



European
Commission

**Business Innovation
Observatory**

Semester 5 – October 2015

Collaborative Economy

The Business Innovation Observatory Workshop, London, 7 October 2015

Collaborative Economy



“There is a great potential for this movement to improve people quality of life, lower costs of living, potentially also build towards a more resourceful and environmentally sustainable society.”

Kathleen Stokes, Senior Researcher, Nesta

The 4th BIO workshop gathered around 35 participants, including entrepreneurs, policy makers, investors, and researchers. The conference provided them with an opportunity to interact and engage with each other in discussions on business innovation trends in the Collaborative Economy.

Key outcomes of the workshop

Challenges and barriers of the collaborative economy

- **Understanding and being able to measure the impact** of the collaborative economy
- **Building confidence and trust** (collaborative economy is disrupting the traditional way of doing business, but traditional companies can also benefit from this trend)
- **Regulatory issues (insurance, licensing and taxation) and absence of a single European market:**
 - Laws in Europe are designed for traditional actors and are, for instance, a barrier for crowdfunding platforms
 - Cross-border activities are difficult to develop and make it hard for companies to scale up (e.g. crowdfunding regulation in France is different from the one in the UK which involves a high cost of establishment in another country)
- **Marketing** challenge when developing services that did not exist before

“The Collaborative Economy is disrupting economy and commerce as we know it. It’s about enabling people to trade as well as share and exchange idle assets, idle resources that could be human, intellectual and physical and ultimately make a more efficient world that could be really beneficial to people and planet.”

*Benita Matofska, Founder and Chief Sharer,
Cmpare and Share*

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“To enhance cross-border activity there is a pressing need for the establishment of a single European market.”

Juho Makkonen, CEO, Sharetribe

“There is a lot of issues around consumer rights, worker rights, standards which are tricky but important because people need to feel safe and secure to get involved in the Collaborative Economy.”

Dirk Pilat, Deputy Director, Science, Technology and Innovation, OECD

“American companies have a clear advantage over European ones: they have scale and get higher valuation.”

Ari Kestin, CEO, Nimber

• **Access to finance:**

- Company scaling: finding funding between early and mature stage funding is difficult (especially since companies from the sector often need more time to grow)
- Companies with a social mission face problems to get early stage funding
- Difficulties to foresee the future and the market uptake of collaborative solutions
- Loans are designed for traditional companies
- Compared to the US, entry and failure costs in the EU are quite high
- Difficulties to **get critical mass** in Europe: it is relatively easy to become a national leader, but becoming a leader also in other European countries is difficult. American collaborative economy companies have a clear advantage over European ones because they have the scale and they get easier higher valuation
- Consumers have to give up some privacy in exchange for added convenience and better services (e.g. with AirBNB and UnderTheDoormat)
- The **end of work as we know it**: disappearance of jobs and digital labour

Opportunities of the collaborative economy

- Sharing is not new but the **Internet** allows people to connect with each other and to coordinate their activities
- Collaborative economy is “**innovative and democratic by nature**” (consumer wants to be both consumer and producer)
- **Shift** in consumer values **from ownership to access**
- Collaborative economy creates **competitive environments**
- **Rethinking growth and prosperity**: giving more access to more people: growing trend to buy from the crowd instead of the big corporates (skinny platforms competing with behemoths)
- **New disruptive business models**:
 - Decentralising production: e.g. POC21 Innovation Camp – Eco Hacking the Future: the goal of this camp was to “overcome our destructive consumer culture and make open-source, sustainable products the new normal”
 - Decentralising ownership: increasing peer-to-peer commerce
 - Collaborative ecosystems (e.g. city of Barcelona, Amsterdam, Seoul)
 - Full technical decentralisation: e.g. blockchains allow encryption, which presents the advantage of avoiding the necessity of relying on a middleman
- **Addressing complex** social and ecological **problems**

Policy recommendations

- Create a common competitive European market including a common framework for tax, finance, insurance, etc.
- Support early stages to help companies grow their users base
- **Standardisation**: establishment of standards is crucial to make people feel safe and secure: e.g. standards need to be established on the way data is shared
- **Raising the awareness** about the possible benefits and opportunities of the collaborative economy, both among citizens and businesses
- Establish easier **taxation** schemes: e.g. applying VAT on platforms instead of income tax
- Clear regulatory frameworks for **flexible** labour contracts



General remarks

- The collaborative economy is **people's economy**
- **Purpose and value** are essential to be successful in the collaborative economy
- Sharing economy companies need to **act responsibly**, set solid standards and stay within the legal context
- Collaborative economy is **growing** covering already around 28% of the world population
- **"Don't take no for an answer!"**



Contact

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