Business Model and Business Model Environment

(Study of Startup Company, Zeemi and Labbaik)

Undergraduate Thesis

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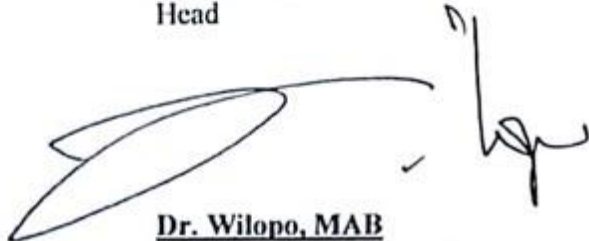SID   : 115030200111085

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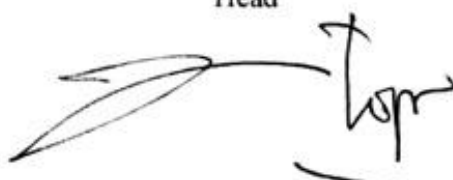
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ABSTRAK

Penelitian ini bertujuan untuk memahami mengenai model bisnis dan lingkungan model bisnis dari perusahaan startup, Zeemi. Penelitian ini menggunakan metode kualitatif dengan pendekatan studi kasus. Proses penelitian ini melibatkan dua orang narasumber yaitu Thomas Damek selaku salah satu pendiri dan pimpinan perusahaan dan Ryan Handoyo selaku salah satu pendiri dan manajer konten. Hasil dari penelitian menunjukan bahwa: lingkungan bisnis di industri digital khususnya sektor aplikasi media sosial sangat kompetitif namun penuh dengan peluang. Zeemi menggunakan model bisnis platform dalam beroperasi. Model bisnis platform sendiri memiliki empat tantangan yang perlu dilalui. Pertama, jumlah sisi yang harus diakuisisi pertama kali. Kedua, disain dari platform itu sendiri. Ketiga, struktur harga dari sebuah platform. Keempat, aturan pengelolaan dari platform. Penelitian ini juga memiliki beberapa keterbatasan yaitu: hanya menggunakan satu perusahaan. Keterbatasan sumber data dikarenakan ukuran perusahaan. Keterbatasan literatur terkait model bisnis kanvas dan startup.

Kata Kunci: *Model Bisnis, Model Bisnis Kanvas, Lingkungan Model Bisnis, Startup.*

ABSTARCT

The research aims to understand about business model and business model environment of startup company, Zeemi. The research uses qualitative method with case study approach. It involves two key persons i.e. Thomas Damek as Founder and CEO, and Ryan Handoyo as Co-Founder and Content Manager. The results show that: business environment in digital industry especially social media application sector is very competitive but has many opportunities. Zeemi uses platform business model in its operation. Platform business model has four challenges. First, the number of sides to bring on board Second, design of the platform. Third, pricing structures of platform, and Fourth, governance rules of the platform. The research has some limitations i.e. only use one company. Limited data source because of the size of the company. Limited literature regarding business model canvas and startup.

Key Words: Business Model, Business Model Canvas, Business Model Environment, Startup.

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Praise and gratitude to the One Above All Allah SWT, because without Him I could not finish this minor thesis. He always gave me strength to keep moving forward and get up after falling. I dedicate this minor thesis to my extraordinary dead old man who live ordinary life. I finish my study for almost 7 years, longer than my elementary. For some people it is shameful finishing university for almost 7 years, I –too feel it that way. But on the bright side I have been through a lot of amazing experience, some not good some are great. I also met a lot of great people from academic world and business world. The feeling is mix if I want to describe it, I feel disappoint for finishing late and "donate" money to university but I also feel grateful for every experiences.

My minor thesis is about startup and business model, two subjects that become a buzz word now and perhaps for the next few years. In academic world there are no agreement for those two subjects. For me startup is the way of thinking in running a business and business model is an abstract of your business. People distinguish startup and big company, but I think those two companies are the same. In the core those two are companies that run businesses, the only difference is the stage they are in.

When writing this minor thesis I got a lot of insights and helps. I want to say thank you to all of the people who help me directly or indirectly. Just like others minor thesis acknowledgement, I will give list of name. The list will be very long and perhaps longer than my minor thesis, so here is the list.

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This minor thesis is far from perfect, therefore advices and constructive critics are needed. I hope this minor thesis would give benefit and contribution to whomever need it.
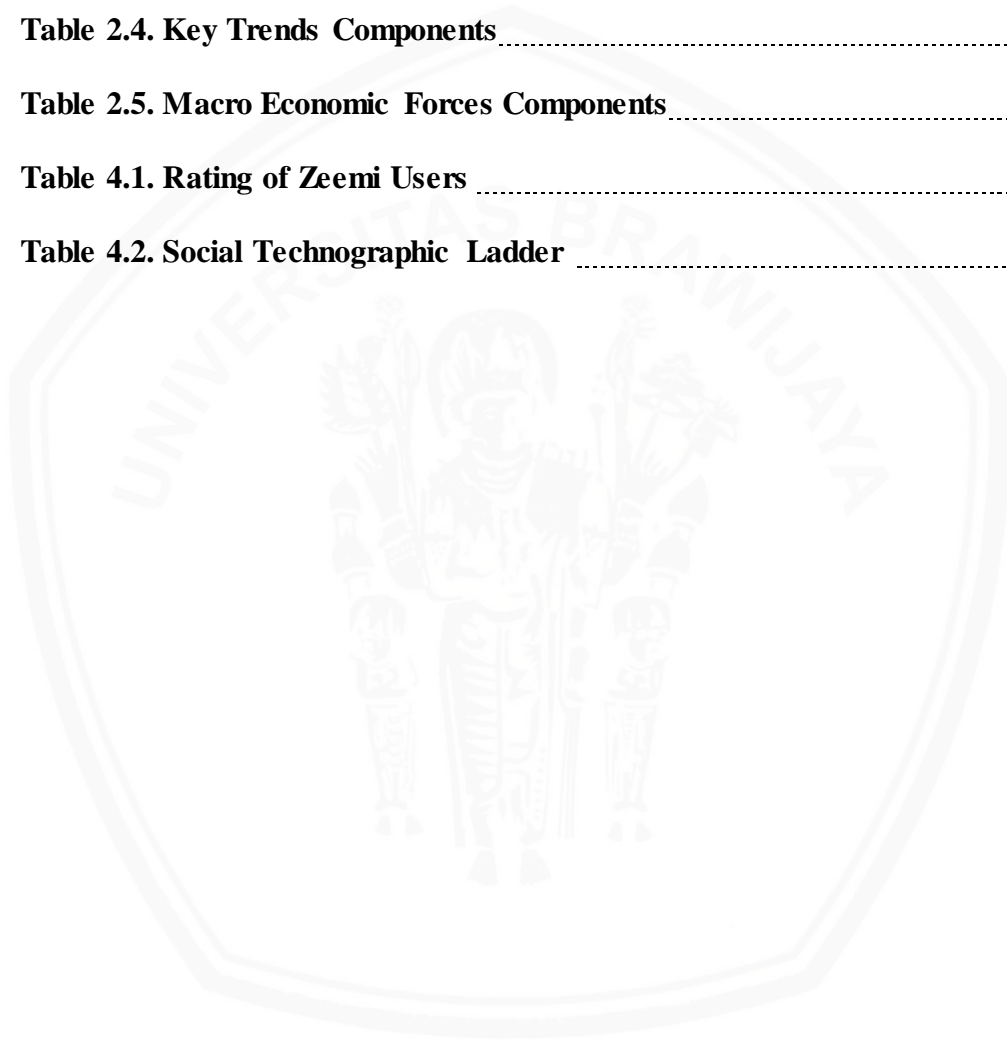
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Adhitya Rachman

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CHAPTER I

INTRODUCTION

A. Background

This study is conducted to understand business model and business model environment of Zeemi. This study choose startup company as a research object because in the past few years startup company has become 'hot' topic in the business and academic world for startups disrupt the market with innovation, as they employ emerging technologies to invent products and reinventing business model (Kohler, 2016). According to techinasia.com United States of America (USA) has 4.8 million startup as seen in **Figure 1.1**. India has 2 million startup, followed by United Kingdom (UK) with 845,000, Indonesia with 771,000 and Brazil with 584,000. In academic world there are no clear definition of startup company, despite a lot of studies conducted and use startup as its object.

Startups with their disruptive innovation not only disrupt the market but also change the way people do things. Amazon and EBay change the way people sell and buy products. Uber changes the way people commute and Airbnb changes the way people stay when travelling. Also new technology-based firms (NTBFs) are an important source of new jobs and provide a crucial stimulus to national economies. (Audretsch in Colombo & Grilli, 2010). While startups could become disruptive, they must through several stages before reaching maturity and give big impact. Study conducted by Muzellec et.al (2015) gives 4 stages for startup that uses multi-sided platform business model i.e. embryonic stage, emergence stage, growth stage,

and maturity stage. Other study from Hockerts & Wüstenhagen (2010) divide the stages into introduction, early growth, take-off, and maturity.
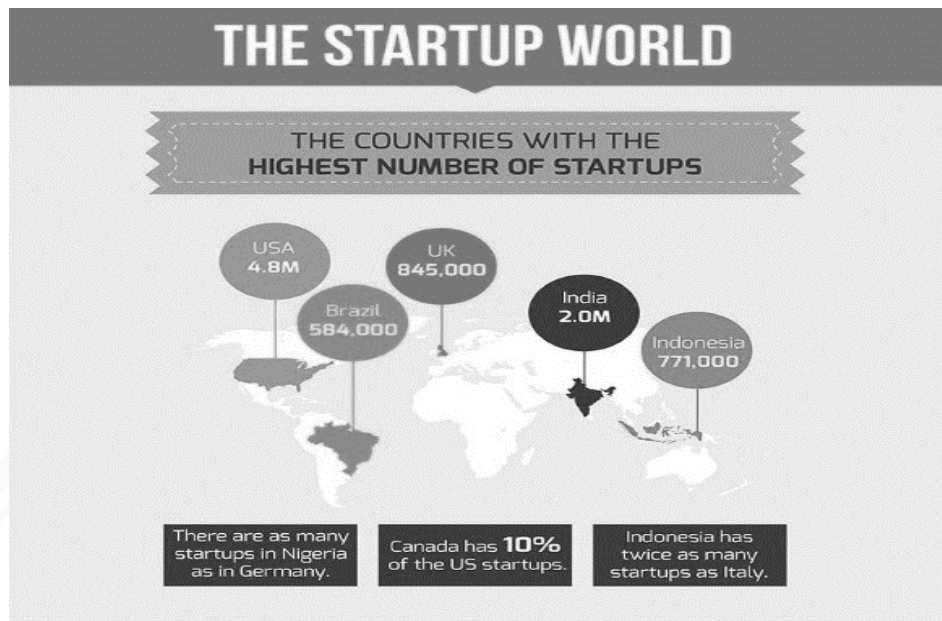
Figure 1.1. The Countries with the Highest Number of Startups
Source: techinasia.com, 2016

As for the definition of startup itself, the popular definition coming from Eric Ries and Steve Blank. Ries (2011) said that startup is a human institution designed to create new products and services under conditions of extreme uncertainty. Blank & Dorf (2012).said that a startup is a temporary organization in search of a scalable, repeatable, profitable business model. Another definition is from U.S Small Business Administration (www.sba.gov, 2016) stated that the word "startup" goes beyond a company just getting off the ground, the term startup is also associated with a business that is typically technology oriented and has high growth potential. But, despite the innovativeness and the hype of startup, every day startup rise up and fall. Some eight of ten new business fail within their first three years

and nine of ten venture-backed startups fail to generate meaningful returns (Feinleib, 2012).

An infographic in forbes.com (2016) shows twenty reasons startup fails i.e. no market needs, run out of cash, not the right team, get outcompeted, pricing/cost issues, poor product, no business model, poor marketing, ignore customer, product mis-timed, lose focus, disharmony on team/investor, pivot gone bad, lack of passion, bad location, no financing or investor interest, legal challenges, don't use network/advisor, burnout, and failure to pivot. But some of the reasons such as no market needs, get outcompeted, pirce/cost issues, poor product, poor marketing, lose focus, pivot gone bad, don't use network/advisor, and failure to pivot could be sum up into no business model, because all of that are in business model. The business model is an abstract representation of the business logic of a company, so having a business model help understand, describe, or predict how things work in the real world by exploring a simplified representation of a particular entity or phenomenon (Osterwalder, 2004). When a new model changes economics of an industry and is difficult to replicate, it can by itself create a strong competitive advantage (Magretta, 2002). So, a solid business model is important especially for a new establish company.

We live in highly competitive and extremely uncertain world that could make business decision complex and difficult. Without preparation and good knowledge even a slightest change in business environment could damage the companies. Business model could be used by companies to react faster to changes in the business environment and see prospect, because business model could

contribute in understand, share, analyze, and manage business logic of a firm also business model could be patented (see Osterwalder, 2004).

Business model by general means is an abstract representation of an organization, be it conceptual, textual, and/or graphical, of all core interrelated architectural, co-operational, and financial arrangements designed and developed by an organization presently and in the future, as well as all core products and/or services the organization offers, or will offer, based on these arrangements that are needed to achieve its strategic goals and objectives (Al-Debei et al., 2008). In this era business environment is shaped by globalization and rapid advance of technology especially information and communication technology (ICT). Thus, creating a gap between business strategy and business process/organization. Business model could fill the gap and function as conceptual link between business strategy, business process/organization and ICT (see Osterwalder, 2004; Al-Debei et al., 2008).

If we look again to the definition of startup by Ries (2011) "….create new products and services under conditions of extreme uncertainty". Condition of extreme uncertainty is not good for business and that is exactly happens to business environment now. Osterwalder (2004) said today's business landscape is characterized by the intense use of ICT (e.g. for e-business), fierce global competition, rapid change and results in increasing complexity, high risk and greater uncertainty than ever before. For business organizations to survive and to succeed, a well-designed business model that ensures the alignment between business strategy and business processes is needed (Al-Debei et al., 2008).

Osterwalder (2004) also said that business model concept has become popular because of a business environment shaped by ICT and globalization and characterized by an increasing complexity and uncertainty that leaves managers with difficult decisions to make.

As describe in **Figure 1.1** Indonesia is in the fourth place countries with the most startup in the world, 771.000 startup companies. Perhaps the hype of startup in Indonesia start when Yahoo! a tech company from USA bought Koprol an Indonesia startup in 2010 (see cnet.com, 2010). Koprol, a social network apps based in Jakarta lets people make friends, share photo and find popular location nearby. Yahoo! plans to use Koprol's community-based information to make its own home page and other sites and services more relevant to local and mobile users. But in August 2012 Yahoo! shuts down Koprol effectively (techinasia.com, 2012).

Koprol become one of the success story of startup in Indonesia. Since then startup companies emerge in Indonesia and now it becomes a hype. Now there are Kaskus, Gojek, Bukalapak, Traveloka, Tiket.com, and other Indonesia startup. The number of startup companies in Indonesia will keep rising because the government has target of 200 new technopreneur every year (see kominfo.go.id, 2016). Specifically for the ecommerce business, the government target in 2020 the transaction value will be US$130 billion (kominfo.go.id, 2016) but it is not without critics saying it is not realistic (m.tempo.co, 2016).

The other factors that will raise the number of startup in Indonesia are the growth of internet-user by 15% in 2016 (wearesocial.com, 2016) and number of investments. With the total population of ± 250 million, Indonesia has 88.1 million

active internet users with 34% penetration (wearesocial.com, 2016). The growth of internet-user is good for startup in Indonesia because most of startup is digital startup that needs internet access in order for the product to work. As for the investment, East Ventures is the most active venture capital in Indonesia with 34 deals followed by Mountain Kejora Ventures with 14 deals, 500 Startups with 14 deals and Indosat with 10 deals (techinasia.com, 2015). The biggest deal size was made by Lippo Group with US$500 million invested in Matahari Mall (techinasia.com, 2015). Techinasia.com (2015) also provide list of hot verticals and total funding in Indonesia with ecommerce is in the top spot with US$708,493,700, the second and third spot are search & discovery with US$9.3 million and media with US$4.468 million.

Zeemi is social media application that allow users to share and watch live video. Zeemi was founded by Thomas Damek a co-founder and former CEO of Lazada Indonesia and Ryan Handoyo in 2014. Zeemi got $1 million seed funding from DeNa Co., Ltd a Japan bases company. Since the beginning, Zeemi focusing on solution to develop creative industry by providing web-based and mobile-based application for Indonesian to create virtual stage for them to perform their talent and creativity. Using live video technology they develop, Zeemi aim to create a platform for enhancing community engagement.

Zeemi works as platform in the form of mobile application and website. People use Zeemi to broadcast a live video and share it inside Zeemi application in web or mobile and other people could see and interact with the broadcaster. When people watch the broadcaster they like, they could send a virtual gift. The virtual

gift they sent convert into point which could be used to send a gift or convert into real money. When the point is empty people could recharge it using a voucher which could be bought in mini market.

Zeemi is chosen as an object of this study because the product is in different industry category which is a social media, whilst other startups in Indonesia are in transportation or marketplace category. Moreover, Zeemi is about 2 years old since the establishment so it is at least already through 1 or 2 stage of startup lifecycle. Thomas Damek as a startup founder is not Indonesia citizen so it would be interesting to know what he thinks about startup environment in Indonesia. Right now Zeemi is in hiatus as Thomas Damek said in the interview with techinasia (2016) "It will not be viable as a standalone, video live-streaming player in the long term. This was clearly a tough decision but we believe it to be in the best interest of the company and we have taken it now while we have money to make a number of changes." Zeemi will be changing its business model Thomas Damek adds.

It will be interesting to know the reason of Zeemi hiatus from business model perspective. This research will look at Zeemi business model using business model canvas from Osterwalder & Pigneur (2010) and business model environment using environment card from Osterwalder & Pigneur (2010). Then, analyze the business model with business model environment.

B. Research Questions

From the background this study is conducted to know.

1. What is Zeemi business model?

2. What is Zeemi business model environment?

C. Research Objective

From research question, the objectives of this research are.

1. To understand the business model used by Zeemi.

2. To understand Zeemi business model environment.

D. Research Contribution

1. Academic Contribution

   a. Provide contribution on knowledge development in startup and business model.

   b. Provide research references to academician in startup and business model.

2. Practical Contribution

   a. Provide insight about business model of startup in social media.

   b. Provide insight about business model environment of startup in social media.

   c. Provide insight about startup failure from business model perspective.

E. Writing Structure

CHAPTER I   **: INTRODUCTION**

This chapter explain about research background, research questions, research objective, research contribution, and writing structure.

CHAPTER II   **: REVIEW OF RELATED LITERATURE**

This chapter explains the theoretical basis about startup and business model. This chapter also explain about journal used in this study.

CHAPTER III   **: RESEARCH METHOD**

This chapter explain type and approach of research, location and site of research, focus, type and source of data, data collection technique, analysis method and validity test.

CHAPTER IV   **: FINDING & DISCUSSION**

This chapter describe company history, product, and data collected from interview.

CHAPTER V   **: CONCLUSION & SUGGESTION**

This chapter explain a conclusion of this study, suggestion and limitation of this study.

CHAPTER II

REVIEW OF RELATED LITERATURE

A. Empirical Review

Two-sided Internet platforms: A business model lifecycle perspective

The article written by Laurent Muzellec, Sébastien Ronteau, and Mary Lambkin was published in 2015. The background of this article is a gap in literature which this article attempts to address through a study of the interaction between the B2B and B2C sides of online business ventures and their relative influence over time on the business models. The purpose of the article is to gain better understanding the evolution of the marketing strategies of Internet startup companies towards businesses and/or end-consumers, as well as the nature and relative contributions of the two sides of the market (B2B and B2C) in the creation of value.

The article analyze 5 early stage Internet ventures and reveals that the business models of these Internet ventures show a clear pattern of evolution from inception to maturity, from B2C towards B2B, and ultimately to an integrated combination (B2B&C and B2C&B). The article offers 4 propositions, i.e.:

P1: Two-sided Internet platforms need to formulate two different value propositions—one for the end-user side and one for the business side.

P2: In two-sided Internet platforms, end-users are part of the value proposition for business customers.

P3: In two-sided Internet platforms, the monetization of the business model is "B2B oriented".

P4: The business model and the marketing orientation (B2B or B2C) of a two-sided Internet Platform evolve over time.

The article also provides a diagram that shows stage of business model lifecycle based on revenue stream as seen in **Figure 2.1** bellow.
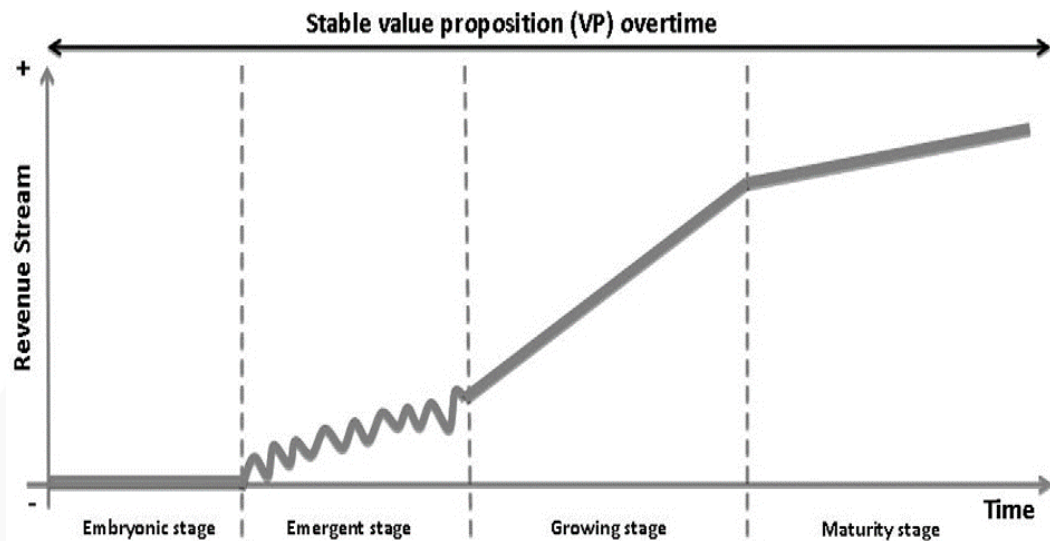
Figure 2.1. Stage of Business Model Lifecycle Based on Revenue Stream
Source: Muzellec et.al, 2015

a. Embryonic Stage

This stage is characterized by a focus on the development of the product technology needed to deliver the basic value proposition. Websites and related technologies are being tested and the platform exists in an Alpha or Beta version.

b. Emerging Stage

This stage of development is therefore characterized by B2C value-oriented activities through a "front office marketing strategy" such as Search Engine Optimization and push communication strategy on social networks.

a. **Growth Stage**

At the second stage of development, the startup company shifts its focus to business partners. This relatively sudden shift of interest is triggered by the need to raise money from investors and venture capitalists.

d. **Growth/Maturity Stage**

At this third stage of the business model lifecycle, the startup companies start to reconsider the services underlying their value proposition in a way that embraces both the business partners and the consumer audience.

Strategic Decisions for Multisided Platforms

The article written by Andrei Hagiu in winter 2014 titled Strategic Decisions for Multisided Platforms (MSPs). The article discuss about strategic issue that multisided platforms face. There are three findings from the article i.e. decisions need to be made about governance, platform design, pricing and number of sides. Second, no side of the platform will join without the other or others and third, most MSPs subsidize at least one side of their platform.

The article describe Multisided Platforms (MSPs) as technologies, products or services that create value primarily by enabling direct interactions between two or more customer or participant groups (Hagiu, 2014). The article also said successful MSPs create enormous value by reducing search costs or transaction costs (or both) for participants (Hagiu, 2014). An important feature of most MSPs is that the value to customers on one side of a platform typically increases with the number of participating customers on another side said Hagiu (2014). For MSPs to be succeed, they need to face four challenges i.e. the number of sides to bring on

board, design, pricing structures; and governance rules. There are three main obstacles that trip up most MSP candidates (Hagiu, 2014):

1. The chicken-and-egg problem inherent in launching an MSP business;

2. Resistance from key potential MSP constituents, who do not want to be beholden to a new and powerful MSP; and

3. The sheer complexity of running an MSP business with conflicting interests to satisfy.
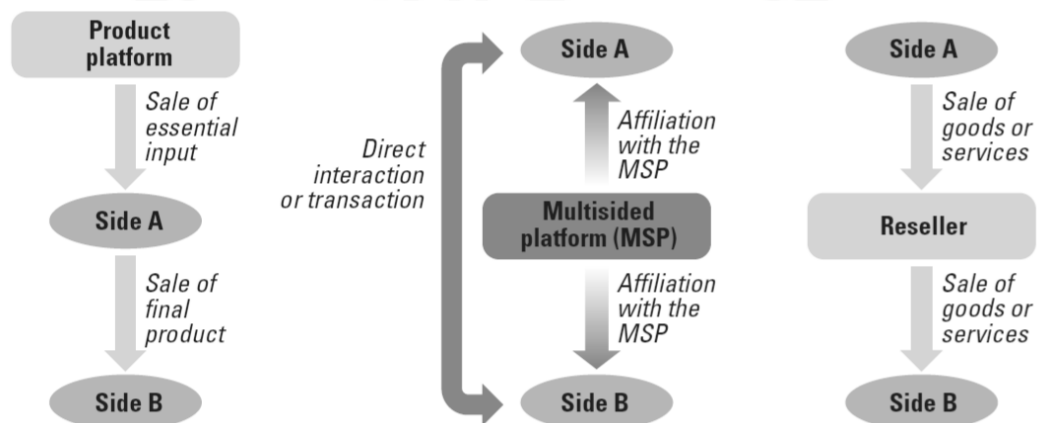
Figure 2.2. The Difference between MSPs, Product Platform, and Reseller
Source: Hagiu, 2014

Figure 2.2 taken from the article explain the difference between MSPs, Product Platform, and Reseller. In Product Platform the company only sells to side A, in Reseller the company bought product from side A and sells to side B. While in MSPs both sides are affiliate to the company and could interact with one another interchangeably. The side A sells product to side B while also buy produt from side B and *vice versa*. There are two key characteristics of a multisided platform: (1) each group of participants ("side") are customers of the MSP in some meaningful way, and (2) the MSP enables a direct interaction between the sides (Hagiu, 2014).

Strategy Challenge No. 1: How Many Sides to Bring on Board?

The first basic question that executives of any would-be MSP should ask is this: How many sides should we bring on board to our platform? Sometimes, however, MSPs face a real choice when it comes to the number and identity of the sides to attract.

Strategy Challenge No. 2: Multisided Platform Design

MSPs can encompass a tremendous variety of functionalities and features that reduce search costs (Airbnb and Match.com provide search functionality based on desirable characteristics), transaction costs (eBay offers buyers and sellers the ability to settle transactions using PayPal) or product development costs (Sony provides application programming interfaces and development kits that facilitate game development for the PlayStation 3). For most of these features, the decision whether to include them is amenable to a straightforward cost-benefit analysis: If the cost of building and implementing is less than the value created for the multiple sides served, include them.

Strategy Challenge No. 3: Multisided Platform Pricing Structures

MSPs serve multiple types of customers, they potentially have multiple revenues and profit sources. In reality, however, most MSPs have discovered that they have to offer their services for free or at subsidized prices to at least one side of the platform and derive their profits on the other side. The pricing principles most useful to business executives are summarized below:

1. For each group, charge a higher price when the group in question has less price sensitivity.

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2. If there is no priced transaction between the sides, then charge more to the side that stands to benefit more from the presence of the other side or sides.

3. If there is a priced transaction between two sides, then charge more to the side that can extract more value from the other side.

Strategy Challenge No. 4: Multisided Platform Governance Rules

As MSPs create value by facilitating interactions between third parties, a key part of their strategy should be some regulation of third-party actions, which clearly affect the value of the MSP's entire ecosystem and customer proposition. MSPs can regulate their various customers by resorting to non-price governance rules, which fall into two major categories:

1. Rules regulating access to the MSP: Who is allowed to join?

2. Rules regulating interactions on the MSP: What are the various sides allowed to do?

B. Theoretical Review

1. Startup Company

According to U.S Small Business Administration (www.sba.gov, 2016) the word "startup" goes beyond a company just getting off the ground. The term startup is also associated with a business that is typically technology oriented and has high growth potential. Ries (2011) said a startup is a human institution designed to create a new product or service under conditions of extreme uncertainty. Blank & Dorf (2012).gave clearer definition of startup by saying that a startup is a temporary organization in search of a scalable, repeatable, profitable business model.

Blank & Dorf (2012) also said that startups are not simply smaller versions of large companies. Companies execute business models where customers, their problems, and necessary product features are all "knowns." In sharp contrast, startups operate in "search" mode, seeking a repeatable and profitable business model. We can tell according to Blank & Dorf (2012) the difference between startup and big company is business model. In big company the business model already fixed whereas in startup business model is not fix yet and startup is still in search of repeatable and profitable business model.

2. **Business Model**

   a. **Definition of Business Model**

   Mahadevan (2000) suggested that a business model is a unique blend of three "streams" (value, revenue and logistical) that identify the value propositions to the buyers, sellers and other actors. Hedman & Kalling (2003) suggested that business model based on the casual inter-relation among customers, competitors, offering, activities and organization, resources, supply of factor and production inputs and longitudinal process components which emerge over time. From Johnson et al. (2008) point of view a business model consists of 4 interlocking element i.e. customer value proposition, profit formula, key resources, and key processes. While Osterwalder & Pigneur (2010) said the business model is like a blueprint for a strategy to be implemented through organizational structures, processes, and systems.

   Business model could become illustration of how the company create value, deliver the value to the customer, and capture value from the environment.

(Osterwalder & Pigneur 2010). Business model also emerge as new unit of analysis and holistic approach to explain how firms do business as identified by Zott et al. (2011). Zott et al. (2011) also identify that firm activities influencing conceptualizations of proposed business models and business models seeking to explain how value is created.

Magretta (2002) said that a good business model begins with an insight into human motivations and ends in a rich stream of profits. Magretta (2002) also said a good business model answers Peter Drucker's age-old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost? Zott et al. (2011) said that the literature of business model is developing largely in silos, according to the phenomena of interest to the respective researchers. The main interest areas identified are (1) e-business and the use of information technology in organizations; (2) strategic issues, such as value creation, competitive advantage, and firm performance; and (3) innovation and technology management. But despite the overall surge in the literature on business models, scholars do not agree on what a business model is (Zott et al, 2011).

Even though there is disagreement between scholars on a business model, this study use business model describe by Osterwalder & Pigneur (2010). Osterwalder & Pigneur (2010) said that business model is like a blueprint and same as building a monument if the blueprint is wrong, the monument would never last

even collapse not long after its establishment. So does business if the business model gets wrong in the making, that business perhaps would not last long because business modeling is the managerial equivalent of the scientific method—you start with a hypothesis, which you then test in action and revise when necessary. (Magretta, 2002). Osterwalder & Pigneur (2010) believe a business model can best be described through 9 basic building blocks that show the logic of how a company intends to make money.

b. 9 Building Blocks of Business Model

There are 9 blocks in business model described by Osterwalder & Pigneur (2010) in their book. Illustration of that 9 blocks could be seen in **Figure 2.2** to clarify what it is like the form of Business Model.
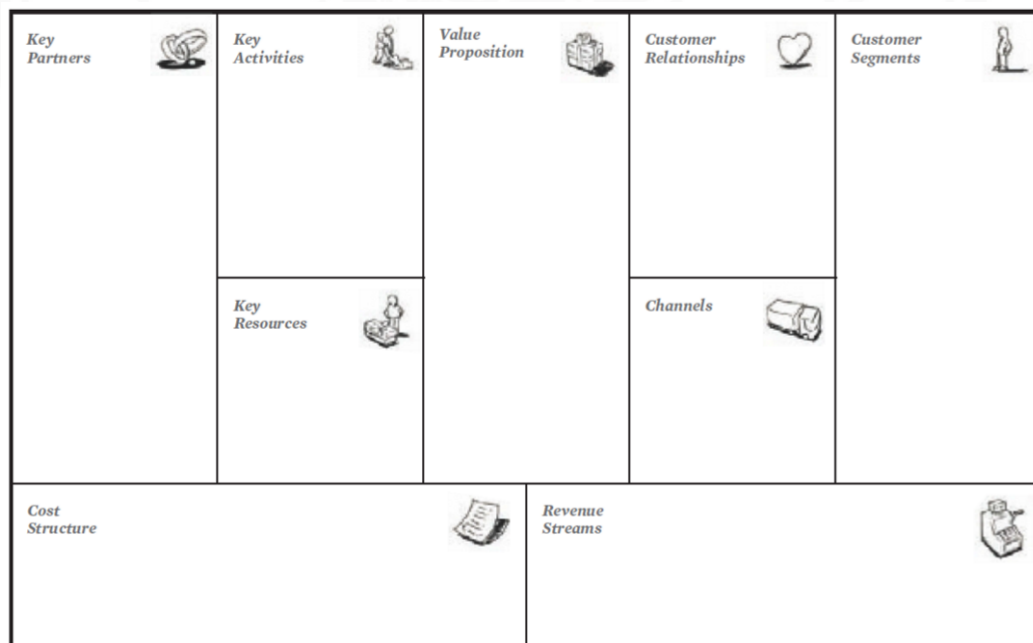
Figure 2.3. Business Model Canvas
Source: Osterwalder & Pigneur, 2010

1) **Customer Segment,** defines the different groups of people or organizations an enterprise aims to reach and serve. Customer groups represent separate segments if:

- Their needs require and justify a distinct offer

- They are reached through different Distribution Channels

- They require different types of relationships

- They have substantially different profitabilities

- They are willing to pay for different aspects of the offer

Examples of customer segments

a. Mass market, business models focused on mass markets don't distinguish between different Customer Segments. The Value Propositions, Distribution Channels, and Customer Relationships all focus on one large group of customers with broadly similar needs and problems.

b. Niche market, business models targeting niche markets cater to specific, specialized Customer Segments. The Value Propositions, Distribution Channels, and Customer Relationships are all tailored to the specific requirements of a niche market.

c. Segmented, some business models distinguish between market segments with slightly different needs and problems.

d. Diversified, an organization with a diversified customer business model serves two unrelated Customer Segments with very different needs and problems.

e. Multi-sided platform (multi-sided market), some organizations serve two or more interdependent Customer Segments

2) **Value Proposition**, describes the bundle of products and services that create value for a specific Customer Segment. Elements from the following non-exhaustive list can contribute to customer value creation.

- Newness, some value proposition satisfy entirely new set of needs for customer because there are no similar offering.

- Performance, improving product or service become common way to create value.

- Customization, tailor product or service to suit customers need is one of a way to create value.

- "Getting the job done", helping a customer get certain jobs done is one way to create value.

- Design, a product may stand out because of superior design.

- Brand/status, customers may find value when using and displaying specific brand.

- Price, offer lower price with the similar value is a common way to satisfy the needs of price-sensitive Customer Segments.

- Cost reduction, helping customers reduce costs is an important way to create value.

- Risk reduction, reducing risks the customer incur when purchasing products or services can create value for customer.

- Accessibility, making products and services available to customers who previously lacked access to them is another way to create value.

- Convenience/usability, making products and services more convenient or easier to use can create substantial value.

3) **Channels**, describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition. Channels serve several functions, including:

  - Raising awareness among customers about a company's products and services.

  - Helping customers evaluate a company's Value Proposition.

  - Allowing customers to purchase specific products and services.

  - Delivering a Value Proposition to customers.

  - Providing post-purchase customer support.

4) **Customer Relationship**, describes the types of relationships a company establishes with specific Customer Segments. Customer relationships may be driven by the following motivations:

  - Customer acquisition.

  - Customer retention.

  - Boosting sales (upselling).

Type of relationship:

a. Personal assistance, the customer can communicate with a real customer representative to get help during the sales process or after the purchase is complete.

b. Dedicated personal assistance, this relationship involves dedicating a customer representative specifically to an individual client.

c. Self-services, in this type of relationship, a company maintains no direct relationship with customers. It provides all the necessary means for customers to help themselves.

d. Automated services, this type of relationship mixes a more sophisticated form of customer self-service with automated processes.

e. Communities, increasingly, companies are utilizing user communities to become more involved with customers/prospects and to facilitate connections between community members.

f. Co-creation, more companies are going beyond the traditional customer-vendor relationship to co-create value with customers.

5) **Revenue Stream**, represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings). There are several ways to generate Revenue Streams:

- Asset sale.
- Usage fee.
- Subscription fees.
- Lending/renting/leasing.
- Licensing.
- Brokerage fees.
- Advertising.

There are several ways to generate Revenue Streams:

a. Asset sales, the most widely understood Revenue Stream derives from selling ownership rights to a physical product.

b. Usage fees, this Revenue Stream is generated by the use of a particular service.

c. Subscription fees, this Revenue Stream is generated by selling continuous access to a service.

d. Lending/renting/leasing, this Revenue Stream is created by temporarily granting someone the exclusive right to use a particular asset for a fixed period in return for a fee.

e. Licensing, this Revenue Stream is generated by giving customers permission to use protected intellectual property in exchange for licensing fees.

f. Brokerage fees, this Revenue Stream derives from intermediation services performed on behalf of two or more parties.

g. Advertising, this Revenue Stream results from fees for advertising a particular product, service, or brand.

6) **Key Resources**, describes the most important assets required to make a business model work. Key Resources can be categorized as follows:

- Physical, this category includes physical assets such as manufacturing facilities, buildings, vehicles, machines, systems, point-of-sales systems, and distribution networks.

- Intellectual.intellectual resources such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer databases are increasingly important components of a strong business model. Intellectual resources are difficult to develop but when successfully created may offer substantial value.

- Human, every enterprise requires human resources, but people are particularly prominent in certain business models.

- Financial, some business models call for financial resources and/or financial guarantees, such as cash, lines of credit, or a stock option pool for hiring key employees.

7) **Key Activities**, describes the most important things a company must do to make its business model work.

   a. Production, these activities relate to designing, making, and delivering a product in substantial quantities and/or of superior quality.

   b. Problem solving, key Activities of this type relate to coming up with new solutions to individual customer problems.

   c. Platform/network, business models designed with a platform as a Key Resource are dominated by platform or network related Key Activities.

8) **Key Partnership**, describes the network of suppliers and partners that make the business model work.

   - Strategic alliances between non-competitors

   - Coopetition: strategic partnerships between competitors

   - Joint ventures to develop new businesses

- Buyer-supplier relationships to assure reliable supplies

It can be useful to distinguish between three motivations for creating partnerships:

a. Optimization and economy of scale, the most basic form of partnership or buyer-supplier relationship is designed to optimize the allocation of resources and activities.

b. Reduction of risk and uncertainty, partnerships can help reduce risk in a competitive environment characterized by uncertainty.

c. Acquisition of particular resources or activities, few companies own all the resources or perform all the activities described by their business models.

9) **Cost Structure**, describes all costs incurred to operate a business model.

a. Cost-driven, cost-driven business models focus on minimizing costs wherever possible.

b. Value-driven, some companies are less concerned with the cost implications of a particular business model design, and instead focus on value creation.

Cost Structures can have the following characteristics:

a. Fixed cost, costs that remain the same despite the volume of goods or services produced.

b. Variable cost, costs that vary proportionally with the volume of goods or services produced.

c. Economies of scale, cost advantages that a business enjoys as its output expands.

d. Economies of scope, cost advantages that a business enjoys due to a larger scope of operations.

All the 9 blocks needs to be arranged well by management team from across the entire organization as said by Osterwalder & Pigneur (2010), "in fact, by its very nature business model innovation requires the participation of people from across the entire organization." The purpose is to know the view from various perspectives with the result of creating the right value.

> Business model innovation is about seeking to create value by exploring new business model building blocks and forging innovative links between blocks. This can involve all nine blocks of the canvas, whether Distribution Channels, Revenue Streams, or Key Resources. Thus it requires input and ideas from people representing multiple areas (Osterwalder & Pigneur, 2010).

c. **Business Model Pattern**

Multi-sided Platforms

Two-sided networks differ from traditional value chains in a fundamental way. In the traditional system, value moves from left to right: To the left of the company is cost; to the right is revenue. In two-sided networks, cost and revenue are both to the left and to the right, because the "platform" has a distinct group of users on each side (Eisenmann et.al, 2006). The example of multi-sided platform business model is Google and Facebook. Google through online advertising services (AdWords, AdSense, Google My Business, and AdMob) help advertiser reach specific customer with ease. Google could connect advertiser to customer through their algorithm that could micro-targeting customer based on search

preference. Facebook also done the same thing, micro-target customer based on users like and followed page.

The Long Tail

Long tail business model is selling less of more. Focusing on selling large number of niche products (see Anderson, 2006). The aggregate of the niche product is the same as the 'hit' product. The example of this business model is eBay, Amazon, and Netflix that sell small quantities of "non-hit" items. We can search for anything in Amazon from A to Z, some item in eBay and Amazon hard to find if we search offline.

Free Business Model

In the free business model at least one substantial Customer Segment is able to continuously benefit from a free-of-charge offer. Non-paying customers are financed by another part of the business model or by another Customer Segment. There is different patterns that make the free possible i.e.

1) Advertising: A Multi-sided Platform Model, One side of the platform is designed to attract users with free content, products, or services and another side of the platform generates revenue by selling space to advertisers (Osterwalder & Pigneur, 2010). Example of this Advertising Model could be seen in some mobile application.

2) Freemium, The freemium model is characterized by a large user base benefiting from a free, no-strings-attached offer. Most of these users never become paying customers; only a small portion, usually less than 10 percent of all users, subscribe to the paid premium services (Osterwalder & Pigneur,

2010). Example of this Freemium Model is Spotify, a music streaming application.

3) Open Source.

Un-Bundling Business Model

When looking beneath the surface of companies, there are 3 kinds of businesses i.e. a customer relationship business, a product innovation business, and an infrastructure business (hbr.org, 2016)

<div align="center">Table 2.1. The 3 Kinds of Businesses</div>

	Product Innovation	Customer Relationship Management	Infrastructure Management
Economics	Early market entry enables charging premium prices and acquiring large market share; speed is key	High cost of customer acquisition makes it imperative to gain large wallet share; economies of scope are key	High fixed costs make large volumes essential to achieve low unit costs; economies of scales are key
Culture	Battle for talent; low barriers to entry; many small players thrive	Battle for scope ; rapid consolidation; a few big players dominate	Battle for scale; rapid consolidation; a few big players dominate
Competition	Employee centered; codding the creative stars	Highly service oriented; customer-comes- first mentality	Cost focused; stresses standardization, predictability, and efficiency

Source: hbr.org, 2016

Open Business Model

Open business models can be used by companies to create and capture value by systematically collaborating with outside partners. This may happen from the "outside-in" by exploiting external ideas within the firm, or from the "inside-out"

by providing external parties with ideas or assets lying idle within the firm (Osterwalder & Pigneur, 2010).

White Label

White label refers to a fully supported product or service that is made by one company but sold by another (forbes.com, 2017). The products or services are made by one company without brand and sell it to other company. The companies that buy white label products or services then customize it on their own or with the help of the company that makes the product or services and sell it to end-users using their brand.

Bait & Hook

"Bait & hook" refers to a business model pattern characterized by an attractive, inexpensive, or free initial offer that encourages continuing future purchases of related products or services (Osterwalder & Pigneur, 2010). The example of this business model is shaving razor and its blade made famous in 1904 by King C. Gillette. The blade of the shaving razor is disposable after certain amount of time, customer than only buy the blade to replace the old one.

d. Business Model Environment

Osterwalder & Pigneur (2010) said developing a good understanding of your organization's environment helps you conceive stronger, more competitive business models. Osterwalder & Pigneur (2010) describe key external forces that influence business models and categorize them using the four areas, and the areas are as follow:

Industry Forces

This industry forces consist of competitors (incumbents), new entrants (insurgents), substitute products & services, stakeholders, and suppliers & other value chain actors. All of those components need to be analyze in order to know the industry condition the company is in.

Table 2.2. Industry Force Components

Components	Description	Main Questions
Competitors (Incumbents)	Identifies incumbent competitors and their relative strengths	Who are our competitors? Who are the dominant players in our particular sector? What are their competitive advantages or disadvantages? Describe their main offers. Which Customer Segments are they focusing on? What is their Cost Structure? How much influence do they exert on our Customer Segments, Revenue Streams, and margins?
New Entrants (Insurgents)	Identifies new, insurgent players and determines whether they compete with a business model different from yours	Who are the new entrants in your market? How are they different? What competitive advantages or disadvantages do they have? Which barriers must they overcome? What are their Value Propositions? Which Customer Segments are they focused on? What is their Cost Structure? To what extent do they influence your Customer Segments, Revenue Streams, and margins?

		Which products or services could replace ours? How much do they cost compared to ours? How easy it is for customers to switch to these substitutes? What business model traditions do these substitute products stem from (e.g. high-speed trains versus airplanes, mobile phones versus cameras, Skype versus long-distance telephone companies)?
Substitute product & services	Describes potential substitutes for your offers—including those from other markets and industries	Which products or services could replace ours? How much do they cost compared to ours? How easy it is for customers to switch to these substitutes? What business model traditions do these substitute products stem from (e.g. high-speed trains versus airplanes, mobile phones versus cameras, Skype versus long-distance telephone companies)?
Stakeholders	Specifies which actors may influence your organization and business model	Which stakeholders might infl uence your business model? How influential are shareholders? Workers? The government? Lobbyists?
Suppliers & other value chain actor	Describes the key value chain incumbents in your market and spots new, emerging players	Who are the key players in your industry value chain? To what extent does your business model depend on other players? Are peripheral players emerging? Which are most profitable?

Source: Osterwalder & Pigneur, 2010

Market Forces

This market forces consist of market issues, market segments, needs & demands, switching costs, and revenue attractiveness. All of those components need to be analyze in order to know the market condition the company is in.

Table 2.3. Market Forces Components

Components	Description	Main Questions
Market issues	Identifies key issues driving and transforming your market from Customer and Offer perspectives	What are the crucial issues affecting the customer landscape? Which shifts are underway? Where is the market heading?
Market segments	Identifies the major market segments, describes their attractiveness, and seeks to spot new segments	What are the most important Customer Segments? Where is the biggest growth potential? Which segments are declining? Which peripheral segments deserve attention?
Needs & demands	Outlines market needs and analyzes how well they are served	What do customers need? Where are the biggest unsatisfied customer needs? What do customers really want to get done? Where is demand increasing? Declining?
Switching costs	Describes elements related to customers switching business to competitors	What binds customers to a company and its offer? What switching costs prevent customers from defecting to competitors? Is it easy for customers to fi nd and purchase similar offers? How important is brand?
Revenue attractiveness	Identifies elements related to revenue attractiveness and pricing power	What are customers really willing to pay for? Where can the largest margins be achieved? Can

		customers easily find and purchase cheaper products and services?

Source: Osterwalder & Pigneur, 2010

Key Trends

This key trends consist of technology trends, regulatory trends, societal & cultural trends, and socioeconomic trends. All of those components need to be analyze in order to know the latest trend in the market.

Table 2.4. Key Trends Components

Components	Description	Main Questions
Technology trends	Identifies technology trends that could threaten your business model—or enable it to evolve or improve	What are the major technology trends both inside and outside your market? Which technologies represent important opportunities or disruptive threats? Which emerging technologies are peripheral customers adopting?
Regulatory trends	Describes regulations and regulatory trends that influence your business model	Which regulatory trends influence your market? What rules may affect your business model? Which regulations and taxes affect customer demand?
Societal trends & cultural trends	Identifies major societal trends that may influence your business model	Describe key societal trends. Which shifts incultural or societal values affect your business model? Which trends might infl uence buyer behavior?
Socioeconomic Trends	Outlines major socioeconomic	What are the key demographic trends? How would you characterize income and wealth distribution in

	trends relevant to your business model	your market? How high are disposable incomes? Describe spending patterns in your market (e.g. housing, healthcare, entertainment, etc.). What portion of the population lives in urban areas as opposed to rural settings?

Source: Osterwalder & Pigneur, 2010

Macro Economic Forces

This macro economics forces consist of global market conditions, capital markets, commodities and other resources, and economic infrastructure. All of those components need tob analyze in order to know the macro economic condition.

Table 2.5. Macro Economic Forces Components

Components	Description	Main Questions
Global market conditions	Outlines current overall conditions from a macroeconomic perspective	Is the economy in a boom or bust phase? Describe general market sentiment. What is the GDP growth rate? How high is the unemployment rate?
Capital markets	Describes current capital market conditions as they relate to your capital needs	What is the state of the capital markets? How easy is it to obtain funding in your particular market? Is seed capital, venture capital, public funding, market capital, or credit

		readily available? How costly is it to procure funds?
Commodities & other resources	Highlights current prices and price trends for resources required for your business model	Describe the current status of markets for commodities and other resources essential to your business (e.g. oil prices and labor costs). How easy is it to obtain the resources needed to execute your business model (e.g. attract prime talent)? How costly are they? Where are prices headed?
Economic infrastructure	Describes the economic infrastructure of the market in which your business operates	How good is the (public) infrastructure in your market? How would you characterize transportation, trade, school quality, and access to suppliers and customers? How high are individual and corporate taxes? How good are public services for organizations? How would you rate the quality of life?

Source: Osterwalder & Pigneur, 2010

CHAPTER III

RESEARCH METHOD

A. Research Type

The type of this study is qualitative research with case study approach. Qualitative is used because this study is intended to know business model of Zeemi then describe it using business model canvas and describe Zeemi business model environment. These topics of study require interview and literature review rather than a survey to get data and insight. Thus, the type of data of this study would be interview transcript and/or report. Creswell (2015) said we use qualitative research when we want empower individual to be able to deliver their story, listen to their story, and minimize relation of power that often arise between a researcher and participants during the research process. It is easier to get insight using qualitative research because qualitative research, in contrast, involves collecting, analyzing, and interpreting data by observing what people do and say (Burn & Bush, 2014).

Case study approach is used because the study intended to know the reason of Zeemi hiatus from business model perspective. Thus, makes case study a suitable approach because the study tries to understand a case. Creswell (2007) said case study research involves the study of an issue explored through one or more cases within a bounded system (i.e., a setting, a context).

> Case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g. observations, interviews, audiovisual material, and documents and reports), and reports a case description and case-based themes. (Creswell, 2007)

B. Research Focus

Problem that appears in social environment primarily in business environment is holistic and complex. It would takes time, effort, and cost when conducting a research if the problem not limited. Base on that, research focus is needed which would limit the problem to be more specific and easy. In qualitative research, determining the focus would more directed on newness level of information to be obtained from social situation (field) (Sugiyono, 2010).

Focus basically is key issues that comes from researcher experience or through knowledge gained from scientific literature or other literature (Moleong, 2012). According to research question, then focus of this research is.

1. Focus on business model used by Zeemi.

In order to describe the business model, this study use 9 building blocks from business model canvas and only focusing on those 9 blocks i.e.

    a. Customer Segment.

    b. Value Proposition.

    c. Channel**s.**

    d. Customer Relationship.

    e. Revenue Stream.

    f. Key Resources.

    g. Key Activities.

    h. Key Partnership.

    i. Cost Structure.

2. Focus at the stage of Zeemi based on article written by Muzellec et.al.

3. Focus at Zeemi business model environment.

C. Research Location and Site

Location of this research are Zeemi, founded in 2014 by Thomas Damek a Co-Founder and former CEO of Lazada Indonesia. Zeemi located in Jakarta on Jalan Erlangga I No. 13, Kebayoran Baru, South Jakarta. The site of this research are Chief Executive Officer of Zeemi and Founder, Thomas Damek and Content Manager of Zeemi and Co-founder, Ryan Handoyo

The reason to choose Zeemi as the location is because of the product. Zeemi offer a unique product that is a live-stream social media app on web and mobile that gives Indonesian people a virtual stage for them to perform and showcase their talent and making money along the way. Zeemi also in different type of industry category, whereas in Indonesia the common type is marketplace. Therefore, it is interesting to know the business model used by Zeemi. More unique, Zeemi is Indonesia based startup company that got USD 1 million dollar seed fund from DeNa Co., Ltd. a Japan based company. Zeemi that was founded in 2014 had to stop operating and went into hiatus in 2016 with promise to comeback one day. Therefore, it is interesting to know the business model of Zeemi and the environment of the business model of Zeemi.

D. Data Type and Source

Lofland & Lofland in Moleong (2012) said data source in qualitative research are words and action, the rest is additional data like document etc. In this

research data source comes from informant and document with explanation as follows.

1. Key Informant

    As said by Burns & Bush (2014) that qualitative research involve collection, analysis, and data interpretation by observe behavior and words of someone. Hence, informant in qualitative research become one of data source. The key informant assigned by conducting an observation and pre-research. Key informant in this research are Thomas Damek as CEO of Zeemi and Founder and Ryan Handoyo Content Manager of Zeemi and Co-Founder.

2. Document

    Document become additional data source in qualitative research like said by Lofland & Lofland in Moleong (2012). The purpose of document are for completing information and achieving more accurate data. Document used in this research are market report, statistical report, journal, news article, and business model theory..

    "Data needed for marketing management decisions can be grouped into two types: primary and secondary." (Burns & Bush, 2014) In this research, type of data obtained are primary data i.e. data obtained from informant and secondary data obtained from document, the explanation is as follows.

    1. Primary Data

        Maholtra (2005) said in his book that primary data is data attempted by researcher with specific purpose to complete the research. Primary data in this research obtained from informant, i.e.: Thomas Damek as CEO of Zeemi and Founder and Ryan Handoyo Content Manager of Zeemi and Co-Founder.

2. Secondary Data

Secondary data is the data collected from second hand or other source that already available before the research been conducted (Silalahi, 2009). Secondary data in this research comes from document, i.e.: market reports from McKinsey, PwC, Delloitte, Badan Pusat Statistik, and etc, journal, news article, and business model theory.

E. Data Collection Technique

Researcher in conducting research needs data to analyze. To collect that data needs the right method or technique. Without knowing data collection technique, then researcher would not get data that meets standard data which already set (Sugiyono, 2010). Data collection technique in this research is as follows.

1. Interview

Interview become one of the data collection technique used in this research. Interview is conversation with specific intent (Moleong, 2012). Interview conducted with Thomas Damek as CEO of Zeemi and Founder and Ryan Handoyo Content Manager of Zeemi and Co-Founder.that understand about the issue which related to the study in this case are Zeemi business model, definition of startup, the stage of Zeemi, and startup ecosystem in Indonesia.

2. Documentation

Documentation is one of the data collection technique other than interview that used in this research. Documents have long been used in research as data source

because in many ways document as data source be used to test, interpret, even to predict (Moleong, 2012). Document in this research used as research support. Document that would be used is document related to Zeemi business model environment i.e. market reports, journal, news article, and business model theory.

3. Observation

Observation also become data collection technique other than interview and documentation in this research. Observation method is data collection method that used to collect research data through observing and sensing (Bungin, 2012). Observation helps researcher obtain supporting data that perhaps the data are difficult to obtain with other data collection technique.

F. Research Instrument

There are 2 main things that affect research result quality, i.e. research instrument and data collection quality (Sugiyono, 2010). To obtain research result quality, research instrument that used are as follows.

1. Researcher

In qualitative research, researcher become the main instrument. Qualitative research is interpretative research, which inside it researcher involve in ongoing experience and continuously with participants (Creswell, 2012).

2. Interview Guide

Interview guide is used to help researcher in interview, mainly in conducting structured interview. Interview guide is used so the interview become more focus.

3. Documentation Guide

Documentation guide similar to interview guide is used to help researcher. Documentation guide is used so researcher could know what documentation related to the research. Not all form of documentation needed in research and with documentation guide researcher able to separate which is needed which not.

4. Research Tools

When conducting interview and documentation not only need guide but also tools. This tools facilitate researcher in collecting data. Tools used in this research are voice recorder, camera to take picture and/or video.

G. Analysis Method

The next step in research after collecting data is analysis. Data that already collected from interview, documentation, and observation need to be treated to make it more accurate. This research use analysis method, interactive model from Miles & Huberman.
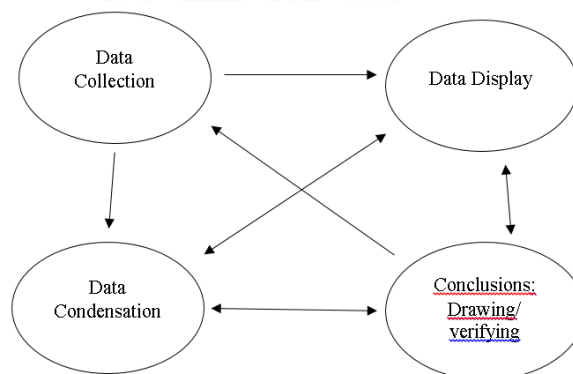

Figure 3.1 Interactive Model by Miles Huberman
Source: Miles & Huberman, 1994.

1. Data Condensation

"Data condensation refers to the process of selecting, focusing, simplifying, abstracting, and/or transforming the data that appear in the full corpus (body) of

written-up field notes, interview transcript, documents, and other empirical material (Miles & Huberman, 1994)."

Data that already collected during research then need to be processed so the data become more focus. Miles & Huberman (1994) called the process as data condensation. The process that were referred to is choosing, focusing, simplifying, abstracting, and/or changing data that already obtain.

2. Data Display

Generically, a display is an organized, compressed assembly of information that allows conclusion drawing and action (Miles & Huberman, Saldana, 1994). The next step in data analysis is data display. Generically, said Miles & Huberman (2014) data display is organizing and compressing assembly of information. This study use Osterwalder's business model canvas to display the data about business model. The purpose of data display is to make analysis and deducting easier. Data display format could vary depend on researcher imagination (Miles & Huberman, 1994). However, in their book Miles & Huberman (1994) give 2 data display format, i.e.

    a. Matrix, and

    b. Networks, a circuit of nodes with connector (line or arrow) between it.

3. Drawing and Verifying Conclusions

Miles & Huberman (1994) describing data analysis process as follows.

"From the start of data collection the qualitative analyst interprets what things mean by noting patterns, explanation, causal flow and propositions. The competent researcher hold these conclusions lightly, maintaining openness and skepticism, but conclusions are still there, vague at first, then increasingly explicit and grounded. "Final" conclusions may not appear until data collection is over…" (Miles & Huberman, 1994)

The last step of data analysis in interactive model is drawing and verifying conclusions. Through the process of research the conclusion already start to emerge but still vague. In this last step, final conclusion could be obtained after data collected, processed, and displayed. Therefor in interactive model every step are connected to one another. We have presented these three streams –data condensation, data display, and conclusion drawing/verification –as interwoven before, during, and after data collection in parallel form, to make up general domain called analysis (Miles & Huberman, 1994).

H. Data Validity Test

Not all data collected by researcher could be used therefore the validity needs to be tested beforehand. In qualitative research, findings or data could be declared as valid if there is no difference between what researchers reported with what actually happened on the object under study (Sugiyono, 2012). In this research data validity test that used is data triangulation. Triangulation technique prefer the effectiveness of process and the desired result. Therefore, triangulation could be done by examine whether the process and the results of the method used was running well. (Bungin, 2012)

In this study, the triangulation used is source triangulation. Because of the object of study is startup company that still small in size, the key informant that function as source of primary data is only two people of the company i.e. founder and co-founder. Founder and co-founder of the company are two people that knows the detail of the business model which is the main focus of this study. Other data that gathered in this study coming from theory and other related document i.e.

market report, statistical report, journal, news article and business model theory.

Data from market report and statistical report gathered for mapping the business

model environment. The data from interview will be triangulated and the result will

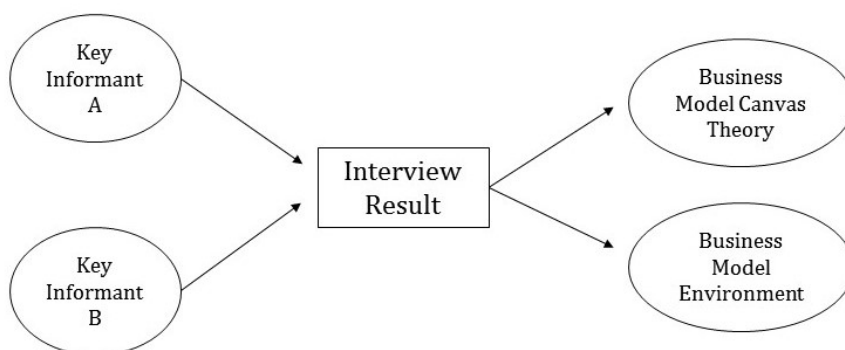be analyzed with secondary data which gathered from documents.

Figure 3.2. Triangulation and Analysis of Interview Result
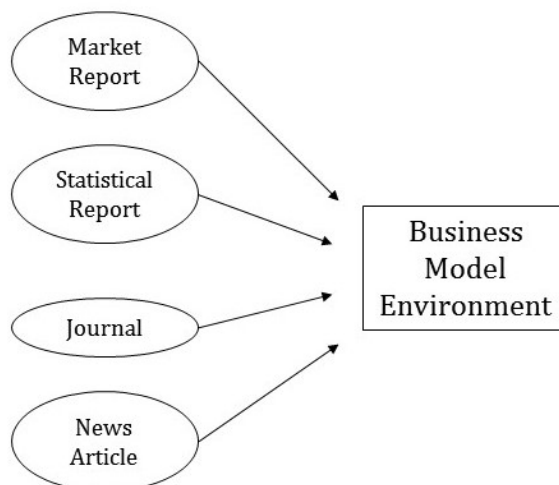Source: Researcher, 2017

Figure 3.3. Business Model Environment Data Gathering
Source: Researcher, 2017

CHAPTER IV

FINDING & DISCUSSION

A. **Company Overview**

1. **Company History**

Zeemi is Indonesia startup company established in 2014. Zeemi was founded by Thomas Damek a former CEO and Co-Founder of Lazada Indonesia and Ryan Handoyo. Zeemi was located in Jalan Erlangga No. 13, Kebayoran Baru, Jakarta Selatan. Zeemi is a platform where people can share their moment and talent in real time. Indonesia has so many talented people but they lack of platform to showcase that. Zeemi try to create a platform for that, the performer could get a virtual stage and the viewer could interact and get self-tailored performance (Damek, 2016). Zeemi focusing on solution to develop creative industry by providing web-based and mobile-based application for Indonesian to create virtual stage for them to perform their talent and creativity. Like many others startup company in the early stage, Zeemi also got seed funding and Zeemi got $1 million from DeNA Co., Ltd a Japanese based company.

Figure 4.1. Zeemi Logo
Source: Documentation (2016).

Ryan Handoyo (2017) said at first Zeemi was just a platform for people to share live video either showcase their talent or share moment. Then, Zeemi targets

specifically to community. Zeemi then focused to create a platform to enhance community engagement. After established for 2 years, in 2016 Zeemi announced that it went into hiatus.

2. Product

The main product of Zeemi is an application zeemi.tv that could be accessed through web browser and mobile application in iOS and Android. The main feature from this application providing a range of services that are identical to the social media concept, such as:

1) Assessments

2) Activity Log

3) Channels system

4) Video broadcasting and recording

5) Announcement

6) Users Administration

7) Payment Gateways

8) Points transaction

3. Company Stage

Zeemi was founded in 2014 with the first idea to build a platform for people to share live video and other people could enjoy. Since founded Zeemi had been through some stages before went into hiatus in 2016. Thomas Damek (2016) said Zeemi is in development stage. Ryan Handoyo (2017) explain Zeemi is entering the stage of gaining users before hiatus.

Ryan Handoyo (2017) also explain the process in startup usually start with you have product and then move to gaining users and then you move to monetization. Zeemi said Ryan Handoyo (2017) is moving back one stage, Zeemi move from product to gaining users but the team think it is not powerful enough then the team move back to revising and revamping the product. In other word Zeemi is in developing the product again then Zeemi starts to enter the stage of gaining users again before hiatus.

Study from Muzellec et.al. (2015) shows there are four stages business model lifecycle based on revenue stream. First embryonic stage characterized by a focus on the development of the product technology needed to deliver the basic value proposition. Second, emerging stage characterized by B2C value-oriented activities through a "front office marketing strategy" such as Search Engine Optimization and push communication strategy on social networks. Then, growth stage characterized by the startup company shifts its focus to business partners. Last, maturity stage characterized by the startup companies start to reconsider the services underlying their value proposition in a way that embraces both the business partners and the consumer audience.

Based on the interview with Ryan Handoyo (2017) and Thomas Damek (2016) and study from Muzellec et.al. (2015), Zeemi is entering emerging stage again before hiatus. Zeemi was in emerging stage characterized by activities to gain users. Then, Zeemi moving back one stage to embryonic stage characterized by a focus on the development of the product technology needed to deliver the basic value proposition. As Thomas Damek (2016) said "We're still in development

stage, we also in phase of changing to also serve B2B market". Just after finishing

product development and Zeemi start to gain users again, it went into hiatus.

> "Di Zeemi, you have a product and then we try to gain users tapi kita merasa bahwa it's not powerful enough then we move back to revising revamping the product. Jadi product yg ngejawab semua kebutuhan komunitas apa segala macem so that's what we did. Jadi pada saat kita hiatus, dimana kita masuk ke stage gaining users lagi" (Handoyo, 2017).
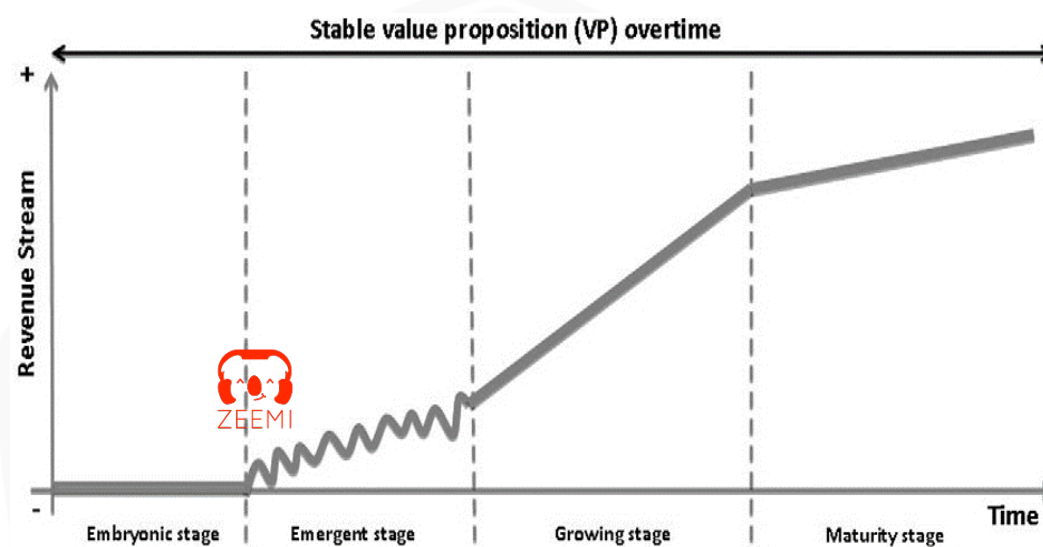
Figure 4.2. Zeemi Re-entering The Emergence Stage
Source: Researcher, 2017

4. Perspective On Startup

Based on the interview, Thomas Damek (2016) seeing startup as a new and independent business. While Ryan Handoyo (2017) seeing startup as two things, one as a face in business and two as a culture. As a face in business means when someone set a business, they go in a startup mode in the beginning (Handoyo, 2017). You know you have limited resources in financial and human resources. But then, you pass that and then you become a full-run business or an enterprise (Handoyo, 2017). As a culture means information can move freely inside the company, some decision making could be quick, and even though there is a hierarchy but it is not too bureaucratic (Handoyo, 2017).

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"So 2 things gitu the way I see startup is one it's a stage yang semua company atau yg semua business akan lewati atau Bahasa ininya lah in micro small business itu mereka akan lewatin semuanya. Dan second is culture, as culture of where information flow freely, lu ga ada batesan karena department gua beda sama lu, lu ngehold information." (Handoyo, 2017)

Based on the interview, Thomas Damek (2016) said the difference between startup and big company are market, product, and organization, in startup they are not fix yet. Ryan Handoyo (2017) said the difference between startup and big company is in decision making. When you are in startup decision making is very quick. But in big company the decision making is quick to certain level and then it slows down (Handoyo, 2017).

"The market, product, and organization. In startup it is not fix yet" (Damek, 2016). "When you are in startup decision making is very quick. But in big company the decision making is quick to certain level and then it's slow down." (Handoyo, 2017).

As for the environment for startup in Indonesia, Thomas Damek (2016) said in the interview it is not good nor bad because the infrastructure is still in development. Ryan Handoyo (2017) said startup in Indonesia is really exciting playground. Ryan Handoyo (2017) also said now the ecosystem for startup in Indonesia is good because there are a lot of services related to startup. Big local players like SinarMas, Lippo, and Ciputra also spend a part of their investment into startup (Handoyo, 2017).

5. **Live-stream Video Application**

Social media has evolve overtime and offer more unique feature. At first social media was only text based application. Started with the BBS. (Bulletin Board

System) these online meeting places allowed users to communicate with a central system where users could download and post messages to other users (www.digitaltrends.com, 2016).

After the BBS then came AOL and in early 2000 social media evolve with Friendster. From just text-based feature to multimedia and profile page feature. In mid-2000 LinkedIn and Myspace came and offer a different experience. In 2004 Facebook came even though still campus based social media. But Facebook slowly open to more general people. Since then Facebook become social media juggernaut and has evolve with more added features.

Social media did not stop evolving, there are Instagram a photo sharing social media application. Then came Snapchat a short video sharing social media application. Now social media turn into more real time approach with the rise of live-video sharing social media application such as Meerkat, Periscope, Angl, and many more applications.

Zeemi is trying its luck by creating live-video sharing social media application. The system goes like this, the users create an account in Zeemi either via mobile application or website using email or Facebook account or Twitter account. After creating an account users could choose to view other users' broadcast video or create their own broadcast. The live video content could range from simple talk to review video, but the content regulation prohibit to broadcast explicit content such as mature content, violent, or other content that prohibited by law. The feature in Zeemi allow users to interact with broadcaster and send virtual gift to the broadcaster they like. The virtual gift then convert to point which after collecting

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certain amount could be exchange into real money. The point could also be exchanged into virtual gift which could be sent to other users. When users point depleted they could not send gift, in order to refill the point users could use an IndoMog Voucher that could be bought in mini market or other retail store.

The live video application is rather new in social media industry. Usually the live video is a side feature like in Google+ with its hangout feature. Skype is live video application but function more as communication not social media. The business model for this new social media application is interesting to explore.

B. Data Display

1. Business Model Canvas

Thomas Damek (2016) said Zeemi business model is a marketplace for share live video and streaming. Ryan Handoyo (2017) said as a platform Zeemi did not own any content, somebody put the content in then somebody buy the content out. The difference with another marketplace said Ryan Handoyo (2017) is it happens in real time and the delay only in second. This study uses business model canvas to describe the business model of Zeemi as seen in **Figure 4.3** and the details are as follow.

a. Customer Segment

Ryan Handoyo (2017) said Zeemi customer segments are broadcaster and viewer. Thomas Damek (2016) elaborate the broadcaster into entertainer and content producer then viewer into social media users. Zeemi also rating all of its users based on viewers that watch their channel as seen in **Table 4.1**, Zeemi rate its users every week and users could change rate**.**

Table 4.1. Rating of Zeemi Users

Rating	Minimum Viewers
D	0
C	15
B	30
A	100
AA	200
AAA	500

Source: Zeemi Documentation (2016)

b. Value Proposition

Zeemi value proposition is a platform to enhance community engagement (Damek, 2016; Handoyo, 2017). Ryan handoyo (2017) explain, "At first it's only a live streaming marketplace where people throw in a video then everybody can enjoy. But then we target specifically on community, to enhance the community engagement." Ryan Handoyo (2017) also said online conversation that used to text-based, Zeemi is thinking that Zeemi can pushes it forward make it more real time by using live video.

c. Channel

Zeemi uses website and mobile application to deliver its value proposition (Damek, 2016; Handoyo, 2017). Users just download the application through application marketplace in android and/or iOS or open the website via web browser and then set up an account or log in with Facebook or Twitter and it is free.

d. Customer Relationship

Zeemi uses social media to engage with its users and to get online feedback from its users (Damek, 2016; Handoyo, 2017). The social media Zeemi utilized are Twitter, Facebook, and Instagram. Social media is the cheapest and almost zero

cost for marketing and customer relationship activities. Companies from small to big now utilize social media for marketing and customer relationship activities. More than 500 million Instagram account active daily around the world and 80% account follow business in Instagram (business.instagram.com, 2017).

Zeemi also uses business relation as a way to engage with content producer, influencer, and entertainer. Zeemi often makes contract with content producer, influencer, and entertainer for them to suppliy Zeemi with good quality content. The relationship is to serve business purpose and act as buyer-supplier relationship.

e. Revenue Stream

Zeemi gets its revenue from point purchase (Damek, 2016; Handoyo, 2017). Users could exchange point with other users and users could also get point from recharge. Users could recharge their point using Indomog voucher that could be bought from minimarket and other retail store. In the future Zeemi plans to try paid content and paid technology as revenue stream but, the plan not running because Zeemi went into hiatus.

f. Key Resources

Zeemi key resources are people, content, and product (Damek, 2016; Handoyo, 2017). Good quality content and good quality product could attract users to download Zeemi and/or keep users to use Zeemi. While the right people could deliver the right product.

g. Key Activities

Zeemi key activities are product development and product proposition (Damek, 2016; Handoyo, 2017). In order to deliver the right value proposition

Zeemi keep develop its product. Zeemi also keep searching the right product proposition.

h. Key Partner

Zeemi key partner is content provider (Damek, 2016; Handoyo, 2017). The key partner is also become its customer segment. Some of Zeemi users is curated by content team and some of Zeemi users was contracted to provide a good quality content. A good quality content is Zeemi key resources that attract people to become Zeemi users.

i. Cost Structure

Zeemi cost structures are salary, product development, marketing activity, and business operation (Damek, 2016; Handoyo, 2017). Zeemi cost structures are basic cost for operating a company.

Key Partners 🔗	Key Activities ✓	Value Propositions 🎁	Customer Relationships ♥	Customer Segments ●
Content provider.	Product development, Product proposition.	A platform to enhance community engagement	Social media	Broadcaster • Entertainer • Content producer Viewer • Social Media Users
	Key Resources 👥		Channels 🚚	
	Content, Product, People		Application store, Website	

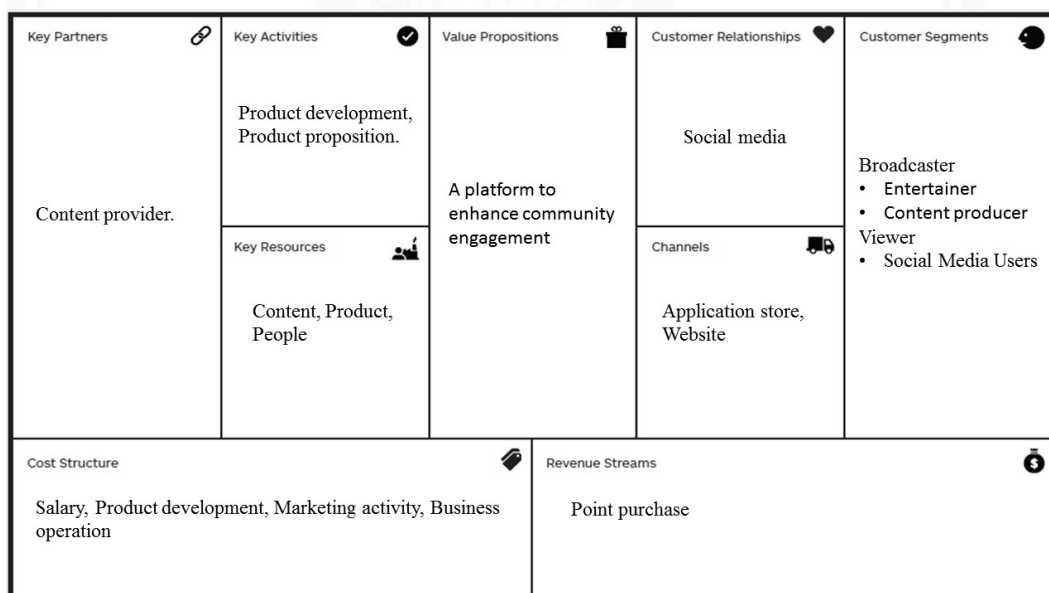| Cost Structure 🏷	Revenue Streams 💰
Salary, Product development, Marketing activity, Business operation	Point purchase

Figure 4.3. Zeemi Business Model Canvas
Source: Researcher's Documentation (2017)

2. Business Model Environment

After describing business model for Zeemi using business model canvas, here the study try to look the environment surround the business model using business model environment card by Osterwalder & Pigneur.

Industry Factors

a. Competitors (Incumbents)

As social media Zeemi faces many competitors like Instagram, Facebook, Twitter, Snapchat and etc. Now all the major players in social media like Facebook, Instagram, and Snapchat have live video feature. Perhaps from all the existing social media Facebook has the most users with 1.23 billion daily active users on average for December 2016 (newsroom.fb.com, 2017). As a comparison, Twitter has 313 million monthly active users as of June 2016 (about.twitter.com, 2017) and Instagram has over 600 million monthly active users for December 2016 (business.instagram.com, 2017) and Instagram itself is part of Facebook. Thus, Facebook creating competitive advantage by having the most users and has Instagram.

Other competitive advantage of Facebook is advertising platform. There are 65 million business pages and more than 5 million active advertisers on Facebook (www.facebook.com, 2017). By having the most users and the ability to micro-targeting advertising making Facebook one of the most powerful online advertising tools after Google.

b. New Entrants (Insurgents)

Facebook is the main player in social media category in general but, in live video streaming platform the main player especially in Indonesia is Bigo Live. Bigo Live was released in 12 March 2016 now has 50 million to 100 million installs (see www.appannie.com, www.similarweb.com). Bigo Live not only popular in Indonesia but also in Southeast Asia (www.techinasia.com, 2016).

Bigo Live users range from teenager to twentysomethings and the broadcasts mostly feature them going about their lives, just with a camera pointed at them (www.techinasia.com, 2016). Even though, Bigo Live is new entrant in live video streaming app it has already outnumber total installs of Cliponyu the similar apps. Cliponyu only has 100,000 – 500,000 installs since launch in 2014.

Bigo Live offers users the ability to broadcast a live video using their phone. Users also could use PC to live but there are several steps in order to live from PC. First, users need to download the apps from mobile phone and then connect using procedurally generated code to PC. It is a simple step but still users cannot live from PC instantly after sign up. Bigo Live has feature same as Zeemi like virtual gift and the revenue stream is from point purchase.

c. Substitute Products & Services

Internet business has low barrier to entry and the cost to make an application or a website is very low. Therefore, it is easy to get a substitution for an application or a website. Specifically for social media category there are a lot of substitute products or services. As a platform for sharing information social media could substitute by many other services or products from traditional one to digital one.

The digital substitute comes from social media application itself that offers better users engagement and offers new feature to interact with other users. Social media companies need to keep innovate and offer new feature. If they do not innovate and bring new feature, users will switch to other application or other social media application. The switching cost for users is cheap even almost zero in social media application category.

The traditional one, social media application cannot substitute face-to-face interaction. Glaeser (2011) said faxes, e-mail, and videoconferencing were all supposed to eliminate the need for face-to-face meetings, yet business travel has soared over the last twenty years. This happens because people valued face-to-face meeting more than using technology or social media application which in economic called Jevons Paradox. This paradox created by the nineteenth-century English economist, William Stanley Jevons. The term Jevons's paradox has come to refer to any situation in which efficiency improvements lead to more, not less, consumption (Glaeser, 2011). Glaeser (2011) created the term Jevons's Complementarity Corollary which follows naturally from Jevons's paradox, predicts that improvements in information technology can lead to more demand for face-to-face contact, because face time complements time spent communicating electronically.

d. Stakeholders

The stakeholders for social media are social media users, government, and advertiser. Based on report from wearesocial.com (2016) in Indonesia there are 79 million active social media users or about 30% of total population with 10% growth

of active social media users, and average daily use of social media via any devices is 2 hours 51 minutes. 30% of Indonesia people are using social media and spend almost 3 hours a day using social media.

Government become one of the stakeholder for social media industry. Government is the one that make the regulation or policy and they use social media for sharing information and socialize the policy. In Indonesia there are anti-pornography law and electronic information and transaction law. These two law regulate the content and security of internet usage in Indonesia.
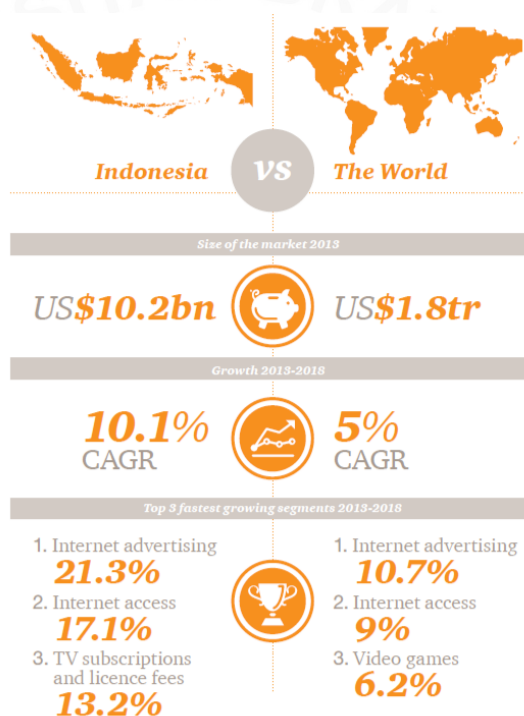

Figure 4.4. Indonesian Entertainment and Media Market by Numbers
Source: PwC, 2014

Advertiser also become stakeholder of social media industry. Advertiser always try to find a new medium for placing an ads based on market trend. With more people have internet access and spend more time in social media, advertiser also uses social media to advertiser. Based on PwC (2014) report the size of

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Indonesian entertainment and media market in 2013 is US$10.2 billion and the growth from 2013–2018 is 10.1% CAGR. Top 3 fastest growing segments 2013-2018 in Indonesian entertainment and media market are internet advertising with 21.3%, internet access 17.1%, and TV subscription and license fees with 13.2% as seen in **Figure 4.4**.

e. Suppliers & Other Value Chain Actor

The suppliers and other value chain actor in social media are celebrities, entertainers, netizens, bloggers, and content producers. Social media is a free platform which everyone could use it. In order to keep engage its users social media needs to provide feature that most needed by users. If celebrities and entertainers have an account in social media it will benefit both sides, the social media get a good publicity and the celebrities or entertainers get a new way to engage with their fans, increase their popularity, and create a new source of income. As an example report from Captiv8 (2015) shows when Honda contract One Direction for its Honda Civic Tour campaign, in which a series of 5 posts gained a combined 3.5M likes and comments. It is a huge exposure for the business and the social media company itself.

Market Forces

a. Market Issues

There is a shift on the content people share, now more video are shared. Facebook and Instagram have live video feature and there are Periscope, Keek, Angl, and Bigo Live that focus on live video feature. According to Cisco (2017) mobile video traffic accounted for 60 percent of total mobile data traffic in 2016

and mobile video traffic now accounts for more than half of all mobile data traffic. In 2021 Cisco (2017) forecast that over three-fourths (78 percent) of the world's mobile data traffic will be video. In the future there more people shared video content online especially using mobile phone. The application which focus on video content should focus on developing good mobile application ecosystem and good UI/UX to attract more users.

b. Market Segments

Li & Bernoff (2007) use Social Technographic Ladder to describe the segments in social network. There are six segments i.e. creators, critics, collectors, joiners, spectators, and inactive as seen in **Table 4.2**. This segments are based on online activities. People belong to creators group often publish web page, publish or maintain a blog, and upload video to sites like YouTube with only 13% of total adult online population. Critics group often comment on blogs and post ratings and reviews with 19% of total adult online population. Collectors often use Rich Sites Summary (RSS) and tag web pages with 15% of total adult online population. Joiners often use social networking sites with only 19% of adult online population. Spectators often read blogs, watch peer-generated video, and listen to podcasts with 33% of adult online population. Last group is inactive that has none of these activities with 52% of adult online population.

Table 4.2. Social Technographic Ladder

Group	Activities
Creators	• Publish web page • Publish or maintain a blog • Upload video to sites like YouTube
Critics	• Comment on blogs

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Collectors	• Post ratings and reviews
	• Use RSS
	• Tag web pages
Joiners	• Use social networking sites
Spectators	• Read blogs
	• Watch peer-generated video
	• Listen to podcasts
Inactive	• None of these activities

Source: Li & Bernoff, 2007

c. Needs & Demands

Stelzner (2016) finds a significant 60% of marketers use video in their marketing and 73% plan on increasing their use of video. A significant 50% of marketers plan on using live video services such as Facebook Live and Periscope, and 50% want to learn more about live video. There is need and demand from marketers for video content and the use of video will increase. While need and demand specifically for live video is high. It is an opportunity for applications focusing on live video to create an ecosystem in their applications that provide marketers a new and creative way to reach customer.

d. Switching Costs

Low switching cost because of low barrier to entry. The cost to make an account and sign in to Facebook, Twitter, Instagram, and Snapchat is zero or free. Pew Research Center (2015) report shows that 52% of online adults now use two or more social media sites, a significant increase from 2013, when it stood at 42% of internet users. The low switching cost make user less loyal to a product and the customer retention will also decrease. If there is no strategy to keep users engage,

the user base will decrease and could cause the social media to fail because social media is depend on user base.

e. Revenue Attractiveness

Revenue stream mostly coming from advertising e.g. Facebook, Twitter, Instagram, and Snapchat. Facebook's Annual Report (2015) shows that substantially all of Facebook's revenue is currently generated from third parties advertising on Facebook. For 2015, 2014, and 2013, advertising accounted for 95%, 92% and 89%, respectively, of Facebook's revenue. The biggest revenue stream for social media or platform still coming from advertising. But advertising needs a big active user base and for the new social media it is hard to achieve because of low switching cost.

Key Trends

a. Technology Trends

The emergence of 4G technology in telecommunication industry for faster connectivity and data transfer. In report from Cisco (2017) fourth-generation (4G) traffic accounted for 69% of mobile traffic in 2016. Although 4G connections represented only 26 percent of mobile connections in 2016, they already accounted for 69 percent of mobile data traffic, while 3G connections represented 33 percent of mobile connections and 24 percent of the traffic. In 2016, a 4G connection generated four times more traffic on average than a 3G connection. In 2021 Cisco (2017) forecast 4G connections will have the highest share (53 percent) of total mobile connections and 4G traffic will be more than three-quarters of the total mobile traffic. The coming of 4G technology will create faster and more stable

internet connection. 4G technology will help internet company in general and social media company in specific, especially those focusing in live video with its faster and more stable connection.

b. Regulatory Trends

In Indonesia there is a law of information, and electronic transaction UU No. 11 tahun 2008. This law protect the users' privacy and also the company from cybercrime or data exploitation. There is also law of anti-pornography in Indonesia UU No. 44 tahun 2008. This law regulate the content that share on the internet or social media. Not only in Indonesia, but some countries also protect the internet users such as regulation on handling users' data and content. The social media companies need to make content regulation and user regulation base on the government law and regulation.

c. Societal & Cultural Trends

There is an increase of online activity in Indonesia that become an opportunity for digital business. From wearesocial.com (2016) average daily use of internet via PC or tablet is 4 hours 42 minutes, 3 hours and 33 minutes via mobile phone, 48% use the internet every day, and 15% growth in the number of active internet users. This happens as more people have access to internet, the penetration for the internet is 34% (wearesocial.com, 2016). The increase of smartphone users also become the factor of the increasing in online activity because smartphone offers an access to internet. The penetration of smartphone in Indonesia is 43% based on wearesocial.com (2016) and 22% of the population watching videos on mobile.

d. Socioeconomic Trends

Indonesia become the fastest growing middle class as seen in **Figure 4.5** the total of upper and lower middle class is 68% of the total population in 2014. Grow in middle class also increasing the spending in several sectors. Report from McKinsey (2012) shows there will be increase in annual consumer spend in Telecom sector from $8 billion in 2011 to $19 billion in 2030. Another trend is the rise of millennial generation, Howe & Strauss (2009) said millennial is generation born in or after 1982. It means people age 35 or younger in 2017, this millennial is more open to new technology and internet. Indonesia will have the rise of millennial generation for several years based on Indonesia population pyramid from bps.go.id (2013) as seen in **Figure 4.7**. These trends will become opportunity for digital business in general and social media business in general to attract more users to spend more.
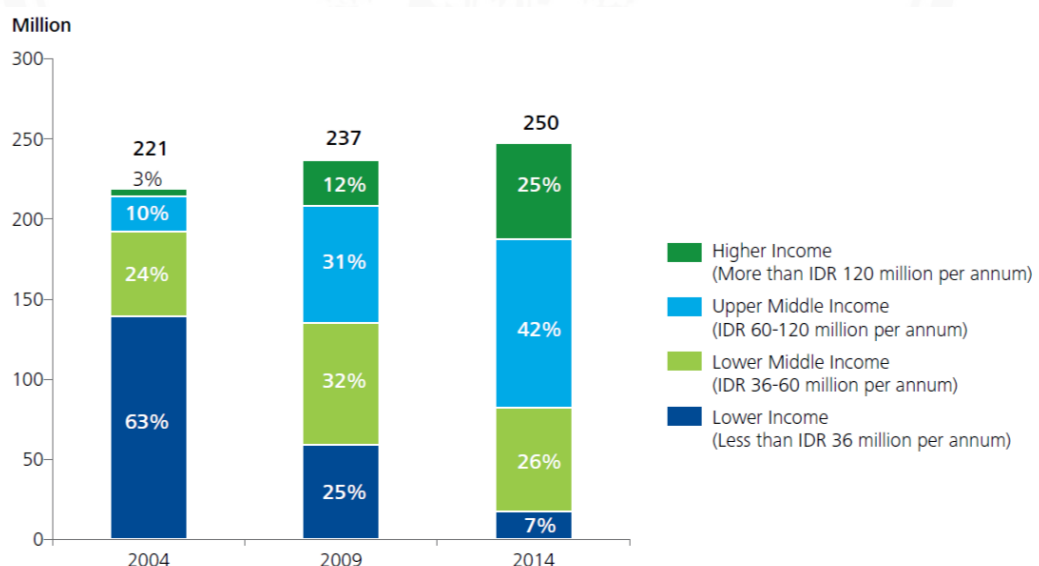

Figure 4.5. Population Demographic in Indonesia (2004-2014)
Source: Deloitte, 2015

Annual consumer spend
$ billion, 2010 price

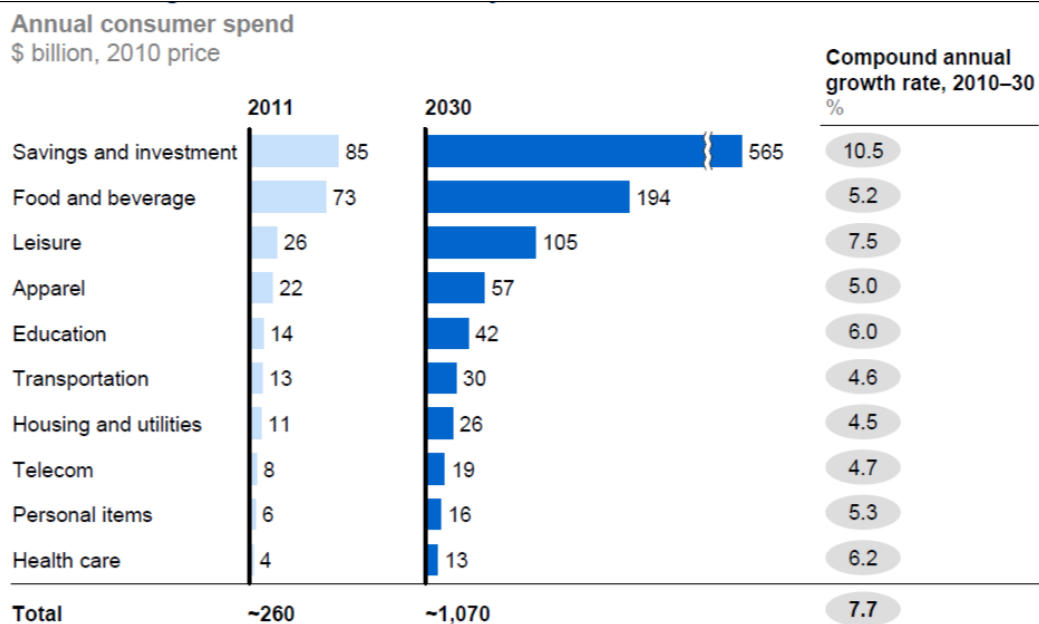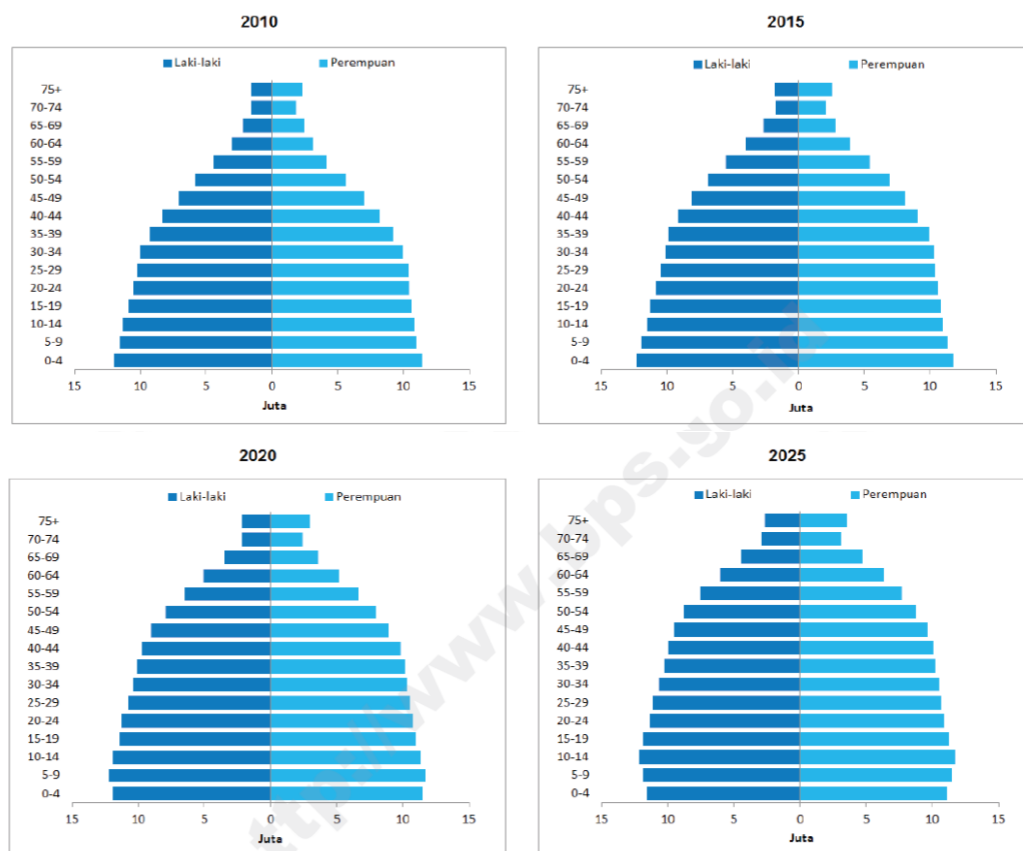|	2011	2030	Compound annual growth rate, 2010–30 %
Savings and investment	85	565	10.5
Food and beverage	73	194	5.2
Leisure	26	105	7.5
Apparel	22	57	5.0
Education	14	42	6.0
Transportation	13	30	4.6
Housing and utilities	11	26	4.5
Telecom	8	19	4.7
Personal items	6	16	5.3
Health care	4	13	6.2
Total	**~260**	**~1,070**	**7.7**

Figure 4.6. Indonesia's Annual Consumer Spend
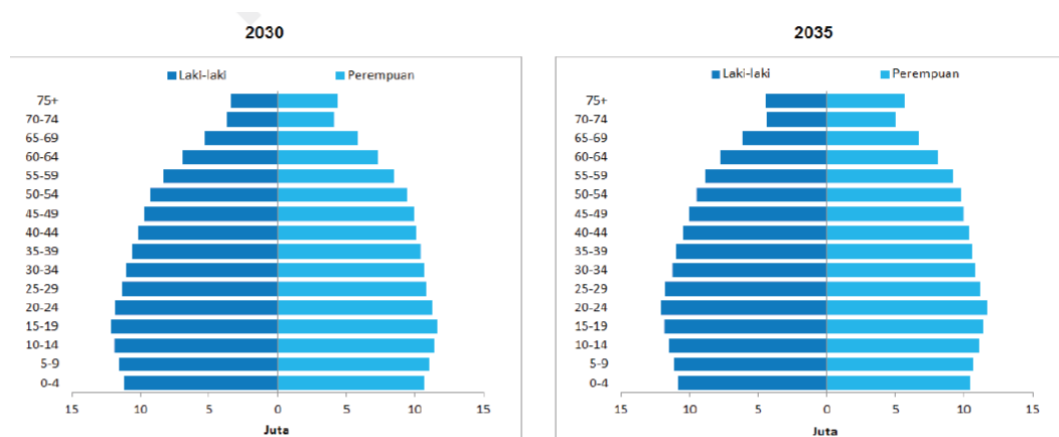
Source: McKinsey, 2012

Figure 4.7. Indonesia Population Pyramid

Source: Statistik, B.P. and Bappenas, U.N.F.P.A., 2013

Macro Economics Forces

a. Global Market Conditions

Report from The World Bank (2017) said stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. Global growth in 2016 is estimated at a post-crisis low of 2.3 percent and is projected to rise to 2.7 percent in 2017. The stagnant economy means people will spend less of their money. The company and government need to cooperate to strengthening the economy back.

b. Capital Markets

Nowadays, the funding for startup is easy to get because the raise of startup investor ranging from venture capital to individual investor. There are 500 startup, DeNa, Sequoia Capital, and etc. for venture capital firm. Startup could also get funding from individual investor in AngelList (angel.co). An infographic from coupofy.com (2015) shows top investor in AngelList with number one is Dave McClure with 608 investments.

c. Commodities & Other Resources

The rise of millennial worker is an opportunity for startup. Startup could use millennial talent to make growth. Report from Deloitte (2016) said millennials are less impressed by the sheer scale of a business, its age, or the general buzz that surrounds it. Report from PwC (2011) said millennials are looking for more in life than "just a job" or a steady climb up the corporate ranks. They want to do something that feels worthwhile, they take into account the values of a company when considering a job, and they are motivated by much more than money.

d. Economic Infrastructure

The infrastructure that related to startup especially social media are utilities and telecommunication. PwC (2016) report said in Indonesia utilities is expected to grow to a little over a quarter of the infrastructure market by 2019. Power generation and water will be two major areas of focus. The primary focus in infrastructure investment in telecommunications will be to equip Indonesia to be a broadband ready nation (PwC, 2016). The broadband technology will increase the internet penetration. This will help internet company specifically social media company to get more users.

C. Discussion

After getting Zeemi business model and present it in business model canvas, this sub chapter will discuss the Zeemi business model canvas building blocks one by one. The data from interview will be combined with the business model canvas theory and business model environment from Osterwalder & Pigneur (2010).

Business Model and Business Model Environment

1. Customer Segments

The type of customer segment is segmented, because the need is slightly different. The entertainer and content producer segments have the same needs while social media user has different need than the other two. Entertainer needs platform for getting more engage with fans and showcase their creativity. Entertainer uses social media in general for increase and maintain popularity. Content producer needs a platform for showcase creativity and selling content. Content producer needs a new platform to produce new and creative content because that are the source of income. Social media user generally seek entertainment when using social media. Social media is also source of new information for news about relatives and news in general.

Zeemi plan in the future they create a new revenue stream i.e. paid content and paid technology. If revenue stream from paid content and paid technology is already establish, advertiser and government could become customer segment from B2B market. Advertiser could uses Zeemi as a new way to advertise, Stelzner (2016) finds a significant 60% of marketers use video in their marketing and 73% plan on increasing their use of video. Government and advertiser could use Zeemi live video technology. Government could uses the technology to socialize a new regulation to citizen and get instant feedback. Advertiser uses technology to engage with customer and get instant feedback. If the company try to serve B2B market like advertiser or government, the customer segment would be multi-sided.

The customer segment is unique because the segment could change into one another e.g. the social media user could become content producer and *vice versa*. The B2C market Zeemi serves is unique because an entertainer and content producer also uses social media. The social media user in general could become content producer or even entertainer. If the social media user start to produce content regularly they become content producer. If entertainer and content producer stop producing content they become viewer or social media user.

All the customer segments could reach through same distribution channel. All the customer segments use smartphone, have laptop and quite tech-savvy. The application store is a common way to distribute an apps. With the type of customer segments like that, they could be reached through the same distribution channel.

The relationship type for all the customer segments is slightly different. Social media user could be engaged through social media like Twitter, Facebook, and Instagram. Social media user also do not really need special type of relationship. While entertainer and content producer are professional type customer, these two segments need more professional type of relationship. These two segments need to maintain the relationship regularly because they are the source of content that Zeemi needs.

Zeemi customer segments belong to creators, joiners, and spectators group. Broadcaster belongs to creators and viewer belongs to spectators and/or joiners. Using the same percentage broadcaster only 13% of adult online population. Viewer that belongs to spectators is 33% of adult online population and that belongs

to joiners is 19% of adult online population. If combine spectators and joiners will result 52% of adult online population.

2. Value Proposition

Even though there are plenty of new entrant now but the value proposition of the company is different than others. One of the new entrant is Bigo Live, the users range from teenager to twentysomethings and the broadcasts mostly feature them going about their lives, just with a camera pointed at them (www.techinasia.com, 2016). Zeemi value proposition is a platform to enhance community engagement. Zeemi focusing its value proposition on enhancing engagement in community.

The value proposition of Zeemi focus on performance because it wants to enhance community engagement. Convenience/usability also the focus of the Zeemi value proposition because it makes broadcast a live video easier. The live video did not replace face-to-face conversation but enhance it. On the B2B market a lot of marketers use video and plan to increase the use of live video. This demands is high for video and it is a sign that Zeemi is on the right track. Stelzner (2016) finds a significant 50% of marketers plan on using live video services such as Facebook Live and Periscope, and 50% want to learn more about live video.

The shift of content people share gives sign that Zeemi is on the right track developing live video technology. According to Cisco (2017) mobile video traffic accounted for 60 percent of total mobile data traffic in 2016 and mobile video traffic now accounts for more than half of all mobile data traffic. In 2021 Cisco (2017) forecast that over three-fourths (78 percent) of the world's mobile data traffic will

be video. With the rise of mobile video content, give opportunity to Zeemi with its live video technology.

3. Channel

Application store and website is common way to distribute a digital product especially application. Lack of alternative channels to distribute digital product make a lot of companies that sells digital product put their products in application store. The product needs to stand out compare to similar product in order to be presence on the front page of application store.

Online market place such as application store is an easy and simple way to deliver digital product because people spend more in PC and tablet to surf the internet but people also spend a lot surf the internet using smartphone. From wearesocial.com (2016) average daily use of internet via PC or tablet is 4 hours 42 minutes, 3 hours and 33 minutes via mobile phone, 48% use the internet every day, and 15% growth in the number of active internet users. It is easier and simple to distribute the digital product through online market place such as application store than offline market place such as physical store.

Application store mostly function to help customers evaluate company Value Proposition through review feature. While website mostly function to raise awareness because people spend time more in PC than in mobile phone. Both application store and website for Zeemi function as a way to deliver value proposition and provide post-purchase customer support. Besides those two channels i.e. application store and website Zeemi does not has any other channels to distribute its value proposition.

4. Customer Relationship

The focus should be customer acquisition but 52% adult use two or more social media because of low switching cost. Pew Research Center (2015) report shows that 52% of online adults now use two or more social media sites, a significant increase from 2013, when it stood at 42% of internet users. Not only have to acquire customer Zeemi should also have to focus on customer retention.

There are two relationship types the company use, communities through social media and personal assistance through business relation. Social media function more for customer acquisition and customer retention. Business relation in this case make a contract with either influencer or celeb or entertainer function as boosting sales (upselling).

5. Revenue Streams

The point purchase is a recurring revenue and categorize as usage fees. Point purchase would likely coming from social media user. With the increase of middle class especially in Indonesia the consumer spend will also increase. Report from McKinsey (2012) shows there will be increase in annual consumer spend in Telecom sector from $8 billion in 2011 to $19 billion in 2030. Add with the rise of millennial generation the revenue coming from point purchase would likely to increase. Millennial is familiar with social media and new technology also some millennial start to enter employment stage thus, ensure the revenue stream coming from point purchase would likely to increase. As long as Zeemi keep the supply of good quality content and add more methods of purchasing points, the revenue stream coming from point purchase will stable or increase.

Paid technology and paid content are transaction revenue. Paid technology categorize as licensing and paid content categorize as asset sales. Paid technology and paid content would likely coming from advertiser and government. Based on PwC (2014) report the size of Indonesian entertainment and media market in 2013 is US$10.2 billion and the growth from 2013–2018 is 10.1% CAGR. Top 3 fastest growing segments 2013-2018 in Indonesian entertainment and media market are internet advertising with 21.3%, internet access 17.1%, and TV subscription and license fees with 13.2%. The statistic shows that paid content, paid technology, and advertising are the potential revenue stream for Zeemi.

Zeemi could add advertising model to its product because it is the common way a platform gets revenue. Facebook's Annual Report (2015) shows that substantially all of Facebook's revenue is currently generated from third parties advertising on Facebook. For 2015, 2014, and 2013, advertising accounted for 95%, 92% and 89%, respectively, of Facebook's revenue. In order to uses advertising model Zeemi needs to build a large user base and develop special algorithm for targeted advertising.

6. Key Resources

Zeemi has three resources categories out of four based on Osterwalder & Pigneur (2010) business model canvas i.e. intellectual resource, human resource, and physical resource. Content is categorize as intellectual resource because content is a result from proprietary knowledge of someone in this case from entertainer or content producer. Content is the resource of Zeemi as a platform and the key interest for people to keep engage with Zeemi. People is categorize as human resource, and

in every company human resource play an important role to running the company. Product is categorize as physical resource and in this case the product is application. The application itself is a system for some activities to be executed and in this case the activities is broadcast and stream a live video.

Increase of millennial worker could help Zeemi to get more talented human resource. Report from Deloitte (2016) said millennials are less impressed by the sheer scale of a business, its age, or the general buzz that surrounds it. Report from PwC (2011) said millennials are looking for more in life than "just a job" or a steady climb up the corporate ranks. They want to do something that feels worthwhile, they take into account the values of a company when considering a job, and they are motivated by much more than money.

The primary focus of Indonesia infrastructure investment in telecommunication could be benefit for the company in distribution because the product depends on internet to distribute. The primary focus in infrastructure investment in telecommunications will be to equip Indonesia to be a broadband ready nation (PwC, 2016). With the penetration of broadband internet in Indonesia means it will be easier to download and use Zeemi. Zeemi depends on internet to download and especially in using users need stable internet connection.

7. Key Activities

Product development and product proposition are categorized as production activity. Osterwalder & Pigneur (2010) said production type key activities is relate to designing, making, and delivering a product in substantial quantities and/or of superior quality. Product development and product proposition are a constant

activity and a cycle. Product proposition development and product development are a cycle.

The 4G technology could help the product development in improving the quality of the product. The 4G also enhance the product proposition because of the faster data connection. In 2021 Cisco (2017) forecast 4G connections will have the highest share (53 percent) of total mobile connections and 4G traffic will be more than three-quarters of the total mobile traffic.

8. Key Partners

The partnership with content provider is to ensure the company has plenty of content to keep user using the application. The low switching cost makes users less loyal to any social media. In order to keep users engage, the social media need to provide users with engaging content. Partnering with content provider will supply Zeemi with good quality and engaging content. Thus, will ensure users to keep engage with Zeemi. The type of relationship with content provider is buyer-supplier relationship. Zeemi buy content from content provider through partnering in order to supply Zeemi with good quality and engaging content. The motivation for the partnership is optimization and economy of scale.

9. Cost Structures

The cost structure of Zeemi is value-driven cost. Salary and business operation are a fixed cost. Product development and marketing activity are variable cost. With the raise of startup investment will be benefit for Zeemi to focus on value–driven cost because it could increase the fund to spend on creating value. But with 2017 report, if the company wants to comeback from hiatus it has to focus on

cost-driven. Report from The World Bank (2017) said stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. Global growth in 2016 is estimated at a post-crisis low of 2.3 percent and is projected to rise to 2.7 percent in 2017.

MSP Strategy Challange

Strategy Challenge No. 1: How Many Sides to Bring on Board?

Zeemi as platform to share a live video has two sides currently before went into hiatus. The two sides are broadcasters and viewers, this two sides is unique because they could change into another sides without any restrictions. The broadcasters when they are not broadcast any video for some time and only spend time viewing they change to viewers' side. The viewers when they start to broadcast a video for couple of times, they would change to broadcasters' side. The uniqueness of the customer segments means Zeemi did not have to face a chicken and egg problem. Zeemi did not have to choose which side first to bring on board because either broadcasters or viewers first to bring on board the other side would also follow.

Zeemi classify its users based on total viewer they had. The class or rating range from D to AAA, with D as its lowest rank with the minimum viewer of zero. The C as the second lowest rank has minimum viewer of fifteen. The B has minimum viewer of thirty. The A rank has minimum viewer of a hundred. The AA rank has minimum viewer of two hundred. The AAA rank has minimum viewer of five hundred. The D, C, and B rank could be consider as viewers segment and The A, AA, and AAA could be consider as broadcasters segment.

Strategy Challenge No. 2: Multisided Platform Design

Zeemi offers users with feature i.e. assessments, activity log, channels system, video broadcasting and recording, announcement, users administration, payment gateways, and point transaction, these all the features common in social media. Users can even use third party application to broadcast e.g. ManyCam or other similar apps. A lot of users stream a video game while they are playing or do some tutorial right from their desktops. All of the features help users to be more convenience when using Zeemi. Users could choose to broadcast through mobile phone or website using laptop or desktop computer.

The point transaction is the downside because Zeemi only has one method to purchase point using IndoMog voucher. It will be easier if Zeemi has its own e-payment than users just transfer the money using conventional bank to buy point. But, if the cost of building the system is not significant with the value added than Zeemi would not had to build it. Video broadcasting and recording still not stable enough for differs internet connection speed. Users still get lag when stream a video and the video quality still not high-res enough.

Strategy Challenge No. 3: Multisided Platform Pricing Structures

Hagui (2014) said the pricing principles most useful to business executives are summarized below:

1. For each group, charge a higher price when the group in question has less price sensitivity.

2. If there is no priced transaction between the sides, then charge more to the side that stands to benefit more from the presence of the other side or sides.

3. If there is a priced transaction between two sides, then charge more to the side that can extract more value from the other side.

In Zeemi there is no priced transaction between the sides, then Zeemi charge more to the side that stands to benefit more from the presence of the other side in this case is viewers' side. The problem is viewers still could see any videos without having any point. The point is only use to send virtual gift and exchange with real money after reaching certain amount of point. Zeemi needs strategy to push users to purchase a point.

Strategy Challenge No. 4: Multisided Platform Governance Rules

Hagui (2014) said as MSPs create value by facilitating interactions between third parties, a key part of their strategy should be some regulation of third-party actions, which clearly affect the value of the MSP's entire ecosystem and customer proposition. MSPs can regulate their various customers by resorting to non-price governance rules, which fall into two major categories:

1. Rules regulating access to the MSP: Who is allowed to join?

2. Rules regulating interactions on the MSP: What are the various sides allowed to do?

Basically anyone could join Zeemi without any restriction and the cost to create an account is zero or free. In order to join Zeemi as user, people should create an account using email or Facebook or Twitter account. After join as user all the feature in Zeemi could be use but without having an account people still could view content in Zeemi. The minus for not having an account is the inability to send virtual gift and use chat feature but people still could view the video. The regulation in

Zeemi is only about content which called Term of Use, user cannot share video content that violates the law and regulation of the countries. Users could use auto post feature before broadcast a video, they could connect Facebook account or Twitter account to Zeemi. The auto post feature will post automatically to Facebook and Twitter if users start to broadcast a video.

CHAPTER V

CONCLUSION & SUGGESTION

A. Conclusion

Nowadays, using technological advancement people could solve major problem around the world. Technological advancement also create new way of doing business and even create a new kind of business. A lot of new companies emerge and today these newly found companies called startup company. Even though, there are a lot of arguments regarding what is startup but the hype of startup is already spread around the world. Some startup companies create a new kind of businesses and some innovate mainstream business. Despite the innovativeness and the hype of startup, every day startup rise up and fall. Some eight of ten new business fail within their first three years and nine of ten venture-backed startups fail to generate meaningful returns (Feinleib, 2012).

An infographic in forbes.com (2016) shows twenty reasons startup fails i.e. no market needs, run out of cash, not the right team, get outcompeted, pricing/cost issues, poor product, no business model, poor marketing, ignore customer, product mis-timed, lose focus, disharmony on team/investor, pivot gone bad, lack of passion, bad location, no financing or investor interest, legal challenges, don't use network/advisor, burnout, and failure to pivot. But some of the reasons such as no market needs, get outcompeted, pirce/cost issues, poor product, poor marketing, lose focus, pivot gone bad, don't use network/advisor, and failure to pivot could be sum up into no business model, because all of that are in business model. The business model is an abstract representation of the business logic of a company, so

having a business model help understand, describe, or predict how things work in the real world by exploring a simplified representation of a particular entity or phenomenon (Osterwalder, 2004).

Zeemi as one of the startup company, focus on social media application that allow users to share and watch live video. Zeemi was founded by Thomas Damek a co-founder and former CEO of Lazada Indonesia and Ryan Handoyo in 2014. Zeemi got $1 million seed funding from DeNa Co., Ltd a Japan bases company. Since the beginning, Zeemi focusing on solution to develop creative industry by providing web-based and mobile-based application for Indonesian to create virtual stage for them to perform their talent and creativity. Using live video technology they develop, Zeemi aim to create a platform for enhancing community engagement. But, in 2016 Zeemi stop its operation and went into hiatus with the promise to comeback one day.

Based on interview and interpret using business model canvas found that Zeemi customer segments are broadcaster and viewer with value proposition is a platform to enhance community engagement. The channel are application store and website and the customer relationship is using social media. The key activities are product development and product proposition, the key partner is content provider that also become the customer segment, and the key resources are content, product, and people. The revenue stream coming from point purchase with the plan to add paid technology and paid content. The cost structure consists of salary, product development, marketing activity, and business operation.

The business model environment for Zeemi and social media industry in general is very competitive. The low barrier to entry makes a lot of new player emerge. The switching cost for customer is zero, 52% of online adults now use two or more social media sites. Despite a lot of new player emerge in social media industry, the incumbent is very strong in resource and user base i.e. Facebook, Twitter, and Instagram. But, the main player is Facebook because Facebook owns Instagram and also a social messenger WhatsApp.

The social media itself is evolving in term of feature and the content that shared. More people share video content especially through mobile and the traffic predicted to be increase in the future. Also from the business market, a significant 60% of marketers use video in their marketing and 73% plan on increasing their use of video. A significant 50% of marketers plan on using live video services such as Facebook Live and Periscope, and 50% want to learn more about live video.

The result shows that from business model environment perspective, Zeemi business model is not the reasons the company fail and went into hiatus. Even though the industry is very competitive but the market trends and key trend shows an opportunity for live video social media application. The increase in video content in mobile data traffic and the demand for live video that coming from business market is some of the good signs. The technology trend also shows a good sign with the coming of 4G technology. The capital market for startup is also more accessible now and more individual or institution invest in startup.

Based on article from Hagiu (2014) titled Strategic Decisions for Multisided Platforms, a multi sided platform company like Facebook, eBay, video game

console company (Nintendo, Microsoft, and Sony) and also Zeemi faces face four challenges i.e. the number of sides to bring on board, design, pricing structures; and governance rules. There are also three main obstacles that trip up most MSP candidates i.e. the chicken-and-egg problem inherent in launching an MSP business, resistance from key potential MSP constituents, who do not want to be beholden to a new and powerful MSP; and the sheer complexity of running an MSP business with conflicting interests to satisfy. Zeemi did not faces chicken and egg problem because the customer segment is unique. Zeemi did not have to choose which side first to bring on board because either broadcasters or viewers first to bring on board the other side would also follow. The downside is in design because Zeemi only has one method to purchase point using IndoMog voucher. Video broadcasting and recording still not stable enough for differs internet connection speed. Users still get lag when stream a video and the video quality still not high-res enough.

In Zeemi there is no priced transaction between the sides, then Zeemi charge more to the side that stands to benefit more from the presence of the other side in this case is viewers' side. The problem is viewers still could see any videos without having any point. There is no strategy to push users to purchase a point. Basically anyone could join Zeemi without any restriction and the cost to create an account is zero or free. In order to join Zeemi as user, people should create an account using email or Facebook or Twitter account. The minus for not having an account is the inability to send virtual gift and use chat feature but people still could view the video. If look at Facebook, Twitter, and Instagram in order to use them people need

to create an account, so people are force to be user. It is a good strategy that create exclusivity and help company build a user data base.

B. Suggestion

The conclusion for this study is that there is nothing wrong with Zeemi business model and the environment even though very competitive but a lot of good opportunity. Therefore the suggestion for Zeemi is the technical issue needs to be corrected.

1. Zeemi needs to fix the technical issue regarding the application wheter it is the mobile version or the web version.

2. Zeemi should focus on revamping the mobile version and creating better mobile application because the high traffic of mobile video.

3. If the technical issues are fixed, Zeemi should focus on partnering with more content producers to create a lot of high quality content because content is the thing that engage the user to social media.

4. Zeemi could use Facebook strategy on creating user base. Facebook enter university to market the product and in doing so create user base in every major university in United States of America.

5. Zeemi could change the rules, people should create an account if they want to access Zeemi. By forcing people to create account, Zeemi get user base and it will be easier to make customer retention.

6. Zeemi should create more payment method for refill the point and create a strategy for user to refill point.

This study in the process of the research has face some limitation and the limitations for this study are.

1. This study only use one startup company as an object therefore the results could not be generalize.

2. This study has limited data source because of the size of the company which the study is conducted.

3. The limitation of literature regarding business model canvas and startup.

Suggestion for academician interested in business model and startup to conduct further research are.

1. Increase the number of startup company uses as a research object so the results could be generalize.

2. Research about the implementation of business model in startup.

3. Research about the process of creating the business model in startup.

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