Marketplace Risk.

BIG BOOK OF SHARING ECONOMY INSIGHTS

From the top brains and brands shaping the industry.

BIG BOOK OF SHARING ECONOMY INSIGHTS

Smart Advice from Founders, Operators & Experts Leading the Industry

This eBook features experts sharing their real-world experiences and tested strategies on sharing economy topics ranging from digital identity, screening, trust & safety, payments & fraud prevention, data privacy, cybersecurity, regulatory & compliance, legal strategy, product & technology innovation - and everything in between.

About the Sharing Economy Global Summit

The Sharing Economy Global Summit is the most comprehensive source of education, networking, and information exchange for the global sharing economy. Startup founders, operators, and subject matter experts from around the world convene at Lloyd's in London, UK, the world’s business innovation hub, to share strategies and tactics tested and vetted through real-world applications and experiences. This eBook features the best advice shared at the 2022 event.

TABLE OF CONTENTS

Insight NO. 1:

Moving the Planet Towards Autonomy

Goran Dautovic
VP of Public Policy
Project 3 Mobility

Rebecca Marsden
Head of Innovation
Apollo ibott

Marta Ostroumoff
Chief Financial Officer
Oxbotica

We're not just talking about a robot replacing a human driver on a safer road; we're talking about a complete transformation of the mobility environment. The roads will certainly be safer, but we're pushing for a much more significant change. The way people move themselves, move goods, the distribution of the populace, creating the most environmentally friendly method of moving the world. These are all crucial aspects of moving the planet towards autonomy.

The mass adoption of autonomous vehicles (AVs) won't happen overnight. The process is gradual, so we must evolve as a society before we'll see autonomous or self-driving vehicles on our streets. We're likely to see faster adoption in applications such as mining or corporate/college campuses, where the environment is enclosed and not open to the public, and only accessed by trained professionals. In these types of environments, AV adoption will happen sooner, because they are less complex, and AVs have to navigate fewer obstacles and ad-hoc scenarios. AV adoption will happen in sequence, beginning with less complex environments, which will lead to more complex, more public environments, and ultimately, private vehicles.

It's essential to bring regulators and insurers along the journey now, so when the technology and environment are ready, there are regulations and insurance policies to support the industry. To successfully deploy AV, there must be insurance during the trial and deployment phases across different environments. The user shouldn't be responsible for insuring the ride, insurance should be included in the package. It requires an ecosystem of partners within the AV industry who must work together to unleash the benefits of autonomy and create a more sustainable society. We need bespoke insurance solutions that are not tied to the confines of the traditional motor vehicle environment. Ultimately, insurers must distinguish between a good AV risk and a bad AV risk. And to do so, we must adopt data-driven underwriting. This is the only way robust insurance will underpin this sector.

Insight NO. 2:

Lessons From Starting a Marketplace

Gabriel Isserlis
CEO & founder
Tutti

I enrolled in film school to escape my family's music tradition of four generations. When that wasn't a fit, I switched to programming, which also didn't work out. So I left university to figure out what to do with my life. What I found was that my combination of experiences gave me a unique perspective. I understood music and film and the problems people in these industries face. I realized I could apply technology to help.

Tutti is essentially Airbnb for creative spaces. We help people find and book amazing locations for film shoots, photo shoots, rehearsals, recordings, performances, and anything creative. These spaces can be any kind of place. They can be studios, houses, churches, theaters, warehouses, and boats. I think we have a park in Kent.

The original concept for Tutti was nothing like it is today. At first, it was the Internet Movie Database (IMDb) for music, but I later found out that was already done. So I began developing ideas that would be useful to people. I almost gave up in 2017, but luckily I had a co-founder who said, "All your ideas are good, you just have to figure out how to start them." So I kept going and eventually became part of an incubator called the Founder Institute. They help people with ideas start a company. They worked with me to boil it down to three ideas. I can't remember what they were, but one of them was an Airbnb for music rehearsal spaces. People kept saying it was a great idea. So I started it.

I graduated from the Founder Institute in May 2018. My MVP launched in October 2018. During that time in between, I had to build an MVP. I tried to build it in HubSpot, from scratch, and on Squarespace. Nothing worked. On October 30, my friend texted me and wrote, "Hey, have you heard of Sharetribe?" And I looked it up and I was like, oh, a white-label marketplace. I built it on Halloween in four hours. And we were live with our first venue in a few hours.

Insight NO. 3:

Redefining Mobility—Inventing a Marketplace

Xavier Collins
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Turo

Turo is the world's largest car-sharing marketplace, where you can book any car you want, wherever you want it, from a vibrant community of trusted hosts across the UK, US, Canada, and France. You can use it to share your car with others when you don't need it. The notion of sharing a vehicle with a stranger is still viewed as riskier than sharing a dwelling. For many years, this has been Turo's greatest challenge. We must confront it and re-frame it to explain what it means to be part of the sharing economy.

Turo is a two-sided marketplace, people who access vehicles, and people who loan their vehicles. So if we can unlock value for those two different classes of users, people will use the product. For hosts, we have to create a super simple, easy-to-use, trusted, safe insured marketplace where they can rent out their asset and make money from it. For guests, it should be as easy as taking a photo, pushing a button, and accessing a vehicle. Traditional car rental faces challenges. The paperwork dismays consumers, the time waiting in line, and the confusion about the different protection plans. And you often don't get the car you want because it's already rented. Tapping into consumer-owned vehicles presents a tremendous opportunity.

I was fortunate to be early at Uber, and had the opportunity to work on delivery services. People initially thought the idea was impossible. So how did we fix that? We had to frame the problem first on the supply side. The first part of any marketplace is that you have to build a high-quality supply. It's absolutely the key. So when someone opens the app, they see high-quality, trusted hosts, services, or items. Insurance is the key to our platform, which enables our defense. In terms of the company's costs, it's really insurance and marketing.

Our growth as a company and our focus on internal learning have enabled us to better understand risks and work with our global insurers to get the best prices for both of us. Scale enables you to become more intelligent. When you get more data points, you start seeing the same problems again and again, it unlocks pattern recognition. You can build better insurance solutions with pattern recognition.

Insight NO. 4:

Can The Sharing Economy Solve the Carbon Problem?

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Can the sharing economy reduce carbon emissions? The answer is absolutely. The sharing economy is a key part of the solution to reducing carbon emissions. By 2030, we need to reduce carbon by 50 to 60%, according to current targets. These are huge figures in a short period. How do we accomplish this?

First, we look at the world as a whole, which averages 2.3 tonnes per person. Then countries, next are cities/regions, and finally people. Every one of us has a personal carbon footprint, like the UK's 8.5 tonnes per person. We've found in our analysis that the larger the income, the greater the carbon footprint. The biggest drivers of emissions are small groups of high-income people. The richest 10% drive over 50% of emissions. In the UK, it's the top two deciles, which is about four and a half million households, driving over 50% of the emissions.

We often think of the sharing economy as offering cost-effective solutions, and it does, but it's important to engage these higher-spending groups. It comes down to transport, travel, homes, food consumption, clothing, and other things that people with higher incomes consume. Several studies boil it down to use-per-item. The more items you have, the less time you have per individual item, resulting in less utilization. The people buying the most are high-income, but they just don't have the time to use it all. The idea is to increase the amount of use per item. But sharing doesn't always work. If you've got something like a private jet, it actually works in reverse. The more it's used, the worse its carbon footprint becomes.

Looking at these sectors, the heavy carbon-intensive flights, transportation, homes, fashion, and food consumption, there's a tremendous opportunity. To solve the environmental crisis, consumption of these items must change and reduce significantly. There are several companies in the sharing economy emerging to address these issues. We're at an inflection point where the sharing economy must become the dominant model. If you look at the pure hard data, it's a far more sustainable model, it's simply the only way forward.

Insight NO. 5:

From Craigslist to Regulated B2B Markeplaces

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Craigslist paved the way for today's modern marketplaces and social networks. It was essentially a digital version of the Yellow Pages with data listings and information. It had no validation, no guarantees, and no user accounts. Back then, it was the only place to connect directly online with people in your community about items and services. It was the spark that ignited the sharing economy that we see today, along with other digital business and networking models.

From Craigslist sprung a host of niche-focused platforms, Amazon is the best example. Initially, Amazon was about books. This hyper-focus on a single type of item meant a lot of effort was made to improve search listings and facilitate discovery. It also introduced the paid transaction model. We refer to this as the e-commerce era. There were also users, so basic validation and reviews became popular. Between 2000 and 2010, after regulating product marketplaces, we entered the managed marketplace era and began seeing service marketplaces like Airbnb and Uber. What happened in this era? First, we have an on-boarding process for marketplace participants. We're also beginning to see automatic matchmaking for products and services that are consistent with user searches or profile data. Finally, we begin to see more government regulations.

We've reached our current position on the timeline, the B2B marketplace era. It involves established industrial companies estimated at $16 trillion USD, 95% of which are still offline. According to McKinsey, 30% of the global economy will move towards digital platform business models in the next five to six years. The marketplace ecosystem is ready to take this on. We already have insurance, banking, government regulators, suppliers, and other key stakeholders. Today, complexity is rapidly growing. With a sophisticated and diverse transactional environment and a complex regulatory environment. When building a marketplace now, the most difficult aspects are learning what you want to build and run, and ensuring you comply with growing regulations. With advances and new tools, such as visual development, there are fewer technology barriers today.

Insight NO. 6:

On-Demand Vs. Embedded Marketplace Insurance

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It's important to define embedded vs. on-demand insurance. Embedded insurance is any insurance purchased within the commercial transaction of another product or service. An on-demand insurance plan allows you to turn on and off coverage and pay for a policy only when you need it. One disadvantage of the embedded model is that it can lead to duplication of insurance. This happens when you pay more for a product or service because insurance is embedded, but you don't need to pay for it, as there's a law that already covers you for damages. On-demand insurance offers a clear advantage here because it allows someone to top up on an as-needed basis.

With on-demand insurance models, you must strike the right balance between price and coverage. For example, if you rent out a house, guests can choose whether they want insurance to cover damages. If it's too expensive, most will opt out, putting you at greater risk. In the early days of micromobility, insurance only covered incidents involving scooter malfunctions or operator failure. There was no coverage for accidents, say to pedestrians, that was a gap. In Europe, regulations have since forced third-party insurance for accidents caused by scooters and riders.

California recently passed Assembly Bill 371. I negotiated with lawmakers to create a hybrid model for California that allows embedded insurance and on-demand insurance options. As language is written now, a rider must have coverage, rather than the carrier maintaining coverage as an embedded product. This means we can create an embedded product, or we can also offer an on-demand one where the insurance is optional on the app. Even though they initially demanded $1 million in coverage for riders in California, they later adopted our $10,000 model after we got involved with lawmakers in Cincinnati. It's a prime example of how important it is to participate in regulations that affect your business.

An excellent example of an on-demand insurance product is the service-sharing sector - house painters, cleaners, plumbers, etc. There are hundreds of these platforms, and service provider insurance requirements are drastically different across them. Offering on-demand insurance is a huge advantage for service providers, and is also beneficial to the consumer. To continue to prosper, tailor-made embedded and on-demand insurance solutions are essential for the sharing economy.

Insight NO. 7:

Proactive Trust & Safety With Wonolo

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In 2014, Wonolo's founders noticed a gap in staffing services for front-line laborers and workers. The focus is primarily on light industrial warehousing and retail for large companies with unexpected demand fluctuations that require rapid on-demand fulfillment. An additional benefit was the online format, which led to a more equitable approach in which workers could go online to find these jobs. By removing the burden of sourcing and interviewing, Wonolo helps companies connect with experienced workers in minutes. Fun fact: Wonolo stands for "work now locally." To date, we've completed millions of jobs on our platform, including hundreds of millions of payments to workers or "Wonoloers," as we call them.

Over time, we saw that our platform's ability to pay for jobs quickly gave workers back power, but we also discovered risks associated with these benefits. We began to see an increase in incident reports, such as workplace safety concerns and inaccurate time reports. To address the problem, we formed a trust & safety group within the support organization. And, when we hit scale in 2020, we decided to invest proactively in trust & safety. Most organizations experience a significant issue and then start paying attention to trust & safety, which had not yet happened, so you could say we were ahead of the curve.

We've seen two primary categories: incidents that happen on the job and incidents of fraud. Identifying these behaviors and figuring out how to address them before they happen has been a rewarding experience for us. We've already seen some impressive improvements in our incident reports. We reach out to workers when we see something off track. We let them know we saw the behavior, coach them on how to fix it, and let them know that we want to see them succeed. You can't prevent 100% of incidents, but if you're better at detecting certain signals, and if you have someone on staff analyze patterns and report if something is going on, you can prevent a serious incident and avoid a painful customer experience. We're proactive because it's crucial for us to maintain and grow our customer base. For every five customers who contact you with concerns, there are five others who don't bother and will churn in the service industry.

Insight NO. 8:

The Intersection of AI and Privacy Laws

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Every marketplace platform is essentially artificial intelligence (AI). Because the definition of AI is extremely broad, it's basically defined as software. When you talk about the use of AI and the regulations around it, you must consider privacy law. Why? Because privacy law deals with data, and how it's managed, along with employees, contractors, and much more. We've got to look at AI as a new set of draft regulations. And it's not just one model. There's a UK approach, a US approach, and several other approaches to how these regulations will work. And depending on which approach is taken, there may be more or less of an impact on your marketplace business model.

There are currently two AI regulatory approaches emerging. One in Europe, similar to the Directive on medical devices, where AI developers have many requirements. And an American model, which is somewhat in line with the UK approach. In the US model, they don't necessarily care how you build it, it's what the goals and effects of this product are once it hits the market. So one model is a go-to-market regulation, and the other is about market participation. If you're dealing with a go-to-market regulation, you may need platform certifications. If you look at the way the US deals with effects-based regulation, privacy, and anti-discrimination laws will dictate AI use. There's a convergence between privacy laws, such as GDPR, and AI regulations. The Digital Services Act (DSA) and the Digital Markets Act (DMA) will also play a role. For compliance with the DSA, you'll need AI, because at scale you won't be able to manage its requirements without it. Whether it's content moderation or platform analysis.

You also have AI-solely automated processing. In general, it's the automated processing of data related to an identifiable individual, not an identified person. This is something directly covered by the GDPR. There will be tension between the DSA, the GDPR, and AI regulations based on competing legislative priorities. It's crucial to get involved now, before the regulations are introduced, to influence them, especially for startups in emerging sharing economy markets. Don't do what Microsoft has done, and wait until you're already too big and the rules are defined before getting involved.

Insight NO. 9:

Co-creating Marketplace Insurance Solutions

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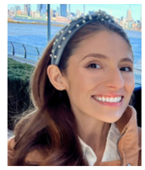

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In the past, underwriters dominated the insurance world. Only they were allowed to speak with clients and make decisions. This scenario has changed. Due to technology, insurance decisions are becoming more complex and involve more parties. While underwriters still play an important role, they must rely on a team of experts to provide the data and information needed to prepare the appropriate insurance coverage for customers.

Historically, the insurance industry has forced new markets into existing insurance models, rather than adapting insurance to them. When we work with companies in the sharing economy, such as scooter rentals, delivery services, car sharing, home rentals, etc., we can see different patterns and trends in the data. This allows us to develop insurance products in various formats. Those operating in sharing and marketplace economies can proactively create insurance products that offer ideal protection at optimal costs. For example, if you insure a global digital business, they can contact you and ask you to insure them in 25 new countries within a month. To achieve this as an underwriter, you need to collaborate with actuaries, brokers, data scientists, risk managers, and others who can help guide you, educate you, and support you throughout the process.

Clients retain more of their risk these days, resulting in fewer conflicts of interest. Insurers are still important, but companies are increasingly proactive by investing in risk management programs and resources. As a result, we can work together more than ever before to drive down insurance premiums. For example, a company can raise the minimum age of drivers from 18 to 21 years or take other measures. In this way, insurance premiums and risks can be reduced.

Selling as much insurance as possible has been the norm in the insurance industry when coping with risk transfer. Even going as far as to claim, 'Have you heard about the $3 billion award?'. A more open approach is beneficial to clients, enabling them to understand the cost of risk transfer, and to generate suggestions for reducing business risk. Insurance is one of the greatest challenges for marketplaces, but it may also be the key to unlocking business growth if you work with the right insurance partner and allow both subject matter and data experts to advise you.

Insight NO. 10:

Dynamic Marketplace Registration and Onboarding

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People don't stick around if the registration process is too difficult. We've been able to cut dropout rates by collecting less information at the initial registration phase and moving additional requirements to post-registration. When we first released the Tasker app, we required all data immediately. Without profile pictures, maps, and hourly wages, among other things, people couldn't log in. If someone doesn't understand the app or its value proposition, collecting a lot of data at the start is challenging. We've seen a significant increase in conversions, because we allow people to complete the steps at their own pace. However, it's crucial to clearly communicate all the steps required to complete registration at the beginning. A recent approach is to emphasize the value of the platform by showing users what they could earn. In addition, we offer first-task incentives to keep them engaged throughout the onboarding process. This encourages them to know that if they complete all steps and get on the platform, they'll be rewarded with a bonus for completing their first task.

Seven years ago, Encore was founded. We initially focused on amateur musicians and college students who filled in for orchestras at the last minute. We signed up as many of these people as possible. To raise capital, we pitched to investors that musicians were attracted to Encore organically, and we hadn't even driven demand yet. We switched to quality over quantity later. Musicians are now required to submit as many videos of themselves performing as possible. We developed a scoring system from one to five, with a normal bell curve distribution. Those who score three and above are shown on the platform, and fours and fives are boosted in search.

Although we're careful to register high-quality musicians, gathering supplier data is difficult. They may have just heard of your platform and are unsure if it's worth their time. So we've gamified it. There's a progress bar, and we inform musicians that they're gig-ready if they reach a certain percentage. It's been effective, but our team still has to nudge musicians toward completion. If a skilled supplier joins, we do most of the process for them, because it's worth the investment to onboard a great band quickly. We also enable a non-linear approach, allowing musicians to jump between different phases, which is beneficial. It requires some human touch. Whether it's a phone call or an in-app message, it's important to encourage people to finish registration. You must engage them and build a relationship with them to complete the steps.

Insight NO. 11:

Navigating Marketplace Global Tax Regulations

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Why do tax authorities look to platforms? Tax laws are complicated, evolving, and sellers are often non-compliant. Therefore, marketplaces are used to reach those sellers. It's easier for tax authorities to pursue a single person, a platform operator or a marketplace operator, rather than several independent vendors of different sizes. If you ask different platform and marketplace operators what their role is in terms of taxes, you'll get different answers. Some will say: "We're the principle," others will say, "There are many providers of facilitation services, we're an intermediary.

Many marketplaces are global, so tax authorities have decided to exert more power over the sellers. The payment of taxes by foreign sellers can be enforced by marketplaces in their countries. The EU currently has a large value-added tax (VAT) gap of 134 billion euros. Tax authorities are therefore working hard to close this gap. Public finances are currently under pressure, so they want to collect as much tax as possible.

In addition to being a direction of travel, the Organization for Economic Co-operation and Development (OECD) has recommended that marketplaces and platforms are one of the solutions to simplify tax collection. The OECD suggests that the impact of taxing platform sellers in the sharing and gig economy should be avoided in a way that doesn’t place unreasonable burdens on them, their platforms or the tax authorities. As a result, the burden is now falling on platforms themselves. In the UK and Germany, they had a model where the marketplace and the customer/end users were jointly responsible for taxes, but there were issues with the customers not registering.

So the model we're now moving towards is full liability for marketplaces. With the OECD, we’re seeing more standardization of reporting, and data collected at a global level, that’s being agreed to by hundreds of individual tax authorities worldwide. Going forward, when a marketplace reports to one tax authority, that authority will disclose that information to every other tax authority around the world. This worldwide visibility of every seller and marketplace, their revenue, margins, fees, and individual transactions is a game changer. It will also alter how tax authorities target order assessments.

Today, we have the DAC7, an EU tax directive, which requires digital platform operators in the EU to report revenue, personal, and business information about their providers to tax authorities once a year. It is the sixth amendment to the EU's Directive on Administrative Cooperation in the field of taxation.

Insight NO. 12:

Marketplace Government Relations are Key to Growth

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To ensure that governments and local authorities understand our business models when considering both changes in legislation and taxation, as well as opportunities, it's critical that we maintain a consistent and persistent focus on communication. We believe that conversations from all startups, no matter how small, are essential to ensure that government authorities recognize the consequences of their actions. Governments often have the impression that they are simply collecting taxes on certain platforms, but in reality their policies could have serious environmental consequences, because sharing economy marketplaces cannot do as much good. That's what we want them to realize, so it's crucial that all voices are heard.

The government wants to understand the impact, but it doesn't know who to contact or how to reach out. We use these groups to give examples. One example, the pandemic arrived in March 2020. Government instructions were to stay at home, avoid public transportation, avoid sharing vehicles. What they overlooked is that over two and a half million people relied on sharing vehicles to get to work, and were subsequently forbidden from doing so. Many of these individuals were essential workers. After this escalated, we were able to communicate with local officials and update the government website to say, "You can share a car if it is essential to go to work." Unfortunately, the bus lobby remains incredibly powerful, and they were able to obtain a lot of funding. According to the data, car sharing has decreased 48% since before the pandemic. So that one shift in policy has had a massive impact.

Due to the time and resources it takes to make an impact, we've learned to be very focused. For example, 12 years ago, emissions from commuting were reduced to Level Three, we're working to reverse this policy. Through my work with CBI, I have learned that it takes a long time to understand who is who in government and how it works, what their different agendas and motivations are, from civil servants to department heads to members of Parliament. Data is also crucial. The more data we have on how the sharing economy impacts the environment and other factors, the more effective the argument is. Today, that data is lacking, so as an industry, it's something we need to focus on improving.

Insight NO. 13:

Building Cybersecurity into Your Platform

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Cybersecurity is often seen as a technical problem, where software is the answer, rather than a company culture issue. Every level, from top to bottom, should be concerned about the protection of your assets. It's not enough to think of security as a single-point solution. Instead, it should be viewed as an ongoing process. It's not owned by a single department, it's owned by everyone.

There's no risk-free status with cybersecurity. There's always a certain level of cyber risk, it's about how comfortable you are with this knowledge, either absorbing it, dealing with it, or mitigating it. Awareness equips you with a stronger security posture. It's never too early to implement cybersecurity measures, because the later you leave things, the more complicated and costly they become. It's far more difficult and expensive to fix vulnerabilities later in the process. According to an IBM study, solving security problems once they've impacted people's real data costs 100 times more than with dummy data during development. A good approach is to identify problems before fraudsters do. For example, with a controlled hack, you can try to detect vulnerabilities in your system or platform and fix them before they're found.

Secure access codes are a common challenge for marketplaces. Not only are they difficult to develop, but it's also tricky to find vulnerabilities within them. People shouldn't be able to see or use data they're not authorized to access, either horizontally or vertically. With almost every penetration test we do, there's a problem with insecure or improper access controls.

With news-breaking hacks these days, social engineering is almost always involved. In other words, somebody calling your company or organization, and pretending to be someone else to commit a crime. These types of crimes have become commonplace in our modern society. As a result, if people don't pay attention to these issues as they design their code or train their teams, they might be paving the way for a harmful character to enter.

Insight NO. 14:

AI & Data Are Transforming Marketplace Insurance


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CONNECTED Insurance

There are two problems that the micro-mobility industry is currently experiencing. One is related to the regulatory aspect, and the other concerns how our industry is incompatible with traditional insurance solutions. There are several regulatory issues in the micro-mobility sector that prevent us from implementing our services. Typically, the industry has been unregulated, and regulation is only now emerging at local level. This is leading to specific and varying requirements across cities around the world. And while some countries and cities are moving toward more regulation, insurance remains largely unregulated.

Our business growth model is heavily dependent on RFPs, global public tenders. We observe distinctive insurance requirements in different cities, and they are often very strict and highly tailored, making it difficult for insurance providers to meet them. This global patchwork of rules and regulations makes it difficult to scale. We don’t see many operational challenges for smaller operators, which focus on fewer countries and cities. In fact, we think there are many advantages for such operators. With this in mind, small businesses that want to start in a local neighborhood or operate a fleet of 50 scooters or bikes soon discover the minimum insurance cost is $70,000, and they realize this is a huge barrier to entering the market. The industry's call to action is to educate regulators about what's feasible and what's not from an insurance perspective. At one point in California, car insurance was up to $35K, but scooter insurance was up to $1M, which simply makes no sense. Fortunately, they’ve reduced it since, but that’s a perfect example of where education and negotiation with lawmakers are needed.

On average, insurers want 10 years of data to properly price something. But 10 years ago, we lived our lives differently. There’ve been significant technological and lifestyle changes, and the pandemic has intensified this. The insurance industry must begin to examine more recent data vs. waiting 10 years for it. The amount of data produced by marketplaces is a valuable asset to partnering on bespoke insurance policies. And where there is a lack of data, an option is to start with a higher-priced policy and adjust as often as monthly or even weekly as more data becomes available. The insurer doesn't want to go into it blindly, arrange a policy, and get hammered with losses. When neither party knows what the price will be, you can have an honest and transparent partnership, monitor and collect data, and make short-term adjustments vs. waiting for a 12-month renewal period. Fortunately, AI models can now identify and predict subtle patterns of risk exposure, helping digital platforms in the sharing economy and insurers gain clarity on the risks and costs.

Insight NO. 15:

Combating Fake Reviews for Platform Growth

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There are many types of fake reviews online. The definition we use in our transparency report at Trustpilot is ‘a fake review doesn't represent a genuine service or buying experience, or is trying to manipulate consumer perception or behavior.’ Trustpilot is a two-sided open platform for online reviews. According to our research, 89% of consumers look at reviews before buying anything online, whether it's a pizza, a taxi, or an Airbnb. Reviews are here to stay, and as their popularity has grown, so has their relevance.

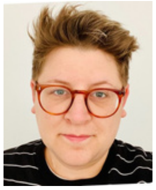
Fake reviews are a huge issue for any size platform. Reviews are a crucial commodity in the sharing economy and marketplaces, so your customers will value them. Although, the type of review problem you encounter might differ depending on the size of your platform. Smaller platforms, for example, may solicit good reviews from their friends and early customers with whom they have favorable agreements. I'm sure you’ve experienced a business pushing for a good review. We call that cherry picking, where people say, okay, if you're going to say something nice about me, I'll push you towards a platform like Trustpilot to complete a review. But I'll try to push away the people who might say something negative. There are businesses that sell reviews and are dedicated to enhancing the standing of their clients on platforms like Trustpilot, Amazon, and others. We refer to this as positive bias, where they strive to inflate the reputation of a company. But it can also be negative bias, where people solicit negative reviews to attack competitors.

Fake reviews are difficult to identify. Most fake reviewers are not evil genius, mustache-twirling villains; they're just regular people. Reviewers don't even consider whether their actions are right or wrong, many of them are based on emotions. Beyond simply looking at the content, we have to look at the signals beneath it, such as behavioral signals, where it came from, any other similar comments on the website, the IP address, and geographical distribution of reviews. If it looks odd, it probably is odd.

So how big is the problem? Last year, 47 million reviews were submitted to Trust Pilot, of which 2.7 million, or 6%, were identified as fake, and 1.8 million were detected and removed with our automated technologies. We use a combination of proprietary software, licensed software, and human intervention. We have content integrity agents and fraud analysts to identify and act on fake reviews.

Insight NO. 16:

The Gen-Z Sustainable Fashion Fix



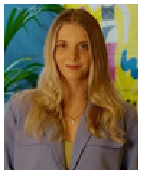
Polly Applegate
Advisor

Billy Butt
CEO &
co-founder
Fassion

FASSION

Lucy Hall
co-founder
LOANHOOD

LOANHOOD



Jemma Stacey
CEO &
co-founder
FINDS

finds

Gen Z cares deeply about sustainability. At the same time, they were given access to fast fashion that arrives at their doorstep the next day. They want sustainability, but they also want their fashion fix, so how do we address this? There's a gap between Gen Z's ideals and their practices, and it's due to a few things. Convenience is one of them. Price is almost certainly one of them. And also, consumers have gotten used to having choices. But from working with independent brands, we know these issues aren't insurmountable. Price is not a problem for the most part. Many independent brands have affordable products and have run pop-up shops, and sales were good. But online, people expect a different experience that only fast-fashion companies can offer, due to their huge logistics networks and supply chains, which independent manufacturers can't match.

We weave the importance of sustainability into all our communications, from onboarding emails to social media posts. You're not bad if you shop fast fashion; we just educate you on what that means. In a recent survey, people looking for something to purchase don't see resale brands and fast-fashion brands as distinct. The resale and sustainability world are not linked in their minds. They just see it as a place to buy what they want. People care about sustainability, but price and item choice come first. Online shopping with e-commerce and fast-fashion brands have made them accustomed to wearing poor-quality clothing. So when they put on high-quality clothing, they are amazed at how wonderful it feels, that it fits, and that it will last a long time. So the experience of shopping in person in sustainable pop-up shops can be a game changer.

Clothing rental services are often criticized for the negative impact of reverse logistics on the environment. We're addressing this by focusing on hyperlocal communities. Recently, we had an incredible app edit in Glasgow. We targeted students at Glasgow School for the Arts, and the clothes were beautiful, interesting and unique. By keeping things local, we can eliminate logistics problems. Customer support and operations are vital to our business. We act as a go-between for buyers and sellers, so customer support is essential. The ease of contacting us is important to consumers. Our SLAs guarantee a rapid response if there's a problem. Buyers and sellers are both covered in the case of an issue. Holding money in escrow is a great feature, as someone must verify they have received the item before releasing the funds.

Insight NO. 17:

Re-Usable IDs for Trust and User Experience

Dan Johnson
VP, Identity Products,
Cyber & Intelligence Solutions,
Mastercard

To drive a vehicle, rent a house, or travel, you need lots of paper-based documentation to verify your identity, which must be checked for authenticity. It's costly and an unpleasant customer experience. Worse, you're welcome to sift through my garbage bins, collect information about me, and impersonate me. We need more secure and convenient identity verification solutions. In the future, your biometric information will be used to create something where you don't have to remember passwords or long key codes. It will also support privacy by design and be capable of data sharing. When we work with new companies, we frequently excessively share data. This is due to their demand for additional validation when establishing our identities.

The less data organizations store, the less exposed they are to attacks, and the better it will be for the user. Today, we've lost control of our data. Companies consume our data and make decisions for us and about us, often without our consent. To address this, we have a vision of building a globally interoperable identity ecosystem. In the new model, consumers will carefully control and manage the information they share by ensuring that it's precisely the data required for a product or service. The registration process is rather simple. We begin by verifying a mobile number. We use a one-time password to verify this mobile phone. We then verify an email address using the same procedure. The person we are registering using this device can receive a one-time password in that email. We use additional services and products to help link data to verify it's accurate. We also obtain mobile network company data to confirm these checks. We may then proceed to the more intriguing portion of the enrollment procedure.

The individual is asked to snap a photo of themselves with a government-issued identity document to ensure that it contains a photo of the person. We then copy the individual's data from the document and ask them to take a live selfie. This prevents the person from holding up a picture of someone else or using any 3D mask or video spoofing technologies. To verify that the person is not holding up an image of a person or using any other video spoofing technology, we compare the person's photo with the photo on the identity card. The person using the device is then linked to the machine itself by verifying that the person using the machine is that person. This is significant because we can use it as an authentication mechanism to confirm that the person is that person when they're sharing their data.

Insight NO. 18:

Trust & Safety Tips for Online Communities

Polly Applegate
Advisor

David Hunter
Vice President
Crisp, a Kroll business

We have to be especially careful when dealing with online communities, because one wrong move or bad incident can seriously jeopardize a company, particularly in the early stages. This concern has become mainstream. No one was talking about risks on platforms or warning parents seven or eight years ago. People began uploading extremist content more often after journalists wrote about it in the Wall Street Journal and The New York Times. The number of predators targeting children has also grown. Marketplace owners and operators must be proactive about trust & safety to avoid permanent brand damage, legal issues, or worse.

User-based volunteer moderation is a great option to provide general community protection. In their Stanford lectures a few weeks ago, some researchers discussed the importance of volunteer moderators. They can help establish communities by addressing some issues. It's important to note that volunteer moderators shouldn't deal with harmful content due to their limited community expertise. You wouldn't rely on a volunteer, for example, to remove nuclear waste, and some dangerous content we see today is absolutely nuclear. The role of trust & safety teams has expanded, particularly with content moderation. The specialists are trained to monitor and mitigate harmful content. Professional content moderators play a broad role, from law enforcement engagement to multi-party investigations to policy writing. We owe these people a world of gratitude, it's not an easy job. To build an effective trust & safety team, you need to recruit people from various backgrounds, including engineers, law enforcement, and lawyers. It's essential to attract talent from outside the tech world to get the comprehensive skills required to combat today's online safety issues.

One effective strategy is to conduct stress tests on platforms to identify vulnerabilities before fraudsters do. If you can uncover an issue, and prevent a potential problem down the road. There are fraud networks that operate on platforms to mass upload content, artificially interact with content to boost its rankings, and take any other number of nefarious actions. And these tactics often go unnoticed if you only look at a platform's front end. You have to be vigilant both on the back end of your platform and beyond. If someone can exploit a technical issue on a platform, there's usually a conversation somewhere on the internet about it. So we work to find those conversations.

There's yet to be an AI solution that can scan written content, live streams, video, and audio across a network to pinpoint vulnerabilities. The best approach is to combine new technologies with proven, more manual methods to conduct behavioral analysis, who comments, where they share, and other online discussions.

Insight NO. 19:

Ways to Achieve Sustainable Urban Mobility

Rob MacKethan
Risk Manager & Head of Insurance
HyreCar

Michael Maicher
Global Partner & Director
Allianz Partners

Welmoed Neijmeijer
Head of Licensing
Bolt

Phillip Watkins
Group Head of Insurance
Bolt

Cities regulate urban mobility as they see fit, because there's currently no national framework or guidelines. They typically regulate on the basis of perception created by the latest news stories versus real data. The pandemic boosted both the infrastructure and regulations required to support sustainable mobility initiatives. I see an increase in supply and demand. These changes are driving a transformation. What was previously considered a niche is becoming a trend.

However, the patchwork of regulations makes it very difficult for marketplaces operating in more than one city or country to create safety policies and obtain the appropriate insurance. The ability of the industry to operate safely depends on cities harmonizing regulations as quickly as possible, which will drive our collective ability to fully comply and operate safely. The lack of consistency also leads to a very disconnected experience for mobility users. When you crash a scooter in Paris, victims enjoy the protection of an insurance policy that covers any accident. But in Romania, you're lucky if the operator has any insurance at all.

As an industry, we must make an effort in the months and years ahead to ensure that city and national authorities better understand the mobility space, so they make decisions based on concrete data and insights. We have marketplace operators, insurers, lawyers and other experts who've built data and gained insights. With the data we have now, we can far better predict and measure risk. Now it's about arming our regulators with industry knowledge and concrete data. Two years ago, I would have said we had insufficient safety data. However, the amount of data we have now is not the problem; it's how we use it to gain insights. Since we know how much mobility usage there is and which people use what mode of transport, we can merge operator data with claims data. We can see whether certain people use certain vehicles or transportation modes more often than others, and we can look at safety issues and why they occur.

One persistent safety problem is people's comfort with new modes of transportation. When scooters first became popular, there were much more end-user errors and accidents that have been smoothed out over time. As transportation modes continue to expand to hoverboards and other options, what does education/training/licensing look like for these newer vehicles?

Insight NO. 20:

Why the P2P Model Will Shape a Better Economy

Paul Gaudin
Chief Camper
Hipcamp

Rebecca Heaps
Founder
Tentshare

Jonathan Knight
COO &
co-founder
CareRooms

Tom West
Founder
RentMy

My story began in 2016, after being a reluctant carer for my parents for some time. My dad had Parkinson's disease, and my mother had a nervous breakdown after caring for him for three years on her own. Two months after my father's passing, a friend contacted me to discuss his mother, who was stuck in the same hospital. He said his mother had all but given up. I suddenly had the idea that my friend's mother could move in with my mother short-term, we could arrange meals for them, a medical video chat service, and stepped-down medical care for a few weeks to forestall a lengthy hospital stay. And the concept of CareRooms was born.

After publishing a Cool Camping book, I began posting some of the content online. It became clear there was real demand for it, so we built a SaaS booking system to allow campground hosts to publish their own websites and also on our website. As a result, it became the second biggest camping reservation website in the UK and was acquired by Hipamp last year. The most exciting part about joining the Hipamp family was that they shared our vision, which is to get people outside in these picturesque locations. More than that, preserving these areas guarantees that they'll be accessible to visitors, and not turned into another car park, housing development, or strip mall.

The idea for RentMy first came to me in 2006. I was walking along the Seine River in France, near the water, when I noticed there were no kayakers on the water. I thought, 'Why can't I rent a kayak here?' So I started studying kayaking technology, developing early platforms, and putting them together. But there was no insurance, and we didn't have review systems. After several starts and stops, we successfully launched RentMy and have grown ever since. In the future, we'll rent space, skills, and items, but we're just renting items at the moment. We believe the sharing economy has the greatest potential to reduce and even transform society's linear consumption model.

I co-founded Tentshare, a peer-to-peer tent lending platform. Several years ago, I wanted to earn a bit more money, and realized I had an asset. I had this wonderful canvas bell tent, which was just sitting in my garage. I began renting it to my neighbors and other local people, and it went well. So I decided to publish it on a platform, and Tentshare was created in February 2020. And it has grown steadily since. In the UK over a million tents are purchased per year with 250,000 going to landfills. So there's a lot of tents to be rented out, and also a lot of waste that can be reduced with a more sustainable model.

About Marketplace Risk

We began as a working group of founders and executives from diverse marketplace startups, who came together to explore best practices and learn how to better identify and mitigate the risks associated with our platforms. Over time, our group has expanded to include the entire marketplace startup ecosystem, including investors, founders, executives, lawyers, operators and the vendors and solution providers we rely on.

In 2015, we founded the only conference focused on risk management, trust & safety, compliance and legal strategy for the marketplace startup industry - the Marketplace Risk Management Conference. Since then, we've expanded our scope and gone global with the Sharing Economy Global Summit and much more.

Today, the Marketplace Risk Platform is the most comprehensive source of education, networking and information exchange for marketplace, sharing, gig, peer-to-peer and collaborative economy startups to learn risk management, trust & safety, compliance and legal strategy necessary to successfully launch, grow and exit. From our blog, e-newsletter, Platform Podcast, community app and Live Event Series to our conferences and summits, Marketplace Risk is the first and only dedicated resource for startups to take their businesses to the next level.

Whether you're an investor, founder, executive, lawyer, operator, or one of the vendors or solution providers serving them, we invite you to join us to learn, network and share information to grow the industry together. Learn more about our community by checking out our website at www.marketplacerisk.com.