INFO5992 Introduction to IT Innovations
Week 7

Tutorial 7: Sharing Economy from a Distributed Innovation Context

"In the collaborative economy it's not the idea of sharing that's new… What's different now is the introduction of technology into the concept." — H.O. Maycotte, Umbel

Quote from http://knowledge.wharton.upenn.edu/article/the-sharing-economy-a-new-way-of-doing-business/

In this tutorial, we will study the concept of 'sharing economy' – web platforms that bring together individuals who have underutilised assets (including time, skills and tools) with people who would like to rent those assets short-term [1]. Sharing economy is a relatively new concept, which has leveraged emerging technologies to create new markets and disrupt existing business models. Successful examples of sharing economy platforms are below:

- Services (**DogVacay**, https://www.dogvacay.com/) DogVacay is a Santa Monica based company known for home dog boarding and other pet services. It is cheaper than a kennel, and provides a more comfortable stay for the dog.
- Automobile Services (**Lyft**, https://www.lyft.com) Lyft is a ride-sharing company for people to find rides from "regular" people who have a car.
- Wi-Fi Services (**Fon**, https://fon.com) Fon enables people to share their home Wi-Fi network in exchange for getting free Wi-Fi from anyone out of the 7 million people in Fon's network.

[1] https://www.forbes.com/pictures/eeji45emgkh/airbnb-snapgoods-and-12-more-pioneers-of-the-share-economy/#4e3df64a52cf

For this tutorial, among your group members, analyse the four companies above and then answer the discussion points. You may seek additional information from the Internet. Towards the end of the class, a member of the group will present the group's findings. Summary of the discussion will be available after the tutorial.
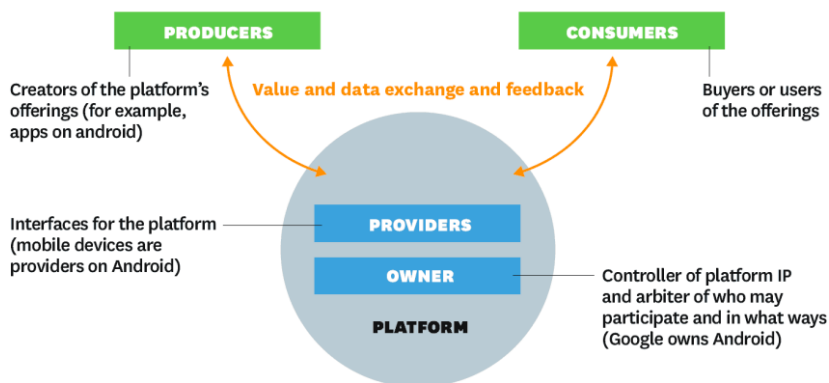
Discuss the following points:

1. What are the IT technologies that are enabling sharing economy platforms? Have a look at some of the popular sharing economy companies. Study the example companies and see what technologies they all rely on. Do you see a pattern among the majority of the companies that are listed above?
   a. Key enabling technologies for sharing economy, among many others, are peer-to-peer transactions and social networking technologies. What are they and why are they so important?
   b. What technologies might the sharing economy companies adopt in the future?

2. Pick one example from the above companies. Can you apply 'main players in a platform ecosystem'?

The Players in a Platform Ecosystem

A platform provides the infrastructure and rules for a marketplace that brings together producers and consumers. The players in the ecosystem fill four main roles but may shift rapidly from one role to another. Understanding the relationships both within and outside the ecosystem is central to platform strategy.

PRODUCERS

Creators of the platform's offerings (for example, apps on android)

Value and data exchange and feedback

CONSUMERS

Buyers or users of the offerings

Interfaces for the platform (mobile devices are providers on Android)

PROVIDERS

OWNER

PLATFORM

Controller of platform IP and arbiter of who may participate and in what ways (Google owns Android)

SOURCE MARSHALL W. VAN ALSTYNE, GEOFFREY G. PARKER, AND SANGEET PAUL CHOUDARY
FROM "PIPELINES, PLATFORMS, AND THE NEW RULES OF STRATEGY," APRIL 2016   © HBR.ORG

3. There are several weaknesses identified for sharing economy companies. What are they? In particular, why is it suggested that many 'web start-ups are easy to launch but many will not survive once their funding runs out' [1]?

   a. Do you think it is too easy to replicate a sharing economy platform? In fact, several sharing economy platform company has popped up quickly and also disappeared quickly. What are the main reasons for this?

   b. A Web API is readily available for you to start a sharing economy platform. See for example below which lists three different platforms:
   http://www.shareable.net/blog/3-platforms-to-start-your-own-sharing-service
   Using such platform, can you come up with your own innovation?

4. [Optional / Homework] Would you consider companies are adopting 'sharing economy' platform to be following the concepts of disruptive innovation? Can you give an example of a sharing economy company you think is causing disruption?

Relevant articles:

[Research Paper] Jenny Kennedy et al., "Mapping the Melbourne Sharing Economy", Melbourne Networked Society Institute Research Paper 5, 2017

https://networkedsociety.unimelb.edu.au/__data/assets/pdf_file/0007/2274352/Mapping-The-Melbourne-Sharing-Economy-rp5-2017.pdf

[Short article 1] M.A. Cusumano, "How Traditional Firms Must Compete in the Sharing Economy", *Communications of the ACM*, 58(1): 32-4, 2015.

[Short article 2] A. Sundararajan, "From Zipcar to the Sharing Economy", Harvard Business Review, 2013. https://hbr.org/2013/01/from-zipcar-to-the-sharing-eco

[Full article – long] PWC, The Sharing Economy – consumer intelligence report, 2015,
https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf

Semester 1, 2018