

### **Business Innovation Observatory**

# Workshop on the "Collaborative economy"

London, 7 October 2015

















# An interactive workshop on the challenges and opportunities of the collaborative economy

Around the world, a new wave of peer-to-peer access driven businesses has been shaking up established categories. Whether borrowing goods, renting homes, or serving up micro-skills in exchange for access or money, consumers are now showing a robust appetite for the Collaborative Economy. Although there is a haggling over the most accurate moniker, there is yet a uniform agreement that the Collaborative Economy, sometimes referred to as the Sharing Economy, the Trust Economy, the Collaborative Consumption, or the Peer-to-Peer Economy, is getting very big, very fast – and it is something that business executives very much need to tune into.

Sharing has of course, been around forever - and many industries offer alternatives to ownership. But as a model, the collaborative economy distinguishes itself by its core pillars:

- Digital platforms that connect spare capacity and demand
- Transactions that can offer access over ownership
- More collaborative forms of consumption
- Branded experiences that drive emotional connection

Although, the Collaborative Economy has an increasing impact on different aspects of modern economy - established businesses trying to avoid disruption, start-ups looking to scale their offering, consumers facing quality and safety standards, and policy makers trying to regulate and manage the market - it also comes with its share of challenges. This expert workshop, organised under the European Commission's Business Innovation Observatory project, will thus serve as an interactive forum to debate the power of this trend and discuss how to set up the foundations of a strong European sharing economy. Furthermore, it will help to shape the European policy in this respect.























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### Useful links

Business Innovation Observatory website:

http://ec.europa.eu/growth/industry/innovation/business-innovation-observatory/index en.htm

Business Innovation Observatory LinkedIn Group:

https://www.linkedin.com/groups/Business-Innovation-Observatory-8204794/about

Case studies on business trends, and innovation success stories:

http://ec.europa.eu/growth/industry/innovation/business-innovation-observatory/case-studies/index\_en.htm

Information on the first three Business Innovation Observatory workshops:

http://ec.europa.eu/growth/industry/innovation/business-innovationobservatory/workshops/index en.htm















# Agenda

Venue	Wayra's Accelerator, 2-10 Capper Street, London
9:00 – 9:30	Coffee & Tea / Meet & Greet
9:30 – 9:45	<ul> <li>Workshop introduction</li> <li>Grzegorz Drozd, DG for Internal Market, Industry, Entrepreneurship and SMEs, European Commission</li> <li>Laurent Probst, Partner, PwC</li> </ul>
9:45 – 10:00	Keynote presentation - <b>Kathleen Stokes,</b> Senior Researcher, Social Innovation, Nesta
10:00 - 11:20	Business explains: different perspectives on the challenges, policy gaps and opportunities
	Panel discussion and Q&A session with audience  Moderator:  Dirk Pilat, Deputy Director, Science, Technology and Innovation, OECD Panellists:  Juho Makkonen, CEO, Sharetribe  Tim Carrigan, CEO, OpenDesk  Benita Matofska, Founder and Chief Sharer, Compare and Share  Caroline Lamaud, Co-Founder, Anaxago  Ari Kestin, CEO, Nimber
11:20 - 11:45	Coffee Break
11:45 - 13:00	Role Swap for TV News – preparation  Each group will "wear the hat" of another stakeholder and will be provided with a case study for which they have to prepare an analysis from the perspective of their adopted role.  Introduction to Role Swap for TV news format (15 min)  Laurent Frideres, Manager, PwC  Break-out sessions in 4 groups of approximately 8 people (1 hour)
13:00 – 14:00	Lunch Break / Networking















#### 14:00 - 16:00

Role Swap for TV News - live!

The groups prepare a TV news presentation of the outcomes of the break-out sessions. One person per group presents their findings. This presentation sparks the discussion and leads to a Q&A session.

- Preparation of the presentation (30 min)
- Presentation and Q&A session: 5 minutes per group (30 min)
- Other participants give feedback & reflect on their real-life roles and on their experience as another stakeholder

#### 16:00-16:15

Closing remarks

**Benjamin Tincq**, Co-Founder, Organization Developer, *OuiShare* 

#### 16:15-16:30

Conclusions

**Grzegorz Drozd**, DG for Internal Market, Industry, Entrepreneurship and SMEs, *European Commission* 

**Laurent Probst**, Partner, PwC















### Biographies of the panellists and speakers

**Dirk Pilat** 

Moderator of the panel discussion



Mr. Dirk Pilat, a Dutch national, is Deputy Director of the OECD Directorate for Science, Technology and Innovation. As Deputy Director, he supports the Director of STI in pursuing the Directorate's programme of work and contributing to the achievement of the strategic goals of the Organisation as defined by the OECD Secretary-General.

He joined the OECD in February 1994 and has worked on many policy issues since then, including the OECD Innovation Strategy and OECD Green Growth Strategy, how to draw greater benefits from information technology for economic growth, how to strengthen growth performance in OECD economies (the OECD Growth Project), how to strengthen the performance of the services sector, as well as work on climate change, labour markets, product market regulation, productivity entrepreneurship. He was Head of the Science and Technology Policy Division from 2006 to January 2009, with responsibility for the OECD's Committee for Scientific and Technological Policy, and Head of the Structural Policy Division, with responsibility for the OECD's Committee on Industry, Innovation and Entrepreneurship, from February 2009 to December 2012.

Before joining the OECD, Mr. Pilat was a researcher at the University of Groningen, in the Netherlands, where he also earned his PhD in Economics. He has published extensively in a range of economics journals, with a strong focus on international comparisons of growth and productivity performance.

### Juho Makkonen

Panellist



Juho Makkonen is the CEO & Co-Founder of Sharetribe. Helsinki based Sharetribe has developed an open source software platform that makes it easy for aspiring collaborative economy entrepreneurs to create their own peer-to-peer marketplace website without technical skills. Entrepreneurs in more than 40 countries are currently using Sharetribe's technology to power their sites. Juho is also a OuiShare Connector in Helsinki and a long time advocate of the collaborative economy.















Tim Carrigan

Panellist



Tim Carrigan is the CEO and a Co-founder, Opendesk, which is developing an online marketplace for designer furniture delivered via a global network of local makers. Tim is a successful entrepreneur with a background in the media and technology industries. He was previously one of the founders of digital agency NoHo, acquired by WPP; a Managing Partner at Ogilvy UK; Chairman & CEO of mobile agency Ad.IQ.

Benita Matofska

Panellist



Global award-winning social entrepreneur and public speaker, Chief Sharer, Benita Matofska is a worldwide expert on the Sharing Economy and the Founder of Compare and Share the world's comparison marketplace Economy. She's also the Founder of The People Who Share, a global campaign to build a Sharing Economy and the pioneers behind Global Sharing Day, now Global Sharing Week. Matofska is the winner of the Natwest Venus Entrepreneur of the Year 2015, Ogunte Women's Social Leadership Awards for Best Social Business Leader UK & World 2013, Winner of the Natwest Venus Business Award, Inspirational Woman 2013, Finalist in the G8 Innovation Summit DNA Profit with Purpose Prize, and selected for Google's Blackbox Connect programme of born global ventures. She is also the pioneer of Sharetrade, the trust kitemark of the Sharing Economy, which aims to bring standardization, safety and security to propel growth of the Sharing Economy, Recently named as one of the top 10 people in the Sharing Economy to follow, she is a former BBC TV executive and media entrepreneur, she has presented atTEDx LeWeb, Guardian Media Summit, Sustainable Brands and the House of Lords. She has shared a platform with Desmond Tutu, presented at Number 10 Downing Street and features regularly in the media worldwide















#### **Caroline Lamaud**

#### Panellist



Caroline Lamaud is the Co-Founder of Anaxago, a crowdfunding platform dedicated to innovation

Caroline is French, and Parisian by adoption, studied Finance and a little bit of marketing. She spent 2012 at Christian Dior working in trade marketing and dealing with customer relationship management, visual merchandising and sales force training across Europe and middle-east Dior Jewellery boutiques. Previously at Indosuez Private Banking and Sonepar Group in controlling. Getting up in the morning for new challenges and life in general. If not working, I'm either wandering in the pretty streets of Paris, out and about or traveling. Generally found smiling.

Ari Kestin





Ari Kestin is the CEO and founder of p2p delivery service, Nimber (formerly known as Easybring).

He is a passionate manager with consistent success growing technology-based businesses, proficient in operations, turnarounds, startups and international business development. An energetic and focused entrepreneur, whose leadership is driven by the creation of value.

**Kathleen Stokes** 

Keynote speaker



Kathleen is a senior researcher leading on Nesta's policy and research work on the collaborative economy. She has previously led research on social innovation, education, health, and technology. Her recent publications include Making sense of the UK collaborative economy and Open dataset of UK makerspaces: a user's guide.

Prior to Nesta, Kathleen was the researcher for Charles Leadbeater's book *Innovation in Education: Lessons from Pioneers Around the World.* She has also worked as a researcher and project developer for initiatives in academia, government and the third sector in Canada and the UK. Outside of work, Kathleen is a founder and member of the Point People, an experimental organisation that builds and connects networks to make positive change.















**Benjamin Tincq** 

Closing remarks



Benjamin is a social innovator and strategist focused on collaborative economies, peer production and digital transformations. Trained as a telecommunications engineer and computer scientist, Benjamin then co-founded OuiShare: a global community, think-tank and do-tank focused on collaborative and open source economies.

His main work is focused on understanding the socio-economic and environmental impacts of decentralized production, a model in which open source blueprints are shared globally on the web, while products are locally manufactured thanks to digital fabrication tools, accessible to the public in fablabs and makerspaces.

Benjamin is also a key instigators of the POC21 innovation camp, an extreme co-creation event which brought together 100+makers for 5 weeks of co-making and co-living in a french castle fit with a Fab Lab in August and September 2015. Together, they prototyped 12 open source products for sustainable living, from kitchen appliances to solar concentrators and infinite showers, all free to be shared and replicated globally.

#### **Grzegorz Drozd**



Grzegorz Drozd works at the European Commission, DG Internal Market, Industry, Entrepreneurship and SMEs. He is responsible for the Business Innovation Observatory project and also works on the topic of non-technological innovations, concentrating on social and workplace innovation. He is part of the team managing the European Social Innovation Competition and the Social Innovation Europe platform. Prior to that Grzegorz worked in the Polish Ministry of Economy on the innovation support systems and SME policy. He's passionate about traveling and new technologies.

**Laurent Probst** 



Laurent Probst is a Partner at PricewaterhouseCoopers (PwC) and leads the Research & Development activities Unit of PwC Consulting Luxembourg. After having developed a research centre in Investment management, he has specialized over the last 7 years in economic development initiatives for governments and regions and high growth companies. Laurent initiated and developed international partnerships in life sciences, agriculture and IT raising more than \$200 million for setting up local research infrastructure with economic objectives. He regularly advises European, National and Regional Authorities on economic development, innovation and financing strategies.















#### **Laurent Frideres**



Laurent Frideres is an expert on economic development and innovation at PwC Luxembourg. He currently manages the Business Innovation Observatory and the Digital Entrepreneurship Monitor for the European Commission's DG Internal Market, Industry, Entrepreneurship and SMEs. He is also working as an expert on the SME Performance Review and the European Competitiveness Report.

Before joining PwC, Laurent was a lecturer in economic geography at the University of Cambridge, teaching courses on economic globalisation and public policy in the knowledge based economy. Previously, he was also in charge of educational exchanges at the Asia-Europe Foundation in Singapore, worked for the United Nations Office for the Coordination of Humanitarian Affairs in Indonesia, and was a Director and co-owner of London-based Rosetta Translation.

Laurent obtained his PhD in economic geography from the University of Cambridge. He also has an MA in Pacific Asian Studies from the School of Oriental and African Studies in London and an MPhil in Geographical Information Systems and Remote Sensing from the University of Cambridge.















### **Briefing notes**

The purpose of this briefing note is to provide the Panellists, Moderators, and Participants of the Business Innovation Observatory workshop with more information on:

- Preparing for and conducting the panel discussion
- Preparing for and conducting the role swap activity

### Morning plenary keynote presentation

#### Introduction, key note, scene setting

The theme of the workshop 'Challenges and opportunities of the Collaborative Economy will be introduced by Grzegorz Drozd, Policy Officer at DG for Internal Market, Industry, Entrepreneurship and SMEs.

This semester's findings of Business Innovation Observatory will be presented by Laurent Probst, Partner at PwC. Twelve case studies of the Business Innovation Observatory deep dive into the following trends: *Silver Economy; Collaborative Economy; Sustainable, Safe and Nutritious Food; Advanced Materials;* and *Space Enabled Applications*.

The first part of the morning plenary is dedicated to a keynote address by Kathleen Stokes, senior researcher, leading on Nesta's policy and research work on the Collaborative Economy. Kathleen will be talking about Nesta's role in the Collaborative Economy and give some insights about main drivers and challenges that the Collaborative Economy is facing.

# Panel discussion: Policy gaps, challenges, and opportunities of the Collaborative Economy

For the second part of the morning plenary, a panel discussion will follow and provide a forum in which stakeholders will discuss the topic of "policy gaps, challenges, drivers and opportunities of the Collaborative Economy".

The topic will be introduced by the moderator, who will give the floor to the other panellists and guide the discussion. During the allotted time, panellists will tackle key questions on the opportunities brought by the Collaborative Economy in the form of a debate. Workshop participants are invited to engage with the panel with questions or comments.















The following indicative questions will frame an interactive session between panel and audience:

- How can the Collaborative Economy be defined?
- What industries are likely to be most impacted by the Collaborative Economy? How will they be impacted?
- How can a company gain a competitive advantage with the Collaborative Economy?
- How do you consider the surge of the collaborative economy will impact on the different forms of employment (self-employment, free lancers, shared workers, economically dependent workers, tele-workers etc) and the creation of jobs?
- How do you distinguish between commercial activity within the collaborative economy and the occasional intervention of private individuals in this context?

The panel will be moderated by Dirk Pilat, Deputy Director of the OECD Directorate for Science, Technology and Innovation, with plenary session panellists including the successful entrepreneurs:

- Tim Carrigan, CEO, OpenDesk
- Ari Kestin, CEO, Nimber
- Caroline Lamaud, Co-Founder, Anaxago
- Juho Makkonen, CEO, Sharetribe
- Benita Matofska, Founder and Chief Sharer, Compare and Share

### Role Swap Activity for TV News Presentation

#### **Role Swap Activity preparation**

The aim of the workshop is to make a positive contribution to the development of the Collaborative Economy including outlining possible policy recommendations that will help shape a more solid European framework for it. The morning session ends with the preparation for the role swap for TV news presentation that will last 75 minutes. The panellists and the participants will be allocated to four round tables. Participants of each round table with adopt the role of one of the following stakeholders: entrepreneur, policy maker, investor and training provider. They will address the key questions listed in the table below from their perspective, also summarised below:















#### **Entrepreneur**

How can we develop the business opportunities of the collaborative economy?

- My company is selling unique technologies and services
- I need cash
- I need talents
- The board is blowing on my neck

#### **Policy maker**

How can we remove barriers, raise public understanding and accelerate the uptake of the new business models of the collaborative economy?

- I need to make sure decisions are taken in a wise way
- I can have an impact on the lives of others
- I need to allocate money according to plans and regulations

#### Investor

What are the advantages and risks of investing in companies active in the collaborative economy?

- I run an investment fund
- I calculate the risks I take
- I have a large number of companies to assess
- The fund investors are blowing on my neck

# Training provider

How can we ensure that we provide the necessary skills for the collaborative economy through our programmes?

- I need to adapt my training solutions to the needs of the market
- I am engaged in an ongoing process to recruit trainees
- I seek accreditation for the courses that I offer
- I develop collaborations with industry

Each group of stakeholders is expected to "wear the hat" of another stakeholder and will be provided with a case study for which they will have to prepare an analysis from the perspective of their adopted role. The moderators of the role swap will outline the topic of discussion and steer the discussion.

#### Material to be provided at the workshop

In addition to each of the case studies provided as support to the role swaps (freemium model, crowdsolving, and collaborative production the maker economy), a one-page summary will also be provided, listing key drivers, obstacles, and policy recommendations identified in the case studies.

In order to prepare yourself for the workshop, please find in the annexes the executive summary of the three case studies that will be discussed during the event.















### Afternoon plenary

#### **Role Swap TV News presentation**

The afternoon plenary is dedicated to discussing the results of the role swaps. During this activity, each stakeholder group will first have 30 minutes to prepare a TV new presentation which summarises the outcomes of the break-out sessions. Then one person per group present their findings. Other participants will be given the possibility to provide feedback and reflect on their real-life roles and on their experience as another stakeholder.

### Closing remarks and conclusions

Benjamin Tincq, Co-Founder of OuiShare, Grzegorz Drozd, DG for Internal Markets, and Laurent Probst, Partner at PwC, will wrap up the conference by highlighting the main issues emerged during the day.





Annex 1: Crowdsolving

### **Executive summary**

Crowdsolving is the outsourcing of a job (in this case a problem that requires a solution), traditionally performed by a designated agent, to an undefined, generally large group of people in the form of an open call. New and emerging solutions implement this through the use of technologies to guide crowds to collective decisions, or interpret solutions provided by the results of a wide survey. Crowdsolving enables individuals and organisations to engage crowds to submit, discuss, refine and rank ideas and submission in relation to a specific question or problem.

The use of crowdsolving is on the rise in both the commercial and public sectors. Revenues of business-focused crowdsourcing firms grew 166% between 2009 and 2011, with North America and Europe collectively hosting more than 90% of crowdsourcing clients.

Crowdsolving has been used to tackle a range of societal and technological problems, and to activate citizen engagement. In turn, crowds have shown to offer incentives such as benefits of scale and diversity, allowing for a broad group of individuals to focus on a given problem, and are often more cost-effective per worker or per output than typical organisational solutions. In some instances, crowds have enabled problems to be solved more efficiently. Crowdsolving also creates access to a wide range of talent, and allow for solutions to emerge from an intersection of disciplines.

Companies and organisations are increasingly seeing the need to better leverage their employees and customers in order to generate new innovations as well as significant improvements to existing solutions. By engaging crowds (often comprising of current or prospective customers), crowdsolving solutions can

further serve to generate greater commitment to the organisation's brand. In turn, these organisations need tools that allow them to automatise and scale their reach to larger crowds, while allowing them to gather detailed analysis faster and more resource-effectively. The Internet and related social and mobile technologies have also served to facilitate, expand and accelerate the interactions behind crowdsolving by encouraging attitudes towards digital sharing and collaboration.

The showcased companies provide a third-party platform to crowdsolving (MindSumo, Crowdsite, Mathesia) or allow companies to customise and embed the crowdsolving platform within the companies themselves (Innopinion, SkipsoLabs). These companies are undergoing a continued learning process in identifying the right business / monetisation models, while keeping up with emerging technological platforms, and their flexibility, agility and resilience have paved the way for their market success.

Interviewees identified challenges relating to the need to raise finance in order to educate and raise awareness of crowdsolving approaches to accelerate market absorption as well as market their product globally. They would also like to see support for internationalisation efforts, as well as lowered barriers to accessing public funding. In particular, crowdsolving might raise concerns relating to confidentiality and intellectual property.

Policy makers could therefore facilitate the spreading of awareness of the use of crowdsolving through funding marketing efforts as well as having government and public sector entities being a "first buyer" of such solutions. There should also be support for internationalisation efforts, as well as provision of education and training on IP and taxation issues.





Annex 2: Collaborative production

### **Executive summary**

Collaborative production entails the collaboration of groups or networks of individuals to design, produce or distribute goods, and is related to the idea that it is the community that decides what to produce (rather than corporations). Two main characteristics mark collaborative production — it is peer-to-peer, and it is open. Collaborative production activities include collaborative design, collaborative making, and collaborative distribution.

Nesta estimates that 25% of people in the UK have used the Internet to take part in collaborative activities in 2013, and PwC estimates a potential revenue opportunity worth EUR 298 billion. The maker economy is experiencing similar momentum, with makers fuelling business and contributing annually approximately EUR 26 billion into the world economy.

Collaborative production and the maker economy puts power in the hands of individuals, which means that ideas can be faster and more easily transferred into reality and onto the market, thanks to cheap, powerful prototyping tools as well as access to maker communities. This shift also means that consumers are increasingly becoming co-producers and impacting existing industry practices.

New technologies enable individuals to more easily connect and share ideas, thus fuelling the maker movement. Makers are forming their own communities, and these networks are in turn influencing more to become makers themselves. The maker economy is creating the possibilities to create new streams of income, both for individual artisan sellers as well as for local family-based makers. In turn, the rise of coworking spaces, Fab Labs, makerspaces and hackerspaces are allowing people

with common interests to come together, having access to infrastructure previously confined to manufacturing companies. These types of spaces are becoming particularly popular in Europe (there is three times more Fab Labs in Europe than in the US).

One of the common challenges faced by collaborative production startups is scaling up manufacturing to a sufficiently large scale, as well as the tension between democratised manufacturing and existing tax and regulations that favour traditional import and export approaches to manufactured products. There are also quality and safety issues to consider when individuals are empowered to make a wide range of goods. Uncertainty and risks relating to flexible work contracts (often a key feature of the collaborative economy as such) is another factor to consider, alongside the need to develop a viable business model. There are also intellectual property issues to take into account given the open and commons-based nature of collaborative production.

Accordingly, policy makers can support the uptake of collaborative production by encouraging the provision of shared physical space, equipment, infrastructure and networks; promotion of marketplace platforms to consolidate demand for the services of local makers; connecting entrepreneurs to crowdfunding platform. Regulation should further encourage democratised manufacturing, such as preserving and enhancing interoperability of systems and open standards, as well as updating and clarifying tax rules impacting activities along the production and distribution chain. Policy makers can also encourage the development of an appropriate mix of government, community and industry quality standards for the products and services emerging from collaborative production.





### Annex 3: Freemium model

#### **Executive summary**

"Freemium" is a combination of the words free and premium, a pricing strategy where goods or services are offered for free and where a minor share of the users go for the premium alternative. The rationale behind freemium is that adding one more user or unit does not increase cost, due to close to zero marginal cost. It is also interesting in the context of the collaborative economy.

The "freemium" model is a trend which has seen companies give away products for free, attracting big quantities of users signing up for free, where a minor share will pay for the premium alternative. The main business advantage comes from major users' growth as well as a dramatic reduction in the marginal costs, both for goods and services.

Usually a successful freemium company requires huge amounts of users to be able to make profit. The more the companies give out for free, the easier it will be to grow. The objective is to reach critical mass as fast as possible, often creating a de-facto monopoly.

The freemium pricing strategy is today a common pricing model for ICT start-ups in Europe. By increasing technical development they often try to reduce the operating costs to run the model — with very few strategic differences between different sectors. They also tend to try to market themselves through word-of-mouth, making a bigger impact compared to traditional B2C-marketing; the existing users are drivers for recruiting new ones.

The companies mentioned in this paper are active in a wide range of industries: housing/accommodation, games, books/reading, online shopping, cloud storage and online legal services. They either offer an innovative solution to a bigger problem/challenge (Blinkist, Fits.me, Trampolinn, Lawline) or provide modern, nuanced products relating to existing demand (Play Magnus, CloudMe).

Despite being young, they have become successful in a short time. That is partly due to putting emphasis on mobile and web access. For example eCommerce is estimated to grow by 10-20% per year until 2018. Achieving high user engagement and commitment to the services is also crucial to be able to grow and keep the users. Therefore they focus on increasing the social collaboration of the services provided.

Generating sufficient revenues, particularly in the first years, is the main challenge faced by the European freemium companies. That is of course the effect of the main idea behind the freemium based model itself. This means that the freemium start-ups need risk-averse investors to finance their early stage. The need for monetary support in early stages is high, to make the founders able to control the company in greater extent during the first years. That also poses a question whether to focus on monetization or user growth. In general, European investors are more conservative and aim to make profits earlier than in the U.S, where investors are more patient and focused on user growth.

There is also an ongoing debate on the lock-in effect and potential addiction related to freemium games, especially among the youth.

Many developers are trying to develop sustainable freemium models that can evolve over time. Policy makers should consider support mechanisms for freemium models that are important for innovation in identified and important sectors. The EU could also consider creating a freemium community where companies, investors, individuals and others could meet to network and discuss best practices.

In addition, safeguards could be put in place to protect users from overspending due to addiction, for instance by capping daily or monthly in-game spending, or ensuring that the user is notified whenever a monetary spending limit is reached.