

The platform business model value chain applied on the sharing economy

Input side

Value Creation

Output side

Mission-driven, public for-profit, or combination

Economic / social benefits:

- Higher utilization and more sustainable consumption of capital assets
- Utilisation and development of skills whilst providing utility
- Various types social benefits

Asset sharing

Asset ownership models:

- Participant-owned
- Platform owned

Scalability, funding req'mnts, growth path

Asset operation & management models:

- Owner operated
- End-user operated
- Owner serviced
- End-user serviced
- Third-party serviced

Asset distribution models:

- Centralised location
- Demanded location
- Owner determined location
- User determined location

Service sharing

Service sourcing models:

- Eligibility checks
- Certifications
- Employment status

Service management models:

- Profile/portfolio development
- Skills development

Service delivery models:

- On-premise service delivery
- Remote service delivery

Participants & transactions

Customer experience: (1) Platform-designed (2) Participant-designed (3) +Customisable (4) Fully customised
 Transaction types: Renting, lending, access, access+service, sharing, donating, service hire, collaboration, swapping
 Design of terms & conditions (and degree of transfer to supply side), revenue share

Transaction design of platform

Supply side:
 - Individual (part/full-time)
 - Crowd
 - Business

Supply side

Build in:
 - Trust,
 - Quality,
 - Safety,
 - Security
 into all transactions

Reduce
 - Search cost
 - Transaction costs
 - Post-transaction costs
 Knowledge coordination

Positive indirect network effects lead to
 - Lower prices
 - Higher utilisation
 - More choice
 - Wider coverage

Demand side

Demand side:
 - Individual
 - Crowd
 - Business

Improve all elements of the platform by analysing your data

Search costs

occur before a transaction starts

Transaction starts

Transaction costs

occur during a transaction between buyer and seller (supply and demand side)

Transaction completes

Post transaction costs

occur during the transaction but materialise afterwards and impact future transactions

Search and transaction cost reduction are some of the most important elements of the platform business model; post transaction cost reduction is an important trust booster

Search cost for demand side:

- Time & effort researching/finding
- Skills/knowledge
- Lack of awareness
- Actual costs (e.g. trial and error)

Search cost for supply side:

- Marketing costs
- Brand building time & costs

Transaction costs:

- Communication
- Payment
- Scope clarification
- Contract costs
- Distribution & transport costs
- Insurance
- Dispute resolution
- Any other friction

Note that some costs fit across more than one phase

Cost of any materialised risks:

- Dissatisfaction
- Poor quality
- Misunderstanding
- Accident rectification
- Fraud
- Damage
- Legal costs

Network effects fuel Platform Business Models

Positive effects of more supply side actors to the demand side actors:

Turo (more cars):

- Shorter pick-up times
- More cities/suburbs covered
- More choice

TaskRabbit (more Taskers):

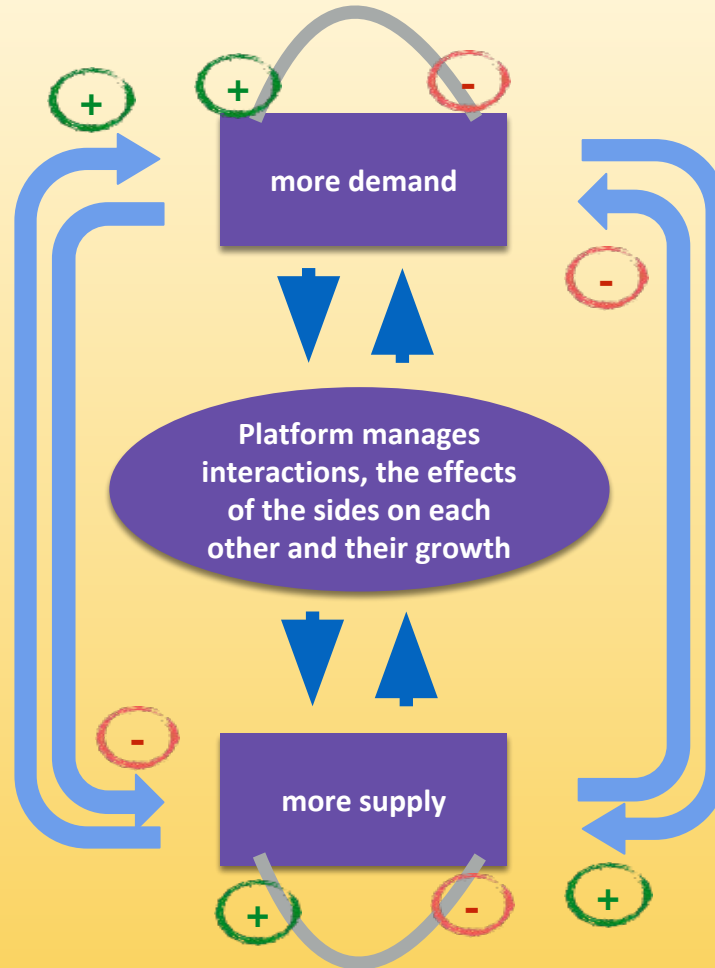
- More task types covered
- Higher aggregate skills
- More choice

Airbnb (more homes):

- Lower prices
- More choice
- Wider geographical coverage

Uber (more drivers):

- Lower prices
- Faster pick-ups
- Wider geographical coverage



Positive effects of more demands side actors to the supply side actors:

Turo (more renters):

- Higher demand of rental cars
- Higher income for renters

TaskRabbit (more task seekers):

- More demand / higher utilisation
- More specialisation opportunity
- Choice of preferred jobs

Airbnb (more guests):

- Higher utilisation - higher income
- Choice of guest

Uber (more passengers):

- Shorter idle times between rides
- Shorter pick-up times (=more rides)
- Surge pricing - higher income
- More choice of working times

Sharing economy platform businesses cause significant positive and negative effects on participants and others. The platforms have a significant opportunity to responsibly shape regulations

