



**EU INNOVATE**

**SUSTAINABLE INNOVATION IN ACTION:  
THE CASE STUDY “SNAPSHOT” SERIES**

**GREENRIDERS**

Ridesharing with Environmental Benefits



This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 613194

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July 2017

## About EU-InnovatE

Between 2014 and 2016, the EU-InnovatE project investigated the potential of citizen innovation and sustainable entrepreneurship to achieve sustainable lifestyles in Europe by 2050. The following is one of a series of case study “snapshots” illustrating how new enterprises are being created by passionate, visionary individuals to benefit society at large.

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### The Case of GreenRiders:

#### A Convenient App-based Ride-Sharing Service Tracks Environmental Benefits

*GreenRiders aims to facilitate the creation of groups of people who share commuter trips by car and who are provided with reports about any reduction in CO2 emissions that result.*

GreenRiders is a Finnish ridesharing service which can be accessed online or through a mobile-based app. The idea for the service was first conceived by Oskari Räisänen in 2009 in discussion with a friend and business partner. The app supporting the service is made available free of charge to individual users, but firms are asked to pay a licence fee and provide GreenRiders as part of their employee benefit schemes. Details of reduction in carbon emissions are seen as contributing to a firm’s corporate social responsibility (CSR) strategy.

To build viable ridesharing groups, SMEs operating close by one another are encouraged to collaborate in their use of the service, while large companies with sufficient staff numbers are also welcomed. The value proposition to prospective corporate clients is very employee-centric, enabling workers to make savings in the cost of their commute and to create affinity groups that enjoy travelling together. More broadly, users understand that they are contributing to less congestion on the roads and the liberation of parking spaces for alternative purposes.

The first years of GreenRiders were characterised by the technical development of a robust online and mobile app that would deliver reliably the facilities and service envisaged by the founder. During this development stage, the intention was to create a platform that could be scaled up for a global rollout.

#### Collaborative Innovation in Practice

With international ambitions, environmental credentials for emission savings and expected reductions in traffic congestion, GreenRiders attracted both awards and public funding. During the service development years from 2009 until 2011, the company received three rounds of funding from Tekes (a Finnish funding agency for innovation) of about € 1,000,000.

The public funding sustained the business and drove its development, but in the summer of 2013, an additional round of funding was declined, following an assessment that evaluated GreenRiders as 'having no growth value'. In the light of this disappointment, the company had to restructure or face bankruptcy. Turnover during the year was € 82,000 and losses amounted to € 267,000, with 100 companies signed up to the service and 7,000 registered users.

In the following six-month period, operations were scaled back significantly and international ambitions were put on hold. With just two full-time employees and one part-time employee, Räsänen and his diminished team were able to cover salaries and overheads – supplemented by some external consultancy work. By August of 2014, GreenRiders had modest growth with 10,000 private registered users, but the future of the company remained uncertain.

### **Summary of User-Driven Innovation**

The founder believed that a better way of organizing ride-sharing utilising a high-tech solution would result in enhanced economic, environmental and social value. Consumers who were approached about the GreenRiders service and its benefits responded enthusiastically, which encouraged Räsänen to move forward with the business and develop the technology needed to deliver the service. Positive feedback was also received from users during the *beta* test stages of the technology.

All the signs for a successful business were in place. However, once the service platform was ready for commercial exploitation, the market proved to be slow to change and recognise the platform's potential benefits to society.

### **Influence on Core Business**

GreenRider's core business was strongly influenced by the availability of public money for the development of its innovative technology. This helped ensure that this phase of the business was well funded, but once complete insufficient 'energy' remained to build a viable user base. Without this, a sound case for attracting private venture capital for expansion and achievement of global ambitions was limited.

### **Cross-Sector Relevance: Top Three Insights**

- Dependency on public funding during the development of an innovative green business runs a substantial risk of a sudden cutoff once the time comes for sustainable and profitable delivery in the market.
- No matter how inspired a service may be and the potential to benefit society, without concentrating on building market penetration a business may face an uncertain future.
- Changing consumers' behaviours to adopt a more sustainable lifestyle requires time and a deep understanding of the personal and individual motivations for breaking established routines.

**To Learn More About the Case...**

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**Further Information**

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[www.facebook.com/greenriders.fi/](http://www.facebook.com/greenriders.fi/)

Tekes: [www.tekes.fi](http://www.tekes.fi)

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