *freecycle* allow people to recycle products without payment; apps are enabling excess food to be made freely available to the homeless; *couch-surfing* freely matches people to spare sofas but without the *airbnb* intermediary overhead; and tool library networks are enabling pools of farmers to share access to specialized machinery and equipment that are too expensive for individuals to acquire. These are popular and growing, but currently tiny compared to the for-profit platforms.

As resources become more constrained and waste is seen as a resource, some argue that more cooperative platforms will help to give access to goods those who can't afford them, accelerate more sustainable consumptions, especially in cities, reduce environmental impacts of society and maybe even help build stronger communities. What some initially termed as the gift economy has been taken over by market capitalism. Going forward many hope that this can be reversed. With the evolution of the smart grid allowing consumers of energy to also be producers, many see that this infrastructural shift could drive a change in the systemic view of sharing – one that may, in the end, lead to improving quality of life through greater social interactions, fairer wealth distribution, and stronger community relationships.

Local time-banking projects, such as those run via Echo in the UK, are seen to be a more equable and overall effective approach to *TaskRabbit*; *OuiShare* has expanded from France across Europe, the Middle East and Latin America as it creates a global network of collaborators; and organisations such as the European Sharing Economy Coalition are seeking to create policies to support wider adoption of the real sharing economy.

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Rather than focusing on supporting the 'gig' economy where the low-paid self-employed compete to provide a service as cheaply as possible, more are seeking to use sharing as a means for better wealth redistribution. Instead of creating enterprises that let well-off people pay less well-off people to do their chores - without providing anyone the benefits and security of traditional employment – many are looking at more cooperative collaborative platforms that share as a means to both improve efficiency and collectively create a good or service and then share the results equitably. As an alternative to creating the market pull to put an extra 10,000 cars onto the London streets for *Uber*, others are looking at how existing cars can be better used 24/7 and not left in car parks and so simultaneously provide more land for much-needed housing.

The question therefore is how far will we get to this more egalitarian view of sharing by 2025? The momentum behind the likes of *Uber*, *Airbnb* and their peers is evidently significant – both in terms of financial support and customer pull. Globally, the advantage of for-profit online marketplaces over the legacy systems is clear. The challenge is whether the not-for-profit alternatives can draw in wider support and hence scale.

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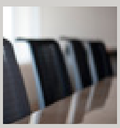
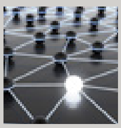
Related insights

Companies with purpose



As trust in 'business' declines, structures and practices of large corporations are under scrutiny. Businesses come under greater pressure to improve performance on environmental, social and governance issues.

Organisation 3.0



New forms of flatter, project-based, collaborative, virtual, informal organisations dominate - enabled by technology and a global mobile workforce. As such the nature of work and the role of the organisation blurs.

Currencies of meaning

New trusted currencies of exchange and meaning emerge to better facilitate transactions, trade, authentication and validation. Money is complemented by new systems to which we attach greater significance.

The increasing value of data

As organisations try to retain as much information about their customers as possible, data becomes a currency with a value and a price. It therefore requires a marketplace where anything that is information is represented.