

Business

The start-up that's putting the social network generation in the driving seat

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Shelby Clark is hoping to persuade you to share your car with a complete stranger. He's the man behind RelayRides, a San Francisco-based start-up that is helping car owners to make money from the vehicles parked on their driveways by renting them out to their neighbours by the hour.

His company has raised \$5 million (£3.2 million) in funding from, among others, Guli Arshad, an entrepreneur and venture capitalist, Google Ventures and August Capital. It is part of a growing movement known as collaborative consumerism, where the emphasis is on the sharing of goods rather than ownership.

Car owners register with RelayRides and decide how much they want to charge — usually \$6 an hour, including petrol, mileage and insurance. They leave their car in a pre-arranged spot where renters (known as "borrowers") can pick it up, having made a reservation online.

Borrowers, who must register their credit card with RelayRides in advance, gain access to the car with a membership card, which can be read by a security device installed in the vehicle.

The car owner keeps 65 per cent of the takings, RelayRides gets 15 per cent and a further 20 per cent goes to insurance. What's not to like? So far, the 50 car owners (including one Porsche driver) who have signed up to RelayRides' pilot in Cambridge, Massachusetts, are taking in an average of \$250 a month from rentals, with some making as much as \$700. About

1,000 borrowers have signed up and the company is expanding into San Francisco.

Mr Clark, 28, got the idea for his business one chilly November day while studying for an MBA at Harvard Business School. Having reserved a car from Zipcar, the car-sharing service, he discovered that its closest vehicle was 2½ miles away. "I had to ride my bike to it," he recalls. "I passed a lot of parked cars that looked like they hadn't been driven for weeks. I looked at one and thought: 'I want to take it. I'm cold.' " Devising a secure online system that would connect the owners of these under-used cars with potential users was the easy part. His biggest challenge was finding an insurer willing to come on board. After a search of more than a year, one, which he declines to name, finally agreed to prove \$1 million of cover for thefts and accidents.

The rise of collaborative consumption — which has been well explored in two recent books, Lisa Gansky's *The Mesh* and **What's Mine Is Yours** by **Rachel Botsman** and Roo Rogers — has been made possible by the internet, social networks, mobile devices and location-based GPS services enabling the ready exchange of data concerning location, availability, price, access and so on.

You could argue that RelayRides is not really in the business of transportation at all; its main business is information.

The concept will not appeal to everyone. Perhaps its business model is best suited to the urban fringes, where car-sharing services such as Zipcar, which own their own fleets, find that it is too expensive to maintain vehicles because take-up rates can be low.

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