



Why Sharing Economy Businesses Need To Know About Blockchain Technology – Now

Insights

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My colleague Adam Bridgers wrote a fantastic piece for our April firm newsletter: [“Will Workplaces Be Going Off The Rails On The Blockchain?”](#) I highly recommend you take five minutes out of your day and give it a read.

If you are asking, “What’s a Blockchain?” – it’s time you educated yourself. One day you may look back with amusement that you even asked this question, the same way you probably chuckle when you picture yourself in 1994 asking “What’s an internet?” According to Adam’s article, Blockchain technology will soon lead to a similar [“seismic revolution in our society,”](#) similar to the way the world wide interwebs has changed nearly every facet of our lives over the past 20 years.

As Adan explains it, “in a nutshell, Blockchain technology allows people to exchange things of value with one another without the trusted middlemen we normally rely on to authenticate transactions, such as governments, banks, or even ride-sharing platforms. It allows us to authenticate and exchange assets, like virtual currency, intellectual property, titles, credentials, resumes, contracts, and personal data, on a decentralized virtual ledger. It is a decentralized database that stores a ledger of assets and transactions across a peer-to-peer network, and uses its network to authenticate transactions. Authentic transactions are then cryptographically secured and stored in blocks of data, which in turn are cryptographically linked and secured. This allows Blockchain transactions to be verified, monitored, and enforced without the presence of a trusted third-party or institution.”

Where things get really interesting for the purposes of our blog is the expected ramifications this new technology will have on the gig economy. [As Adam says:](#)

As with all Blockchain applications, the technology allows workers in the gig, or sharing, economy to operate without a trusted third-party intermediary; in this case, the business connecting gig workers and consumers. Blockchain could give workers even more freedom than they currently enjoy and customers the potential for increased savings.

Here is how it would work. Instead of using an existing ride-sharing service, driver Ozzy and passenger Sharon would use a new ride-sharing application that interfaces with a Blockchain on their smartphones. Sharon would request a ride on the new app, and Ozzy, whose driving credentials had previously been authenticated and uploaded to the Blockchain, would accept Sharon’s request.

The network would then authenticate the transaction and any requisite conditions, such as a driver's license verification. Once authenticated and complete, the transaction would be entered on the Blockchain as a block of data. Passenger payment and driver reviews could also be entered. The transaction record exists permanently and may be viewed by the next person seeking a ride from Ozzy or the next driver responding to a request from Sharon.

All gig businesses, not just ride-sharing services, could face the impending challenge of irrelevancy with this new technology. It is unlikely, however, that behemoths like Uber and Airbnb will allow smaller competitors running applications on Blockchain to dethrone them. These entities incorporating Blockchain into their existing business model is a much more likely probability. However, if you operate in a sharing economy business, you should start planning to use the technology before your workers develop their own and realize they don't need you.

Blockchain would certainly save gig companies on recordkeeping costs, but it also has the potential to do something far greater: end the argument about whether gig workers are misclassified as independent contractors. By incorporating Blockchain technology into their existing models, gig employers can act simply as user interfaces programmed to use a Blockchain to facilitate transactions between workers and customers. Further relinquishing control over workers could put to an end the expensive legal challenges that have cost gig companies dearly.

As I said above, the whole thing is worth a read. Carve out five minutes from your day and get on the Blockchain train now.

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