

**Scottish Expert Advisory Panel for the Collaborative Economy evidence session on wider implications including public services and social value
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Where have you seen the best examples of a collaborative economy servicing a social challenge or achieving direct social impact?

I would like to identify three particular ventures operating in Scotland that have achieved innovative social impact.

MakLab (<http://maklab.co.uk>)

MakLab, who sadly went out of business in 2017, were a pioneering charity established to spark a renaissance in ‘making’ across Scotland. In practice, this involved extending the concept of FabLab, an innovation from MIT that involves creating open-access digital fabrication labs for community members. Unlike Fablab, which was primarily concerned with the technological application of digital fabrication technologies, Maklab was socially-focused, designed purposively to reach disadvantaged groups such as young people with low skills or elderly individuals who had previously worked in skilled manufacturing. Maklab achieved impact by removing barriers to accessing and using prohibitively expensive technology through open, collaborative resource sharing. The Spillover benefit of this model was the social capital developed through the links created by socially-diverse community members.

Ascus (<http://www.ascus.org.uk/ascus-lab/>)

Ascus, who operate on a similar principle to Maklab, host an open-access lab that enables community members to use valuable lab equipment. This facility plays an important role in facilitating interaction between science and the arts outwith the university sector, enabling diverse groups to participate in advanced innovation practice with little cost.

Edinburgh Tool Library (<http://edinburghtoollibrary.org.uk>)

Finally, the ETL provide a window into possibilities for future community resource-sharing models. They facilitate the lending of expensive power tools by connecting those with tools that are unused, and those who need them. Such a model offers significant environmental benefits by reducing consumption, and also offers potential to provide those on lower incomes with access to higher quality products. This is a potentially important social impact, as recent research has identified a similar benefit in lower socioeconomic groups engaging with previously inaccessible markets¹.

What are the challenges to these platforms operating at scale? That might be about access to finance, but there will be other challenges – what are they?

Aside from finance, the most significant barrier to scaling is being able to keep users satisfied by matching supply and demand. At present, while many collaborative platforms are community based, there is an acceptance from consumers that services may be patchy or less reliable. This is part of the trade-off between price and quality inherent to some socially-focussed platforms. In order for any of these platforms to scale, and to encourage a shift in consumption patterns, a degree of streamlining and sophistication in demand management is required.

There is also a danger that many platforms in Scotland will experience growth barriers related to geography. Many platforms, particularly those involving physical goods, require dense networks of co-located users. This favours the urban centres of Scotland rather than the more rural areas. That said, where P2P services can be delivered online (e.g. tutoring services), there is great scope for economic benefit in remote areas, provided broadband connections are adequate.

Finally, there remain some outstanding questions over the sustainability of high-growth business models for collaborative economy platforms. The demise of Maklab encapsulates the problem succinctly. It is clear that very few socially-oriented collaborative models can sustain growth without significant grant-funding or charitable income. The membership fees

¹ Fraiberger SP and Sundararajan A. (2015) Peer-to-Peer Rental Markets in the Sharing Economy. NYU Stern School of Business Research Paper.

and other revenue streams rarely cover costs and (in lieu of a full analysis) do not look like they will in the short to medium term. Even in the commercial sector, leading firms such as Uber operate at a significant loss² owing to expansion costs.

Where do you see the most potential in Scotland to advance this agenda?

I believe Scotland could harness the power of the collaborative economy by integrating collaborative markets comprehensively within redesigned public services. This may take on a range of forms, and in many cases, might use existing, underutilised public infrastructure (e.g. libraries) to coordinate exchange. Some options include:

- a) **Publicly-owned Digital Platforms:** There is a legitimate discussion over the power of the large platform companies, many of whom are effectively operating as utilities without the regulatory oversight facing traditional companies (Mark Zuckerberg of Facebook for example, has openly said he considers his platform a utility, and Uber has been compared to a utility by some commentators³). Scotland could benefit from providing public collaborative platforms (a public p2p taxi platform for example) that build upon the technological advances made by other popular apps. Such platforms, structured financially in a manner similar to Lothian Buses, could ensure a significant tax return for the country and a safe and transparent national platform that guarantees employment rights. The recent example of the bike-sharing scheme in Glasgow illustrates the benefit of having the public sector manage certain forms of collaborative activity – in such cases, the strength and resources of the public sector in partnership with Third Sector and private firms, can ameliorate aforementioned issues relating to scaling and accessibility.

- b) **Repurposed Public Assets:** Maklab provided a good example of repurposing public assets as hubs for collaborative economy activity. Specifically, their Maklab North⁴ initiative opened a digital fabrication facility in a school in Wick that was opened to the local community and businesses. In Barcelona, there is an aspiration to open these facilities in

² Uber made a \$2.8bn loss in 2016 - www.ft.com/content/52b54056-214d-11e7-b7d3-163f5a7f229c?mhq5j=e5 via

³ http://www.slate.com/articles/business/moneybox/2017/02/why_uber_may_never_reform_itself.html

⁴ <http://www.ecosystem.scot/organisations/united-kingdom/highland/wick/workspaces/maklab-north/>

every neighbourhood to encourage a ‘second renaissance’ where various skills and interests are combined at a local level⁵.

What might/can the government do?

There are three key actions the government could explore to capitalise on the potential of the collaborative economy:

1. Explore tax/welfare options that will encourage collaborative economy activity by producers and consumers without encouraging the negative aspects of the ‘gig economy.’ For example, a yearly ‘collaborative’ income allowance for earnings made through pro-social collaborative economy activity over and above principal earnings or welfare income.
2. Improve digital literacy amongst disadvantaged groups in order that the benefits of the collaborative economy are not inequitably shared.
3. Provide a public fund for promising community-based platforms to explore sustainable business models. Open-source findings from platform experimentation to produce a cumulative knowledge base for nascent platforms.

⁵ <http://lameva.barcelona.cat/bcnmetropolis/en/dossier/dels-fab-labs-a-les-fab-cities/>