



## Collaborative economy and new business models' challenges

*from promoting innovation and sustainable entrepreneurship to protecting consumers and workers*

16 October 2018

### REPORT

On 16 October 2018, ACCA (Association of Chartered Certified Accountants), UEAPME (European Association of Craft, Small and Medium-sized Enterprises) and European Movement International organised a conference on **Collaborative economy and new business models' challenges: from promoting innovation and sustainable entrepreneurship to protecting consumers and workers**.



**Alan Hatfield**, ACCA's Executive Director, Strategy & Development, gave a welcome speech. The first panel "**From niche to mainstream: New business models based on innovation, sustainable entrepreneurship, sharing and digital**" was moderated by **Jimmy Greer**, head of sustainability, ACCA. It was comprised of **Vesa Vanhanen**, Deputy Head of unit, Digitalisation of the Single Market, DG GROW, European Commission, **Isidro Laso-Ballesteros**, lead of Start-upEurope, DGCONNECT, European Commission, **Romain Trébuil**, CEO Europe & co-founder, YOSS, **Louise Janssens**, Products account, Goods to give, and **Federico Garcea**, co-founder and CEO, Treadom.



It was followed by a key note speech by Prof. Dr. Nikolay Dentchev, Professor of Innovation and Entrepreneurship, Vrije Universiteit Brussel.

The second panel focussed on **supporting innovation while also protecting consumers, workers and communities: what role for policymakers**. It was moderated by **Luc Hendrickx, Director of Enterprise and External Relations, UEAPME**, and comprised of **David Bradbury**, Head of the Tax Policy and Statistics Division, OECD, **Alexis Hallemans**, Partner, Nelissen Grade lawyers, **Ann Branch**, Head of Unit, Job creation, DG EMPL, European Commission, **Willem Pieter de Groen**, Research Fello and head of Unit, CEPS, and **Ellen Thijs**, TalentHive leader BHive Europe



Concluding remarks were delivered by **Brando Benifei**, MEP and Vice-President, European Movement International.

## Main highlights

### **Alan Hatfield, Executive Director, Strategy & Development, ACCA**

- The global economy is entering a new era. At all scales, from micro-enterprise to multinational, operating in multiple settings and contexts, rethinking business models has become one of the surest ways of offering customers something truly better than what already exists. It has evolved from a conventional modelling exercise to a way of rethinking the entirety of an organisation's value proposition.
- The task today, for building business models that will thrive in the future, is to navigate modern economic development and societal issues. And in so doing, articulate what meaningful, inclusive and enduring value looks like.
- In the past, a linear approach to business model design may have sufficed - inputs enter a logical process that creates outputs of value. Today, to truly deliver a value proposition that is able to flourish, an understanding of how complex adaptive systems come together to create both outputs and outcomes is required.

- Professional accountants are among the most trusted business advisers, including in start-ups and larger organisations seeking to learn from new business models. Of course, for professional accountants, being ready to make the most of these opportunities will demand new skills.
- Financial acumen, technical knowledge and ethical judgment are attributes that the accountancy profession can uniquely bring to support business model innovation across the three spheres of value proposition, value creation and value capture. But to navigate the contours of a changing economy, new mindsets are required. These include the ability to: think like a system, understand how to capture and assess new sources of value, build creative capabilities to think differently and be a solution provider, and adopt a long-term mindset.
- ACCA also has a clear public value remit, and it is convinced that new business models can provide better blueprints for creating value, which economies and societies can use to tackle the challenges they face and allow them to flourish.
- Business models of the future are ones that will navigate the complexity of tomorrow's world. They will help build economic and social systems where ingenuity, creativity and inclusion come together to help people unlock their potential and live well.
- In 2017, ACCA unveiled a report called [Business models of the future: emerging value creation](#), which set out a framework for assessing potential business models. In 2018 we [updated that report](#) to reflect three cross-cutting themes: the advances in the changing nature of work and the role of automation; the social and ethical implications of artificial intelligence (AI); the rising urgency of environmental risks that are reaching untested tipping points and materially impacting peoples' daily lives.
- As the scale of the impact of these issues comes into sharper focus, they are provoking more concrete responses from business, civil society and regulators. 12 characteristics for business models of the future, that can be put together in different combinations, have been identified.
- Collaborative economy services have been the forerunners of innovative entrepreneurship and new business models. Most of the times, these occur through collaborative, online platforms. It is impossible to ignore the impact of the extremely rapid global growth of internet use, followed by the more recent spread of mobile technology. The rapid development of the Internet of Things is already a reality, and the European commission figures estimate up to tens of billions the number of connected digital devices in Europe by 2020.
- New digital business models and services hold the potential of several opportunities. This entails of course increasing productivity, but new business models are also expected to drive sustainable entrepreneurship, innovation and transformation.
- The United Nations' Sustainable Development Goals rightly require entrepreneurship and innovation to foster transitions to future-fit societies that build on values such as responsibility and justice, and that no longer destroy the ecological foundations on which they depend.
- In the same vein, European Commission Vice-President Andrus Ansip recently presented a [new report on digital entrepreneurship](#), which targets the challenges and opportunities for using digital entrepreneurship to achieve the

17 Sustainable Development Goals. The study sets out a nine-point roadmap with targets and points of reflection for increasing the spread, reach and effectiveness of digital entrepreneurship to deliver lives that are healthier, wealthier, longer and more peaceful.

- Collaborative economy has also created tensions between the new service providers and the existing, more traditional market operators. And it is also true that Europe is not yet reaping the full benefits of digitalization and of the economic rewards that the sharing economy may offer. The European Commission's 2016 Communication "[A European agenda for the collaborative economy](#)" highlights that regulatory divergence and market fragmentation in digital fields are seen as major impediments to growth and business development. This was also addressed in the European Parliament's [report](#) on a European Agenda for the collaborative economy, approved by a large majority on the 15th of June 2017. The EU is looking at how we can encourage the development of new and innovative services, while ensuring adequate consumer and social protection.
- But the challenge is not thin, given the very nature of these new business models and the sharing/collaborative economies. To start with, it is fast-moving, and that makes it close to try hitting a moving target. The sharing/collaborative economies also touch upon a number of areas, such as taxation, labour market laws and regulations that are national competencies.
- The key is thus to strike the difficult balance between much-needed clarity and ensuring a level-playing field on the one hand, without thwarting the development of the European sharing economy on the other.



First panel **“From niche to mainstream: New business models based on innovation, sustainable entrepreneurship, sharing and digital”**, moderated by **Jimmy Greer, head of sustainability, ACCA**

- Technology and values are behind business models of the future.
- Characteristics behind new business models (eg. Platform-ready, multi-capitalist, open, restorative) are being put together in new ways by organisations to build new business models.
- Thinking systemically, understanding the how networks operate, knowledge of how to value different types of intangible capital, recognising the need to build human-centred digital products and services and thinking for the long term are much needed skills.

**Vesa Vanhanen, deputy head of the unit “Digitalisation of the Single Market”, DG GROW, European Commission**

- Collaborative economy is a growing phenomenon and new business models provide a lot of potential for growth and jobs. The role of the European Commission is to provide regulatory environment that helps this growth.

- Two years ago the Commission outlined its policy approach on collaborative economy. The Commission does not want to burden new business models with regulation but it intends to clarify how existing rules would apply.
- New business models provide opportunities for service providers to work flexibly or occasionally. We should encourage growth of these new businesses. The EC has been promoting good practices in this area and tried to reduce regulatory fragmentation. We have the single market rules but these are not applied uniformly in all member states. Consistent law application is difficult at the local level.
- The Commission has closely studied new collaborative economy developments in past two years. It has also published the results in its [Single Market Scoreboard](#).
- The EC has progressed its work on other fronts that affect collaborative platforms, such as digital platforms. The Commission has also recently published a [Eurobarometer on collaborative economy](#).
- During a recent collaborative economy conference, organised by the European Commission, among all topics, speakers discussed regulatory environment, accommodation market, employment issues of new business models, and actions forward. Many delivered a strong message that clarified rules make the single market work better.
- The European Commission is not planning any new rules that would directly affect collaborative economy. However, there are rules in other areas that might impact collaborative economy as well. For example, on digital platforms.
- It is important that both traditional and new businesses are facing the same rules. However, it would be appropriate to have proportionate rules that distinguish between peers and professionals.

**Isidro Laso-Ballesteros, lead of Start-up Europe, DG CONNECT, European Commission**

- [Start-up Europe](#) is an initiative of the European Commission designed to connect startups, investors, accelerators, entrepreneurs, corporate networks, universities and the media through an array of networks.
- Many companies are focusing on access to talent first, not money. It is also not only about regulation – we need well-oiled innovation ecosystems in Europe that can pace the way for future business models.
- The initiative also includes activities to help startups finding international outreach. Through the [One Stop Shop](#), startups and ecosystem builders have easy access to all the funding services and other support offered at EU level.
- Start-up Europe is organising a Summit in Sofia on 15 November 2018.
- We know that ecosystems are very important, especially in nature. It is essential to have the right proportion of all components in the ecosystem. More importantly, all the components must be connected. If we are able to connect start-ups with the right people, they will be able to grow internationally.
- When the Start-up Europe was started, it started working with the founders of social networks in Europe. The second area of work was collaborative economy. This has now spread among various sectors in our economy.



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- Innovative ecosystems are very open to the new business world. Having the serendipity attitude and taking time to meet people and hear new ideas is critical in business and success.
- Many companies tend to join the movement when it is the only way to survive. This is the pattern of all the revolutions that happened in the business in the past and the same is happening with now.

### **Romain Trébuil, co-founder and CEO Europe, YOSS**

- YOSS is a freelancer platform dedicated to large enterprises. Most of the freelancers in Europe have chosen the status. They really want to reinvent the way of work. There are more than 10 million freelancers in Europe. In the US, they represent around 30% of workforce, in Europe – a bit less than 10% and it is growing very fast.
- Freelancers have difficulties when it comes to matching with the right company. For enterprises, it is key to attract and to work with the right talent. This is where YOSS can help in connecting enterprises with the right talents. YOSS provides a platform where freelancers with the right certified hard and soft skills are being matched with enterprises. Then it helps the company to manage the workforce.
- YOSS tries to create an ecosystem of services for freelancers, such as training, health insurance, gym club, etc. YOSS is also working with the Adecco Group in order to shape the future of work and with Microsoft, in order to bring the best HR and Tech for freelancers.
- YOSS is working with L'Oréal that has created a project called Extended Company. They have understood that talents are not only in full time employment and are trying to bring benefits for freelancers. They have shifted their mind set from consumer-centric to candidate-centric.
- YOSS is also working with Deloitte on a project called Open Talent, which recently has won an award. It aims at changing the mind set in workforce management. It takes a lot of time to find an employee and shortly after they leave the company. It is therefore important to adapt to the new mentality and employ freelancers.
- The times have changed and it is not the end of full time contracts, however we are seeing the emergence of hybrid careers. People have multiple jobs and careers in different environments throughout their lives. The workforce in the future will be comprised of external and internal employees.
- When freelancers join YOSS, they appreciate a possibility to be a part of a community while being their own boss. It is important that they are able to learn from other people in the community. Creating networks in big cities is easy but it becomes more challenging in smaller cities. Connectivity platforms can help with that. Platforms like YOSS enable freelancers to do what they love without worrying who the next client is.
- The learning paths have changed a lot. Life-long learning is a concept that is being adapted by many freelancers. There are many new ways to learn faster. An important learning tool today is YouTube. It is for free, however, not all material is of high quality. Coursera or General Assembly are great examples of what the future of learning will be.
- YOSS is organising a lot of meet ups for freelancers where they can share their experiences.



- In France, 70% of freelancers prefer to work with start-ups or SMEs, not large companies, which YOSS is helping them to do.
- The regulatory framework is a bit outdated when it comes to freelancers in Europe because laws tend to focus on traditional employment. Freelancers need better protection and visibility. There are over 40 different statuses for 10 million freelancers in Europe, while the US has one status for 50 million freelancers. It is not necessarily a good status but it is clear – It is Europe's urn to create its own.

### **Louise Janssens, Products account, Goods to Give**

- Goods to Give is a logistic and digital platform that creates a link between the industrial and social worlds. Research has shown that many new non-food products are left unsold. These products are left in the warehouses and often destroyed. At the same time, around 21% of Belgian population lives at risk of poverty. Goods to Give creates a link between those two worlds that are very different and are often having a hard time to communicate.
- The platform mobilises the industrial world to give their non-food products to Goods to Give. These products are then given to social organisations that distribute products to people living in poverty.
- Goods to Give has a warehouse where all the products arrive and are registered. The platform has an online catalogue, accessible for social organisations.
- To this day, 62 companies are supporting the platform. Most of them donate non-food products, others provide financial, bookkeeping or communications support.
- 362 social organisations are working with Goods to Give as well. All of them help people that are living in poverty and are able to reach over 260 000 people.
- More and more companies want to support this mission because they don't feel comfortable with the fact that they need to destroy perfectly good non-food products. One big obstacle, however, is that companies still have to pay VAT on a non-food product that is being donated, while it is not the case if they destroy the product. Therefore, working with Goods to Give might be a costly decision for some companies.
- Platforms such as Goods to Give would easily double their activity if it wasn't for the tax obstacle. Bigger companies are able to make that investment but many cannot handle the extra costs and therefore choose not to collaborate. 100 million of non-food products are left unsold each year in Belgium alone and only a small part of it is being donated because of the VAT obstacle.
- Goods to Give partners with L'Oréal. The company also had to take the tax obstacle into account when it started the collaboration. In order to avoid extra costs, it has since changed their structural process by implementing Goods to Give into it. This proves that companies are very willing to change their business models to more sustainable, circular and sharing economies.
- A big task for policy makers is now to create an environment where businesses can discover new possibilities and engage with them. We need an environment where companies can learn from one another.
- As regards to VAT issues that companies encounter, the tax issues need to be decided in member states, which makes the matters more difficult.



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- Overproduction exists even in a perfect world. The most important thing is how companies are able to deal with that and whether they are willing to adapt their business model in order to have a positive social impact.
- Goods to Give has a goal to be known by every company as a solidarity solution for non-food stocks. Hopefully the new generation will be able to transform the obstacles into opportunities.

### **Federico Garcea, Founder and CEO at Treedom**

- [Treedom](#) is an online platform that allows users to plant trees and follow their growth online by directly financing farmers around the world.
- A big lack of transparency and communication is often an issue when it comes to projects that involve worldwide plantation of trees. It is difficult for users to know where exactly their money goes. When a project is in a remote place, there is also a very little chance to follow up on what is being done.
- Treedom creates a new way of doing things. A tree planted with Treedom is geotagged and photographed. Every tree is linked to a person or corporation and can be given as a gift.
- Treedom allows 25000 farmers to plant trees across the globe while creating environmental and social benefits. Treedom farmers can also plant fruit trees and own the fruit, which guarantees food security and extra income for farmers.
- To this day, Treedom has planted a half million trees and it works with 500 corporations, such as H&M, Orange and others.
- Benefit Corporations is a for-profit corporate entity with social and environmental purposes. Treedom is also the first Benefit Corporation in Italy. It strongly believes in creating environmental entrepreneurship. The company is expanding worldwide – it has recently opened an office in Germany.
- Italy is also the first European country that introduced a law giving benefit corporations a legal status.
- Bureaucracy was one of the main issues when Treedom was started and this needs to be addressed at the policy level.

### **Prof. Dr. Nikolay Dentchev, Professor of Innovation and Entrepreneurship, Vrije Universiteit Brussel**

- We need to be bold in actions, humble in evaluation, and to have a vision for the future. Not every collaborative business model will work. Instead of being bold in evaluations and killing emerging business models, we need to be honest and consider what is happening, and try to help the ones that really matter and are helping to move society forward. Business and society leaders must have a sustainable vision for the future otherwise those models will not work.
- There is a lot of research out there on sustainable business models. A good overview can be found at “Sustainable Business Model .org” <https://blog.ssbmg.com/>
- Many theoretical lenses are used in papers on sustainable business models, which means that researchers are interested in different parts of the phenomenon.

- Consistent aggregated knowledge on collaborative sustainable models is however not there yet.
- One of the most important challenges in this area is trial and error. Experimenting is key. Years ago we were thinking that biofuel is going to save us from climate change and this turned out to be a wrong assumption. We will make mistakes like that in the future as well. With so many new business models emerging, only few will work successfully.
- In the area of collaborative and circular economy area, stakeholders are involved in the business models for various reasons: profit, volunteering, others are trying to solve social issues. It is difficult to make sure that all stakeholders are satisfied and motivated to be part of that new business model.
- As regards to governance, everyone is in favour of sustainability and collaboration but it is not always the case in practice.
- When it comes to finance, money is not the issue today. The issue is knowing how to approach new business models. Creative financial solutions are needed to them to work.
- Collaborating and working together is not an easy thing to do. At the same time, there are opportunities. There are many entrepreneurial people with talent, motivation and who can create solutions. Social entrepreneurs create very innovative solutions for our sustainability challenges.
- Talent and policy need to be there but interaction between all parties is of most importance.
- The VUB Chair of Social Entrepreneurship launched a [platform](#) that supports social enterprises, built by Koalect. They are looking for partners that are complementary to each other.



Second panel on **supporting innovation while also protecting consumers, workers and communities: what role for policymakers**, moderated by **Luc Hendrickx**, Director Enterprise Policy and External Relations, UEAPME

- It is important to have the right definitions when we speak about collaborative economy and new business models. Small enterprises are social by definition. Collaborative and sharing economy definitions need to be used correctly.
- The same rules need to be applied for everyone doing the same activities because we need a level playing field. It is unacceptable that some actors do not respect the legislation.
- UEAPME has been asking to apply the “think small first” approach in policy making for years. It is not yet the case in reality.
- There are a lot of new phenomena out there as regards to new business models. However, a lot of these activities are not new, they are rather presented in a different way. Some companies are abusing the rules by claiming they are developing something innovative.
- There is also a lot of movement in the labour market and the UEAPME believes that all working people should be able to operate in the labour market with confidence. This is not yet the case in practice. Many self-employed

workers face difficulties and we need to look more into P2b relations. We should facilitate transitions in labour market.

- Promoting entrepreneurship through educations is also very important.

**David Bradbury**, Head of the Tax Policy and Statistics Division Centre for Tax Policy and Administration Organisation for Economic Co-operation and Development

- Many of the business models in the collaborative economy are closely connected to digitalisation. The OECD's Inclusive Framework on BEPS has recently published an [Interim Report](#) on the Tax Challenges Arising from Digitalisation. The key issue that the OECD examined is the extent to which the international tax rules are fit for purpose in the modern economy. The key part of the examination was to look at various business models that are associated with digitalisation.
- Highly digitalised firms are not just in the space of collaborative economy, they go much further than that, so the OECD looked at a whole range of business models.
- The Inclusive Framework, and its 119 member jurisdictions, has not yet been able to reach a consensus on the extent to which the international tax rules need to be amended, but it is something that continues to be a subject of the ongoing work as part of a review that is due to be completed by 2020.
- In the European context, there has been a proposal for a digital services tax, which would target certain highly digitalised firms. That is something that the OECD did not recommend, as there was no consensus among member states to implement such measures. However, a chapter was included in the report that provides guidance on how to limit the damage of such an approach for those countries that are inclined to go down that path.
- Many tax issues arise when it comes to collaborative economy enterprises. The VAT issues have an impact on some collaborative economy operations. The international focus of the OECD's work has largely been on the corporate income tax. When you think about the digitalisation challenges, this is one of the key issues. There are also significant tax issues arising for the Personal Income Tax, Social Security Contributions, and the Value Added Tax.
- He used the example of the comparison between taxi drivers and other ride-sharing business models to illustrate the tax issues involved. The issues often emerge in the cross-border context. One of the things that is clear to the OECD is that often there is a lack of appreciation of some of the tax obligations that individuals operating in the collaborative economy may have, particularly where the scale of activity they are involved with is quite small.
- The OECD is currently working on a project that will seek to ensure that tax administrations have much better information from some of the platforms to ensure that tax is being paid.
- When it comes to social security contributions, in the case of taxi drivers employed by a taxi company, the employer will be required to make social contributions on the driver's behalf. If a driver is a part of a ride sharing platform, it may be the case that the driver is self-employed and, as a consequence of that, depending on the local jurisdiction, there may not be any obligation on anyone regarding social contributions. This is not an issue that is specific to the collaborative economy, as these rules apply to the self-employed in any other context. Providers of the same services often can be

potentially subject to different requirements if the laws are not amended to ensure neutrality.

- The VAT is a tax that is based on the destination of where the transaction occurs. It is a tax that is paid by the consumer. As the ride-sharing model illustrates, the application of the VAT can vary from jurisdiction to jurisdiction and he highlighted this by reference to the treatment of taxi drivers and ride-sharing businesses across three jurisdictions (e.g., the United Kingdom, Ireland and Australia).
- As regards to the corporate income tax, a platform based in another jurisdiction will often be receiving a commission or a payment of some sort for having brought the parties together. That is the key issue that the OECD is continuing to focus on at the international level.
- The OECD has observed that international tax rules are very much dependent upon the notion of physical presence. When a transaction occurs across borders, the countries involved in that transaction need to decide who has the right to tax that activity. There are rules that are in place through bilateral treaties or international rules that decide who gets the right to tax and how much of that income or profit they can tax.
- These are the issues that are at the centre of current discussions internationally. The OECD interim report clearly demonstrates that there continues to be some disagreement amongst countries in regards to what the way forward should be. The G20 has given the OECD until 2020 to try and reach consensus among the countries involved in OECD's Inclusive Framework on BEPS. The OECD will be providing an update for the G20 in 2019. The OECD is working very hard in order to achieve a workable solution to this very challenging issue.

**Alexis Halleman**, Partner, Nelissen Grade lawyers

- It is important to make the differentiation between platforms, service performers and service recipients. There are two major issues when it comes to platforms: market access requirements and liability issues.
- When it comes to the markets access requirements, there is the freedom of services rules in the law with some limitations around it that can be foreseen by national rules. The limitations have to comply with several conditions: they have to be put in an act, the aim has to be of general interest or other specific goal, the means have to be proportionate and they need to be necessary to achieve the goal.
- The freedom of services and limitations were addressed by the Court of Justice in the Uber case. The court was very creative in this case by stating that Uber, as an organisational platform for transport services, was also a part of the service, even if it was not driving the cars itself and just organising the services. The Court of Justice classified Uber as a transport service. This became purely a national law issue.
- The court also stated that Uber performed quality control of the services and drivers. Uber also has a certain level of control over the service pricing. This proves to the court that there is an active role of Uber in the transport service.
- In its 2016 communication, the European Commission gave some examples of platforms that are not considered to be active participants in the service.

Providing quality assessment tools was not considered as a being an active part of the service in itself.

- As regards to liability, the E-commerce rules state that there is no liability for information society service providers. The Court of Justice was strict in stating that Uber was not such provider – it is a transport service.
- The classification is another important issue. Collaborative economy changed business models and new relations have emerged. There are cases where consumers are performing services for other consumers or enterprises. The classic enterprise-consumer relationship is not always the case when it comes to collaborative economy. Therefore it is very important in the future to classify every player.
- 3 criteria are used at the European level: regularity of the provisions of the services, profits and the amount of the turnover. If the service provider is considered to be an enterprise, the legal framework is totally different.
- Concerning the consumer protection rules, these were created to protect consumer in a traditional consumer-enterprise relation. It is questionable whether they are applicable in consumer-consumer relationships because there is no weaker party.
- Decisions in national courts regarding Uber differ. French and Spanish courts were of the opinion that Uber was a taxi service, while Belgian commercial court decided that Uber infringed the unfair trade practices act because it had an unfair competition advantage.
- The most important question for the Court of Justice in the future could be to interpret the freedom of services and the limitations.

#### **Ann Branch, Head of Unit, Job creation, DG EMPL**

- Before legislating and designing policy, it is important for policy makers to understand the phenomena they are dealing with. This is of course also true with regard to the collaborative economy and new business models. It is naturally challenging to keep up with new technologies and inevitably policy makers sometimes need to play catch-up.
- At the EU level it is important to understand whether there is the competence to act, can the new rules bring European added value and do the new solutions respect the principles of subsidiarity and proportionality.
- The thinking behind the 2016 Collaborative economy communication was pragmatic and proportionate. It was a relatively new phenomenon and the EC didn't want to stifle new developments. It clarified how existing EU law applied to the collaborative economy and the self-employed and workers.
- The Commission Communication acknowledged that collaborative economy presented both opportunities and challenges. There is job creation potential, with possibilities to remove entry barriers to employment, and possibilities to make more efficient use of assets. There is also potential for flexibility and improved work-life balance.
- There are also challenges: more flexible work arrangements might not be as regular and stable as traditional employment relations. There is uncertainty around applicable rights and social protection.
- Since then, the Commission has gone further in terms of proposing solutions. At the time when the communication was launched, the Commission was in the middle of a large public consultation on the European Pillar on Social

Rights. Since then the Pillar was adopted by the Commission last year in Spring and proclaimed by other EU institutions. The Pillar was the Commission's partial response to the global debate on the future of work. The EC will implement the Pillar using the European Semester process and EU funds.

- It is accompanied by two concrete proposals which recognise that we need to make sure that workers are guaranteed basic rights and we need to do so while many platforms are still at their infancy. One of the proposals for a directive on transparent and predictable working conditions. This proposal would help to create minimum standards of predictability and stability for all workers regardless of their contract type. The idea is for workers to know basic information on their rights and obligations on the first day of work, for shift workers to know in advance when they need to work and to have a clear definition of worker. Transparency and predictability make workers more productive. Europe's advantage lies in quality and innovation as opposed to poor labour standards.
- The second proposal addresses the access to social protection. It is a Council recommendation. This is an area of predominantly member state competence. The proposal aims to encourage member states to adapt their systems to better protect the self-employed and those who don't have full time contracts. This would imply ensuring that social security rights are transferred when a person changes jobs or becomes self-employed, or vice versa. More transparency around social protection is also an important element in the proposal.
- The mentioned initiatives are still Commission proposals at this stage and are in the process of being negotiated. It is important to note that the European Commission took time to reflect and have a consultation period in order to come up with proportionate proposals.
- There was a lack of solid data on the scope and scale of the phenomenon. A study was therefore commissioned in order to start to address this. The findings indicate that platform workers tend to be younger; a typical platform worker would typically have family with children; employment status of platform workers was often unclear to themselves; platform working conditions are flexible but often intense.
- A recent Eurofound study that stresses the heterogeneity of platform workers – it identified 10 common types of platform work.
- The European Commission recently organised a collaborative economy conference. It took stock of developments in the past two years. The event had a very diverse panel on employment. It showed examples of players on the ground – a platform, national trade unions and an employment cooperative – trying to find solutions to some of the employment issues that raise concerns
- The 2016 Communication indicates criteria to be used for establishing whether someone is a worker because cases need to be looked at individually and on the basis of facts. EU labour law is limited in scope, so the definition of worker is currently left to the national level.

**Willem Pieter de Groen**, Research fellow and head of unit, CEPS

- The society has been talking about collaborative economy for years, however the debates are lacking systemic information. It is important to have a definition of platform work. In all cases, there are three parties involved: online platform, client and worker. There must be a component of paid work and the payment needs to be processed by the platforms. Contractual connections are often arranged through general terms of conditions and not a clear contractual arrangement between the platform and the worker. That is one of the reasons why it is unclear to many platform workers what their status is.
- One of the areas where platform are very different is the supervision and direction of the worker.
- Regarding different types of platform work, there are 27 different elements that could be used to identify all the types.
- For a study mandated by Eurofound called [Employment and working conditions of selected types of platform work](#), CEPS has extensively interviewed policy makers, academics and social partners in a range of countries, as well as over 40 platform workers. It allowed receiving a broad picture of the situation. The type of the platform has huge implications for the working conditions. The policies should reflect the heterogeneity in platform work.
- When deciding on social protection, it is important to understand that for many platform workers, the activity is not their main job – they are doing it as a side job. In most countries, law makes it clear whether the worker is an employee or self-employed. However, this is often not properly enforced. The most of the work needs to be done in this area.
- It should not be assumed that all the work that is being done is also being declared. Many of the activities in the platform economy are household services and in many countries that don't have a special regime, a large part of the work is undeclared.

**Ellen Thijs**, TalentHive leader B-Hive Europe

- B-Hive is a European collaborative platform, connecting more than 20 financial services players and more than 160 technology startups & scale-ups. There were a lot of technology companies entering the financial field and developing services. B-Hive claims that it is not about disruption but about collaboration. It has therefore launched an ecosystem and started B-Hive Europe which is a collaborative platform – a network organisation that brings together different stakeholders in financial services.
- B-Hive has two big missions. The first one is related to a promotional aspect where B-Hive promotes Brussels as a fintech hub within Europe and the rest of the world. By doing so, B-Hive aims at accelerating the internationalisation of its startups & scale-ups and putting Brussels on the map as a fintech hub and a smart gateway to mainland Europe. The other part is innovation where B-Hive actively works on collaboration in financial services.
- Over the years, financial sector has faced several challenges that came with digitisation and automation. B-Hive has looked into current overall workforce in the financial sector and identified 4 large trends: 1. New business models are focussed on agile project team work. They have no desire to sign up with employees for 20 years as it was done before by banks. 2. The new

generation is looking for authenticity in their work and they want to have a societal impact. They are looking for a meaningful work-life balance. 3. In line with the client centricity trends, business will need to adapt to an employee centricity approach when organising their business model. This will lead to career ownership by having continuing learning experiences. 4. When companies want to attract these new empowered employees, a company should position their culture and values to the forefront and look for a cultural fit instead of a 100% job fit.

- B-Hive has recently launched [TalentBuzz, a digital talent market place, as a proof of concept](#) in order to walk the talk and address the challenges on talent. It uses the AI technology to identify competences & skills of the talent pool, to benchmark against a fit for the future profile and to automate matchmaking between talent and opportunities. It taps into the hidden potential of matching and unbox thus the war for talent by widening the talent pool In addition, the technology can support companies in optimising their HR processes by assessing the internal talent pool and identifying the skills gap. Through targeted training, the platform makes sure the right person fills the right position.

**Brando Benifei**, MEP, Vice-President, European Movement International and Chair of the EP's Youth Intergroup

- There is no doubt that collaborative economy is one of the hot topics on today's political agenda, not just in Europe, but worldwide. It has great impact on the future of labour market policy, labour relations, education and training, and digitalisation. But alongside its policy implications in various fields such as taxation, consumer protection, sustainability of business models, it constitutes a truly transversal and cross-sectorial issue, which should be dealt with at the European level, and requires European solutions in its regulatory developments.
- The collaborative economy could create new and positive opportunities to businesses, citizens, consumers and to the economy. It is an exciting new business and social phenomenon, a disruptive force, which we must prove capable of putting at the service of society as a whole, in an inclusive and socially responsible manner.
- Ideally, collaborative economy should become a tool for better integrating the economy and society, with a concrete social added value. But change always comes with a certain degree of conflict, which is the result of the profound transformations it brings forward, and the slower adaptation of laws, compared to the rapid change such innovations generate in society. Starting with the already mentioned impact on traditional business models, on urban environment and on consumer protection, to the issue of the conflictual relations between these new service providers and the current market operators; last but not least, the very delicate matters related to workers' rights, applicable labour legislation, access to fair and sustainable social security.
- This is a discussion that needs to continue, involving a wide range of actors, from sector-specific businesses to the academia, the social partners, digital

and tech innovators, because what is at stake is not only the important definition of clear and future proof market rules, but also the maintenance of the European Social Model. It is exactly in this sense that the European Pillar of Social Rights was conceived, to update and maintain valuable the principles and rights upon which our society is founded.

- In a parallel manner, this is what drives the United Nations' Sustainable Development Goals, which now require a clear political and regulatory commitment in order to unlock their effects into society.
- We need a dynamic and clear legal environment to make the collaborative economy flourish in the EU; in particular, we need to avoid the risks of fragmentation of the single market and unfair competition. In order to concretely develop such an environment, all the EU institutions are required to keep working together to define a harmonised regulatory framework, consisting of a combination of general principles and specific rules.
- Such framework must be able to tackle issues concerning market access requirements, liability regimes of the collaborative platforms, consumer protection and transparency, tax compliance, competition and labour standards. If it is true that collaborative economy can open new opportunities and new, more flexible routes into work for people far from the labour market, at the same time it should never become the new standard for defining labour relations. Too often, we witness situation of extreme precariousness of contractual arrangements, for example the spreading of abusive practices such as zero-hour contracts. Having a clear understanding, and definition, of what a worker is in the European Union is therefore essential. The Employment committee at the European Parliament recently voted on an important piece of legislation: [the directive on Transparent and predictable working conditions](#). This proposed directive offers the testing ground to evaluate the level of maturity of the political discourse concerning new and sensitive topics such as the regulation of the collaborative economy.