

# SAN FRANCISCO AND ITS ROLE IN THE EMERGENCE OF THE SHARING ECONOMY: HISTORY AND LESSONS

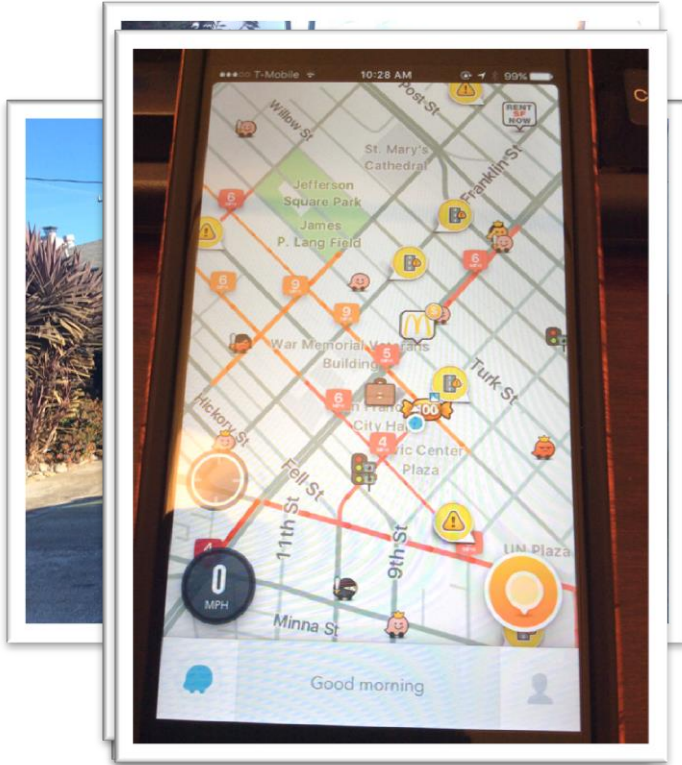
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# San Francisco Quick Facts

- Population of 850,000 (1.3 million)
- Area of 118 square kilometers (can we have map on side or background)
- 3.2% unemployment
- 76,000 jobs created in last four years
- 2,000 technology firms, 150 biotechnology firms, 200 green technology firms
- INNOVATION CENTER OF THE WORLD!





# San Francisco is Epicenter of Sharing Economy

According to recent review done in the UK by The Telegraph, 15% of all Sharing Economy start-ups globally are in City of San Francisco—yet San Francisco is .018 of 1% of the world's population.

4 of the top ten global “Unicorns” are located in SF City Limits and a fifth in Bay Area:  
Uber, Airbnb, Pinterest and Dropbox (Plantir)

San Francisco and Bay Area lead the world in VC funding—for 1st quarter of 2015, City of San Francisco had 125 VC deals with value of \$2 billion—five times as many as any other US City. (Pinterest)

# Why San Francisco?

- Traditional technology/innovation center-Silicon Valley
- Unique financial system
- Risk taking environment
- Artistic and innovative population with strong arts and culture foundation
- Welcoming to diversity
- Population that are “Trend Setters” /adventurers
- Government that is open

# How Did it Start?

The early stage setters:



"Communities should be open, democratic and self-regulating like immune systems."

Craig Newmark



But the big reasons are



& TRUST

## Fall 2007



Brian Chesky and Joe Gebbia can't afford to pay rent on their loft in SF — and create a new company called...“Airbed and Breakfast”... they make \$80 on first transaction.

## December 2008



Garrett Camp and Travis Kalanick (both who had just sold tech startups), meet at LeWeb Conference in Paris — and together bemoan the “horrible Taxi problem in San Francisco” and envision using technology to connect passengers with drivers---Uber is born.

Today — Sharing Economy is established  
and here to stay

UBER — market valuation of \$51 billion US (according  
to Wall Street Journal)

American Airlines — \$28 billion US

AirBnb — market valuation of \$24 Billion, larger than  
any hotel chain in the world

Marriott with 4,000 properties — \$22 Billion US

# Challenges

- Upsets the “status quo”
- Uncertainty of the regulatory role of government—protection of citizens.
- Workers rights
- Changes communities behavior

# San Francisco City Government's Response

- Recognize that Sharing Economy exists and is major part of economy and of people's lives
- Recognize that government represents the citizens, not special interests
- Attempt to reconcile traditional regulatory control with new alternatives and to work collaboratively with new Sharing Economy companies
- Enhance government operations by embracing the Shared Economy



**airbnb**

# Embracing This New Sector

The Mayor and City created the “Sharing Economy Working Group” – collaboration between government, industry and citizens to “take comprehensive look at the economic benefits of these innovative companies and emerging policy issues.”

City of San Francisco announces “KivaSF” as part of Invest in Neighborhoods(IIN) program to create commercial vibrancy in economically challenged neighborhoods through crowdsourcing micro finance loans.

# Partnership

City of SF through the San Francisco Disaster Council, joins with "Bayshare" partnership to bring Shared Economy into our Disaster and Emergency Preparedness:



This program has now been adopted by the White House for implementation **nationwide!**

# Lessons Learned

- Government can't choose who winners/losers in Shared Economy. Marketplace reigns.
- Shared Economy is here to stay.
- Many shared economy organizations/applications are wildly popular with citizens!
- For Government — new Shared Economy or “Disruptive” industries/companies are challenge—but this is not **“Black or White” issue** (Good vs Bad). Does Government represent the people or special interests?
- Finding the correct role for Government in Sharing Economy is difficult —balancing regulatory and role of citizen/worker safety with freedom of marketplace takes time/work and diligence, and at this time no one has answer!!

**But response should be to find new answers, not block or make illegal!!**

Finally...

We are just seeing the start of the  
Shared Economy and its challenges  
and rewards!

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Thank You!