Platform Cooperatives Explained

With Trebor Scholz of The New School, the IDRC produced the following graphics to help illustrate concepts:
PLATFORM CO-OPs
We connect cooperatives with the digital economy
We need alternative economic models because the economy powering the Internet is not working

**Inequality** In 2015, the 62 richest people in the world controlled $1.76 trillion: the cumulative worth of 3.5 billion people.

**Concentration** Network effects lead to top-down control of platforms, weakening competition and the potential for consumer alternatives.

**Workplace Democracy** While political democracy has spread in many countries, workplace democracy has not.
**Invasion of Privacy**
In the EU alone, the market for personal data will reach $1 trillion by 2020, encouraging commercial surveillance and privacy breaches.

**The Smokescreen of Counterculture**
Terms like “sharing” and “community” are used to sell commercial services and lend out assets. Labor companies pass themselves off as tech companies.

**Stalled Worker Rights**
Independent contractors lose rights guaranteed under the Fair Labor Standards Act. They are not covered by unemployment insurance.

**Shift Away from Direct Employment**
1 in 3 Americans is a freelancer. 40% of the
US workforce is expected to be freelancers by 2020.

**Stagnating Wages**
Over the past 40 years, wages for most American workers have not risen, when adjusted for inflation.

**Crowd Fleecing**
Online labor brokerages enable wage theft, discrimination, and exploitation.

We can build on a powerful business model that works—it’s hidden around us in plain sight

- 1 in 3 Americans is a co-op member.
- In the U.S., co-ops
In the U.S., co-ops created close to 1 million jobs with $25 billion in wages and benefits.

- The total co-op revenue in the U.S. is $500 billion.

- Cooperative enterprises worldwide employ 250 million people and generate $2.2 trillion in revenue.

Imagine a digital economy that would follow the 7 co-operative principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
Platform co-ops respond to the market failures of the online economy

**BENEFITS OF THE PLATFORM CO-OP MODEL:**

- **✓ Lower transaction and retention costs**
- **✓ Surplus revenues of co-ops are transferred to the members**
- **✓ 80% of co-ops survive their first five years compared with 41% of other business ownership models**
Money flows within local communities

Protection from exploitation through ownership, transparency, control

Higher commitment of users disincentivizes short-termism

Prospect of data democracy

4 examples of platform co-ops

WHO: Stocksy United
stocksy.com
WHERE: Victoria, BC, Canada
WHEN: launched 2013
WHAT: high-quality, curated
stock photography and video footage, raising the bar—and the industry’s expectations—of stock photography and cinematography, 960 photographers in 63 countries

**2015:**
- $7.9m in sales, $200,000 in dividends to workers
- Skills training for photographers to increase value of product
- Uses 5% of revenue to operate the platform
- Have serviced 124 of Fortune 500 companies

**2016:**
- $10.7m in sales, $300,000 in dividends

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**WHO:** Green Taxi Co-op
greentaxicooperative.com

**WHERE:** Denver, Colorado Metro Area

**WHEN:** launched in 2015
launched in 2015

WHAT:
- Mobile app ride-hailing
- 800 members, immigrants from 37 countries
- $2,000 from each driver for startup costs
- Communication Workers of America Local 7777 helped clear regulatory hurdles (and leased a basement office to Green Taxi Cooperative)
- Captured over $3 of the Denver market

WHO: Resonate
resonate.is

WHAT:
- Stream-to-own model driven by blockchain technology
- Multistakeholder cooperative giving stakeholders democratic control: Artists (45%), Listeners (35%), Employees (20%)
- Resonate is 2.5 times more...
• Pays up to 2.5 times more than other streaming services

**MIDATA**

**WHO:** MIDATA
MiData.coop

**WHERE:** Zurich, Switzerland

**WHAT:** Health data cooperative

- Members upload their medical records, mobile-health data, and personal genome and can then decide to securely share with: physicians, family, researchers
- Apps-economy allows patients to make use of their data
- Profits are generated from voluntary sale of data to researchers
- Aims for an international federation of cooperatives with the goal of creating a cooperative data commons
... and there is so much more in the platform co-op ecosystem
4 ways to start a platform co-op (PC)
In order to build a fairer digital economy, we are working to overcome a series of challenges

- Financing
- Education
Platform cooperativism is a growing international movement that builds a fairer future of work. Rooted in democratic ownership, co-op members, freelancers, technologists, and unionists create a concrete near-future alternative to the extractive sharing economy.

Building on the early promise of the Web to decentralize the power of apps, protocols, and websites, platform co-ops allow modest-income households to benefit from the shift of labor markets to the Internet. Steering clear of the belief in one-click fixes of social problems, the model is poised to vitalize people-centered innovation by joining the rich heritage and values of co-ops with emerging Internet technologies.
LEARN MORE.
GET INVOLVED.

Visit: http://platform.coop

Request information: info@platform.coop

PUBLISHED BY:

Platform Co-operatives Consortium

SOURCES:
"Missing Markets and the Cooperative Firm" by Brent Huet (2014)

"Cooperative Identity, Values & Principles" by the International Co-operative Alliance


"Annual Report" by The National Cooperative Business Association (2014)

"An Economy for the 1%" by Oxfam (2016)

"What Do We Really Know About Worker Cooperatives?" by Virginie Pérotin (2016)
https://www.uk.coop/resources/what-do-we-really-know-about-worker-co-operatives


"Research on the Economic Impact of Cooperatives" by the University of Wisconsin Center for Cooperatives (2009)
http://reic.uwcc.wisc.edu/summary/


Thank you to the Internet of Ownership for their support and continued work in the platform co-op space.

DESIGN: idrc.ocadu.ca

The following is content extracted from the PNG graphic above

Platform Co-ops
We connect cooperatives with the digital economy

We need alternative economic models because the economy powering the Internet is not working

Inequality
In 2015, the 62 richest people in the world controlled $1.76 trillion: the cumulative worth of 3.5 billion people. Women and people of color are disproportionately affected by this trend.

Concentration
Network effects lead to top-down control of platforms, weakening competition and the potential for consumer alternatives.

Workplace Democracy
While political democracy has spread in many countries, workplace democracy has not.

Invasion of Privacy
In the EU alone, the market for personal data will reach $1 trillion by 2020, encouraging commercial surveillance and privacy breaches.

The Smokescreen of Counterculture
Terms like “sharing” and “community” are used to sell commercial services and lend out assets. Labor companies pass themselves off as tech companies.

Stalled Worker Rights
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•The total co-op revenue in the U.S. is $500 billion.
•Cooperative enterprises worldwide employ 250 million people and generate $2.2 trillion in revenue.

Imagine a digital economy that would follow the 7 co-operative principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community
Platform co-ops respond to the market failures of the online economy

benefits of the platform co-op model:

- Lower transaction and retention costs
- Surplus revenues of co-ops are transferred to the members
- 80% of co-ops survive their first five years compared with 41% of other business ownership models
- Money flows within local communities
- Protection from exploitation through ownership, transparency, control
- Higher commitment of users disincentivizes short-termism
- Prospect of data democracy

4 examples of platform co-ops

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   **WHAT**: Health data cooperative; Members upload their medical records, mobile-health data, and personal genome and can then decide to securely share with: physicians, family, researchers; Apps-economy allows patients to make use of their data; Profits are generated from voluntary sale of data to researchers; Aims for an international federation of cooperatives with the goal of creating a cooperative data commons

... and there is so much more in the platform co-op ecosystem

*Journalism*

Banyan Project
Newscoop Sourcefabric
The People's Daily Morning Star
Taz
Quotidiano Comunista Il Manifesto
WOZ Die Wochenzeitung
Positive News
La Jornada en linea

Transportation
Green Taxi Cooperative
Yellow
Ridgyo
Partago
Cotabo Il Primo Taxi di Bologna
Co-op Cycle
Co-op Taxi Line
Tapazz
Modo

Short Term Rental
H2H
Fair BnB

Incubators and Supporting Institutions
bHive
Enspiral
Cooperative Networks
Fair Coop
Freedom Coop
Seed dot coop

Data Co-ops
Dark Peak
Midata
Data Commons Cooperative
GiSC
Our Data Coop

Consulting
Gildedspinters
Smart

Food
Join Us 2 Eat
4 ways to start a platform co-op (PC)

• CO-OPs launch PCs
• FAILING STARTUPS convert into PCs
• PCs can be created as a result of ANTI-TRUST REGULATIONS
• Co-ops can launch PCs with the help of UNION

In order to build a fairer digital economy, we are working to overcome a series of challenges

• Financing
• Value Proposition
• Network Effects
• Regulation
• Education
Leadership
• Member Involvement

Making good
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