

Closed-Door Discussion on The Sharing Economy in Singapore

Friday, 24 February 2017
Seminar Room 2-3, Level 2, Manasseh Meyer

PANEL 1
Embracing the Sharing Economy

PRESENTATION BY

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on
The Sharing Economy in Singapore**

Embracing the Sharing Economy

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Agenda

- Characteristics of the sharing economy
- Benefits to Singapore
- Risks and concerns
- Proposed regulatory approach
- Ideas for moving forward

Transportation



Finance



Consumer goods



Space



Personal services



Professional services



Definitions

Sharing Economy: A system in which **people rent, borrow, or share commodities, services, and resources** owned by individuals, usually with the aid of **online technology**, in an effort to save money, cut costs, and reduce waste.

- *Dictionary.com*

Collaborative Economy: An economic system of **decentralized networks** and marketplaces that unlocks the value of **underused assets** by matching needs and haves, in ways that bypass traditional middlemen.

- *Rachel Botsman*

Gig Economy: A way of working that is based on people having **temporary jobs** or doing **separate pieces of work**, each paid separately, rather than working for an employer

- *Cambridge English Dictionary*

THE INDEPENDENT WORKFORCE



The **DEFINING FEATURES** of **INDEPENDENT WORK**:

High level of control
and autonomy

Payment by task,
assignment, or sales

Short-term duration



 In the United States and the EU-15¹

Independent workers make up
20–30%
of the working age population

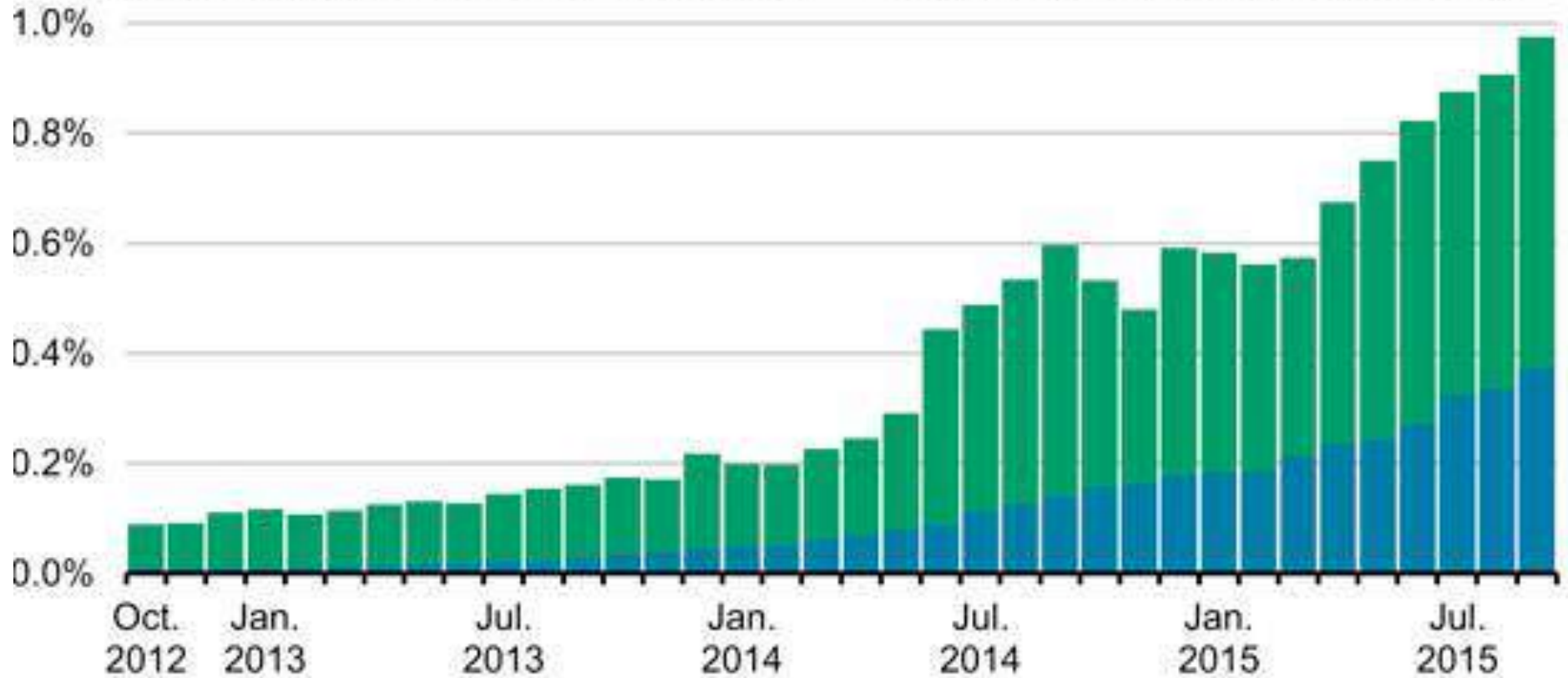
this is up to **162 million** people

Independent Work: Choice, Necessity & the Gig Economy
- McKinsey, Oct 2016

Gig Growth

Share of U.S. adults earning income in a given month via online platforms, often referred to as the gig or sharing economy.

■ Labor platform (such as Uber, TaskRabbit) ■ Capital platform (such as Airbnb, eBay)

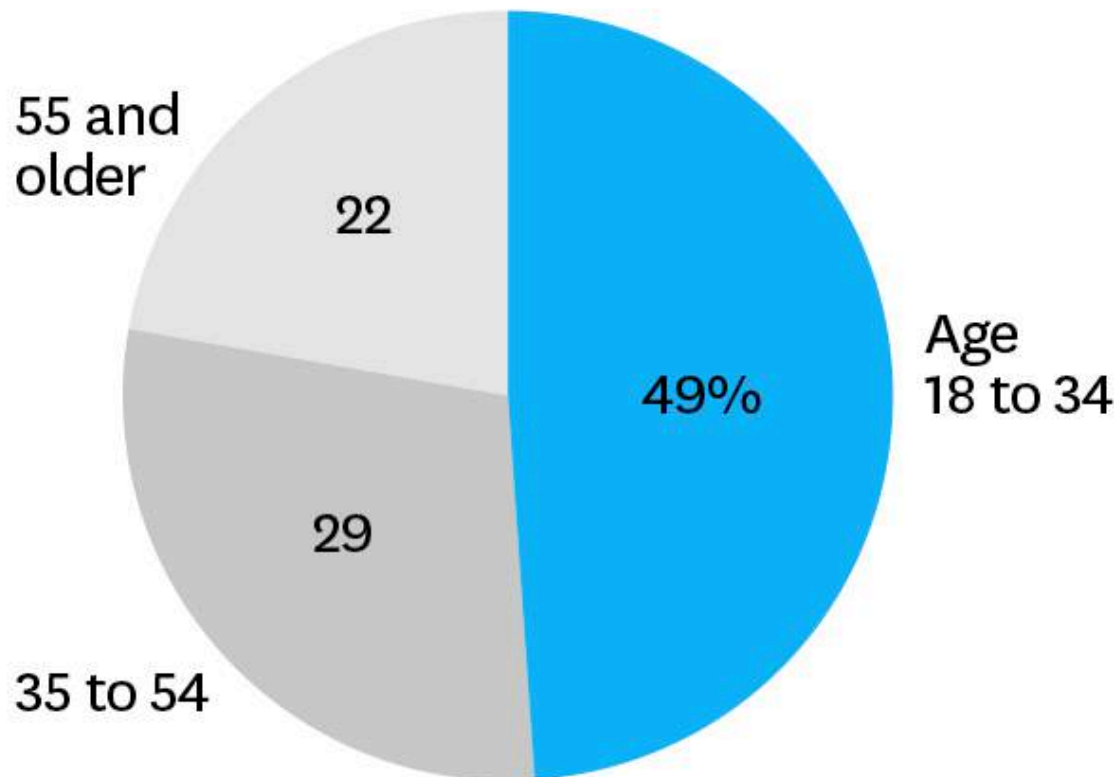


Source: JPMorgan Chase Institute | WSJ.com

Sharing economy projected to be worth US\$335 billion by 2025 - PwC

On-Demand Economy Consumers by Age Group

Millennials make up nearly half of on-demand consumers.



PwC Survey on US adults

72% have used some type of sharing or on-demand service

- 86% - makes life more affordable
 - 83% - makes life more convenient and efficient
 - 76% - better for the environment
 - 78% - builds a stronger community
 - 63% - more fun than engaging with traditional companies
 - 81% - less expensive to share goods than to own them
-
- 64% - peer regulation is more important than government regulation

Source - The Sharing Economy PwC 2016

Independent workers report higher levels of satisfaction on many aspects of their work life than traditional workers

Aspects cited:

- Nature of work
- Flexible hours & location
- Creativity
- Independence
- Empowerment
- Opportunities
- Income level



*Independent Work: Choice, Necessity, and the Gig Economy
- Mckinsey Global Institute, Oct 2016*

‘Passengers happier with Uber, Grab than cabs’

Private-hire services fare better than taxis in customer satisfaction survey

Adrian Lim

Passengers are more satisfied with private-hire car services than taxis, according to a Public Transport Council (PTC) survey.

The poll, conducted in August, found that private-hire services such as Uber and Grab were given a satisfaction mean score of 7.9 out of 10, while taxis received a score of 7.5.

The results, released by PTC yesterday, showed private-hire services fared better than taxis in all comparable categories, such as waiting times, ease of booking, information on services, and ride comfort. Grab and Uber also fared better than taxis in drivers' knowledge of routes, customer service provided by the driver, and safety.

A total of 1,526 passengers, aged 15 years and older, were asked to rate their satisfaction levels on a scale from 1 to 10. A rating of 1 would indicate they were very dissatisfied while a 10 rating would mean they were very satisfied.

Overall satisfaction scores are derived from weighting these attributes, based on the importance respondents gave to each one.

Passengers were most satisfied with safety for both cabs and private-hire cars – although private-hire services scored higher at 8.2, compared with 7.8 for taxis.

The gap between private-hire

services and taxis was the widest in terms of their ease of booking – Grab and Uber scored 8.1 versus a rating of 7.2 for taxis.

Assistant Professor Yang Nan, from the National University of Singapore Business School's strategy and policy department, said: "The results show that mobile technologies indeed improve commuting experiences."

As for Uber and Grab outperforming taxis in customer service – 7.6 compared with 7.2 – Prof Yang attributed this to driver ratings systems and ratings-based incentives found in private-hire apps.

PTC chairman Richard Magnus said disruptors have caused an upheaval in the industry. "Taxi firms and taxi drivers have responded by upping their game and raising their service standards. Commuters have benefited from this competition," he wrote in a blog post.

When asked to compare the overall quality of taxi services compared with a year ago, 56 per cent said it has become better, 41 per cent said it is the same, while 3 per cent said it is worse now.

About half of all rides taken by respondents over a seven-day period were in private-hire cars, the other half in cabs, the study found. PTC said taxi ridership has fallen from an average daily ridership of 967,000 in 2013 to 954,000 last year.

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Straits Times 14 Feb 2017

	Private hire cars	Taxis
Safety	8.2	7.8
Ease of booking	8.1	7.2
Customer service	7.6	7.2
Overall Satisfaction	7.9	7.5

Scores out of 10

Survey of 1,526 passengers, aged 15 and older conducted in Aug 2016, commissioned by the Public Transport Council (PTC)

Independent Work May Generate Significant Benefits

- Raise GDP
 - Increasing labor force participation and hours worked for the underemployed
 - Providing work for the unemployed
 - Increasing capital productivity
 - Increasing labor productivity
 - Stimulating consumption
- Create efficiencies and strategic advantages for companies and organizations
- Create consumer surplus
- Potentially improve worker satisfaction

But need to address income protection, social safety net gaps, administrative hurdles, and legal recourse

Why is the Sharing Economy Ideal for Singapore?

- Highly urbanised city state, compact, dense population → critical mass for efficient matching of supply and demand
- Excellent ICT infrastructure - broadband, wifi, smart phones
- Tech savvy population
- Fast-paced urban work life, high demand for services
- High income, ability and willingness to pay

Transaction Level Benefits

Consumers

- Needs met in a more affordable, convenient and fun way

Providers

- Supplemental source of income
- Flexible work schedule - do as much as you want/need to
- Monetisation of owned assets, skills and free time

Enablers (Platforms)

- Highly scalable business
- Platform for new data-driven business opportunities

System Level Benefits

Economic Benefits

- Contributes to the economy
- Enables greater productivity
 - Better utilisation of existing assets
 - More efficient matching of supply and demand
- Acts as buffer for demand peaks eg. hotel rooms during F1
- Provides a great platform for entrepreneurship
 - Citizens as micro-preneurs
 - Opportunities for startups

System Level Benefits

Societal Benefits

- Environmentally friendly
 - Less wastage
 - Less travel, fewer trips, → lower emissions
 - Supports car-lite vision
- Suitable for seniors, promotes active aging
- Source of income for retirees
- Source of rich social experiences (eg. meeting people)
- Promotes better social responsibility and better tolerance (through being both provider and consumer of services)
- Promotes good behavior (through reviews - reputation is the currency of the sharing economy)
- Encourages an experimental innovative mindset

Risks & Concerns

- Danger, safety
- Level playing field vs regulated operators eg. taxis
- Use of shared resources eg. condo facilities
- Disruption of incumbent businesses?
- Chaos and confusion?
- Tax evasion?

Proposed Regulatory Approach

- Light touch, encourage and facilitate self regulation
- Focus on how to enable rather than how to control
- Ensure a fair playing field and let competitive forces determine the winners
- Err on the side of liberality, not caution - learn from mistakes rather than avoid mistakes
- Learn from the experiences in other countries eg. London, Amsterdam, Seoul

PwC study: 2 out of 3 think peer regulation works and is more important than government regulation

AMSTERDAM SHARING CITY

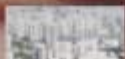


Sharing is the way of life for sustainable tomorrow

Share Hub is a project that curates various sharing culture information, and connects individuals and groups interested in better sharing. Share Hub is powered by Creative Commons Korea, supported by Seoul City according to "Seoul Metropolitan Government Act for Promoting Sharing."



Food Sharing Cases in Seoul



The proliferation of a sharing culture in Seoul's apartments

Nesta.. Search Nesta Menu

AREAS OF WORK

- Citizen engagement in public services** (Icon: interlocking geometric shapes)
- Digital arts and media** (Icon: lightning bolt)
- Future thinking** (Icon: stylized figure)
- Government innovation** (Icon: staircase)
- Health and ageing** (Icon: heart with pulse line)
- Impact investment** (Icon: cross)

Ideas for Moving Forward

- Embrace the vision of a sharing economy for Singapore
- Set up an office to promote and support sharing economy projects and activities
- Develop solutions for common issues - liability insurance, dispute resolution, training, certification etc.
- Implement light touch regulations in key sectors such as transport, logistics and housing
- Share government data with companies to help them build their business models

Ideas for Moving Forward

- Lead by example: Government agencies to open up assets for sharing – meeting rooms, office space, equipment etc
- Welcome startups to provide platforms & services
- Build up a knowledge base on the sharing economy
- Undertake research projects in consumer behavior, social and community impact, risk analysis
- Promote the sharing of best practices

Maverick mindset needed in public sector more than ever

Straits Times 21 Jan 2017



“This is where ministers and permanent secretaries would do well to give officers the confidence that they will be supported if they try new things with good judgment and the best of intentions, even if things do not turn out well.”

- PM Lee

In an age of disruption, the second wind for the Singapore economy will come if its people are innovative and enterprising enough to compete with the world's best, such as start-ups in Silicon Valley.

Committee for the Future Economy

“For the committee's vision to be realised, both the Government and individual enterprises have to shift mindsets and be willing to bear more risk.

We are going to have to be **bold enough to try out new ideas**. Some will succeed, some may not, in which case we will have to course-correct and be prepared to reallocate the resources to areas that work.”



S Iswaran
Minister for Trade &
Industry
(ST 10 Feb 2017)

Conclusion

- The sharing economy has far reaching economic & societal consequences for the future
- Singapore is well placed to benefit significantly in this new economic landscape
- It addresses many of our challenges and aspirations – productivity improvement, environmental sustainability, aging population, car-lite vision, entrepreneurship etc
- It is in line with the national vision of creating opportunities and supporting strong communities
- We have the capability to become a leader in this space and a case study for the world!

Thank you



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