Technology Management of Capital Assets and Risks in the Service Sharing Economy: Cases of Uberization of Crowdfunding and Transportation in Mexico

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Abstract—**Firms such as AirBnB, Uber, Blablacar have platforms for connecting owners of underused assets with clients through, the internet, thus allowing people to rent out their spare rooms, or book relay rides by acting as matchmakers, allocating resources where they are needed and charging a percentage of the cost in return.**

This phenomenon could be regarded from the point of view of: 1) Internet technology evolution from a network of computers to a network of people devoted to sharing their knowledge and user experience, coming further, as the Internet of Things (IoT), and 2) as part of the increasing involvement of the user (consumer/client) in production and innovation processes.

These approaches allow us to analyze service-user Platform firms according to the different kinds of specific assets distribution and risks. The new organization is based on internet platform tools which integrate information, machinery, energy, and science, and costumer collaboration. We conclude that there are large profits for those firms based on platforms, as there are not yet any counterbalances through competition, posing the question about the needed or not of technology management regulation during this phase of service sharing economy. A selection of 17 service platform firms in Mexico involved in transportation and crowd funding are described on the basis of their business model, the market and the distribution of assets and income.

I. Introduction

The objective of this paper is to propose an economic approach to look at services which are linked through a TIC Platform which is the marketplace that connects app developers and iPhone owners [1].

Thus, a specific Platform matches both the participation of the producer of the service to the customer.

From this point of view, the aim is to characterize the relationships between users (customer/client) and providers within production, looking mainly 1) at the diminishing of costs and transaction costs, and externalities (network effects) 2) the distribution of capital assets, and 3) the concentration-distribution of incomes.

A selection of 17 service platform firms in Mexico are described based on their business model, the market and the distribution of assets and income. The aim is to qualify the social and economic impact of these firms as well as the possibilities of sustainability and growth. The purpose of this paper is to set out a perspective of the distribution of revenue versus its concentration in the platform firms.

II. Literature Review.

Platform firms providing online services enable people to share underused assets such as cars, accommodation, bicycles, household appliances and other items with others willing to pay to use them. The result is known variously as “collaborative consumption”, the “collaborative economy”, and “peer economy”, “access economy or sharing economy [2].

This new way of producing services through the platform represents a fundamental shift in organizational market structures made possible by advances in information technology and communications (ICT).

As part of ICT the most significant moments of recent Internet evolution are [3]:

1983-- Internet is defined by one-way and a relatively low number of content generators, the flow of information activated by the producer to support and direct the choice of a potential buyer. Internet worked for a request-response scheme, the user was looking for something, and then servers returned a response. Internet Web 1.0 exploded by 1995 with search engines and the portals that added and cataloged information.

2003-- Establishment of Web 2.0 and social media, allowing a multiple two-way communications process: producer’s comments, user experiences and the opinions and observations of third parties could now be accessed online. Web2.0 is a “democratization of content, virtually every person with Internet access generates content, from tweets, reviews of books or products in online stores, upload text, photos, videos. This micro interactions change give way to open new windows, mainly with the birth of "social networks". Firms are using social media as places of advertising and finding consumers.

2008— Internet of Things (IoT), content automation and semantic web, where information generators expand further, in multidirectional communication. Smart objects are, therefore, not only the object of communication, but also take on the role

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of protagonist, becoming capable of imparting their name, their position and a whole series of data in relation to the environment in which they find themselves. Any device connected to the internet generates more and more content information that the user has to receive. (E.g. the devices know the habits of the user and automatically suggests you leave and the route before leaving).

These technological changes are managed by the platforms firms in parallel with an evolutionary process which began 1) as the direct relationship between a simple list of posts with requests or provided information on services available and services demanded [4] ; 2) Using internet as a way to demand and generate a system service; 3) The disruptive platform revolution that has transformed Business to Customers (B2C) into digital newcomers who are matching Customer to Customer (C2C or P2P Peer to Peer) networks that have built successful businesses such as AirBnB in hotels, Uber in taxis [5].

Peer economy systems work by exploiting slack hidden capacity in privately owned assets, changing the way of management in three main aspects [1]:

- From resource control to *resource orchestration*: the shift is from controlling scarce and valuable assets (equipment, real estate and intangible assets like intellectual property) to assets coming from the community and the resources of its members own and contribute, be they rooms or cars or ideas and information, that is the network of producers and consumers is the main asset, which is hard to copy.

- From internal production to *external interaction*: traditional firms organize their labor and resources to create value participating in an entire chain of product activities, from materials sourcing to sales and service. Meanwhile, platform firms create value by facilitating interactions between external producers and consumers.

- From a focus on customer value to a focus on *ecosystem value*: value centered on individual customers of products and services moves to the platform dealing with the total value of an expanding ecosystem in a circular, iterative, feedback-driven process.

These new orientations in technology management are deployed in systems like Uber and Airbnb, it is sometimes referred as “Uberization”, meaning that instead of taxi companies used to transport passengers, Uber just connects drivers with passengers; and Airbnb instead of having Hotels to offer hospitality services, just connects hosts with guests. And this list goes on as even Amazon connects booksellers with buyers of used books" [6].

However, there are other views in which “Uber is the exception, not the norm. Uber, but for Uber — and not much else” [4]. The Uber model fits relatively few sector or there are virtually no other major industries where those same characteristics apply to customer experience; high and regulated prices; monopolistic markets; huge numbers of daily users; lack of viable alternatives [7].

There are some other service industries that have already been "uberized” [8]:

1. Housing, renting or purchasing a property is a long and hard process of getting information about the options. So, real estate is changing to process online, using digital platforms to bypass the transaction costs of the real estate broker (and their fees) to contact the renter directly.

2. Automotive Re-Selling, traditionally a face-to-face industry, buying a used car—from negotiating prices, dealing with a salesman, getting the right information, and doing the paperwork. A platform solves many of the inherent issues in the used car market by buying a used car doing a full 185-point inspection, guarantees the quality of the cars listed (Ex. Beepi).

3. Personalized Tasks, some people have a second income performing freelancing services. Companies are also taking advantage of this trend—“ SMBs” can hire with great flexibility and "on demand" through digital marketplaces. Services like “Contently” for writing, “Rev” for transcription, and “SuperTasker” for editing are examples of such P2P marketplaces.

4. Mobile Wireless, could come into an P2P service. Due to technology, we now know where Wi-Fi is most used (metropolitan cities vs. rural suburbs) and where it is most needed (corporate parks at lunchtime). In a demand-generated setting, Wi-Fi services can be concentrated in needed areas and given to those who need it most, for an appropriate price based on willingness and need.

5. Financial Services, can use a P2P marketplace based on collected data points from the user as well as assessment criteria from the lending people (risk, amount, overhead) to determine feasibility.

III. Methodology.

The platform firms can be located in the intersection of two tendencies: 1) The convergences of technology and knowledge services, and 2) the increasing involvement of the user (consumer/client) in the production and the innovation processes.

First considering the dynamics of technology the emerging integrated approach , the interrelationship between technology and services innovations is becoming more important [9] . As a matter of fact there are four convergences, one of Technology [10] and another of Service knowledge; and two interrelated tendencies: Technology-enabled services and Product-Service System, PSS .

These four convergences tendencies are related in different a specific ways to the platform firms depending mainly of the user participation. Services increase their heterogeneity depending on the extent of customer interaction [11]. The innovation strategies are changing from “innovating for customers” to “innovating with customers” and involving those customers in a process of “knowledge co-creation” [12].

Besides this user participation is the growing of the sharing economy, which is gaining ground, fundamentally altering how people own and consume which are divided into three main types [13]:

1) Product service systems, which allow members to share multiple products that are owned by companies or by private persons, like car-sharing services (e.g. Zipcar P2P acquired by Avis; Zilok.com)

2) Redistribution markets, P2P matching or social networks allow the re-ownership of a product (e.g. NeighborGoods.com and thredUP.com.

3) Collaborative lifestyles in which people share similar interests and help each other mostly enabled through digital technology.

Companies can respond to the rise of collaborative consumption by: (1) selling use of a product rather than ownership, (2) supporting customers in their desire to resell goods, (3) exploiting unused resources and capacities, (4) providing repair and maintenance services, (5) using collaborative consumption to target new customers and (6) developing entirely new business models enabled by collaborative consumption [14]. However the main asset that the firms are receiving from the collaborative economy is the network effect (or network externality).

In contrast with the traditional value based on productivity, that is based on the offer, the value of a product or service depends on how many other users there are, therefore is a "demand-side economies of scale" [15].

The capital flow for Platform Firms put into play the following components: 1) The internet service providers. 2) The Platform which control the rules of the service's actors (governance). 3) The providers of the service trough the App. 4) Producer and Consumer who enter into a relationship organized by the platform. And 5) Other ancillary Apps (GPS, Electronic payment, etc.). Fig 1.

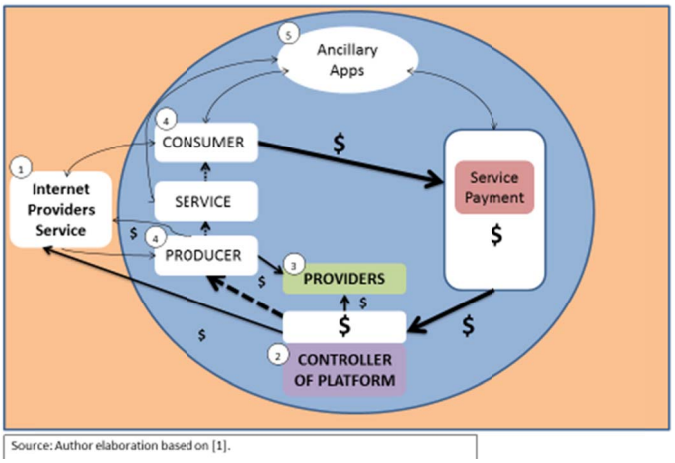


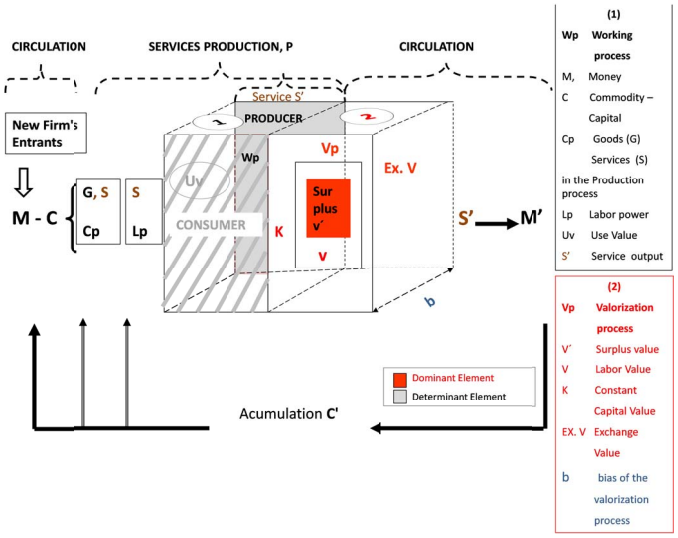
Fig .1. Service Platform Firms. Flow of Value and Resources

The Service with the Platform firm operates in two inherent process: 1) production of the service transforming the inputs (goods, G, and services, S), and Labor power, Lp; both related in a working process, Wp, to generate a Service with user value (Uv) to the consumer. 2) The valorization process in which those inputs (k, for the used capital, Cp) and Labor Value (V) are paid by the user (Exchange value, Ex. V) through the price of the service (S'); which includes a margin (surplus value, v'). Fig2.

It is argue (hypothesis), that the platform firms have an initiating phase with large distribution of benefits, in which the surplus value V`, could be small or even negative (losses). A second phase of consolidated growth can be reached, where profits are mainly accumulated by the Platform Controller (e.g. Uber firm). However, a third phase in which new entrant firms attracted by those large profits, are sharing the market. Then the pioneer firms will try to expand to other markets and implement innovations in order to cope with declining incomes.

Applying the scheme of the Platform firm to Uber, the following analysis can be made (Fig.1 and 2):

The Platform firm (Uber) is in the consolidated phase. This firm allows to relate a Consumer specific demand (transportation need) with the Service Producer offer (Uber Car available which is located nearest to the customer). After a protocol identification of the Driver with the Client -through the Mobil Uber App information-, the working production of the service transportation begins and ends with the arrival of the Client to its destination point (Wp). Then the valorization of it occurs with a payment exchange made automatically by the Platform to the Client's credit card (Exchange Value, Ex V). The price have to be sufficient to pay the drivers fees (Value, V) and the use of capital (the operation costs and the depreciation of the car, k) plus profits (surplus value), that is the valorization process (Vp).



Author elaboration

Fig2 Service production and Value process

IV. Results.

The above scheme is applied to the analysis of selected 17 Platform Firms, PF cases pertaining to transportation (7) and crowdfunding (9) industries. Most of the transport companies are in the consolidated phase (57%), while for crowdfunding firms the majority are in the initial phase (56%), which means a different maturity between those industries in Mexico.

It is described the business model with their inputs and outputs and how the income is distributed and the possible regulations alternatives for each industry, considering some of the variables mentioned before (Tables 1 and 2).

Business Model

In the Transportation industries (Table 1) there are properly 5PF Business model (Table 1a) and 2PFs kind of sharing economy model (6, 7 PF, Table 1b). The PF 8 is not a plain platform it is more an e-commerce rent a car.

In the crowdfunding industry (Table 2) the business model is oriented to P2P (PF 1, 7), to entrepreneurship (PF 2,4, 6), real estate projects (PF 5,8) and one Financing based on factoring (PF 9).

Inputs

- Assets

For the transportation industry, the main capital assets are the value of the cars register on the platform, which are owned by the driver or by a private investor who takes charge of operating and depreciation costs. Therefore the model allows a large distribution of benefits which are discovered and put it into play through a web application, with the objective to be used in a large scale. The capital is obtained from "idle social capacity", as it is based on non-used assets, or by investing buying a car with credit, This means that the assets are put it as capital by its owners (car-Ubers case). Peer economy systems like Uber and AirBnB work by exploiting slack capacity in privately owned goods.

In crowd-funding through the firm's platform connect people who need a loan (PF 1,7), with people looking for investment opportunities either in entrepreneurship (PF 2,4, 6), real estate (PF 5,8) or factoring (PF 9). The social impact is important for SME as it is openning a new way for funding projects (initial phase, see hypothesis).

- Labor Porosity

Mexico's social en economic conditions are such that there are many economically active people without a full employment (porosity of labor time). Therefore, they can work in a PF with flexible time and they have the required skills (particularly for Uber). The drivers with their owned car or without one are students, retired workers, part-time workers, or unemployed. As a result, the metropolitan cities can provide easily offer working time demanded by the PF, providing an opportunity for full or part-time employment.

Output

- Transaction cost, TC

The TCs are decreasing with the use of the platform for the producer and for de client. But when the service demand is going up the platform uses dynamic prices which are inform to the client shifting the extra money to the producer and the platform.

- Quality

The platform's rules for the service producer allow a better quality of the physical conditions of the cars. The means of payment for the service which is charged to a card is easy and better for the client, but not for the drives as they only get their share of the income at the end of the week.

The service product is provided in a competitive way using specialized data and information from the customers and producers to increase quality and lower prices.

For the crowd-funding PF, the quality is a function of the investment firms' selection of projects and the choice and involvement of the investors made by the platform algorithm.

Regulation

- Distribution of Income

For the transportation firms the service charge for each trip is an important share of the total income: from 25% in Uber, 15% Easy taxi, 10% Avant, down to 6% Yaxi (Table 1a). Therefore, these PFs are concentrating a large part of the total income compare with its costs. This is a result of the level of oligopolization of the firm.

- Regulation

In transport the PF compete with the existing conventional taxi services, which are quite highly regulated and require a taxi permit which are difficult to obtain and demand fulfilling a number of formalities. Thus, the PF control the rules for registering these private cars which, with lower transaction costs offer transportation services.

"Instead of adhering to a precise and rigorous code that spells out the rights of customers and the obligations of service providers … platform operators rely on the widely distributed knowledge of participants in a service, hoping that the market will eventually punish those who misbehave" [6]. The lower regulated of the Platform operation is favorable to achieve a "higher sales volume than their competitors, have a lower average cost of doing business, allowing them to reduce prices, which increases volume further, which permits more price cuts— a virtuous feedback loop that produces monopolies" [1]. This positive impact is when the PF reached a "critical mass", the network effects of operating a service that becomes more valuable as more people join it. The PF is disrupting any economic activity through the use of technology "to circumvent unnecessary bureaucracy and legislation" [16].

Dealing with crowd-funding, "Mexico will soon enact an updated securities regulatory regime to embrace internet finance [17]".

V. Conclusions

With the recent upsurge of the platform firms (which can be date after 2008 with the introduction of the Apple's App Store), technology is generating an increase in socialization of production – in terms of workers and capital- but at the same time it is increasing the concentration of income without capital. The workers could also be consumers and the capital is originated through the sharing of private goods.

The main components of the systems for the PF are: 1) The internet operators, 2) The Platform of which control the service, 3) The providers of the service through the App, 4) Producer and Consumer who enter into a relationship organized by the platform, 5) The inputs of production and 6) Other ancillary Apps.

There are two types of PF for the transportation market (private taxi service): 1) an oligopoly of consolidated PF, and 2) new entrants, which are looking ahead trying innovations with their Apps to overcome the barriers of the network's positive effect in the big firms.

In the financial industry in Mexico there is an oligopoly of the predominant big financial corporations, and then there is a marketing space for the new PF firms which are in the phase of introducing an alternative way of financing mainly for SMEs.

Until now there has been no clear way to regulate the PF in order to orient the competition between the traditional firms and the PF. Two criteria must be considered 1) The stage of the evolution of the industry both the incumbent firms and the PF. 2) The nature of the industry market. These two aspects must defined in order to establish how much to support large distribution of income and benefits versus the monopolistic behavior (based on the economic network effect) of profits accumulated largely by the platform controller.

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TABLE. 1A. MEXICO: TRANSPORTATION. PLATFORM FIRMS: BUSINESS MODEL, MARKET AND CAPITAL

Transportation Firm	Firm	Business model	The Platform Intermediation (algoríthm, system, technology)	Market		Who contributes the capital and Takes The Risks	fees cha
1	Uber	Uber is a location-based app that provides hiring a private driver on-demand.	Platform connect a private driver holding driving licence to someone who has a specific transport demand. This is done using data devices: mapping data; register and identification of cars and drivers as well as passangers who have a smartphone. New payment systems are used to make transactions smoother; geolocational sensors which traces	Private driver	passenger	Assests are the private cars register in the platform. The risks diminished trough rules related registration either as a driver or as a pasanger	25% of cc
2	Cabify	Private transport service operated on a platform	Based on passanger demand the platform selects the driver-car through location system, route setting and rate calculation	drivers	People looking for private transportation alternatives	The capital is provided by the private driver cars who takes charge of operating and depretiation costs	Fees a each pr
3	Avant (Mexican Uber)	Private transport model, connects drivers and passengers.	Taxi service is requested through an app. This allows to put in contact to coductores and passengers.	private car cunductors	passenger		Fees comr
4	Yaxi	Private transport model, connects drivers and passengers.	It acts as an intermediary between passengers and taxi drivers through the company's website or with the mobile application	taxi drivers	passenger		Fees comr
5	Easy Taxi	Private transport model, connects drivers and passengers.	It acts as an intermediary between passengers and taxi drivers through the company's website or with the mobile application	taxi drivers	passenger		Fees comr

TABLE. 1B. MEXICO: TRANSPORTATION. PLATFORM FIRMS: BUSINESS MODEL, MARKET AND CAPITAL

Transportation Firm	Firm	Business model	The Platform Intermediation (algoríthm, system, technology)	Market		Who contributes the capital and Takes The Risks	fees and charges
6	Aventones.com (Purchased by Bla Bla Car)	Private cars that make pre-established routes between cities and publish them on the platform offering the seats	The platform locates geographically the routes that the PROVIDER registers and publishes them so that register CONSUMERs book a whole or partial trip.	private car drivers	Users looking for economic sharing transportation alternatives	The capital is povider by the private driver cars who takes charge of operating and depretiation costs	During introduction of the App there is no commision (9-12% of the trip cost in developed countries)
7	Bla Bla Car México, COMUTO SA	Private cars that make pre-established routes between cities and publish them on the platform offering the seats	The platform locates geographically the routes that the CONDUCTORS publish with their available seats. PASSENGERS seek a trip and choose the driver. Travel together and everyone saves money.	private car cunductors	Users looking for economic sharing transportation alternatives	The capital is povider by the private driver cars who takes charge of operating and depretiation costs	During introduction of the App there is no commision (9-12% of the trip cost in developed countries)
8	Carrot, Autos Compartidos de México	**It is not a full platform**: Car rental per hour, day or week. They have cars distributed throughout the city and a system of "cards" with which you unlock the car and you drive it yourself.	The platform locates geographically the availab	Rental Car	Young and adults looking for personal and private transportation alternatives.	Firm's Cars covering the operation costs and depreciation of the cars.	Flexible rates charged to the user

Source: Author elaboration based on Firms' web pages. I would like to thanks Maricarmen Moreno and Diego López of Cepcyt-UNAM for their assistance on this table.

TABLE. 2 MEXICO: CROWDFUNDING. PLATFORM FIRMS: BUSINESS MODEL, MARKET AND CAPITAL

Crowdfunding Firm	Firm	Business model	The Platform Intermediation (algoríthm, system, technology)	Market		Who contributes the capital and Takes The Risks	fees and charges % of Capital
1	Kubo Financiero	Crowdfunding and Peer to Peer (P2P) Lending.	The firm's platafom connect people who need a loan with people looking for investment opportunities. The platfom orderes the investment projects according to risk / profitability, so that the investor can create a diversify portfolio; and the entrepreneur to obtain financing.	people looking for investment opportunities.	people or firms who need a loan	investor. The risk is shared between the investor and the firm	6,50%
2	Fondeadora (Fusioned with Kickstarter)	Crowdfunding for community Social Entrepreneurs projects through Business Simulators, Mentors, Campaigns	Methodology that evaluates and organizes the creative projects according to their feasibility with a deadline and an investor rewards system.	"Investors" invest in a project in exchange of rewards and to being part of a community	Entrepreneurs focused on cultural / creative activities (art, cinema, design)	Investor: Capital risk is low as the decision to invest is informed. The reward for the amount invested is known in advance.	2,45%
3	Mi Cochinito	**It is not a PF**: Teaching crowdfunding, giving mentoring, sensitization Campaigns to Social Entrepreneurs with their communities.	Integration of social initiatives with interested entrepreneurs in the field, validation of the social impact of the project and promotion in social networks	Investors looking for social projects to invest in, in exchange for rewards and joining a community.	Entrepreuners focused on social, cultural impacts and creative endeavors (art, cinema, design)	Investor: Capital risk is low as the decision to invest is informed. The reward for the amount invested is known in advance.	8,50%
4	Play Business	Financing for entrepreneurs	Platform linking investors with entrepreneurs with a project, how much money he needs, the percentage he is willing to pay and the time it will take to develop it. If the project is funded, the investors make the first payment (deposit). The entrepreneur must record his project progress on a monthly basis.	Risk capital Investors, looking for projects to invest in return for a yield	Entrepreneurs looking for financing	Risk taken by the entrepreneur and the investor.	5%
5	Briq Fund	Briq is an intermediary to finance Real Estate projects.	The platform through algorithms calculates the yields. The investors can monitor the progress and yields of each project of the portfolio which are selected and analyzed by an investment committee.	Investors	Real State Developers	Investors and Real State Developers	
6	PitchBull Funding	It brings together SMEs and Entrepreneurs who need financing for expansion projects.	It is a platform linking financial people (persons or financial firms) and credit applicants for expansion projects (SMEs and Entrepreneurs). A risk analysis is done. An auction is presented to the funders, those with the lowest rate is the one chosen by the system.	Investors in SMEs	SMEs with financing projects needs.	Investors and Real State Developers	1%
7	Prestadero, COMMUNITAS AURUM	Loans and credit through a platform	The platform analyzes the applications of the people who need credit, later this information is presented to the investors who decide whether to grant the credit or not. A loan can be financed by several investors. The allocation of interest rates to lenders depends on the level of default risk and the term for which it is requested	Investors	Borrowers	Personal loans with rates from 8.90% per annum	The investor is charged 1% for each payment received
8	Expansive	Demand investments and loans to be offer to projects of Real Estate sector	It allows the collective funding of investors and real estate developers. In the platform the projects are registered and a financial, legal, technical and market evaluation is carried out. If the requirements are meet the investors can find in the platform information about the developer and the catacteristicas of the project.	Investors	Real State Developers	Investors and Real State Developers. Payment to investors is made once the sale of real estate development is completed.	18% yields