

Interview with Anita Gurumurthy, executive director of IT For Change



Anita Gurumurthy is the executive director of IT For Change, an NGO based in Bengaluru, India. By its work IT For Change supports a society in which digital technologies contribute to human rights, social justice and equity.

Anita published several studies on the platform economy, for example she was the principal investigator of IT For Change's multi-country policy research project on platform governance, exploring legal-institutional mechanisms to address digitalisation and platformisation of the economy, covering multiple sites from the South and North. In this interview she will share some of her research findings for the Trend Topic "Platform Economy" of GIZ giz.digital platform.

1) Could you please provide an overview of your current research on platform economy? What aspects are you discussing at the moment and which topics interest you most?

For the past two years, we have been looking the platform models across a range of sectors – ride-hailing, agriculture, on-demand services, tourism, video-on-demand and so on. Our objective was to look at the ways in which the [model of platformisation remakes and reorganises economic activity](#) in any given sector and how value is distributed among various actors in the ecosystem.

We are also looking at platform value chains in e-commerce and social media, examining the role of data in these value chains. This is [particularly important](#) given the [expanded role of platforms in the economy post-COVID](#). Our research concern is with the enormous market power that digital behemoths wield; power that comes from data-enabled advantage, what we may call an "intelligence advantage" through which they mediate economic and social interactions. The platform economy comprises a huge infrastructural ecosystem of interconnected, but often, invisible, layers and functions. It reflects the data-enabled reordering of all aspects of the economy – from production to distribution and consumption.

Our work in sectors such as [travel and hospitality](#) – now decimated by the pandemic – clearly indicates the displacement of locally embedded actors from new value chains, and a breakdown of trust among local players. This is but one example of how remotely controlled platform logics – managed through algorithmic optimisation techniques – can subvert market equilibrium, creating [asymmetries of power](#). We have also worked with the ILO, for instance, mapping alternative platform models based on cooperative principles, and continue to be engaged in examining the impact for [worker rights in platform mediated work](#).

Our research focus is three-fold:

- How does platformisation of the economy impact economic structures in terms of value creation and value distribution? Who does what?; who gets what?; who gains?; who loses?; and who holds the controls?
- How should frameworks for economic governance respond to address the power imbalances in the platform economy?
- What kinds of alternative platform models can be encouraged for fair and equitable outcomes? That is, can the "intelligence advantage" gained from data be used for regenerative and sustainable economies?

2) How would you describe the platformization of our economy?

As pointed out, platforms may be considered as 'network-data architectures' that orchestrate production and exchange, signifying new modes of value creation and distribution. Through platformisation, we see the movement from 'size-scale' economies to 'intelligence-scale' economies. In the mainstream economic context of the past decade, network scale and data value have been harnessed to build an ever-growing monopolistic advantage. Typically, first movers have catapulted themselves as winners taking all - not only in a particular sector, but spreading out into newer and newer markets through a creeping acquisition. For instance, in 2018, Amazon acquired the online pharmacy PillPack, and established its ambitions in health care. At the beginning of the pandemic, Jeff Bezos held parleys with the Director General of the WHO "to flatten the curve", offering assurances to "protect people around the world". E-commerce companies are among the few who will grow bigger in the post-pandemic context, and Bezos' generosity must be interpreted through the frame of corporate opportunism. Facebook recently invested \$ 5.7 billion in RelianceJio, the largest telecommunications company in India, and now, with e-commerce transforming into an essential service worldwide, RelianceJio's e-tail offering, Jiomart, and Whatsapp have come together to offer [hyperlocal grocery services](#). This signals deep trouble for local mom-and-pop stores that provide employment to millions of small entrepreneurs in India.

Platformisation also 'delocalises' economies by centralising power and intelligence and rendering the peripheral nodes of the local economy as mere executors of any given service. Take the case of tourism for example – a highly localised experience in and of itself, but one where increasingly most decisions such as say where to stay, what to see, what to skip, where to eat, what to do etc., are all decided through travel platforms such as TripAdvisor or Booking.com, which aggregate, rank and rate listings and mediate transactions for the user. In food delivery, we see how restaurants face a Hobson's choice – they cannot afford to be left behind as consumption practices change, but they cannot also keep up with the one-sided terms of food aggregator platforms. The National Restaurant Association of India has been at loggerheads with food aggregators like Swiggy, UberEats and Zomato over lopsided terms of engagement - deep discounting, exclusivity in partnerships, uneven commission charges and data masking, among other issues. The Association plans to take up the issue with the Competition Commission of India.

The platform economy in its current avatar is therefore a terrain of contestation between the all-powerful, multi-headed hydra represented by digital giants holding the future economy hostage and the still unrealised possibilities for a new economic model based on the intelligence economy that gives developing countries a new competitive advantage (anchored in data as a resource) and small economic actors a bigger share in value (through decentralisation of the intelligence advantage).

3) Did platforms change over time (from the first platforms to what we are facing today?)

The quintessential idea of platforms as a connector in the economy and society came with the Internet. From the open web that was heralded as a leveller, we saw in the 2000s, Big Tech giants like Google or Amazon, Alibaba or Facebook, who went on to set up gated spaces in knowledge, commerce, social interactions, using what is described as the 'network advantage' to grow at exponential speed. A major moment of transformation came with the advent of the smart phone. The architecture of user access to the Internet was poised to be more definitively routed through various enclosed spaces that were optimised to perfection through user data collection, processing and ad-targeting. Cloud architectures became intrinsic to this market model of data extraction and ad revenues. [Super-apps like Meituan](#) in China became the gateway for various services, aggregating consumers across various market segments into a wide-ranging, near-monopolistic or monopolistic ecosystem with integrated layers like payments and wallets.

The smart phone revolution hastened the market capture tactics of the big players. In many countries of the global south, where mobile Internet services were still not a reality, platforms like Facebook launched Free Basics - bundling select services with their platform offerings. The very nature of the Internet was being altered with these gated enclosures. From a pull model, the platforms changed the experience of the Internet into an endless push of content; no longer were we going into hyperlinks of our choice, but were being led on a leash into predetermined content streams within enclosures of ratings, rankings, paid content and more.

While the Snowden revelations laid bare the political surveillance machinery, the Cambridge Analytica controversy pointed to the economic surveillance game – the ascent of a data market that could provide solutions, from electioneering to social credit rating and worker/employee profiling. The open network of the Internet had transmuted into an unfair and unsustainable economic structure predicated on hoarding more and more data. Meanwhile, the GAFAM were already discovering multiple ways to deploy their data hoard, creating new data value chains with models that machine learning made possible. These were experiments outside of the markets they controlled, in new areas – driverless cars, facial recognition, predictive policing etc. With the role of data firmly established in the economy, traditional giants also entered the fray. Bayer's takeover of Monsanto, for instance, may be seen as the pharmaceutical giant's market aspiration to get hold of soil and seed data for expanding market control. Today, what is noteworthy is that the notion of the platform economy encompasses not only consumer/user facing transaction architectures, but data-and AI-based value chains (built on personal and non-personal data sets) that enable a fundamental reorganisation of economic production and market exchange.

4) What are the main changes platforms bring to our society?

With AI becoming a factor of production, those who own the data and hence, have the capability to build intelligence from it, become the most powerful. Consider this; UNCTAD in its 2019 Digital Economy report has noted that US and China together account for nearly 90 per cent of the market capitalisation value of the world's 70 largest digital platforms. These two countries also hold 75 per cent of the world market for public cloud computing, a critical infrastructure of the digital economy.

The platform economy operates through a de facto rule about free data flows, implying that the corporations who have historically collected data about human behaviour, our streets and our natural resources, get to be default owners of the data. This creates a deep crisis for democracy – with the social intelligence for system design transferred to private hands. Google knows more about our cities than our city governments!

The capitalist greed for data that underlies techno-design architectures has spawned algorithmic cultures of shallow ephemerality in our social interactions, encouraging hyper- consumerism.

Platforms also deeply implicate human rights. Worker surveillance and disciplining has been pointed out as a pervasive problem with app-based ride hailing, for instance. Non-transparent policies of platforms in regulating speech have seen the suppression of marginal voices. The cooption of platform logic by regressive social forces has meant viral cultures of distrust, social anomie, and legitimisation of violence and hate in the public sphere. Privileging the big and undermining the small, platform cultures devalue diversity, autonomy, and social ethics, instead promoting hyper-efficiency and centralised control.

But these broad trends in platform society cannot be blamed on any inherent tendencies of digital technologies or the Internet. Different social outcomes are possible and must be experimented with and

studied for how technological design and global to local governance of platforms can reshape the current reality of a rather skewed platformised social order.

5) **Do platforms have an influence on gender equality or inclusion?**

The platform business model tends to reify preexisting social power hierarchies. The much-touted flexi-work opportunities of platform-mediated work have more often than not turned out to be precarity traps that reinforce labour hierarchies – sexual, racial and international. The advent of platform work does visibilise informal sector contracts in areas that were completely outside the pale of the law – domestic work being a classic example. This provides an opportunity to dismantle feudal work arrangements and introduce market-based contract arrangements that enhances the economic agency of the worker. But in practice, such ‘formalisation of the informal’ has rarely led to an improvement in work conditions and bargaining power of women workers, as experiences in the global south suggest. Consultations by [civil society organisations in India](#), on platform-mediated domestic work, have demonstrated that during the recruitment process, platforms rarely provide information on how workers can file complaints/raise grievances about the employer. In disputes that arise, the platform inevitably takes the customer’s word and workers are not accorded legitimacy. IT for Change’s research partners in the Philippines [have pointed](#) to how the myth of “independent contractor” promoted by platforms has led to women domestic workers being completely vulnerable and bereft of all forms of employment protection in times such as the current COVID crisis. Paradoxically, platform-mediated domestic workers are outside the purview of national level legislation in the Philippines that provides a social safety net for domestic workers in traditional work arrangements.

There is also the hugely important question of the public participation of women/ girls, and gender non-conforming people, online. Social media platforms whose business model is predicated on leveraging algorithmic virality for consumer attention capitalise on misogyny, racism, casteism, homophobia and online cultures of cyberviolence. There is no incentive for them to introduce techno-design tweaks to challenge the gender status quo in the online public sphere. On the contrary, viral gender-based hate – targetting people in marginal locations – feeds their profits. The American model of content governance online that is focused on [minimising platform culpability](#) for the circulation of content online has intensified this problem.

6) **It is sometimes expected that especially workers from Least and Middle Income Countries can profit from the platform economy. What improvements do you see for these workers? How is their life changing?**

While that is the expectation, the reality is quite different. In the global south, which is home to 93 percent of the world's informal workers, platformisation has meant nothing more than the formalisation of informal work. Workers in the platform economy, whether as part of the vast supply chains that platforms operate or as part of the massive floater base of gig-workers that serve as the crucial point of service in most location based services (including goods delivery, driving, home-based services, piece-meal work etc.) face a harrowing catch 22 and are denied worker rights and protections. Through complex sub-contracting arrangements, these so called ‘free agents’ are subject to highly demanding work environments, data based surveillance and various forms of wage-theft, and actively deterred from exercising their right to collective bargaining. Workers are putting up a struggle, but the post-pandemic economic context is bound to create a loss of momentum that can only be remedied through laws, judicial intervention and better corporate practices.

7) Do you see influences of Covid-19 on the platform economy?

Definitely, in several ways. Around the globe, with lockdowns, e-commerce and food-delivery have seen record levels of use and will have a lingering impact on consumer behaviour. Similarly, conferencing and collaboration work platforms such as Slack and Zoom have seen huge uptake in users. Same goes for edutech platforms in universities and schools. On the other hand, prospects for other kinds of location based services such as ride-hailing and sector specific platforms such as Online Travel Agencies (OTAs) have taken very big hits in the current situation. Platform companies are also transforming their primary business value propositions for continued relevance in the post-COVID situation. Platforms such as Cure Fit, used for managing gym appointments in India have branched into virtual exercise, telemedicine and teletherapy. Uber is contemplating offering 'errands at large' services like platforms such as Task Rabbit and Dunzo.

It is not yet clear what the impact of the strained global financial and investments climate will be on big platforms, which have consistently been overvalued, despite making losses. Some nascent but inconclusive trends are showing up. Startups and smaller companies have faced the brunt of the economic recessions, with many finding it harder to keep afloat in the environment, and unlikely to attract new venture capital. Larger platforms may have to significantly rethink how they work, as they will no longer be able to do cash-burn and deep-discounting, two important methods of building user-base and network loyalty. Large-scale layoffs have been another trend.

With regard to policy, a concerted push for platform governance, which had gained momentum over the past two years has unfortunately now come to a pass as governments around the world look more and more to big tech companies for support in shaping response to the COVID-19 pandemic. This is definitely a lost opportunity for much needed policy reform and will end up ceding more ground to large technology corporations in critical sectors such as health and education. On the contrary, regulatory environments in many sectors will probably tend to be more relaxed (as we have seen in the case of telemedicine) to account for the many services that have become entirely platformised in the wake of COVID-19.

8) What alternative platform models are possible? How could these models have a positive effect on gender and inclusion? Are there already some alternative models having visible effects?

Alternative platform models work best when they are strongly anchored in the local context and accrue gains in a decentralised manner ensuring all actors in an ecosystem get their fair dues. In India, we have seen social enterprise platforms such as Ekgaon and Vrutti, which work with women-led farmer producer companies, successfully demonstrating both ethical data practices as well as communitised value distribution. In the Philippines, on-demand based cleaning service platform Lingap Gailing Cleaning Consultants (LGCC), plans to function as a cooperative, and partner with local government units in organising individual women workers. There are several collaborative consumption models in Europe and North America which pursue sustainable practices outside of non-market frameworks.

However, alternative platform models who choose not to pursue scale face many challenges such as high regulatory burdens and non-competitive practices of dominant players. There is therefore a very important role for affirmative public policy support for smaller platforms.

9) **What recommendations (for governments, platform owners, users and workers) do you have to change the platform economy?**

Our recommendations are as follows:

- Platform monopolies need to be dismantled. A regulatory model widely understood and accepted today, and championed by scholars like Lina Khan, is the separation of the platform marketplace management from retail commerce. Simply put, this means that Amazon cannot be running both its platform marketplace and its retail business model. The other kind of structural separation, which is less understood and which we at IT for Change are urging now, is the compulsory separation of the functions of personal data collection and management from that of processing data for providing digital services in the platform business model. That is, Amazon has to choose either to run a platform service or to develop and run a service such as AWS. The easy and seamless monopolisation of both types of services is what makes it a Goliath in the market. We need new normative re-imaginings in the world of regulation.
- Governments also need to create an enabling environment for domestic digital innovation by ensuring universal access to affordable connectivity, reliable and secure digital payments systems, banking networks, logistics backbones and public data infrastructure.
- The international labour movement and its institutions must redraft worker rights in the gig economy and allow for a renegotiated social contract that is empowering for workers in emerging on-demand labor markets. Worker organisations also need to invest in the creation of new social and solidarity economy platforms whose data practices are grounded in a cooperativist ethos.

10) **GIZ colleagues are working in projects all over the world, what would you recommend to us?**

As part of the programmatic priority on rural infrastructure development, GIZ offices in the global south could support social enterprises in piloting, testing and scaling cooperativist platform business models. Federated systems of multiple member organisations can enhance market linkages, increase incomes and create production efficiencies for the members on the network. Trusted, local intermediaries running these pilots could also develop a clear data strategy for the collective benefit of member enterprises. From farm-based value chains to creative manufacturing in the rural economy, a range of such pilots can be tested. These models can be timely for a post-COVID economic recovery strategy. If dovetailed with strategies to engage women-led producer organisations, these cutting edge platform experiments can usher in transformative socio-economic change.

The sustainable infrastructure program of GIZ could have a new element – smart city approaches for the global south that are grounded in a bottom-up approach foregrounding citizen control over data and emphasising decentralised planning.

The social development program of GIZ could invest in building the digital and data capacities of governments in the global south to design and roll out national level worker registries - platforms that provide an integrated basket of services to informal workers, with a strong focus on care infrastructure integration – social security, food rations, health needs, education and health services for workers' families, support for internal/external migration and so on.