The business models of Solid-based data sharing

Short abstract of a talk at the BDSA, Brussels, June 20th 2024

In this session (part of a life long learning series by the BDSA; see last session's abstract) we explored business models behind Solid in an ecosystem of education, training, and learning. We often get asked the question: "What is the business model of Solid?", to which we must reply that there is no such thing as THE business model of Solid. There are two main reasons for this. On the one hand, Solid is an enabling technology rather than a product or a platform. It makes it possible to implement certain business ideas and products, for which data sharing or privacy is a necessity. On the other hand, not Solid as a technology, but the organizations that make use of Solid are the ones creating value in business models. Therefore, THE business model of Solid is the individual business model of all these organizations, in the context of a data sharing ecosystem.

In this context of a data sharing ecosystem, with multiple organizations in them, we explored what it means to set up such ecosystems. Some of these typical organizations include governance authorities, orchestrating entities, data intermediaries and of course data consumers and providers. Each of these data space participants provide one or more functionalities of specific data sharing steps. Setting up a data sharing ecosystem is exactly about combining the required set of these functionalities. At the same time, each of these functionalities represents an implementation of the value proposition of each individual organization in the ecosystem. This shows how there is no such thing as THE business model of Solid, and data sharing in general, but it is exactly the combination of multiple business models that unlocks the value potential of data sharing.

Apart from how to set up such an ecosystem, we covered the typical costs of such a system. Given the complexity of such systems, some costs are incurred by the novelty of this technology like strategically assessing (e.g. done by an innovation manager) whether Solid is the right choice for your data sharing needs. Next to this, the current data process you have might undergo some changes due to the sudden paradigm shift of having end users grant you access to the data you need. Think of how to incorporate consent flows, for example. Each functionality offered by an organization naturally incurs a cost, which depends on the cost drivers in each individual organization's pricing strategy. Finally, there are non-negligible costs linked to the governance of the ecosystem. What will the data sharing policies be, who has which decision power, how is the ecosystem formed... are all questions which need to be given thought.

To conclude, each data consumer has different needs and costs. Just like data sharing service providers, each data consumer has their own business model. Therefore, we must be aware of how to include each of them into this ecosystem and conclude with the following question: What is a fair business model for data sharing?

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