

## **UBERISATION: COMMERCIAL MODEL OR SOCIO-ECONOMIC PHENOMENON?**

### **الأوبروة: نموذج تجاري أم ظاهرة سوسيواقتصادية**

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#### **Abstract**

Uberisation then designates a business model through which professionals and customers are put in contact directly or even instantly through the use of technology. This model has the advantage of being much cheaper for the customer compared to the classic model. The term refers to the use of computer platforms, such as mobile applications, to facilitate transactions between customers and providers of a service, often bypassing the role of planned companies. The model has operating costs different from those of a traditional company. This article aims to propose a synthetic definition of the term "Uberisation", in order to analyze its impacts and perspectives of the Algerian case.

**Key words:** Uberisation, platforms, digitization, digital transformation, digital applications, teleconnection, Startup, Big data.

#### **Résumé**

Ubérisation est un modèle commercial qui permet aux professionnels et aux clients sont directement, voire instantanément, mis par l'usage de la technologie. Ce modèle est différent par rapport au modèle classique par se scouts moins élevés. Le terme fait référence à l'utilisation de plates-formes informatiques, telles que les applications mobiles, afin de faciliter les transactions entre clients et fournisseurs d'un service, en contournant souvent le rôle des sociétés planifiées. Le modèle a des coûts d'exploitation différents de ceux d'une entreprise traditionnelle. Cet article a pour objet de proposer une définition synthétique du terme "Ubérisation", afin de pouvoir analyser ses impacts et ses perspectives du cas algérien.

**Mots clés :** Ubérisation, plates-formes, numérisation, transformation digitale, applications numériques, télé-connexion, Startup, Big data.

## **1.Introduction**

digital transformation refers to the process of an organization fully integrating digital technologies into all of its activities. This transformation also involves different development methods, inspired by the giants of the web. This is for example the case of the concept of Lean Startup, which consists in experimenting, measuring and continuously improving the products taking into account the feedback of the users, which consists, in clear, in knowing how to exploit the data resulting from big data. The impact of digital transformation is also significant in the field of human resources. It profoundly changes the relationship to work, by making possible different modes of collaboration than secular wage labor.

Digital brings about profound behavioral changes in the sense that new technologies give rise to new uses, innovative ways to trade and communicate. As a result, the digital transformation of companies turns out to be more a cultural than a technological subject and, as such, it imposes on the organizations a real problem of managing the change of their collaborators. With the massive arrival of digital, companies are indeed led to rethink their processes, their modes of operation, their managerial practices, and ultimately their corporate culture. This article aims to propose a synthetic definition of the term "Uberisation", in order to analyze its impacts and perspectives. This concept was introduced in December 2014 by Maurice Lévy, the CEO of Publicis, in an interview with the Financial Times [Cuny, 2014]. Since the appearance of the term in question, many people have used it to refer to economic phenomena. Some authors view uberisation as the emergence of the business model like Uber, and others see it as the disruption of traditional industries through innovation. Some retain both elements. It therefore seems appropriate to base the definition used in this text on the two elements, which must be defined in their turn.

## **2.Digitization of the economy and its challenges**

The digital economy has challenged and profoundly transformed the processes of production, distribution, sale and consumption of goods and services. Its expansion is the usufruct of a long process of global economic and social transformation, which asserts itself every day a little more. The immediate consequence is a radical

upheaval in the lifestyles and communication, the professional practices, the consumption habits of states and their citizens.

New needs, created by an increasingly aggressive, subliminal and diversified offer, were born in fields as varied as health (telemedicine), education (e-learning), energy and the environment, culture (digital content), commerce (e-commerce) media and entertainment (website, blogs, tweet, etc.), security, defense (closed telecommunications networks), transport, administrations and public sector (e-government, open data), services (e-services), production methods and industry, computerization and business management (ERP, e-management) ...

In three decades, new technologies have progressively become part of the core business, creating new sectors, businesses, products and services that support the process of digitization of the economy and that offer opportunities for all stakeholders. of the global economy and enables them to conquer the key markets of the future and thus adequately address the major challenges in redefining the principles of international trade, for the advent of a new global economic order.

This "new economy" requires economic actors (states, companies and other users) a new way of "doing business and creating value" for which the Internet and its tools and services are both the vector and the symbol.

### **3.Uberization: a literature review**

#### **3.1 Definitions of uberisation according to different sources**

##### **➡ Definition of ubérisation according to B. Bathelot, [2017]**

The Uberisation neologism has generally been used to describe the phenomenon by which a start-up or a new economic model linked to the digital economy can, in principle, threaten and quickly challenge an old model of the "traditional" economy. If the term had existed, we can also consider the virtual disappearance of free classified ads against the site Leboncoin, as a result of Uberization phenomenon. Note that the term has become "obsolete" or at least less relevant, since the many difficulties encountered by Uber in 2017. If the phenomenon to be described remains relevant, Uber may not be more illustrative the most relevant.

➡ **Maurice Lévy, CEO of Publicis [2015]**

"One of its first uses is the fact that the CEO of Publicis, Maurice Lévy, in an interview with the Financial Times, he evokes the fear of companies to be "uberise". Uberisation means, for any company, the fear of being subjected to competition from a new player in the digital economy, just like what taxi drivers knew about the service offered by Uber. Therefore the fear, for the dominant companies, of being undermined by innovative startups taking advantage of digital possibilities.

➡ **The Deloitte Company**

Deloitte has proposed a definition of uberisation based on 7 criteria of Fooz, [2015]:

- ✓ **Disruption:** the individuals indeed upset the market in record time, and threaten the big companies;
- ✓ **Use:** the use of a given good or service predominates over the possession of that same good or service;
- ✓ **Innovation:** new approaches that bring a different perspective on our daily lives and better living, through the user experience;
- ✓ **Interchange:** connect people who are looking for a product / service with those who have a product / service to offer. This exchange may take the form of bartering, sharing, selling or renting;
  - ✓ **Digital:** this exchange is supported by digital platforms: Internet, mobile, tablets, payment systems, etc.
  - ✓ **Interdependence:** the consumer is at the center and the number of intermediaries is reduced to a minimum;
- ✓ **Dynamic:** price adjusted in real time according to supply and demand. Access to the product / service is on demand, at the time and place desired by the user

➡ **Observatory of Uberisation [2015]**

The Observatory of Uberisation defines this notion as the "rapid change in the balance of power thanks to digital technology (Observatoire de l'Ubérisation [2015]) .This proposed definition aims to encompass all the uses of the word Uberisation.

➡ **Gregoire Leclercq, President of FEDAE, co-founder of the Observatory of Uberisation [2016]**

"Uberisation is today defined at the crossroads of three levers: the collaborative economy (which is a revolution of use), digital innovation (mastery of technologies and bigdata) and the gig economy".

**➡ The Harvard Business Review**

The Harvard Business Review shows in a recent article that freelance work is growing faster than salaried jobs, resulting in a profound change (or revolution) in the world of work. In France, the trend is the same to a lesser extent where self-employment has become a source of employment in the face of unemployment. Uberisation is always based on an exclusively lucrative logic, shared by the three actors: the service provider wants to make a living by rendering a service to the final consumer, the consumer wants to pay for it, and by going through a platform which is paid in commissions, but which guarantees a quality experience (provider scoring, receipt of the customer's payment). "(Leclercq, [2016]).

Due to the profusion of communication technologies, the market has become less expensive than the business, while being much more flexible. Therefore, this background wave seems irresistible. The question that must be asked is not "Is my job going to be uberized?", But rather "What would I do when my job will be uberized?" Because one way or another it will be. "(Frery, [2015]).

**➡ Stéphane Soumier, journalist specializing in current affairs of the economy and companies [2015]**

"Anyone can do your job overnight without any qualifications because technology gives him every opportunity to do your job, and so he'll do it for a lot less." (Soumier, [2015]).

**➡ Joëlle Bails, [2015]**

The term "uberization" is a new term formed from the name of the Californian start-up of passenger vehicles with Uber drivers. It refers to the linking, by digital platforms, of individuals or independent workers with potential customers. The phenomenon affects various sectors: the transport of people with carpooling (BlaBlaCar), the hotel industry with the rental of private homes (AirBnb, Wimdu ...), car rental (Drivy, Ouicar ...), catering (VizEat), banks with crowdfunding platforms.

**➡ Synthetic definition**

The uberisation neologism was formed from the name of the company Uber, emblematic of the phenomenon for the urban car transport services sector. In all fields of activity, uberisation refers to a process by which an economic model based on digital technologies competes head-on with the uses of the classical economy. This model is mainly based on the constitution of digital

platforms that connect direct providers and applicants, as well as dedicated applications that exploit the real-time responsiveness of the mobile Internet.

However, Uberisation differs from the strict sharing economy in that it integrates, for a large part of its scope, offers of services from professional providers to customers, with a commission from transactions by linking platforms.

Uberisation then designates a business model through which professionals and customers are put in contact directly or even instantly through the use of technology. This model has the advantage of being much cheaper for the customer compared to the classic model.

### **3.3. Some examples of uberisation**

✓ **Uber:** passenger cars with independent professional chauffeur (VTC) and urban passenger car sharing (Uber Pop). These two devices compete and destabilize the taxis' business model;

✓ **Airbnb:** global platform for the rental and booking of overnight stays for individuals, in competition with the classic hotel industry.

✓ **Amazon publishing:** a platform for self-publishing and marketing e-books, which breaks free from traditional channels (publishers, broadcasters, distributors, booksellers).

### **4. Benefits and risks of uberisation for clients and providers**

**4.1. For customers:** cheaper services in traditional economy or better quality at equal price, simplicity and speed, securing by platform intermediation (payment, integrated insurance, evaluation of providers by users);

**4.2. For service providers:** easy and multiplied access to customers, additional income and diversification opportunities, autonomy and flexibility. On the other hand, for professional providers who only practice this type of activity, the status of self-employed worker (self-employed or freelancer) leads to greater precariousness than salaried workers and minimal social security coverage. In addition, the level of income is conditioned by the evolution of the tariff policies of the platforms.

### **5. Uberization of the economy: societal issues**

The uberisation process, which concerns a large number of economic sectors, generates significant social upheavals, both in the short term and in the long term. The professional activity is seen

more and more individualized and fragmented (several jobs exercised simultaneously, mix wage / independent work ...). The social (financing, coverage), legal (labor law, service provider status) and tax (relocation of platforms according to optimization opportunities) models have to be reinvented to adapt to this new situation.

In addition, if it leads to an indisputable dynamisation of economic processes, uberization weakens in return large parts of the traditional economy. A work of reflection and consultation on a large scale of different stakeholders is essential to support constructively this evolution of the modes of activity and consumption.

## **6. The consequences of uberisation**

### **6.1. The consequences of uberisation in tax matters**

The uberization deprives the state of tax revenues. Receipts from private service providers are generally not reported and thus exempt from income tax, services rendered are not subject to VAT, the platforms engage in tax optimization practices ... The challenge for public finances today is to manage to tax the wealth generated by these activities.

### **6.2. The consequences of uberisation in social matters**

This economic model is based on the use of unpaid work. Uberized workers are not linked to companies by a contract of employment but by a commercial contract. They provide a benefit as self-employed. They do not benefit then from the social cover and the rights attached to the status of employee.

The situations are quite disparate: if some, salaried or retired, use the platforms to supplement stable incomes elsewhere, others are workers to the task deprived of real social protection, not insured in case of illness, do not contribute or little for their retirement.

## **7. Uberisation in Algeria**

In Algeria, initiatives in the digital domain are multiplying thanks to the help of organizations such as the ANPT<sup>1</sup>, INJAZ El Djazair<sup>2</sup> and SYLABS<sup>3</sup>, brought to young innovators in a perspective of

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<sup>1</sup> National Agency for the Promotion and Development of Technological Parks.

<sup>2</sup> INJAZ El Djazair is a fraction of INJAZ El Arab, an organization that deals with young people in the 14 MENA countries.

<sup>3</sup> Sylabs is a talent accelerator in the heart of Algiers ; Entrepreneurs, startups, developers.

developing the digital economy of the country. In recent years, more and more Algerian start-ups are emerging, most of them based on an uberised model.

Among other things, the development of these companies in Algeria is experiencing some difficulty due to the lack of confidence of Algerians vis-à-vis new technologies and electronic payment.

- Among the Algerian uberised companies, we quote:

- **The Yassir application**

It is a transport service that connects drivers and customers through their smartphones in order to move from point A to point B. "Just press to board", promises founded by Algerians from Silicon Valley.

The first step is to download the application on the Play store. Yassir weighs about 30 megabytes. Once downloaded, the application asks the user to register: either with a name and an e-mail address, or with a Facebook account. The phone number of the smartphone is also required. This will be used to send a confirmation code ensuring that it is the correct number.

- **Nbatou Algeria application**

Everyone recognizes the great success of the Airbnb rental and booking platform for private homes that has managed to compete with even the largest hotel chains in the world, especially in Europe, without holding a single hotel room. The solution is to connect homeowners with tourists in one online platform.

It's almost the same concept that the startup "Nbatou.com" offers. But in the absence of electronic payment in Algeria, the platform offers several solutions methods of remuneration of services in local currency (DZD) via transfers, payments or transfer of cash by direct displacement at its premises. Nbatou algerie application is an Algerian platform specialized in hosting, similar to Airbnb.

- **Fixit application**

Fixit is the first Algerian mobile application to connect individuals and do-it-yourselfers and / or craftsmen in various fields such as plumbing, electricity, electrical appliances and dish repairs, etc.

In addition to the ability to order a handyman immediately, the application allows to book it also in advance for a later date at the convenience of the user. The categories of service available on the platform are: Plumbing, Heating, Refrigeration and Air

Conditioning, Electrical Appliance Repair, Small DIY, Electricity, Dish Installation and Gardening.

**- NAVSI application**

The e-Learning Platform for Distance Learning and Education at NAVSI Academy represents the meeting point for students who want to improve their grades, trainees who want to have a training or career of future, officials , academics, executives and leaders, who want to acquire knowledge, skills and better management of their human potential. The platform designed to perform courses and applications practiced in filmed images; for all levels. The image, practical illustration, new ideas, and quality speakers will be our assets to sustain our users.

**- Ostadhi application**

Launched on May 11, Ostadhi is a completely free platform aimed at meeting the needs of people seeking knowledge, by offering them courses on the website or by putting them in contact with people with skills, or special know-how. According to Mr. Khadraoui, "everyone has a talent in a particular field and this talent must be shared to benefit other people." Regarding the quality of the courses offered, the site guarantees that they are subject to rigorous control.

To reach this adjective, the platform is, above all, to give visibility to people wishing to share their knowledge, be it a new teacher, a student wanting to make ends meet or just a person wanting to benefit people of his knowledge. To do this, they are all invited to register to feed a database that meets the needs of applicants through an application including a search engine and a map.

Users seeking private lessons or training, will be offered several possibilities available on the map in question. Contact information for teachers and trainers is also available.

## **8. Conclusion**

Uberization is then a neo-euphemism for a company belonging to a highly connected business that must achieve optimal returns in its operations, providing very economical and efficient services. The idea is then projected in the area of economic systems to talk about vehicles and drivers (in the example of Uber) as an underutilized capability of existing resources or human resources, and then highly networked communications as simple economic reality.

The term refers to the use of computer platforms, such as mobile applications, to facilitate transactions between customers and

providers of a service, often bypassing the role of planned companies. The model has operating costs different from those of a traditional business

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