

A Case Study of ShareRing as a Blockchain Powered
Marketplace:
How Blockchain is Changing the Sharing Economy

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Jeffrey Wernick—an early investor of Uber and Airbnb—boldly stated in a recent speech, “I do not consider Uber and Airbnb the sharing economy” (MXC Foundation, 2018). He argues that the true potential of the sharing economy can only be unlocked by translating rights to real-world assets into a virtual token on a blockchain. Today, we see Uber buying cars and Airbnb acquiring real estate (Goodwin, 2018). Existing platform companies have become so large and influential that inefficiencies in their business models often lead to wastage of resources (Lim & Mack, 2018) and significant regulatory impediments (Dodwell, 2018). Nevertheless, the proliferation of blockchain technology could address these short-comings, and this essay will examine a particularly ambitious platform in development—*ShareRing*. Specifically, we will look at three main issues: Firstly, how its blockchain-powered marketplace can value-add to the sharing economy. Secondly, how the technology’s disruptive nature will influence different stakeholders. Finally, any potential pitfalls of ShareRing’s business model and some mitigating factors to consider.

As an immutable digital ledger of economic transactions (Tapscott & Tapscott, 2016), blockchain technology eliminates the issue of trust between strangers, third-party service providers and the company itself. In this decentralised peer-to-peer network, ShareRing’s dedicated blockchain—ShareLedger—issues users with a token SharePay that will allow them to

pay for the use of third-party assets. As per its Proof-of-Stake consensus protocol, users will be able to stake their own tokens to help the network achieve consensus—that is, to validate the numerous ‘sharing’ transactions of the platform and earn additional tokens in the process. (ShareRing, 2018). This mechanism expands the value of the platform beyond the core interaction by compensating users for early participation and has generally been successful in other blockchain-sharing platforms such as in the case of La’Zooz in the ride-sharing sector (Sundararajan, 2016). Users are thus incentivised to perform a degree of “side-switching”, effectively acting as prosumers in which their rewarded tokens can be reused to rent other assets. With the addition of smart contracts, ShareLedger can also be further programmed to enable universal access to any asset attached to its system— transport, real estate, labour, et cetera. All this is made accessible through a single app that will connect ShareRing with a vast variety of sharing economy partners, via a seamless and fuss-free process (see Appendix A). With the ability to facilitate secure transactions globally and a low friction to entry, ShareRing could take a place in the sharing economy not unlike Amazon in the e-commerce industry.

One can imagine that the successful implementation of ShareRing’s “all-in-one” platform with ShareLedger would prove to be incredibly disruptive to sharing economy industries. The two stakeholders most concerned here are the consumers and producers. In the long-run, consumers stand to benefit greatly. Today, there are hundreds of new sharing economy companies with distinct platforms. To use them, users would have to maintain several accounts, with some companies even imposing a switching-cost to ensure loyalty. Furthermore, many localised platforms process transactions using cash or credit card payments, which frequently

incur unwanted fees for international transfers (Miller, 2018). With ShareRing, users would experience a reduction in transaction fees, multi-homing costs (no longer need to switch platforms when they are all integrated into one) and a frictionless entry to participate in the value-creation process. The impact on producers, however, is more profound. Smaller companies that wish to utilise ShareRing's platform are required to pay a transaction fee adjusted according to the level of customisation that they require. In the process, they reap numerous positive network effects—such as exposure to a larger, more established user base and the ability to scale and automate their processes with ShareLedger's digital infrastructure (Parker, Van Alstyne & Choudary, 2016). Existing companies like Airbnb, however, already profit greatly from their global reach and are thus able to charge high service fees of 3% for hosts and 0-20% for guests (Marte, 2015). Therefore, to be able to compete with these larger companies, ShareRing would have to optimise their app's multi-stage search function to better match producers and consumers and overcome potential issues like congestion problems faced by other similar platforms (Einav, Farronato & Levin, 2015). With the vast number of new features and benefits that ShareRing brings to the table, many of these companies will be forced to innovate and introduce new functionalities to their platforms (Belk, 2014).

Despite ShareRing's potential, there are some pitfalls that they might encounter. Firstly, they face the same regulatory hurdles as the incumbents. Yet, with the integration of multiple platforms, regulators now have a central company from which they can better design policies that would be relevant across different assets and services. Secondly, ShareRing's adoption of cryptocurrency as the primary mode of payment also posts some issues. As virtual currencies are

a relatively young technology, regulation is still lacking and differs between countries. For example, China's sudden banning of all initial coin offerings this year entails that ShareRing would unlikely be able to operate there (See Appendix B). In this constantly evolving crypto-space, imprudent regulations could easily negate the benefits of ShareLedger and negatively affect the viability of ShareRing's business model (Allen & Berg, 2014). To mitigate this factor, ShareRing is introducing a two-tier token system, SharePay and ShareToken. While producers use ShareToken to pay for transaction fees, commercial users use SharePay to access the ShareRing ecosystem through topping-up their balance via credit card. In doing so, users need not go through a cryptocurrency exchange and are also protected from the price fluctuations in the crypto-market.

Undoubtedly, ShareRing proposes a promising and progressive way of doing business in the sharing economy. It is, however, imperative to consider that their platform will only be going live in November this year. Very much still in its infancy, the future of blockchain technology remains to be seen—but the positive applications of a blockchain-powered marketplace in the sharing economy remains unequivocal.

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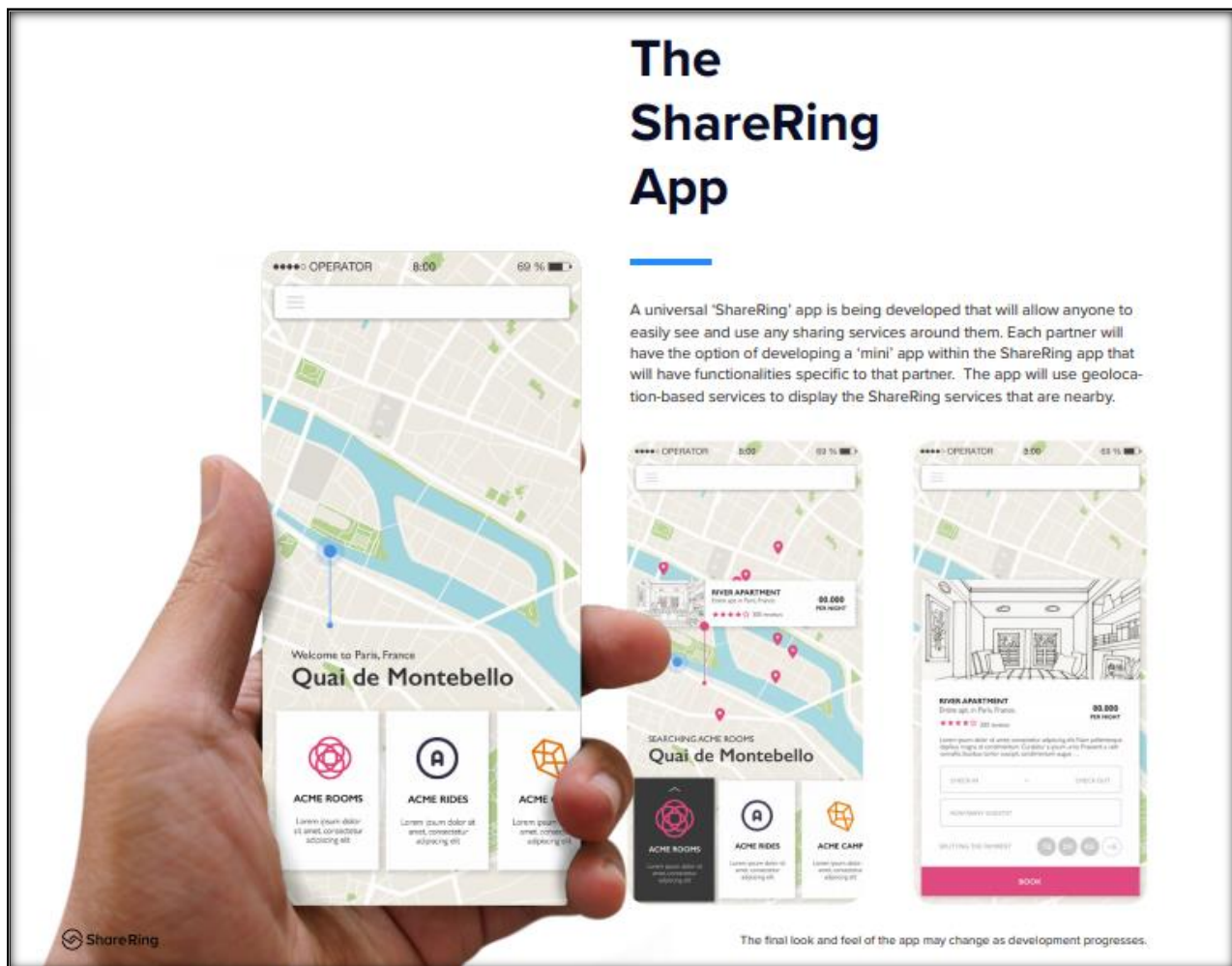
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Appendix A

The ShareRing App (ShareRing, 2018)



Appendix B

Cryptocurrency Regulations Around the World (Law Library of Congress, 2018)

Regulation	Countries
Ban all activities involving cryptocurrencies	Vietnam, Pakistan, Bolivia
Ban financial institutions from facilitating transactions involving cryptocurrencies	China, Thailand, Bangladesh
Enacted new laws that govern cryptocurrency institutions	Canada, Australia, Isle of Man
Developing cryptocurrency-friendly environment	Venezuela, Lithuania, Marshall Islands