

Exploring Peer-to-peer Services and Incumbents

Position Statement

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How can IS explore the meeting of “grassroots” and “big business”

While the peer organizing of software production has been the centre of a wealth of IS-research, the recent explosive spread of similar ICT-enabled organizing logics for general service industries have been less prominent feature in literature. Indeed, while much of the IS field has been focusing on service in terms of ‘software as a service’ (see e.g. Xin and Levina 2008) or ‘information services’ (Mathiassen and Sørensen 2008), ICT as an enabler for novel ‘ordinary services’, i.e. intangible provisions and exchanges (Zeithaml et al. 1985) has been less prominent. Ordinary services, though not easily boxed into a clear cut definition, have been described as an economic activity that generates immaterial benefits and does not result in ownership of material goods (Gawer 2009). This ICT-driven change lies at the heart of the “sharing economy” and peer to peer services. The growing peer to peer service industry is being hailed as the harbinger of the next economic revolution. Goods sharing have been valued at an annual potential 26 bn USD (Economist 2013). The established peer to peer room sharing portal Airbnb alone has been valued at 2.5 bn USD (Fowler 2013).

From the onset, peer-to-peer business models, and the digital platforms making them possible, have been seen as something distinct from or in opposition to the business logic of existing industries. A central tenet of the sharing economy is the peer “surplus capacity”, in terms of underutilized goods, time, or space that could be of benefit to others for a short time. According to this view, the economy holds a vast spare capacity of win-win peer coordination just waiting to be tapped. At the core of this development lie digital portals and tools for coordinating peer surplus capacity with peer needs. Amidst praise from a number of high visibility authors (Botsman and Rogers 2011; Gansky 2010), voices of concern are now being raised about the drawbacks of the peer-to-peer industry. First, incumbents have pointed to unfair competition from the fast and lean service providers. Second, authorities concern themselves with departures from regulations (e.g. taxation, insurance coverages). Third, as peer-to-peer services portals, following an established pattern from forerunners such as eBay, quickly morph into a virtually unregulated market for startup service companies, job security has become a salient issue amidst fear of a digital sweat shop economy.

Currently, incumbents are taking an interest in the sharing economy. Examples such as GMs investment in and integration of the peer rental service RelayRides and the many BMWi initiatives are examples from the automotive industries; Walmart has announced intentions to explore the possibilities of peer last mile distribution of goods, something that the global logistic firm DHL is already experimenting with in Stockholm, Sweden. Essentially, the peer to peer service industry constitutes a radical departure from traditional means of distribution by opening previously closed business models. These issues are becoming increasingly important to industry and lies at the heart of the ongoing digitalization of the economy; however it is shown limited interest in academia and IS so far. Partly this could be connected to methods available to IS researchers attempting to explore the evolving sharing economy.

While some services succeed and become global successes, most fall short of expectations and perish. An interesting venue for research is this early stage, what makes a certain approach feasible, and another untenable? Can we isolate successful sociotechnical design principles for peer to peer services? As servitization becomes a pressing issue in growing parts of the manufacturing industry, peer models have become part of some incumbents' strategies, whilst others try to resist it. How should research on strategic options for IS be designed to capture this? Finally, digitalized peer to peer coordination has been seen as a mostly progressive force in the context of software development. How will it play out in the sharing economy, and how can we capture reliable empirical material on this emerging phenomenon?

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