Twitter Thread by Andrew Chen

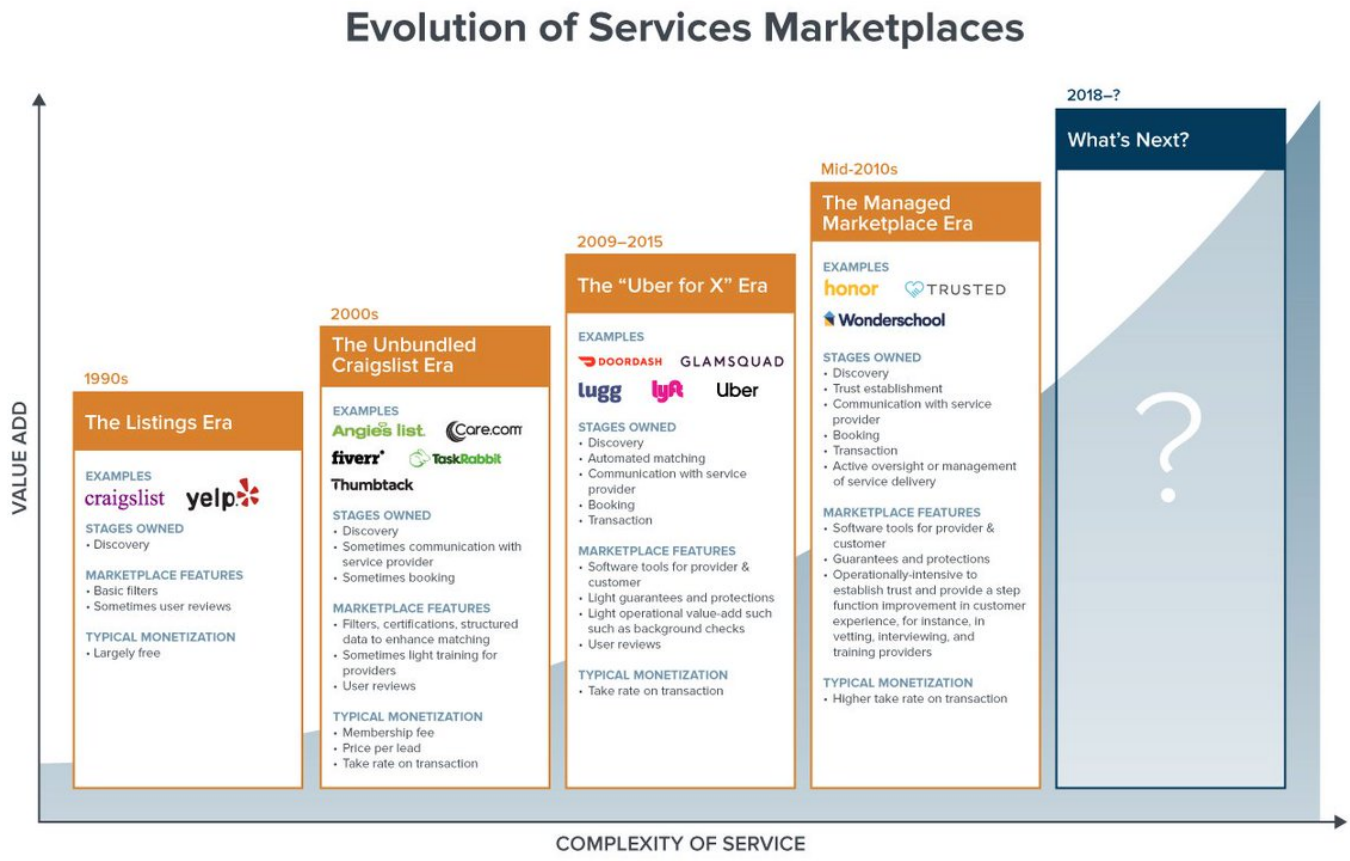


Andrew Chen
@andrewchen

1/ new essay: What's next for marketplace startups? Reinventing the $10 trillion service economy, that's what. Co-authored with @ljin18 https://t.co/fgKbrHTnH5. A short thread ■

2/ Marketplace startups have done incredibly well over the first few decades of the internet, reinventing the way we shop for goods, but have been less successful services. It's bc services are complex, subjective, fragmented, and often in real life. Makes it hard

3/ There's been 4 major eras at making the service economy work online. The Listings Era, the unbundled Craiglist era, the Uber for X era, and the Managed Marketplace era



4/ Each era has added more value than the last, and utilized technology innovations, from internet to social / "read/write web" to mobile. The "Unbundling Craigslist" era was particularly epic at generating startup ideas



5/ The problem is, all the low-hanging fruit has been picked off. The techniques that got us to here won't get us to the next phase. So we have to do some pretty different things. That's why "Managed Marketplaces" have been a big deal - hire folks as W-2s, certify quality, etc.

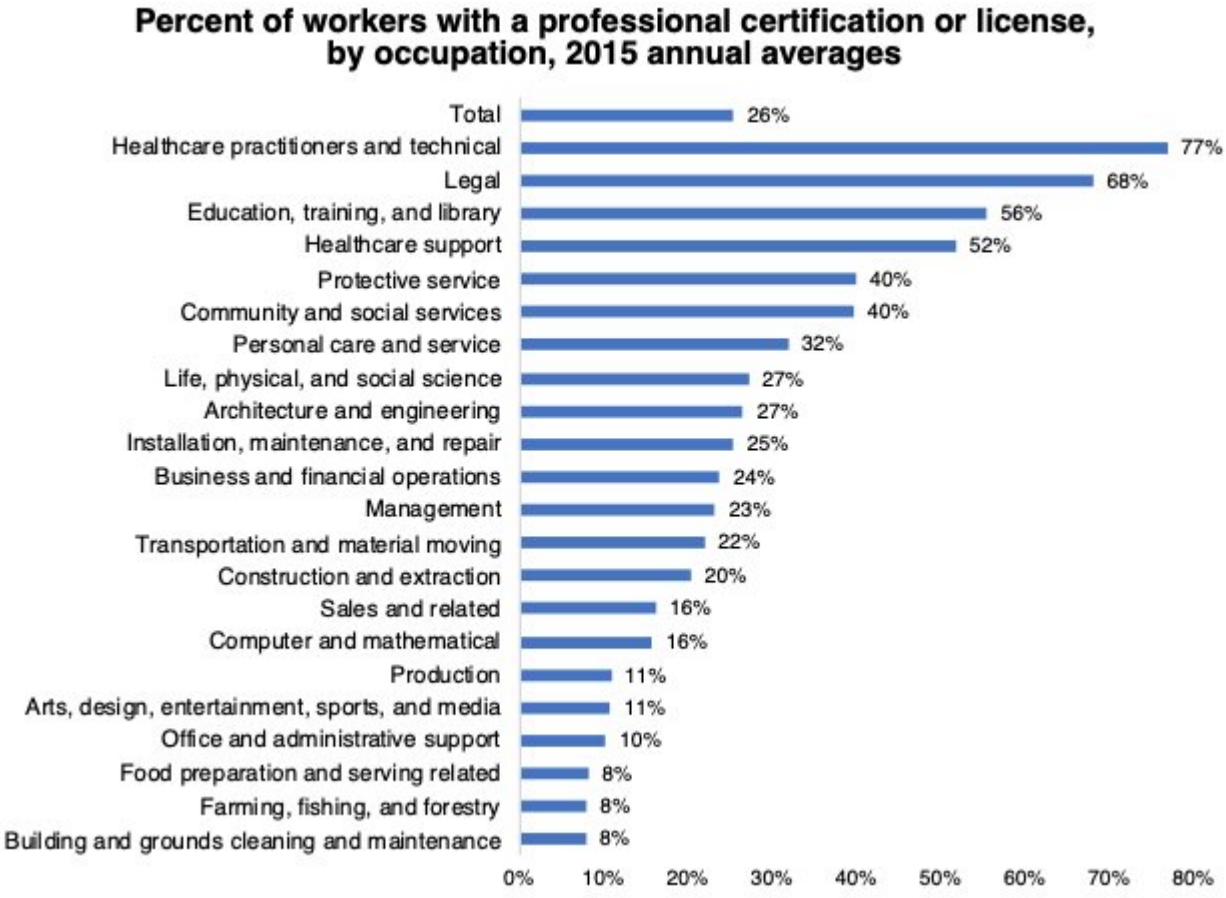
6/ All the learnings from the previous generation of marketplaces will be needed - and more! - to unlock the next phase. Which will be focused on regulated, licensed professions. This is everything from teaching, legal work, healthcare, and more. This represents trillions (!!).

7/ Here's a view of what all of these sectors might look like.



8/ Licensing *really* made sense information asymmetries existed all over the place, between consumers and providers. The taxi medallion meant something. But in a world of real-time info, GPS, user reviews, and mapping - don't we trust their rating more than their medallion?

9/ Feel free to argue about the value of licensing. It's not zero. But it holds back a lot of labor supply and makes the services expensive. Here's a view on the % of workers that require certification/licensing, in a world where it's certainly less useful and maybe just obsolete



10/ If you agree with the premise that you can unlock supply in these markets, then there are 5 key strategies to make this happen: A) Making discovery of licensed providers easier B) Hiring and managing existing providers to maintain quality

11/ Also should include: C) Expanding or augmenting the licensed supply pool. D) Utilizing unlicensed supply. E) Automation and AI. Each one deserves a deep-dive.

12/ There are 125 million Americans who work in the service industry. And we're all consumers of this market. This is a big, big opportunity, and we're excited to be digging in.

13/ Here's the essay so you can read it: https://t.co/fgKbrHTnH5. And shoutout to my co-author @ljin18 who drove most of the writing on this one!