ISCTE Business School
Instituto Universitário de Lisboa

FRent Bike BUSINESS PLAN FORMULATION USING NINE BUILDING BLOCKS OF BUSINESS MODEL CONCEPT

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Table of Contents

Abstract..... i

Executive Summary..... v

Chapter 1..... 1

1. Introduction..... 1
   1.1. Problem Formulation..... 3
   1.2. Objective of the Study..... 4
   1.3. Benefits of the Study..... 4
   1.4. Report Structure..... 4

Chapter 2..... 6

2. Literature Review..... 6
   2.1. Start-up Business..... 6
   2.2. Business Plan..... 9
      2.2.1. Business Plan Contents..... 11
   2.3. Business Model..... 16
   2.4. Business model Design..... 20
   2.5. Business Model Components..... 24
      2.5.1. Customer Segment..... 25
      2.5.2. Value Propositions..... 26
      2.5.3. Channels..... 28
      2.5.4. Customers Relationship..... 29
      2.5.5. Revenue Streams..... 30
      2.5.6. Key Resources..... 31
      2.5.7. Key Activities..... 32
      2.5.8. Key Partnerships..... 33
      2.5.9. Cost Structure..... 34
   2.6. Business Model Canvas..... 35

Chapter 3..... 37

3. Research Method..... 37
   3.1 Unit of Analysis..... 37
   3.2 Data Source and Data Collection..... 37
   3.3 Method of Data Analysis..... 38

Chapter 4..... 40

4 Discussion of Plan and Strategy..... 40
   4.1 Empathy Map Analysis..... 41
      4.1.1 What do the customers see? 41
      4.1.2 What do the customers hear? 41
      4.1.3 What do the customers think and feel? 42
      4.1.4 What do the customers say and do? 42

4.1.5 What do the customers consider as pain? 43
4.1.6 What do the customers consider as gain? 43
4.2 FRent Bike Business Model..... 45
4.2.1 Customer Segments..... 45
4.2.2 Value Propositions..... 46
4.2.3 Channels..... 47
4.2.4 Customer Relationship..... 48
4.2.5 Revenue Stream..... 49
4.2.6 Key Resources..... 49
4.2.7 Key Activities..... 50
4.2.8 Key Partnership..... 51
4.2.9 Cost Structure..... 51
4.3 Marketing Plan..... 42
4.3.1 Segmentation and Targeting..... 53
4.3.2 Positioning..... 55
4.3.3 Marketing Mix..... 56
4.4 Operational Plan..... 58
4.5 Human Resource and Management Segment..... 62
4.5.1 Organization Structure..... 62
4.5.2 Requirement and Employee Job Description..... 64
4.5.3 Compensation Scheme..... 66
4.5.4 Work Agreement..... 66
4.6 Financial Plan..... 67
4.6.1 Initial Investment and Source of Capital..... 67
4.6.2 Revenue Projection..... 68
4.6.3 Financial Projection..... 69
4.6.4 NPV, IRR, and Payback Period..... 71
4.6.5 Sensitivity Analysis..... 71
4.7 Implementation Plan..... 74

Conclusion..... 76

References..... 78

Appendix..... 81

Resumo

O turismo é um dos sectores de atividade com maior potencial económico em muitas cidades da Indonésia, até mesmo no próprio país. O desenvolvimento do sector do turismo depende de muitos aspetos. Um deles é o modo de transporte. A ideia deste estudo justifica-se ainda mais quando o autor vê que a oportunidade de negócio vem da insuficiência de transporte público fiável numa cidade na Indonésia, Yogyakarta. Este estudo tem como objetivo formular um plano de negócios para uma empresa *start-up* que será designada de FRent Bike, usando um conceito de modelo de negócio com uma estrutura de nove blocos, o Modelo Canvas. A própria empresa irá fornecer um serviço inovador para permitir que os visitantes de Yogyakarta possam obter um acesso fiável de transporte. Para apoiar a sua mobilidade, os visitantes poderão utilizar uma aplicação móvel designada por FRent Bike. Com a implementação deste negócio, espera-se contribuir para o desenvolvimento do sector do turismo da cidade e criar uma nova atividade económica que envolva os cidadãos de Yogyakarta, visitantes e outros stakeholders.

O plano de negócio foi elaborado em cumprimento às várias fases do citado modelo. A primeira fase era a construção do modelo de negócio utilizando uma metodologia chamada "visão do cliente", ou seja, a definição do negócio na perspetiva dos clientes e que visa combinar o modelo de negócio com as necessidades e desejos dos mesmos. Foram recolhidos dados juntos dos potenciais clientes que serviram de base para a conceção de um modelo de negócio adequado. Depois disso, o plano de negócio foi concebido com base na estrutura de nove blocos que integram o Modelo Canvas, orientando o projeto da empresa para a forma como esta irá ser estabelecida no futuro. Para completar o trabalho, o autor desenvolveu os planos de marketing, de recursos humanos, de operação e financeiro.

Palavras-chave: Plano de Negócios, Modelo de Negócios, Transporte, Inovação

Abstract

Tourism is one of the most potential business sectors in many cities in Indonesia, even for the country itself. The development of tourism sector relies on many aspects. One of them is mode of transportation. The idea of this study rises when the author sees the business opportunity that comes from the insufficiency of reliable public transportation in a city in Indonesia namely Yogyakarta. This study aims to formulate a business plan for a start-up company that will be called FRent Bike using nine building block of business model concept. The company itself will be a company that provides an innovative way to enable Yogyakarta's visitors to get an access for reliable mode of transportation to support their mobility by using a mobile application called FRent Bike. When the plan is realized in the future, it is expected to support the development of tourism sector of the city and create a new economic activity that involves Yogyakarta's citizen, visitors, and other related parties.

This business plan is done after passing through several phases. The first phase is business model design using a methodology called customer insight. During this first phase the business model is designed based on customers' perspective which aims to match the business model with the customers' needs and wants. After the data from the customers is collected, it is then used as the foundation to design an appropriate business model that is suitable for the customers. Afterward, the planned business model is visualized in nine building blocks of business model canvas that roles as the blueprint of the company that is going to be established. To complete this business plan the author also adopts the business plan creation from several literature review by adding marketing, human resources, operation, and financial plan.

Keywords: Business Plan, Business Model, Transportation, Innovation

Sumário Executivo

O principal objetivo deste estudo é elaborar um plano de negócios para uma empresa *start-up*, designada por FRent Bike. A empresa irá propor de uma forma inovadora que os visitantes de uma cidade na Indonésia, chamada Yogyakarta, possam obter uma nova alternativa de acesso ao transporte, sendo esta uma ferramenta para apoiar a sua mobilidade. FRent Bike prevê que os visitantes em Yogyakarta possam ganhar acessibilidade e flexibilidade de transporte a um preço acessível através de uma aplicação móvel. A aplicação móvel FRent Bike oferece aos clientes a facilidade de acesso a um meio específico de transporte. Os clientes só precisam de usar o seu *smarthpone* para fazer a transacção e o veículo será entregue num lugar que os visitantes preferirem.

O modelo de negócio da FRent Bike é construído com base na perspectiva dos clientes. Assim sendo, acredita-se fortemente que os clientes poderão ver atendidos as suas necessidades e os seus desejos. É esperado que a empresa contribua para o desenvolvimento do setor do turismo da cidade e crie uma nova actividade que envolva cidadãos e visitantes de Yogyakarta. Este plano de negócios procura que o cidadão da Yogyakarta possa dar melhor uso aos seus veículos ociosos para obterem uma nova fonte de receita. Este plano de negócios é elaborado depois de passar por várias fases. Os clientes foram envolvidos no processo de concepção do modelo de negócio FRent Bike. Antes de o modelo de negócio ser concretizado num modelo com uma estrutura de nove blocos, o modelo Canvas, uma pesquisa qualitativa, utilizando uma metodologia chamada "Mapa de Empatia", foi conduzida para encontrar o perfil do cliente. O resultado do "Mapa de Empatia" é usado como um roteiro para determinar a característica do cliente que a empresa vai servir, a proposta de valor que os clientes estão dispostos a pagar, o canal que a empresa vai usar para atingir o cliente e o relacionamento que a empresa vai estabelecer com este. O modelo é projetado para o cliente-alvo que partilha o mesmo problema com o transporte durante a sua visita a Yogyakarta. Com base no modelo "Mapa de Empatia" realizado previamente, percebemos o que os potenciais clientes procuram em termos de acessibilidade, do valor que estão dispostos a pagar e da flexibilidade dos transportes públicos.

Depois de o modelo de negócio ser visualizado no Modelo Canvas, ou seja, numa estrutura de nove blocos, podemos obter a visão clara do aspeto da FRent Bike e como a empresa é suposto ser. O Modelo Canvas ajudará a captar a visão da empresa que vamos estabelecer, uma vez que dá detalhes sobre o segmento do cliente, proposta de valor, canal de relacionamento com clientes, atividades-chave, fontes-chave, parcerias-chave, estrutura de custos e fluxo de receita através de um modo simples. Este plano de negócios não se esgota apenas no modelo de negócio. É também complementado com outros planos essenciais, como o plano de marketing, o plano de recursos humanos, o plano operacional e o plano financeiro, para apoiar o processo de negócio da empresa que vamos estabelecer.

O plano de marketing neste plano de negócios detalha a estratégia geral de marketing que a empresa vai seguir para entrar no mercado. Este plano começa pela implementação da segmentação, do público-alvo, do posicionamento e da estratégia. O plano de marketing inclui também um misto da empresa que compreende produto, preço, local e promoção. O plano de concretização do plano de negócio explica todas as actividades que a empresa vai realizar para implementar o processo de negócio numa base diária. A estrutura da organização da FRent Bike é representada no plano de recursos humanos. O plano confronta os requisitos necessários ao empregado, face à tarefa que vai desempenhar e com base na sua função na organização.

Para se certificar que o plano é economicamente viável, o cálculo do investimento inicial, a previsão de receita, a taxa interna de retorno (TIR), o valor presente líquido (VPL) e o período de retorno são abordados no plano financeiro. O investimento inicial necessário para este projeto é de RP. 181.000.000. A receita prevista é de Rp. 972.000.000 no primeiro ano, e está previsto para ser aumentada em 10% a cada ano, em cenário normal. Em que o lucro líquido total para o primeiro ano vai chegar a Rp. 165.622.500. O VPL do projeto para cinco anos é estimado em Rp. 339.422.585, com 69,15% TIR e 1,19 ano de período de retorno.

A previsão financeira é construída com base em três cenários, o pessimista, o normal e o cenário otimista. Após a realização da análise de sensibilidade deste projeto, podemos tirar uma conclusão que este plano de negócios é economicamente viável. Em dois cenários, o normal e o optimista, o plano é bastante viável para ser executado. Mesmo no cenário pessimista, esse plano ainda é viável, uma vez que o VPL está previsto para ser Rp. 225.674.771, com 57,28% do TIR e 1,23 ano de período de retorno.

Executive Summary

The main objective of this study is to formulate a business plan for a startup company namely FRent Bike. The company will propose an innovative way to enable visitors in a city in Indonesia called Yogyakarta to get a new alternative way of getting access towards transportation as a tool to support their mobility. FRent Bike plans to enable visitors in Yogyakarta to gain accessibility and flexibility of transportation in an affordable price by using a mobile application. The FRent Bike mobile application offers the customers to gain easiness of accessing transportation. The customers only need to use their smarthpone to do the transaction and the vehicle will be delivered to a place they prefer to.

The business model of FRent Bike is designed based on customers' perspective. Therefore, it is strongly believed to meet the customers' needs and wants. The company is expected to be beneficial for supporting the development of city's tourism sector and creating a new business activity that involves Yogyakarta' citizen and visitors. This business plan attempts to allow the Yogyakarta's citizen to better utilize their idle vehicles to gain a new source of income. This business plan is done after passing through several phases. The customers were involved in the design process of FRent Bike business model. Before the business model is visualized in nine building block of business model canvas, a qualitative research using a methodology called empathy map was conducted to get into "customer's shoe". The result of empathy map is used as a road map to determine; the characteristic of the customer that the company is going to serve, the value proposition that the customers are willing to pay, the channel that the company will use to reach the customer, and the relationship that the company is going to establish with the customers. The model is designed to match with the target customers that share the same problems with the transportation during their visit in Yogyakarta. Based on the empathy map conducted before, we realized that the potential customers demand for accessibility, affordability, and flexibility of public transportation.

After the business model is visualized in nine building blocks of business model canvas, we can get the clear view about how FRent Bike will look like and how it is supposed to be. The canvas help us to capture our vision about the company that we are going to establish since it details the company's customer segment, value proposition, channel, customer relationship, key activities, key resources, key partnership, cost structure, and revenue stream in a simple

way. This business plan does not stop only in business model. It is also completed with the other essential plan such as marketing plan, human resource plan, operational plan, and eventually the financial plan to support the business process of the company that we will establish.

The marketing plan in this business plan details the overall marketing strategy that the company is going to use to penetrate market. It begins by the implementation of segmentation, targeting, and positioning strategy. The marketing plan also includes the marketing mix of the company that comprises product, price, place, and promotion. The operation plan of this business plan explains the overall activities that the company will do to perform the business process in daily basis. The organization structure of FRent Bike is represented in the human resource plan. The plan discusses the employee requirement and their task based on their role in the organization.

To make sure the plan is economically feasible, the calculation of initial investment, revenue projection, internal rate of return (IRR), net present value (NPV), and the payback period is discussed in the financial plan. The initial investment needed for this project is RP. 181.000.000. The revenue is projected to be Rp. 972.000.000 in the first year and predicted to be increased by 10 percent every year in normal scenario. In which the total net profit for the first year will reach Rp. 165.622.500. The NPV of this project for five year is estimated to be Rp. 339.422.585 with 69,15 percent IRR, and 1,19 year payback period.

The financial forecastion is build based on three scenarios including pessimist, normal, and optimist scenario. After conducting the sensitivity analysis of this project, we can take a conclusion that this business plan is economically feasible. In two scenarios which are normal and optimist the plan is very feasible to be executed. Even in the pessimist scenario, this plan is still feasible since the NPV is predicted to be Rp. 225.674.771 with 57,28 percent of IRR and 1,23 year of payback period.

Chapter 1

1. Introduction

Transportation has been used by people to travel from a place to another since the old time. Transportation in its simple meaning is to carry passengers from one point to another (Mammadov, 2012). When transportation is considered from tourism frame, it simply refers to carrying tourists from their place of living to the place where the touristic products are introduced to them (Eden in Mammadove, 2012).

Sometimes transportation system becomes a problem when people are visiting a city in Indonesia. When visiting a city, people tend to go from a place to another whether to explore the city, visit their family, visit tourism destinations, or many other purposes. When they do so, transportation becomes one of their main concerns.

Especially for a city like Yogyakarta where tourism has become one of the most important sectors for the city, Transportation has also become very crucial. Yogyakarta is one of the most touristic and visited city in Indonesia. The city is known for its traditional arts and cultural heritage. As a one of the oldest city in Indonesia Yogyakarta has a huge amount of monuments, old historical buildings, and many natural tourism destinations that make the city one of the most popular tourist destination in Indonesia. In 2014, based on data provided by Kedaulatan Rakyat Online (2015) it is noted there were 3,346,100 people coming to visit the city, increased 17.9 percent compared to the previous year. In 2015 the local government has targeted it to increase by 15 percent.

Based on data provided by Swaragamafm (2015), a local radio in Yogyakarta, in its website, a comparison between the native inhabitants and people coming from other area is 35:65 and most of the migrants are students, only 10 percent of them were coming to Yogyakarta for working. There are two types of people coming to Yogyakarta which are long term visitors and short term visitor. The long term visitors commonly come to Yogyakarta for studying or for working. They can stay in the city up to 4 years or even more.

Besides its characteristic as a tourism city, Yogyakarta is also known as the city of education in Indonesia. In 2015 there are at least 137 schools for higher education in the city (PDDIKTI, 2015) and most of the students were coming from

other cities in Indonesia or abroad. The second type of people coming to Yogyakarta is short term visitors. This kind of visitors commonly come to Yogyakarta just for having a short trip like visiting the city just for weekend or having a short period of stay.

There are some public transportations that can be used when people are visiting Yogyakarta which are taxi, horse chart, trishaw, private car rental, and public buses in which each of them has its own disadvantages such as trishaw or horse chart with their limited route and distance, taxi or renting a private car which would be relatively expensive for some people. Yet, public buses namely Trans Jogja provided by the local government is the most affordable public transportation, but it also comes with several disadvantages such as limited routes, limited operational hours, and lack schedule punctuality.

A survey conducted by Department of Transportation of Yogyakarta shows customers' dissatisfaction of Trans Jogja's services, mainly about its waiting time which is too long and not punctual, and its travelling time which is also considered too long. Only 27 percent respondent felt that Trans Jogja waiting time is good, 20 felt normal, and the rest said the waiting time is not good enough. Meanwhile, about Trans Jogja's travelling time, 47 percent of respondents said it is not good, 11 percent said normal, and the rest said it is good (Universitas Gadjah Mada, 2011). Based on that survey, we can take a conclusion that the management and service of public transportation in Yogyakarta are still not good enough and could not meet the customer satisfaction.

Yet when government is not able to provide reliable transportation system, an alternative way might be needed. This project attempts to formulate an innovative business plan about establishing a new innovative system that can be used by people who need an inexpensive and reliable vehicle as their transportation by using a mobile application as it would also be used by people to earn some extra income by renting their idle vehicle (motorbikes or scooters).

The number of motorbike and scooter ownership in Yogyakarta is very high. Most of people in Yogyakarta use motorbike or scooter as their transportation to support their mobility. Motorbike and scooter become people's favourite since those

prices are relatively affordable for them. According to Yogyakarta statistical bureau, in 2012 there are 1.527.720 units motorbike and scooters (Indonesia Statistical Bereau, 2012). The majority of vehicle for transportation in Yogyakarta is two wheels vehicle which represent 87 percent of overall vehicle in Yogyakarta (Kompasiana, 2012). The number of two wheels vehicle ownership also increased from year to year, in 2011 there were 115.000 units of new two wheels vehicle, it increased in 2013 by 130.000 unit of new two wheels vehicle. A research about the role and pattern of motorcycle usage for low income society in Yogyakarta which involved 437 low income families as their respondents revealed an interesting fact that although their income is low, the average of the respondents own more than one motorcycle (Herwangi et al, 2015).

Main goals of this business plan are to create a new business activity that can help both parties, vehicle owners to earn extra income and customers to get reliable mode of transport, by connecting them through a mobile application for peer to peer vehicle sharing called FRent Bike. Before going deeper to make this business plan and to make sure the availability of suppliers, a preliminary research is conducted to get the information whether or not the vehicle owners in Yogyakarta are interested in renting their idle vehicle to generate extra income. A preliminary research is conducted with 30 respondents that consist of university students, housewives, people that work at their home, part time workers, and freelancers. Interestingly, the result of the preliminary research reveals that 85 percent of the respondents are interested in renting their vehicle to visitors coming to Yogyakarta.

1.1. Problem Formulation

Creating a new business needs an appropriate business plan, therefore, formulating a business model of a business in undoubtedly important. This project attempts to formulate the business plan of FRent Bike using business model canvas that will be built based on business model design in which customer insight technique (empathy map) of potential customers will be used. Empathy map will be done using primary data from potential customers of FRent Bike in Yogyakarta. This project also aims to formulate the business plan which

will include, company marketing plan, company operation plan, company human resource plan, and company financial plan.

1.2. Objective of the Study

The objective of this study is to formulate a business model using nine building blocks of business model concept to create FRent Bike business Plan. The phases of this study will begin by formulating the business model canvas in order to visualize and get the clear vision about the business model of the company that we are going to establish. The methodology of business model formulation will be based on a concept proposed by Osterwalder and Pigneur (2010) namely business model design in which the design of business model refers to six different ways of business model formulation. One of the tools used in business model design is empathy map. Therefore the business model will be based on customers' perspective. Since the business model will be designed based on customers' view, the planned business model is expected to meet the requirement of customers' needs and wants.

1.3. Benefits of the Study

This project will benefit the business owner as the business plan will be used to be a reference to develop the business.

1.4. Report Structure

This project will be written in four chapters. The first chapter will consist of an introduction or a background of the project that explains the focus of the project, objectives of the project, problem formulation, and its report structure. The second chapter will be about the project's theoretical framework that will be the basic of this project. In chapter three we will discuss the project's research method that will include unit of analysis, the data source and the method of data collection, and the method of data analysis. In the last chapter will be analysis chapter in which we will discuss the plan and strategy of the business including empathy map analysis, establishment of the nine building blocks of the business model, marketing plan, operational plan, human resource, financial plan of the

company, and eventually we will discuss the implementation plan in the final part of this business plan.

Chapter 2

2. Literature Review

2.1. Start-up Business

By looking at the business that we will establish, FRent Bike can be categorized as a start-up business. There are several definitions of start-up business based on several authors. According to Calopa et al (2014) in Analysis of Financing Sources for Start-up Companies, Start-up companies are newly founded companies or entrepreneurial ventures that are in the phase of development and market research. They are usually, but not necessarily, associated with high-tech project because their product is mostly software which can be easily produced and reproduced (Calopa et al, 2014). Fontinelle in investopedia.com (2015) defines a start-up as a young company that just beginning to develop. Start-up are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being an inferior manner. Eric Ries (2015) in Quora.com describes a start-up business as a human institution designed to deliver a new product or service under conditions of extreme uncertainty. The goal of the start-up is to figure out the right thing to build which customers want and are willing to pay for. Based on those several definition we can categorize FRent Bike as a start-up business. This young business is just newly founded and beginning to develop. The service of this company is not currently being offered in the market, at least in Indonesia market. This business idea brings a belief that this business will be important in the future since it goes along people that are getting more technology attached.

Large corporations and start-up ventures are decidedly different organizations. Each side has what the other one lack. The corporation has resources, scale, power, and routines needed to run a proven business model efficiently. The start-up has none of those, but typically has promising ideas, organizational agility, the willingness to take risk, and aspirations of rapid growth (Weiblen & Chesbrough, 2015). Start-ups are an engine of economic renewal and change around the world (Cusumano, 2013).

Successful start-up usually focus on market capable of becoming large, fast growing, and profitable for new entrants (Cusumano, 2013).

Companies execute business models where customers, their problems, and necessary product features are all known. In sharp contrast, start-up operates in "search" mode, seeking a repeatable and profitable business model (Blank & Dorf, 2012). The search for business model requires dramatically different rules, roadmaps, skill sets, and tools in order to minimize risk and optimize chances for success (Blank & Dorf, 2012).

Most start-ups lack a structured process for testing their business models' hypotheses –market, customers, channel, pricing- and for turning those guesses into facts. The traditional new-product introduction models offer no customer feedback until beta, when it's too late (Blank & Dorf, 2012). Blank and Dorf (2012) propose nine deadly sins of the new product introduction model which two of them are:

a. Assuming "I know what the customer wants".

   The founder's unwavering belief that he or she understands who the customer will be, what they need, and how to sell it to them. Any dispassionate observer would recognize that on day one, a start-up has no customers, and unless the founder is a true domain expert, he or she can only guess about customer, problem, and business model. To succeed, founders need to turn hypotheses or guesses into fact as soon as possible by getting out the building, asking customers if the hypotheses were correct, and quickly changing those that were wrong.

b. Emphasize on execution instead of hypotheses, testing, learning, and Iteration.

   While established companies execute business model where customers, problem, and necessary product features are all known, start-up need to operate in a "search" mode as they test and prove every one of their initial hypotheses. In practice start-ups begin with a set of initial hypotheses (guesses), most of which will end up being wrong. Therefore, focusing on execution and delivering a product or service based on those initial, untested hypotheses is a going-out-of-business strategy (Blank & Dorf, 2012).

By looking at those two "sins" of the new product introduction model, we can learn something when we attempt to build a business or launch a new product to the market. We really need to know what the customers want not only by creating our own hypotheses or by guessing. We need to understand what the customer wants and needs by getting out of the building to get to know what their wants and needs. Asking the customer based on their insight can definitely help us to know which were right and which were wrong. This customer discovery process translates a founder's vision for the company into hypotheses about each component of business model and creates a set of experiments to test each hypothesis. To do this, founders leave guesswork behind and get out of the building to test customer reaction to each hypothesis, gain insight from their feedback, and adjust the business model (Blank & Dorf, 2012). Only by moving away from the comforts of your conference room to truly engage with and listen to your customers can you learn in depth about their problems, product features they believe will solve their problems, and the process in their company for recommending, approving, and purchasing products. (Blank & Dorf, 2012).

As Blank and Dorf (2012) propose nine problems of the product introduction model, they also propose the solutions to solve those problems namely the customer development model that consists of four steps as following:

a. Customer discovery first captures the founders' vision and turns it into a series of business model hypotheses. Then it develops a plan to test the customer reaction to those hypotheses and turn them into facts.
b. Customer validation tests whether the resulting business model is repeatable and scalable. If not you need to return to customer discovery.
c. Customer creation is the start of execution. It builds end-user demand and drives it into the sales channel to scale the business.
d. Company-building transitions the organization from a start-up to a company focused on executing a validated model (Blank & Dorf, 2012).

In the search process, we want a process designed to be dynamic, so we can work with a rough business model that can easily be changed. It will change because

start-up uses customer development to run experiment to test the hypotheses that make up the business model (Blank & Dorf, 2012). Once a company has found a business model (it knows its market, customers, product/service, channel, pricing, etc), the organization moves from search to execution (Blank & Dorf, 2012).

2.3. Business Plan

According to KPMG (2006), business plan specifies a business' objectives and how these are to be achieved. The process of preparing the business plan serves several important functions for all business. It helps entrepreneurs and managers focus on the business as a whole. The plan also clearly describes the desired route for management during a business' expansion or change a new type of operation, or during the first year of an emerging business. It provides accountability and directions through built-in controls and reporting procedures. These provide clear checkpoint for accomplishment and goal attainment, allowing progress to be measured (KPMG, 2006). Entrepreneur.com (2015) defines business plan as a written document describing the nature of the business, the sale and marketing strategy, and the financial background, and contain a projected profit and loss statement. It is also a road map that provides direction so a business can plan its future and helps it avoid bumps in the road (Entrepreneur.com, 2015).

Deloitte (2003) defines a successful business plan as a document that conveys exciting prospect and growth potential of a company. In which, the plans are the heart of obtaining financing, forming alliance, and recruiting executives. It is a company's first-line tool for obtaining funding and other type of outside support such as investment fund, bank financing, strategic alliances, mergers and acquisitions, customer and distributor relationship (Deloitte, 2003). The business plan covers what you intend to do with your business and how it will be done. The process of writing down what is involved in bringing your idea to reality requires dealing with why, what, who, how, where, when, and how much of your venture. It forces you to take a deep look at your idea and how you will turn it into a business (Ehmke & Akridge). The document itself, as described by Lawrence and Moyes (2004), has traditionally three main function such as action plan that can help to move the action, a road map

that becomes a valuable tool to help you keep on track and moving in the direction you want to go, and as a sales tool for outside financing (Lawrance & Moyes, 2004).

Business plan should be comprehensive enough to give any potential investor a complete picture and understanding of the new venture and will help the entrepreneur clarify his or her thinking about the business (Hisrich & Peters, 2005). According to Hisrich and Peters (2005), the business plan is a written document prepared by entrepreneur that describes all the relevant external and internal elements involved in starting a new venture.

Cyr (2012) in "Creating a business Plan" stated that every business -whether it's a start-up company, an expansion of an existing firm, a spin-off from a parent corporation, or even a project within an established organization- needs a business plan to navigate successfully through its own unique competitive environment. Preparing a business plan is a time-consuming process, as a well-developed plan has numerous sections and comprehensive information. To prepare a business plan for your own business or project, you will need to think carefully about number of key issues –such as who your customers and competitors will be, how much money you'll need to invest in the business, and what kind of payoff you have in mind. She also stated that a business plan is not simply a document that's written quickly, passed around once, and then relegated to some dusty shelf. It's not slightly modified version of a standard template drawn from a how-to-book or an internet site. Preparing a business plan is an intensely focused activity. It's an activity that requires honest thinking about your business concept, the business opportunity, the competitive landscape, the key success, and the people who will be involved (Cyr, 2012).

Table 2.1 Business Plan Definition Table

Author	Year	Definition
KPMG	2006	A Document that specifies a business' objectives and how these are to be achieved by clearly describes the desired route and provides accountability and directions through built-in controls and reporting procedures.
Entrepreneur.com	2015	A written document that describes the nature of the business, the sale and marketing strategy, and the financial background, and contain a projected profit and loss statement which is used as a road map that provides direction.
Lawrance & Moyes	2004	A Document that has three main function: Action plan, Road map, Sales tool
Deloitte	2003	A document that conveys exciting prospect and growth potential of a company
Hisrich & Peters	2005	The business plan is a written document prepared by entrepreneur that describes all the relevant external and internal elements involved in starting a new venture

Source: KPMG (2006), Entrepreneur.com (2015), Lawrence & Moyes (2004), Deloitte (2003), Hisrich & Peters (2005)

2.3.1. **Business Plan Contents**

According to Hisrich and Peters (2005) in Entrepreneurship, business plan is often an integration of functional plan such as marketing, finance, manufacturing and human resources. There are some opinions about the content of a business plan. Several contents from several authors of a business plan are summarized in a table below.

Table 2.3 Contents of Business Plan

Author	Contents of Business Plan
McKinsey Company	a. Executive Summary b. Product Or Service c. Management Team d. Market And Competition e. Marketing And Sales f. Business System And Organization g. Timing h. Opportunities And Risks i. And Financial Planning And Financing
Deloitte	a. Executive Summary b. Company Description c. Management and Organization d. The Market and Competitors e. The Product and Service f. Marketing and Sales g. Financial Information
Ehmke & Akridge	a. Section 1: Business Description 1. Mission Statement 2. Business Overview 3. Product and Service b. Section 2: Market Analysis 1. Market Characteristic 2. Target Customer Profile c. Section 3: Competitor Assessment d. Section 4: Marketing Plan 1. Product and Service 2. Pricing 3. Distribution 4. Promotion e. Section 5: Operating Plan 1. Ownership and Management 2. Resources and Production 3. Legal Issues f. Section 6: Financial Plan g. Section 7: Executive Summary
Lawrence & Moyes	a. Executive Summary b. Company Overview c. The Product and Service d. Market and Industry Analysis e. Marketing Plan f. Operation Plan g. Development Plan

Author	Contents of Business Plan
	h. Management Plant i. Competitive Advantage j. Financial Plan k. Funding
Hisrich & Peters	a. Introductory page b. Executive summary c. Environmental and industry analysis d. Description of venture e. Production plan f. Operations plan g. Marketing plan h. Organizational plan i. Assessment of risk j. Financial plan k. Appendix

Source: McKinsey, Deloitte (2003), Ehmke & Akridge, Lawrence & Moyes (2004), Hisrich & Peters (2005)

In General, those contents from several authors are similar. In this project we will use Hisrich and Peters's definition of business plan contents as following:

a. Introductory Page

Introductory page is title or cover page that provides brief summary of the business plan's content. It should contain The Following:

a. The name and address of the company, the name of entrepreneur(s), telephone number, fax number, e-mail address, and website address if available.
b. A paragraph describing the company and nature of the business
c. The amount of financing needed
d. A statement of the confidentiality of the report.

b. Executive Summary

Executive summary is prepared after the total plan is written. It should stimulate the interest of the potential investor. It is very important section and should not be taken slightly by the entrepreneur since the investor uses the summary to determine if the entire business plan is worth reading. Generally the executive summary should address a number of issues or

question that anyone picking up the written plan for the first time would want to know.

c. Environmental and Industry Analysis

The function of this section is to identify trends and changes occurring on a national and international level that may impact the new venture.

d. Description of Venture

Description of the venture should be detailed in this section of the business plan. This will enable the investor to ascertain the size and scope of the business. This section should begin with the mission statement or company mission of the new venture. This statement basically describes the nature of the business and what the entrepreneur hopes to accomplish with that business. This mission statement will guide the firm through long-term decision making. After the mission statement a number of important factors that provide a clear description of the business venture should be discussed.

e. Production Plan

If the new venture is a manufacturing operation, a production plan is necessary. This plan should describe the complete manufacturing process.

f. Operations Plan

This section describes the flow of goods and services from production to the customers. A nonmanufacturer such as retailer and service provider would also need this section in the business plan in order to explain the chronological steps in completing a business transaction.

g. Marketing Plan

This section describes how the product(s) or service(s) will be distributed, priced, and promoted. Marketing planning will be annual requirements (with careful monitoring and changes made on a weekly or monthly basis) for the entrepreneur and should be regarded as the road map for short-term decision making.

h. Organizational Plan

This part describes the venture's form of ownership –that is, proprietorship, partnership, or corporation. If the venture is a corporation it is important to detail the shares of the stock authorized, share options, as well as names, addresses, and resumes of the directors and officers of the corporation. It is also helpful to provide an organization chart indicating the line of authority and the responsibilities of the members of the organization.

i. Assessment of Risk

Every new venture will be faced with some potential hazards, given the particular industry and competitive environment. It is important that the entrepreneur make an assessment of risk in the following manner. First, the entrepreneur should indicate the potential risk to the new venture. Next should be a discussion of what might happen if this risk becomes reality. And finally, the entrepreneur should discuss the strategy that will be employed to either prevent, minimize, or respond to the risks should occur.

j. Financial Plan

Like in marketing, production, and organization plans, this is an important part of the business plan. It determines the potential investment commitments needed for the new venture and indicates whether the business plan is economically feasible. Generally, the financial area is discussed in this section of the business plan. First the entrepreneur should summarize the forecasted sales and appropriate expenses for at least three years, with the first year's projection provided monthly. It includes the forecasted sales, cost of goods sold, and general administrative expenses. Net profit after taxes can then be projected by estimating income taxes.

k. Appendix

This section generally contains any backup material that is not necessary in the text of the document. Reference to any of the documents in the appendix should be made in the plan itself.

A business plan details the overall entrepreneurial concept behind a planned business. It gives an exact summary of the economic circumstances, the target set, and

the resources necessary. The business plan forces entrepreneur to think through their ideas systematically, it identifies gaps in knowledge, demands decisions, and promotes the formulation of a well-structured and focused strategy. When it is clear analysis of the situation, the business plan becomes an invaluable tool for overcoming problems and contributes substantially to boosting efficiency and effectiveness (McKinsey&Company).

2.4. Business Model

To better understand a business we need to understand its business model. Here we will discuss what business model really is based on its several definitions. Johnson et al in Thompson et al (2014) define business model as a management blueprint for delivering a valuable product or service to customers in a manner that will generate ample revenue to cover cost and yield an attractive profit. Thompson et al (2014) also described a company's business model as sets of economic logic for making money in a business, given the company strategy. It is management story line for how the strategy will be money maker. Without the ability to deliver good profitability, the strategy is not viable and the survival of a business is in doubt (Thompson et al, 2012).

Tecee in Business Model (2010), Business Strategy and Innovation stated that a business model articulates the logic and provides data and other evidence that demonstrates how a business creates and deliver value to the customers. It also outlines the architecture of revenues, cost, and profit associated with the business enterprise delivering that value (Teece, 2010). The business model's place in the firm as the blueprint of how a company does business. It is the translation of strategic issues, such as strategic positioning and strategic goals into a conceptual model that explicitly states how the business functions. The business model serves as a building plan that allows designing and realizing the business structure and system that constitute the company's operational and physical form (Osterwalder, 2005).

Later in 2010, Osterwalder and Pigneur in Business Model Generation describe business model as a description of the rationale of how an organization creates, delivers, and capture value in which they believed that a business model can be described through nine basic building blocks that show the logic of how a company

intends to make money. The nine building blocks cover the four main area of business: customers, offer, infrastructure, and financial viability. The business model is like a blueprint for a strategy to be implemented through organizational structure (Osterwalder & Pigneur, 2010). Later on the nine building block of business model canvas will be explained in another part in this literature review.

This project will use the definition of business model according to Osterwalder and Pigneur (2010) that defines business model as a description of the rationale of how an organization creates, delivers, and capture value, as it is explained in their book namely Business Model Generation. The book will be main guidance used by the author to design the nine building blocks of business model canvas since it clearly explaines the 7 methods of designing a business model.

Table 2.3 Business Model Definition Table

Author	Year	Definition
Johnson et al	2012	Business model is a management blueprint for delivering a valuable product or service to customers in a manner that will generate ample revenue to cover cost and yield an attractive profit
Thompson et al	2012	Business model is sets of economic logic for making money in a business, given the company strategy. It is management story line for how the strategy will be money maker
Teece	2010	Business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to the customers. It also outlines the architecture of revenues, cost, and profit associated with the business enterprise delivering that value
		Business Model is a

Author	Year	Definition
Osterwalder	2005	building plan that allows designing and realizing the business structure and system that constitute the company's operational and physical form
Osterwalder & Pigneur	2010	Business Model is a description of the rationale of how an organization creates, delivers, and capture value

Source: Thomson et al (2012), Teece (2010), Osterwalder (2005), Osterwalder &Pigneur (2010).

For further understanding of business model definition, there are several definitions of business model from various authors as summarized by Zott (2010) et al in this table below.

Table 2.4 Summarized Business Model definition by Zott et al (2010)

Author(s) Year	Definition
Timmers, 1998	The business model is "architecture of the product, service, and information flows, including a description of the various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues" (p. 2).
Amit & Zott, 2001	The business model depicts "the content, structure, And governance of transactions designed so as to create value through the exploitation of business opportunities" (p. 511).
Chesbrough & Rosenbloom, 2002	The business model is "the heuristic logic that connects technical potential with the realization of economic value" (p. 529).
Magretta, 2002	Business models are "stories that explain how enterprises work. A good business model answers Peter Drucker's age old question: Who is the

Author(s) **Year**	**Definition**
	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 underline economic logic that explains how we can deliver value to customers at an appropriate cost?" (p. 4)
Moriss et al, 2005	A business model is a "concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in definite markets" (p. 727). […] it has six fundamental components: value proposition, customer, internal processes/competencies, external positioning, economic model, and personal/investor factors..
Johnson et al, 2008	Business models "consists of four interlocking elements, that, taken together, create and deliver value" (p. 52). This are: customer value proposition, profit formula, key resources, and key processes.
Casadesus-Masanell & Ricart 2010	"a business model is […] a reflection of the verb realized strategy" (p. 195).
Teece, 2010	"a business model articulates the logic, the data and the other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value" (p. 179).

Source: Zott et all (2010)

2.5. Business model Design

The design of business model is a key decision for the entrepreneur who creates a new firm and a crucial task for general managers who are charged with rethinking their old model to make their firm fit for the future (Zott & Amit, 2009). Each kind of the way business is running involves a fundamentally different business model. Each of them implies a different set of activities, as well as the resources and capabilities to perform them – either within the firm, or outside it, through cooperation with partners, suppliers, or customers. Each of these choices also has implications for the performance potential of the venture: it will affect what capital expenditures are necessary, what prices can be charged, what margin will be earned, and, perhaps most importantly, the customers and competitors the new firm will deal with (Zott & Amit, 2009).

Osterwalder and Pigneur (2010) propose six different ways to design business models which are customer insight, ideation, visual thinking, prototyping, storytelling, and scenarios. In this project the author use customer insight technique to design the business model as it is will be very useful to get an idea about what the customer's wants and needs.

Companies invest heavily in market research, yet often wind up neglecting the customer perspective when designing products, services, and business model. Good business model avoids this error. It views the business through customers' eyes, an approach that can lead to discover of completely new opportunities (Osterwalder & Pigneur, 2010). Successful innovation requires a deep understanding of customers, including environment, daily routines, concerns, and aspirations. A number of business model innovations have succeeded precisely because they satisfied the unmet needs of new customers (Osterwalder & Pigneur, 2010).

Designing a business model can be done using empathy map. The word empathy itself refers to the ability to sense other people's emotion, coupled with the ability to imagine what someone else might be thinking or feeling (GreaterGood, 2015). Cultureofempaty.com (2015) describes empathy as a metaphor of "standing in someone else's shoes" or "seeing through someone else's eyes". Empathy map is a tool that can help you to go beyond a customers' demographic characteristic and develop a better understanding of environment, behaviour, concerns, and aspirations

(Osterwalder & Pigneur, 2010). Doing so allows you to devise a stronger business model, because a customer profile guides the design of better value proposition, more convenient ways to reach customers, and more appropriate customer relationship. Ultimately it allows you to better understand what a customer is truly willing to pay for (Osterwalder & Pigneur, 2010). As entrepreneurs we need to know our customer in order to create a services or products that they are willing to pay. This is why designing a business model based on customer perspective is very powerful. Therefore in this a business establishment we will start with the customers, not the product or services. It allows us to learn how to provide better user experience by understanding the perspective of the customers.

Doing a customer empathy map can be started by asking and answering the following six questions:

1. What does she see?

   This question attempts to describe what the customer sees in her environment.

   - What does it look like?
   - Who surrounds her?
   - Who are her friends?
   - What type of offers is she exposed to daily (as opposed to all market offers)?
   - What problem does she encounter?

   This part of question will help us to know what the potential customers see about their environment in this case it would be Yogyakarta and its transportation system, where they see advertisement for transportation, what they see about motorbike or scooter, and what kind of problems they encounter with that subject.

2. What does she hear?

   This second step attempts to describe how the environment influences the customer.

   - What do her friends say? Her spouse?
   - Who really influence her, and how?

- Which media channels are influential?

This second question will allow us to understand what influence our customers to use our service or product, what their friends or family say about Yogyakarta and its transportation system, what people say about using motorbike or scooter when travelling to some places, and what really influence them.

3. What does she really think and fell?

   This part tries to sketch out what goes on in your customer's mind

   - What is really important to her (which she might not say publicly)?
   - Imagine her emotions. What moves her?
   - What might keep her up at night?
   - Try describing her dreams and aspirations.

   The third question is expected to direct us to know what really matter to them, what their concern about transportation and how it is supposed to be, what they worry about, do they satisfy with the existing public transportation. In this question we will also allow the potential customer give their opinion about what they want and what they do not want from our service.

4. What does she say and do?

   In this part we try to imagine what the customer might say, or how she might behave in public.

   - What is her attitude?
   - What could she be telling others?
   - Pay particular attention to potential conflict between what a customer might say and what she may truly think or feel.

   In this part we will give the potential customers an opportunity to give their idea about their attitude toward FRent Bike business idea and what will she or he be telling others about FRent Bike.

5. What is the customer's pain?

   - What are the biggest frustrations?
   - What obstacles stand between her and what she wants or need to achieve?

- Which risk might she fear asking?

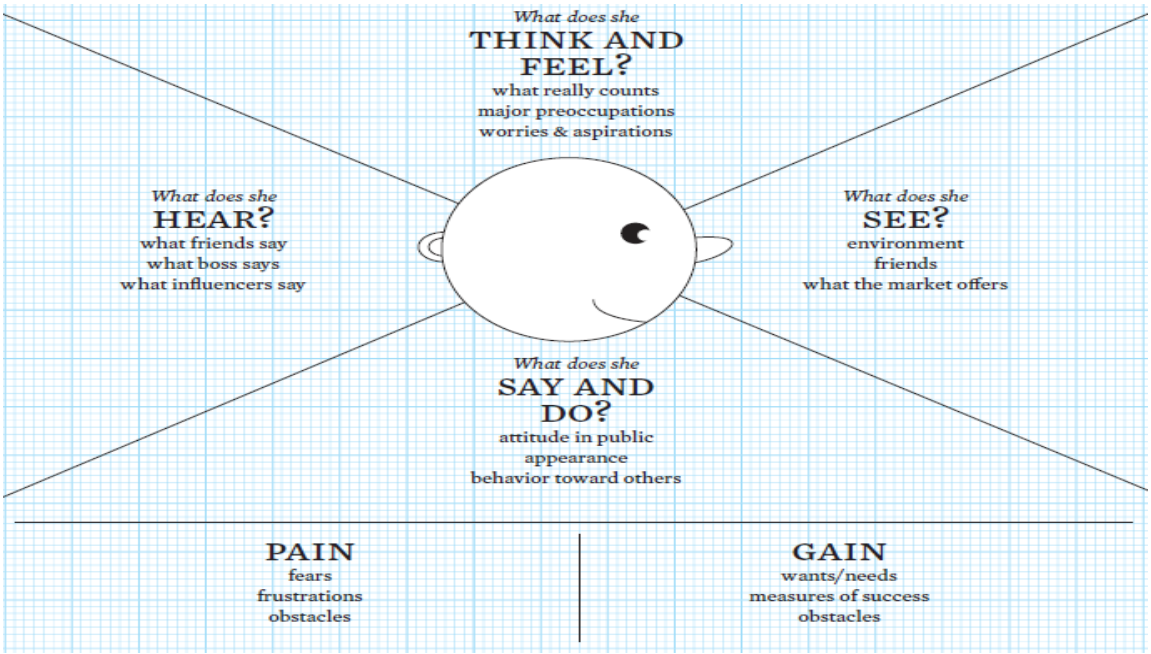
By asking this question we might understand what kind of problem they might avoid or dislike. By doing so we can built the strategy to avoid those emerging problems for the business.

6. What does the customer gain?
    - What does she really want or need to achieve?
    - What does she measure success?
    - Think of some strategy she might use to achieve her goals. (Osterwalder & Pigneur, 2010)

    This last question will help us to know what our customer perceive as gain or what they expect when they use public transportation, scooter or motorbike. So that we will know what our customers really want and need.

This picture bellow show an illustration of empathy map. It can be used to help us illustrate the profile of customer that will be our customer segments by understanding their environment, behaviours, concerns, and aspiration.

Picture 2.4 Empathy Map



Source: Osterwalder & Pigneur (2012)

The result of customers empathy map hopefully may help to strengthen our business model since it will help us to determine how will we solve the customer problem with our value proposition that they are willing to pay for, how our customers want to be reached or which kind of channels should we use, what kind of relationship they want, and what kind strategy we can use.

2.6. Business Model Components

The definition of business model might vary based on its authors. The different definition of a business model may result in different business model components also. Several literatures propose a business model that consists of four components, one of them propose two important components, and the another one summarizes a business model in nine components.

According to Johnson et al (2008), a business model consists of four interlocking elements that, taken together, create, and deliver value. The first and the most important element is the customer value proposition. Value proposition is the way to help customers get an important job done. What Johnson et al (2008) mean by "job" is a fundamental problem in a given situation that needs a solution. Once we understand the job and all its dimensions, including the full process for how it gets done, we can design offering (Johnson et al, 2008). The second element of business model according to Johnson et al (2008) is profit formula. It is a blueprint that defines how the company creates value for itself while providing value to the customers. The third element is key resources. Key resources are assets such as the people, technology, products, facilities, equipment, channel, and brand required to deliver the value proposition to the target customer (Johnson et al, 2008). The last element of business model according to Johnson et al (2008) is key processes. Successful companies have operational and managerial processes that allow them to deliver value in a way they can successfully repeat and increase in scale. These may include such recurrent task as training, development, manufacturing, budgeting, planning, sales, and service. Key processes also include a company's rules, metrics, and norms (Johnson et al, 2008). These four elements form the building blocks of any business model. The customer value proposition and the profit formula define value for customer and the company, respectively; key resources and key processes describe

how that value will be delivered to both customer and the company (Johnson et al, 2008).

While Johnson et al (2008) define a business model definition with its four interlocking elements, Thompson et al (2014) propose a definition of business model with its two crucial elements. The first component is its customer value proposition and profit formula as the second crucial element. Customer value proposition lays out the company's approach to satisfying buyer wants and needs at a price customers will consider a good value. The greater the value provided and the lower the price, the more attractive the value proposition is to customers. Thompson et al (2014) define profit formula as the second crucial element of a business model it describes the company's approach to determining a cost structure that will allow for acceptable profit, given the pricing tied to its customer value proposition.

In general the element of business model according to Johnson et al (2008) and Thompson et al (2014) are quite similar with business model components proposed by Osterwalder and Pigneur (2010). This project will be emphasized Osterwalder and Pigneur approach to define the components of a business model. This project uses their approach because it is considered as the most comprehensive and easily understood approach to explain the components of a business model. Osterwalder and Pigneur describe a company business model in eight building blocks as follow:

2.6.1. **Customer Segments**

This segment of business model defines the different groups of people or organizations an enterprise aims to reach and serve. Customers comprise the hearth of any business model (Osterwalder & Pigneur, 2010). A business model may define one or several large or small customer segment. An organization must make a conscious decision about which segment to serve and which segment to ignore (Osterwalder & Pigneur, 2010).

In this component of business model Osterwalder and Pigneur (2010) give us some different example of customer segment types.

a. Mass market.

Business model focused on mass market do not distinguish between different customer segments. The value proposition, distribution channels, and customer relationships all focus on one large group of customers with broadly similar needs and problems.

b. Niche Market

Business model targeting in niche markets caters to specific, specialized customer segments. The value proposition, distribution channels, and customer relationships are all tailored to the specific requirements of niche market.

c. Segmented.

Some business models distinguish between market segments with slightly different needs and problems. For example retail arm of a bank that may distinguish between large group of customers and a smaller group of customers. In which both segments have similar but varying 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 platforms (or multi-sided markets)

Multi-sided platforms customer segment is when an organization serves two or more interdependent customer segments (Osterwalder & Pigneur, 2010).

2.6.2. **Value Propositions**

This building block describes the bundle of products and services that create value for a specific customer segment. The value proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customers' need. Each value proposition consists of a selected bundle of products and/or services that cater to the requirements of a specific customer segments. In this sense, the value proposition is an aggregation, or bundle, of benefits that a company offers customers. Some of value proposition may be innovative and represent a new or disruptive offer.

Other may be similar to existing market offers, but with added features and attributes (Osterwalder & Pigneur, 2010), for example:

a. Newness

   Some value proposition satisfy an entirely new set of needs that customers previously did not perceive because there was no similar offering.

b. Performance

   Improving product or service performance has traditionally been a common way to create value. For example the PC sector that has traditionally relied on this factor by bringing more powerful machines to market.

c. Customization

   Tailoring product and services to the specific needs of individual customer or customer segments creates value. In recent years, the concepts of mass customization and customer co-creation have gained importance. This approach allows for customized products and services, while still taking advantage of economic of scale.

d. Getting the job done

   Value can be created simply by helping a customer get certain jobs done.

e. Design

   Design is an important but difficult element to measure. A product may stand out because of superior design.

f. Brand/Status

   Customer may find value in simple act of using and displaying a specific brand.

g. Price

   Offering similar value at a lower price is a common way to satisfy needs of price-sensitive customer segment.

h. Cost Reduction

   Helping customers reduce costs is an important way to create value.

i. Risk Reduction

Customer value reducing the risks they incur when purchasing products or services.

j. Accessibility

Making products and services available to customers who previously lacked access to them is another way to create value. This can result from business model innovation, new technologies, or combination of both.

k. Convenience/Usability

Making things more convenient or easier to use can create substantial value (Osterwalder & Pigneur, 2010).

2.6.3. **Channels**

Channel in business model building blocks describes how a company communicates with its customer segments to deliver value proposition. Channels are customer touch points that play important role in the customer experience (Osterwalder & Pigneur, 2010). Channels serve several functions such as raising awareness among customers about a company's products and services, helping customers evaluate a company value proposition, allowing customers to purchase products and services, delivering a value proposition to customers, and providing post-purchase support (Osterwalder & Pigneur, 2010).

Channels have five distinct phases. Each channel can cover some or all these phases. We can distinguish between direct channels and indirect ones, as well as between owned channels and partners channels. Finding the right mix of channels to satisfy customers want to be reached is crucial in bringing a value proposition to market. An organization can choose between reaching its customers through its own channel, through partner channel, or through a mix both (Osterwalder & Pigneur, 2010).

Table 2.5.3Channel Types and Phases

Channel Types			Channel Phases				
Own	Direct	Sales Force	1. Awreness How do we raise awareness about our company's products and services?	2. evaluation How do we helps customers evaluate our organization's value proposition?	3. Purchase How do we allow customers to purchase specific products and services?	4. Delivery How do we deliver value proposition to customers?	5. After Sales How do we provide post-purchase customer support?
		Web Sales					
Partner	Indirect	Own Stores					
		Partner Stores					
		Wholesaler					

Source: Osterwalder & Pigneur (2012)

2.6.4. **Customers Relationship**

The customer relationships building block describes the types of relationship a company establishes with specific customers segments. A company should clarify the type of relationship it wants to establish with each customer segment. The customer relationship called for by a company's business model deeply influence the overall customer experience (Osterwalder & Pigneur, 2010).

Osterwalder and Pigneur (2010) distinguish between several categories of customer relationships, which may co-exist in a company's relationship with a particular customer segment.

a. Personal assistance

This relationship is based on human interaction. The customer can communicate with real customer representative to get help during sales process or after the purchase is complete. This may happen on-site at the point of sale, through call canters, by e-mail, or through other means.

b. Dedicated Personal Assistance

This relationship involves dedicating a customer representative specifically to an individual client. It represent the deepest and most intimate type of relationship and normally develops over a long periods of time.

c. Self-service

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 process. At their best, automated services can simulate a personal relationship.

e. Communities

Communities can help companies better understand their customers. 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. (Osterwalder & Pigneur, 2010)

2.6.5. **Revenue Streams**

This building block represents the cash a company generates from each customer segments in which cost must be subtracted from revenues to create earnings. A business model can involve two different types of revenue stream such as transaction revenues resulting from one-time customer payments and recurring revenues resulting from ongoing payments to either deliver a value proposition to customer or provide post-purchase customer support (Osterwalder & Pigneur, 2010).

There are several ways to generate revenue streams:

a. Asset Sale

This is the most widely understood revenue streams derives from selling ownership right to a physical product.

b. Usage Fee

This revenue stream is generated by the use of a particular service. The more a service is used, the more the customer pays.

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 to 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. Licensing allows rights-holders to generate revenues from their property without having to manufacture a product or commercialize a service.

f. Brokerage Fees

This revenue stream derives from intermediation service performed on behalf of two or more parties.

g. Advertising

This revenue stream results fees for advertising a particular product, service, or brand (Osterwalder & Pigneur, 2010).

2.6.6. **Key Resources**

The key resources building block describes the most important assets to make a business model work. Resources allow an enterprise to create and offer a value proposition, reach markets, maintain relationship with customer

segments, and earn revenue. Key resources can be physical, financial, intellectual, or human (Osterwalder & Pigneur, 2010).

a. Physical

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

b. Intellectual

Intellectual resources such as brands, proprietary knowledge, patents, and copyright, 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.

c. Human

Every enterprise requires human resources, but people are particularly prominent in certain business model. For example, human resources are crucial in knowledge-intensive and creative industries.

d. Financial

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

2.6.7. **Key Activities**

Key activities building block describes the most important things a company must do to make its business model work. Key activities are the most important actions a company must take to operate successfully. Like key resources, they are required to create and offer a value proposition, reach markets, maintain customer relationship, and earn revenues (Osterwalder & Pigneur, 2010).

Key activities can be categorized as follow:

a. Production

These activities relate to design, 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 model designed with a platform as key resources are dominated by platform or network-related key activities. Networks, matchmaking platforms, software, and even brands can function as platform (Osterwalder & Pigneur, 2010).

2.6.8. **Key Partnerships**

The key partnership building block describes the network of suppliers and partners that make the business model work. Companies create alliances to optimize their business model, reduce risk, or acquire resources. There are four types of partnerships such as strategic alliances between non-competitors, coopetition, joint ventures to develop new business, and buyer-supplier relationship to assure reliable supplies (Osterwalder & Pigneur, 2010).

There are three motivations for creating partnerships:

a. Optimization and economy of scale

It is illogical for a company to own all resources or perform every activity by itself. Optimization and economy of scale partnership are usually formed to reduce cost, and often involve outsourcing or sharing infrastructure.

b. Reduction of risk and uncertainty

Partnership can help reduce risk in a competitive environment characterized by uncertainty. It is not unusual for competitors to form a strategic alliance in one area while competing in another.

c. Acquisition of particular resources and activities

Few companies own all the resources or perform all the activities described by their business model. Rather, they extend their own capabilities by relying on other firm to furnish particular resources or

perform certain activities. Such partnership can be motivated by needs to acquire knowledge, licenses, or access to customers (Osterwalder & Pigneur, 2010).

2.6.9. **Cost Structure**

The cost structure describes all cost incurred to operate a business model. This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining customer relationship, and generating revenue all incur cost. Such cost can be calculated relatively easily after defining key resources and key partnership (Osterwalder & Pigneur, 2010).

There are two broad classes of business model cost structure, which are cost-driven and value-driven.

a. Cost-driven

Cost-driven business model focus on minimizing costs wherever possible. This approach aims at creating and maintaining the leanest possible cost structure, using low price value proposition, maximum automation, and extensive outsourcing.

b. Value-driven

Some companies are less concerned with the cost implications of a particular business model design, and instead focus on value creation. Premium value creation and a high degree of personalized service usually characterize value-driven business models (Osterwalder & Pigneur, 2010).

There are some characteristics that belong cost structures:

a. Fixed Cost

Cost that remains the same despite the volume of goods and services produced. Examples include salaries, rents, and physical manufacturing facilities.

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 expand. Larger companies, for instance, benefit from lower bulk purchase rates. This and other factors cause average cost per unit to fall as output rises.

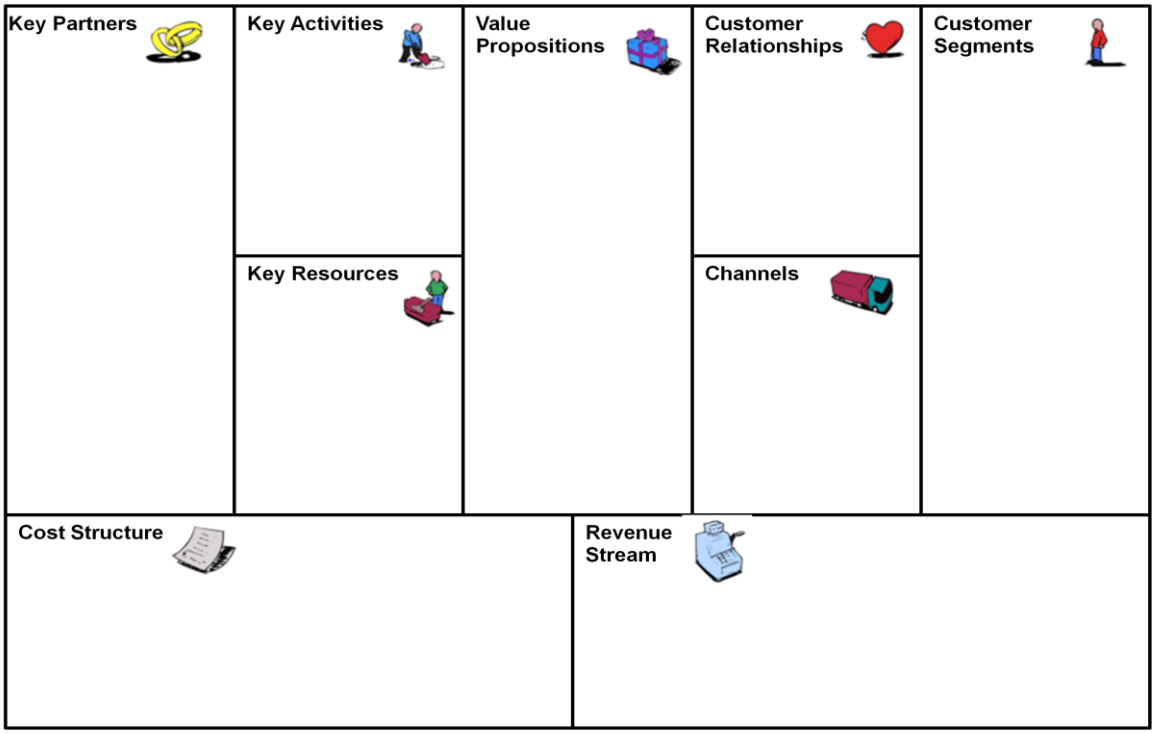
d. Economies of Scope

Cost advantages that a business enjoys due to larger scope of operations. In a large enterprise, for example, the same marketing activities or distribution channels may support multiple products (Osterwalder & Pigneur, 2010).

2.7. Business Model Canvas

This project will use business model canvas as the foundation of formulating the business plan. Business model canvas is a shared language for describing, visualizing, assessing, and changing business models (Osterwalder & Pigneur, 2010). Osterwalder and Pigneur (2010) believe that a business model can best be described through nine basic building blocks that show the logic of how a company intends to make money. The business model canvas itself consists of nine building blocks including customer segments, value propositions, channels, customer relationships, revenue stream, key resources, key activities, key partnership, and cost structure.

Picture 2.6 Business Model Canvas



Source: Osterwalder & Pigneur (2010)

Chapter 3

3. Research Method

This study will use descriptive qualitative method to formulate FRent Bike business plan using business model concept. The potential customers' of point of view will be emphasized to formulate the business model that will be described in nine building blocks of business model canvas. The advantage of this descriptive qualitative study is to get unlimited variables to design the business model.

The formulation of business model will comprises several phases. The early phase is empathy mapping that involves 10 respondents which are potential customers. After the data is acquired, it is then analyzed to design the company's business model which is visualized in nine building block of business model canvas. Furthermore, when the business model is done and able to be visualized in the canvas we can get the clear vision about how the company will look like and how it is supposed to be.

3.1. Unit of Analysis

Unit analysis of this study is FRent Bike potential customers and the company itself. This study attempts to get the clear view about the customers' behaviour towards their perspective and opinion to be mapped into the empathy map. The empathy map will be a reference for designing FRent Bike's business model.

3.2. Data Source and Data Collection

The data being used in this study are primary and secondary data. The primary data is the data acquired from direct observation or interview from the potential customers of FRent Bike. To create an empathy map to formulate FRent Bike business model, we will conduct some interview with 10 potential customers. The primary potential customer of the business will be people who are not from Yogyakarta and come to Yogyakarta only for a visit and people who live in Yogyakarta but have no private vehicle as their transportation, with age ranges between 17 – 45 years old, income level between Rp. 1.000.000 to Rp. 3.500.000

and own a smartphone. The primary data includes the interview result of the potential customers regarding their views and opinion about public transportation in Yogyakarta. To get the data, author will conduct interviews with people who are just arriving in Yogyakarta that the author meets in train stations, and airport in Yogyakarta and conduct interviews with the respondents met in public places. The interview will be conducted using Indonesian language or Bahasa Indonesia considering language limitation of the respondents. Afterward, the result of the interview will be translated into English.

The secondary data are collected through observation by collecting the relevant document such as information from website and literature review which is theoretical framework taken from relevant books and articles from several journals. The Theoretical data is used as the basic guidance of this study and written in the literature review part.

3.3. Method of Data Analysis

These following are the research steps that will be conducted in this study:

1. Data Collection

   In this step, we will collect several relevant theoretical frameworks to get a clear view about business plan, business model and the way it is designed, and other relevance theory as the guidance for this project. Afterward we will conduct in depth interview with the respondent to build potential customers empathy map that will be used as the foundation of the business model formulation. As mentioned before in the Data Source and Data Collection part, the respondents will be choosen based on purposive sampling which comprises several criteria, Including:

   - People, both male and female, that come to Yogyakarta as visitors or Yogyakarta citizen who do not have a private vehicle
   - Age range 17 to 45
   - Income level range Rp. 1.000.000 to Rp. 3.500.000 per month

2. Data Analysis

   From the result of the in depth interview we will generate the empathy map of FRent Bike potential customers. The entire result of empathy map will be used as the basic of business model development which will be illustrated in nine building blocks of business model canvas. After the appropriate business model is done we can get a clear vision about who our customers are, what problems they encounter, what their needs and wants, what value propositions we can offer, how we will reach them and deliver the value proposition, what key resources and key activities needed to create and deliver our value proposition, and what an appropriate relationship should we establish with them. All of them would be discussed in the nine building block of business model canvas. After we know how our business will look like and how it is supposed to be, we can continue to add plans such as marketing plan, operational plan, human resource plan, and financial plan as supporting materials for the implementation of our business plan.

Chapter 4

4. Discussion of Plan and Strategy

This chapter will discuss the analysis of empathy map. The result of in depth interview with the potential customers will be used to illustrate the empathy map. During the interview, the potential customers are allowed to give their ideas in order to answer the six general question of empathy map analysis. The questions for the interview consist of six general questions which each of them has two to six sub-questions to be answered in order to get deeper understanding of their perspective. The interview involved 10 respondents which are the potential customers of FRent Bike. Based on the result of the interview, the respondents comprise several characteristics that are represented in the table below:

Table 4.0

Respondent Characteristic	
Age Range	21- 35
Gender	➢ Male : 80 Percent ➢ Female : 20 percent
City of Residence	➢ Jakarta : 30 Percent ➢ West Java : 30 Percent ➢ Central Java : 30 Percent ➢ East Java : 10 Percent
Average Income	Rp. 2.150.000
Occupation	➢ Univerity Student : 40 Percent ➢ Employee : 10 Percent ➢ Entrepreneur : 10 Percent ➢ Others (frelancer, etc) : 40 Percent

The aims of in dept interview are to get clear view towards the customer characteristic and their attitude toward FRent Bike business idea. The final result of

empathy map will be used as a base to create FRent Bike business model that will be illustrated in nine building blocks of business model canvas.

4.1. Empathy Map Analysis

4.1.1. What do the customers see?

This first question of empathy map attempts to explain about what the potential customers see about their environment or want to see about Yogyakarta and its existing transportation system, and problem they encounter from the environment related to transportation system.

The majority of the respondents are people that visited Yogyakarta for leisure purposes. The result of conducted in depth interview indicates that the majority of the respondents see Yogyakarta as a tourism destination that they loved to visit. It because the city has many interesting offers for them such as its tourism places and its unique culture. On the other hand most of them are also complaining or showing their dissatisfaction of the public transportation system since they think that the transportation system in Yogyakarta is difficult to access and relatively expensive for them. For instance the public buses, it is relatively affordable for our respondent but for them it is quite difficult to access. The other alternative way to get the transportation to reach destination they wanted to go is using taxi or renting a private car that they considered expensive.

4.1.2. What do the customers hear?

This second question of empathy map is expected to help us to gain understanding towards what influences the potential customers. This part illustrates what or who can influence the potential customers to use the transportation services. This question also attempts to help us understand what people surround the potential customers say about existing transportation system and their opinion regarding scooter or motorbike as mode of transportation.

The result of in depth interview gives us information that our potential customers hear that transportation in Yogyakarta is very limited in

term of accessibility and route. Based on the interview, when they are asked about what people surround them say about transportation in Yogyakarta, they confess friends and social media as their reference. Regarding what they hear about renting scooter or motorbike as transportation, most of the respondents have heard about it before and a few of them have not and most of their reference also told them positive things about it.

4.1.3. What do the customers think and feel?

The third question of empathy map is trying to dig what is important for the customer. In this part the potential customers give their though about things that they consider important for them as customers. In this section, almost all of the respondents agree that visiting tourism destination and enjoying the city with their friends or family are important for them when they visit Yogyakarta.

Regarding the transportation, most of the respondents say that they are not satisfied with current public transportation in Yogyakarta. When they are asked how is it supposed to be, the major considerations for them are accessibility, flexibility, safety, price, routes, and comfortability.

4.1.4. What do the customers say and do?

This fourth part of empathy map is expected to help us to understand the potential customers' possible attitude toward FRent Bike business idea and what they will be telling others about it. Before answering the questions, they are first told about the business idea and afterward they are asked to give their opinion about their possible attitude toward FRent Bike after it is launched.

Before the respondents are asked about their possible attitude toward FRent Bike business idea, they are told what FRent Bike will look like. After they understand what it will be, most of the respondents confess that they will always give positive recommendation to others when they feel that it is really worthed for them. They also say that this new business idea is potential to help them solving their problem related to public transportation in Yogyakarta.

4.1.5. What do the customers consider as pain?

This question will direct the potential customers to give us information regarding things that they consider as problems and things that they want to avoid. In this part, the potential customers are asked to answer two sub-questions regarding problems that they encounter when they visit Yogyakarta and use public transportation in the city.

In this section, most of the respondents are complaining about inefficiency of public transportation in Yogyakarta. They encounter several problem such as accessibility, traffic jam on the street that is potentially wasting their time, limited route of a certain public transportation that make them unable to visit the places they wanted to go, and the price for a certain transportation that they think expensive for them.

4.1.6. What do the customers consider as gain?

This last question result in information regarding important things that will direct the potential customers to pay for our service. During the interview they are allowed to give their opinion about what they expect during their visit in Yogyakarta and transportation as their medium to meet their expectation.

The respondents stated that having good and fun experience is their ultimate expectation therefore transportation problem should not be obstacle to meet their expectation. Most of the respondents come to Yogyakarta in leisure purposes such as enjoying and getting around the city, visiting tourism destination like beaches, historical building, natural tourism, and few of them also come to Yogyakarta for visiting their relatives.

Too meet their expectation, the respondents expect that the transportation should not be an obstacle for them. What they consider as gain when using transportation are accessibility of public transportation itself, comfortability, flexibility, route coverage, and affordability of price.

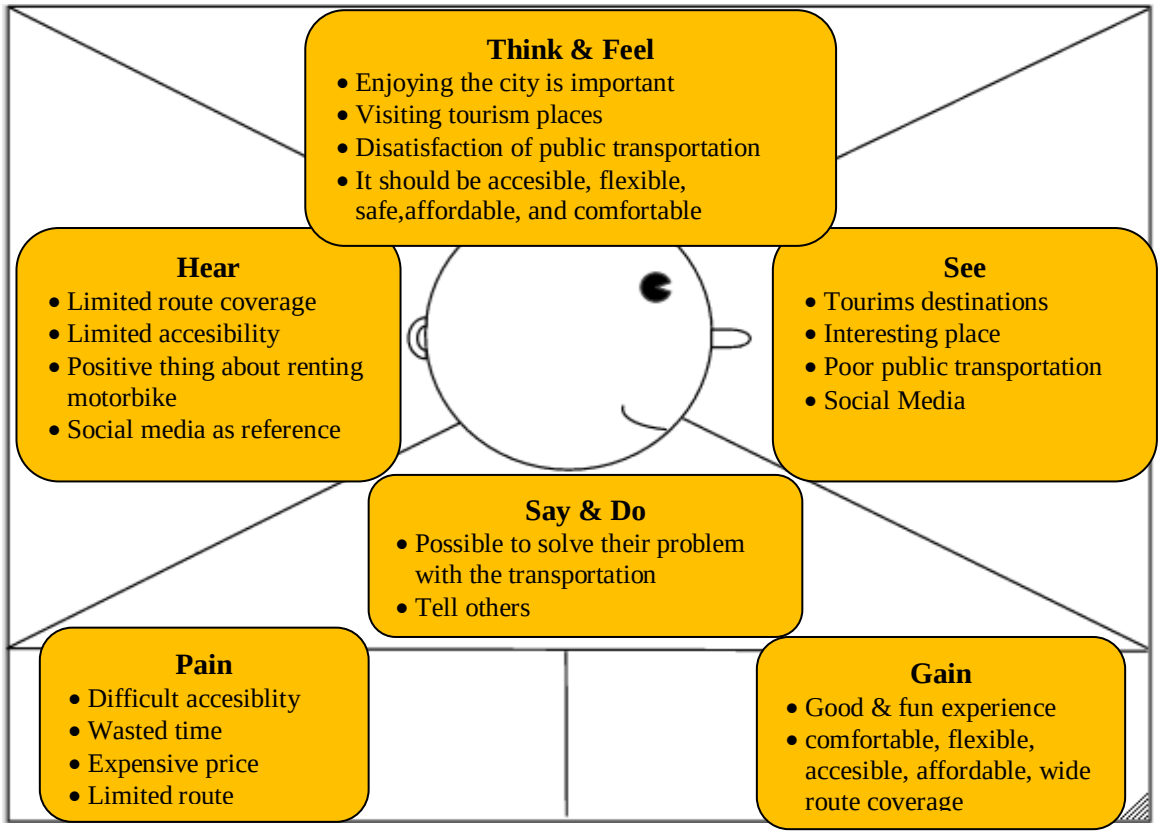
To summarize, the overall result of the interview can be seen in this table and picture bellow.

Table 4.1 Summary of Empathy Map in Depth Interview

No	Question for Empathy Map	Response
1	What do the customers see?	➢ Yogyakarta as tourism destination ➢ Many interesting places to visit ➢ Poor public transportation (difficult to access and expensive) ➢ See advertisement in social media
2	What do the customers hear?	➢ Limited route for public transportation ➢ Limited accessibility ➢ Hear positive thing about renting scooter or motorbike ➢ Influenced by social media
3	What do the customers think and feel?	➢ Enjoying the city is important ➢ Visiting tourism places is their purpose ➢ Dissatisfaction of public transportation ➢ Transportation should be accessible, flexible, safe, affordable, and comfortable
4	What do the customers say and do?	➢ Will give recommendation to others if they got positive experience ➢ The idea of FRent Bike possibly help them to solve the problem with transportation
5	What do the customers consider as pain?	➢ Accessibility ➢ Wasted time due to traffic jam ➢ Limited route that cause them unable to visit places they wanted to go ➢ Expensive price
6	What do the customers consider as gain?	➢ Having good and fun experience ➢ Comfortable, flexible, accessible, affordable, wide route coverage for public transportation

Source: Direct Interview

Picture 4.1 Customers Empathy Map Illustration



4.2. FRent Bike Business Model

After conducting the empathy map as the customer profiler we will continue by summarizing the result of empathy map to formulate the business model. As the empathy map roles as the customer profiler, the steps of building the business model canvas will be first determining the customer segment and problem they faced, afterward we will determine what we can offer to them by our value preposition, what channels we will use to deliver our value preposition and communicate with our customers, what relationship that we are going to build, what resources we need to deliver our preposition, what activities do we need to run this business model, who our important partners to run this business, how our cost structure and revenue stream to run this model are.

4.2.1. Customer Segments

In this first building block we can define the group of people that we attempt to reach and serve. Based on their demographic, the customer segment

of FRent Bike will be Yogyakarta's visitors or tourists aged 17 to 45 that visit Yogyakarta for vocation purpose. The reason why we determine the minimum age of 17 is because the regulation in Indonesia that only allows people to get their driving license since they are 17 years old and above. Besides limited by certain purpose of visit and age, mainly our target market will be middle class income that spend Rp. 1.000.000 to 3.500.000 per month and live outside Yogyakarta. We also specify our customer segment in term of their specific needs and problem, since the result of the empathy map concludes that our potential customers shared the same pain and almost all of them encounter the same problems with the transportation in Yogyakarta.

As it is explained before in the literature review, there are six types of customer segments according to Osterwalder and Pigneur (2010). In this business model we determine segmented market as our customer segment. According to Osterwalder and Pigneur (2010), segmented market is distinguished based on their needs and problems. We choose to serve segmented market since we limit our market in term of demographic characteristic and some of their specific needs and problems.

4.2.2. Value Propositions

After we know what pain and gains that our customers have based on the empathy map we have done before, now we are able to build and determine what value preposition that fit their needs and problems they want to solve. There are eleven types of value propositions according to Osterwalder and Pigneur (2010) which are newness, performance, customization, "getting the job done, design, brand/status, price, cost reduction, accessibility, and convenience/usability. We will use some of them to fill our value preposition block in business model canvas.

FRent Bike will offer several values for the customers. The first value is "Getting the job done" in which according to Osterwalder and Pigneur (2010) value can be created simply by creating the job done. What refers by "Job" here is the problem that our customers want to solve or the problem that currently they encountered. As illustrated before on the empathy map, our

potential customers encountered several problems related to public transportation during their visit in Yogyakarta such as accessibility, comfortability, flexibility, and price. What we will offer by our value preposition is the solution that will help them to solve their problem by enabling them to get transportation using their smarthphone. The transportation that they will use provides flexibility since they can drive themselves whenever and wherever they want. Besides flexibility, the will also serve with the accessibility since the scooter or motorbike will be delivered to them after they make reservation and finish the payment process through their smartphone.

The second value proposition that we offer to the customer is price, considering price is one of the major concern of our potential customers based on the empathy map. Offering similar value at a lower price is a common way to satisfy the needs of price-sensitive-customer segment (Osterwalder & Pigneur: 2010). Regarding the price of FRent Bike's service, it would be cheaper than renting a private car whereas renting a private car offers the same main value which is providing mobility. The price for our service will be higher than public buses, but with the value proposition that we offers it makes our overall value propositions a good combination to offer our customers.

4.2.3. Channels

After we know our customer segment and have our value proposition to be offered, now we need to determine how we will deliver those value propositions to our customers. The cannel building blocks will help us to illustrate how will we communicate with our customers and reach them to deliver value proposition.

According to Osterwalder and Pigneur (2010) there are two general types of channel which are direct channel and indirect channel. In this model we will use direct channel to communicate and reach the customer. Osterwalder and Pigneur (2010) also explained that channels have five distinct phases.

The first phase is awareness in which we need to determine how we raise awareness about our company' service. In this phase we will use social media and online advertisement to gain awareness of our service. The reason why we choose social media is because the empathy map that we have done before indicates that most of our customers are influenced by the internet and social media. Therefore, using the internet and social media is the best way to do our marketing campaign to raise awareness for our service.

The second phase is evaluation. In this phase we provide the media for our customer to allow them evaluate our company's value preposition, in order to do so, we will allow them to give their testimony about our company's value proposition on our social media such as Facebook, Instagram, and Twitter. We use social media since it is a good way to establish communication with our customers and do more interaction with them.

The third and the fourth phases are purchase and delivery. These two phases are about the way we allow our customer to purchase our service and how will we deliver our value proposition. Based on the empathy map, our customers consider accessibility and flexibility as their gain. Therefore we well reach them in the easiest way possible which is through mobile application on their smarthphone. By using mobile application they can do the transaction to rent a scooter or motorbike wherever they want.

The last channel phase is after sales. This phase is about how we will provide post-purchase customer support. FRent Bike will use customer service call centre to provide post-purchase customer support. Through our call centre, the customers are able to communicate with us if there is a problem happens during the time when they use our service, for example if they leave their belonging on the scooter or motorbike and forget to take it.

4.2.4. Customer Relationship

In customer relationship building block, we describe the type of relationship that we want to establish with our customers. We aim to provide better service to our customer by establishing customer personal assistance in which the relationship with the customers will be based on human interaction.

The customers can communicate with our company representative to get help during the sales process or after they do purchasing process. The media that we provide to establish communication with our customer are call centre and by e-mail. FRent Bike will also build a relationship with the customers through social media. Through social media we can interact with the customers while doing our marketing campaign.

4.2.5. Revenue Stream

The revenue stream building block describes the source of revenue that our company generates from our customer segment. In this model our revenue stream is brokerage fees. According to Osterwalder and Pigneur, brokerage fee is a revenue stream that derives from intermediation services performed on behalf of two or more parties (Osterwalder & Pigneur, 2012). FRent Bike's revenue stream comes from the fees that the customer pays after they make successful transactions using mobile application that we provide for them.

4.2.6. Key Resources

The resources that we use to perform our business model are described in this building block. To run this business model, we need several resources to create and deliver value proposition that we offer. On the other words, the key resources are the assets that we need to perform this business. To run FRent Bike business model, we require three essential assets such as physical assets, human assets, and intelectual asset.

The physical asset that we need to perform our business is a small office that we use to do administrative activities. We also need a few numbers of employees to perform our daily activities in the office and on the field. The most important asset of this company is the platform that we create to deliver our value proposition through mobile applications.

4.2.7. Key Activities

To make this business model work there are several key activities that have to be done. This building block aims to describe the most important activities that FRent Bike has to do successfully.

The most essential activity for a start-up company that just penetrates to the market is marketing activities. We have to spread the information as wide as possible to make the public aware of our existence. The marketing activity of FRent Bike will involve massive marketing campaign on the internet or social media since internet and social media are used by our potential customer as their references. We will also do a marketing campaign to gain awareness from our supplier to let them know our existence and reach them to make cooperation with us.

Besides marketing, the process of creating and delivering our value proposition, and communicating with the customers are also important. We have to make sure those activities are done successfully. Another essential activity is quality assurance. To make sure our customers receive good service from us we need to evaluate and make sure that the vehicle that they are going to use is appropriate. Therefore, evaluating and communicating with our supplier has to be done successfully. That activity will involve our evaluator, in which their tasks are to evaluate the condition of vehicle when the suppliers sign up or register to be our supplier and explain the partnership contract and the way how we work.

Communication with the customers must be well established not only for marketing purpose but also communication to assist our customer during the time they use FRent Bike service or in after sale period. Our customer service representative will be ready during the work hour to give a hand to our customers when they need our assistance.

Eventually, processing the data of our suppliers and customers are also important. Staffs in FRent Bike office will do several activities such as manage the booking from customers, explaining the suppliers about the fee and contract agreement, and manage the financial of the company. We do not

discuss the development and maintenance of our platform since it is planned to be outsourced.

4.2.8. Key Partnership

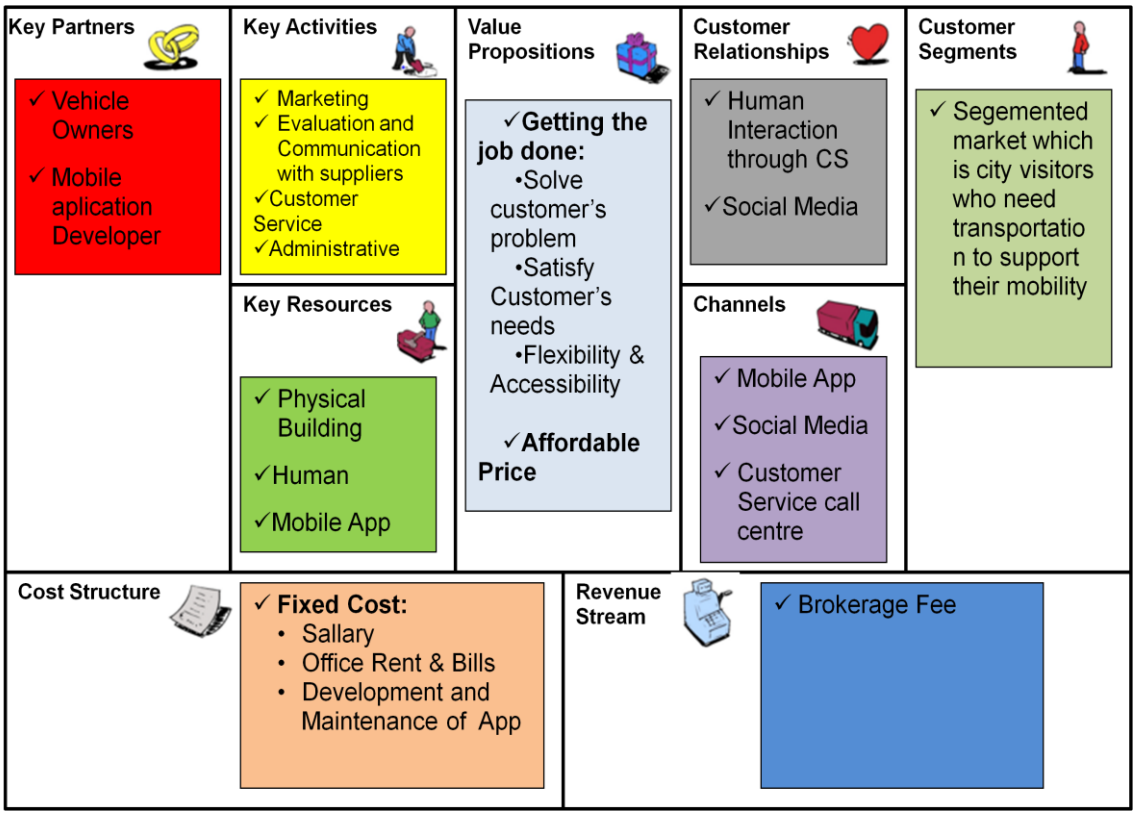
This building block discusses the key essential partners that work together with us to help us perform this business model. In this business we have two essential partners which are mobile application developer and vehicle owner. Since we do not have the talent for development and maintenance of the mobile application, we will outsource that activity to a partner which is a mobile app developer company or personal mobile application specialist. The other essential partner for FRent Bike is vehicle owners which are the people living in Yogyakarta and own an idle vehicle to be rented.

4.2.9. Cost Structure

Creating and delivering value proposition, reaching the market, perform daily activity of our company, and communicating with the customer, all of those activities need cost to be spent. FRent Bike cost structure will mainly involve fixed cost. Most of the costs are spent to pay salary of our staffs, office rent and monthly bills, development and maintenance of our mobile application, and marketing cost.

To summarize, the overall business model of FRent Bike will be illustrated in nine building blocks of business model canvas bellow. The result of the business canvas visualizes the business model of the company that we are going to establish. It Provide us immidiate vision about how FRent Bike will look like and how it is supposed to be. The canvas details the overall road map of this project execution. It shows us what will be our customer segment, what value proposition that our company needs to create, what channel that we will use to reach the customer and to deliver the value proposition, what key resources, activities, and parnership needed to make the model work, and finnaly it shows us how customer stream and cost structure perform this model.

Picture 4.2 FRent Bike Business Model Canvas



Eventually, we need several additional plans to support this plan execution. To do so this business plan is completed with other supporting plan which are marketing plan, operational plan, human resources plan, and financial plan that are going to be discussed after this section.

4.3. Marketing Plan

Marketing is an essential part of the successful of a business. A Successful marketing strategy results in demand for our service. According to Kotler and Keller (2012), marketing is an organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. All marketing strategies are built on segmentation, targeting, and positioning (STP). A company discovers different needs and groups in the marketplace, targets those it can satisfy in a superior way, and then positions its offering so the target market recognizes the

company's distinctive offerings and images (Kotler & Keller, 2012). In this marketing plan, we will discuss the implementation of segmentation, targeting and positioning (STP) activities. Furthermore we are also going to discuss the implementation of marketing mix that consists of product, price, promotion, and place.

4.3.1. Segmentation and Targeting

According to Koler and Ketller (2012), Market segmentation divides a market into well-defined slices. A market segment consists of a group of customer who share similar set of need and want (Koler & Ketller, 2012). Segmenting the market can help the company to match the products or services to what the customer's needs and wants. There are several ways to do market segmentation such as geographic segmentation, psychographic segmentation, demographic segmentation, and behavioural segmentation. After the company has identified the market segment, the next steps is deciding how many and which segment to target.

Basically, the idea of FRent Bike comes from the customers that share the same problems when visiting Yogyakarta. Demographically and behaviourally, we identify our market as people who comes to Yogyakarta in leisure purpose that plan to have high mobility in the city but also come with budget or do not want to spend too much money for transportation. To simplify our target market in term of demographic, we indentified the segment which is composed by age, occupation, income, social class, and nationality that is illustrated in this table below:

Table 4.3.1.a Target Market Based on Demographic Segmentation

Segmentation Variables	Description
Age	18 to 45
Occupation	1. University Students 2. High School Students 3. Freelancer 4. Employees in Private companies 5. Small Entrepreneurs 6. Unemployed
Income	Rp. 1.000.000 to Rp. 3.000.000
Social Class	Middle Class
Nationality	Indonesian

If we look our customer in behavioural frame, our customer are the people that visit Yogyakarta on leisure purpose and have high mobility since they want to visit not only one tourism spot but many. Kotler and Keller (2012) define major segmentation variables for consumer markets that summarize the variables for market segmentation. Based on behavioural and pshycographical aspect our market is illustrated in this table below:

Table 4.3.1.b Target Market Based Behavioural and Psychographic Segmentation

Segmentation Variables	Description
Psychographic Lifestyle	1. Outdoor-Oriented 2. Experiencer
Benefits	1. Economy 2. Service
Behavioural Occasions	Special Occasion
Usage Rate	Heavy User

Psychographic is the science of using psychology and demographic to better understand consumers (Koler & Ketller, 2012). In Psychographic segmentation, buyers are divided into different groups on the basis of psychological/personality traits, lifestyle, or values (Koler & Ketller, 2012). We targeted the psychographic Lifestyle of our customer as outdoor-oriented and experience that means the people that love to travel to natural places in Yogyakarta such as beaches, volcano, and any other natural attraction. Most of them are commonly young, enthusiastic, and seek variety of excitement.

In behavioural frame, since we offer the transportation in the low cost for accessible and flexible transportation, we determine to choose the market that expect for economy and service benefit. Because our customers develop needs with transportation only during their visit in Yogyakarta their behavioural occasion is categorized as special occasion and not regular occasion because they may not face similar problem or develop the same needs when they are in their city of residence or another city. Furthermore In term of usage rate, we targeted heavy user of transportation as our target market. Heavy user means people that heavily rely on transportation to support their mobility.

4.3.2. Positioning

Once we finish identifying the segment and target market, the next step is positioning our service to the market. Positioning is the act of designing a company's offering and images to occupy a distinctive place in the minds of the target market (Koler & Ketller, 2012). Positioning is the way for FRent Bike to identify and communicate the advantage of value that the company aims to deliver to the customers.

Our offers should represent the right things on the mind of our customers. Therefore, the aim of our product positioning is to locate our brand in the mind of our customer and make the customer believe that our offer is relevant to them. The position of FRent Bike will be based on the segmentation and targeting before defined before. Therefore, we want the customers perceive our offers as the solution of their problems and see our

offer as distinctive and superior to any other offers. We want the customer perceive that FRent Bike is the new solution for them which comes as transportation provider that is very different than the others. The core value of our offers might be the same as the other transportation provider which is providing mobility. But we differentiate through our services that provide them flexibility and accessibility to support their mobility in Yogyakarta with affordable price that they could not find in any other offers.

4.3.3. Marketing Mix

The marketing plan of FRent Bike is also comprised marketing mix approach. The role and function of marketing mix is very important for a company. McCharty (2002) in Kotler and Keller (2012) classified various marketing activities into marketing mix tools for four broad kinds, which he called the four Ps of marketing including product, price, promotion, and place.

A. Product

The aims of FRent bike to come to the market are giving a better system that provides more efficient and effective solution to the customers. The core product of FRent Bike is innovative transportation service that gives the customer flexibility and accessibility of transportation with affordable price. The customer will get the motorbike or scooter delivered to places they want and can use it to go anywhere they want. What makes FRent Bike different from any other transportation providers is its capability to provide accessibility and flexibility in affordable price by using their smartphone that customers would not easily find in other public service transportation such as public buses. Since the public buses are considered difficulty to access and limited in term of route coverage, FRent Bike comes to the market with solutions.

B. Price

The offered price of renting a motorbike or scooter will match with our target market which is middle class income that have price sensitive characteristic. Therefore, the price that FRent Bike should

be affordable and match the value that they receive. FRent Bike's service price might not be the cheapest among the transportation providers in Yogyakarta. FRent Bike will set the higher price compared to public buses' one way price, but our price will come with better value by providing accessibility, flexibility, and wider route coverage. Compared to others transportation providers such as taxi or private car that provide the same core value which is providing mobility, FRent Bike' service price will be much lower than those two competitors.

The pricing strategy that will be implemented by FRent bike has several objectives. The first objective is the product-quality leadership. We aim to be the product-quality leader in the market by differentiating our service in term of accessibility and flexibility with the price that match with our customer segment. The objective of FRent Bike's pricing strategy is to maximize the market share. We aim to be the market leader in the future by gaining a big portion of market share compared to others transportation providers that serve the same customers segment. We believe it can be done by differentiating the service and combining it with good pricing strategy.

C. Promotion

The main focus of our promotion is brand awareness. For the start-up company that just newly penetrates to the market introducing our company and gaining brand awareness for our service are very essential because we need to push consumer's ability to recognize our existence. Therefore to gain brand awareness from our customers we will massively introduce our company to the customers. There are several promotional activities that we are going to do in order to gain brand awareness.

a. Promotion Through Social Media

The role of social media like Facebook, instagram, Twitter, Path and any other social media as medium of information

exchange is getting significant. Doing promotion activities in social media is quite simple, no need high cost, and very effective to spread the information. Based on our empathy map that we conducted before, majority of our potential customers are influenced by information in social media. Therefore, FRent Bike will do massive advertisements in social media to gain brand awareness.

b. Promotional Pricing

The promotional strategy of FRent Bike is promotional pricing that we will do to stimulate early purchase and gain brand awareness. Our promotional pricing will include special event pricing and special customer pricing. Special event pricing strategy means that we will set a special price during the special event such as holiday season, the birthday of Yogyakarta, early launching of FRent Bike, and other special occasions. Special customer pricing strategy means that we will offers special price exclusively for our customer such as special price for students or giving discount for first 100 customers who register in our platform.

D. Place

Basically FRent Bike is a company that based on online platform. Therefore, the place or physical location is not so essential. We reach our customer through mobile application and will deliver their order to places that the customers want. This is one of our advantages since we can save the cost because we do not need to spend our money on a store.

4.4. Operational Plan

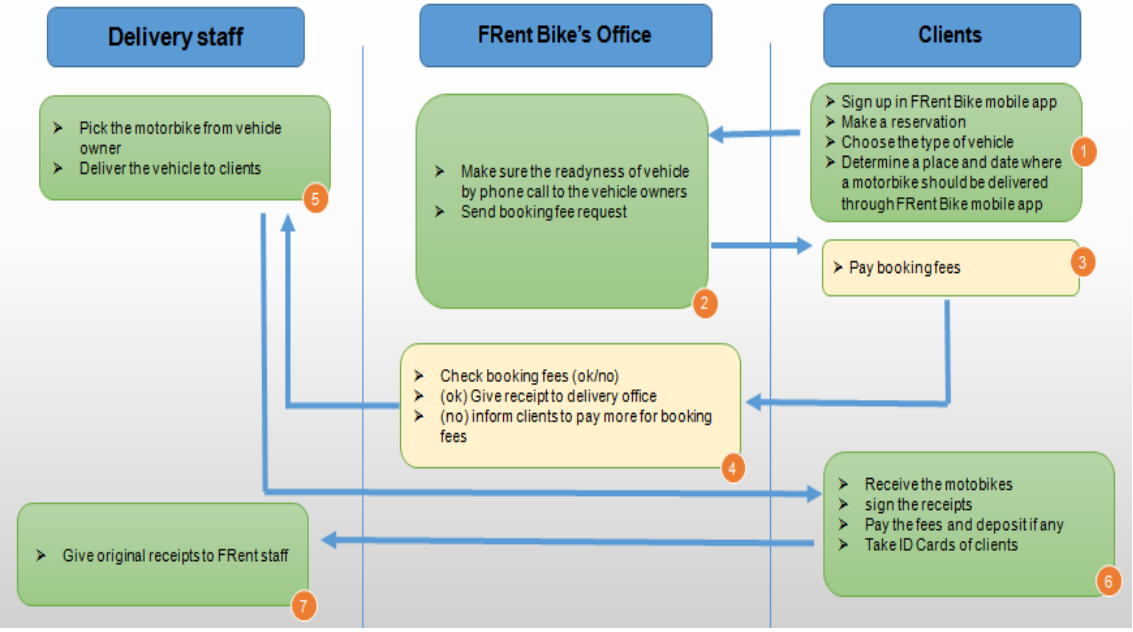
In this operational section we will discuss the operational activities such as the work flow of standard operational procedure. The work flows that we are going to discuss in this section will consist of three work flows including work flow for delivery rent, receiving vehicle, and supplier verification. All of those work flow will

be represented in three flow charts that illustrate how those all three activities work. The other operational activities that have to be done by FRent Bike will also be discussed in human resource plan after this section. In that section we will discuss the tasks that have to be performed by FRent Bike staff in daily basis.

The activity of delivery rent involves three parties including the customer, FRent Bike office, and FRent Bike delivery staff. The mechanism of renting motorbike or scooter will include seven major activities. The activity begins when the customer sign up and make a reservation using our platform which is FRent Bike mobile app. During this process the customer should fill their personal data to have an account in FRent Bike platform. Afterward when the customers already have an account, they are allowed to choose the type of vehicle they wish and determine a place and date where the motorbike should be delivered.

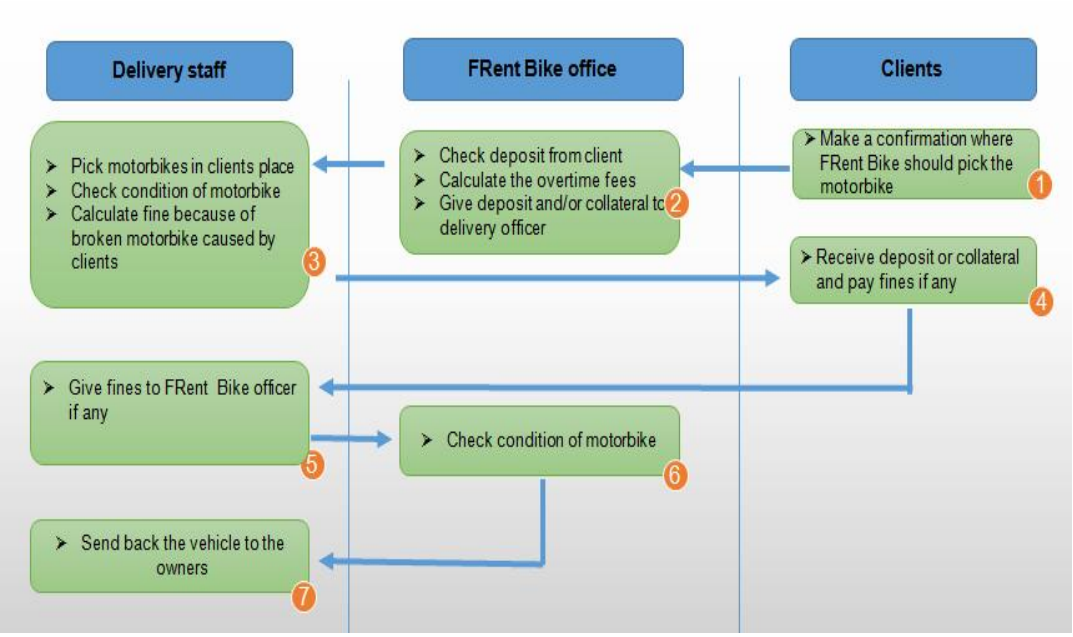
After finishing the first step, FRent Bike will response the request by make a confirmation to the vehicle owner to confirm that the vehicle will be picked up in a certain date and after it is confirmed, the booking fee request will be sent to the customers. The third step is making sure whether the booking fee is paid. If it is done, FRent Bike will check the booking fee whether is is accepted or not. If the booking fee is not sufficient the office will inform the customers to do the payment correctly. On the other hand, when the fee is paid properly the office will send the receipt to the delivery office. in the fifth step, the delivery staff will inform the vehicle owners that they would pick up the vehicle at least one hour before determined time in the booking order. When the vehicle is already picked up, two of our delivery staffs will deliver the bike to the customers. After the bike is already delivered, the customer will receive the vehicle, sign the receipt, pay the fee, and deposit certain amount of money if he or she is not able to provide the collateral which is their original ID card. This delivery transaction will be done by our delivery staffs, the delivery transaction is done when the delivery staffs already give the signed receipt to FRent Bike office.

Picture 4.4.a Delivery Rent Work Flows



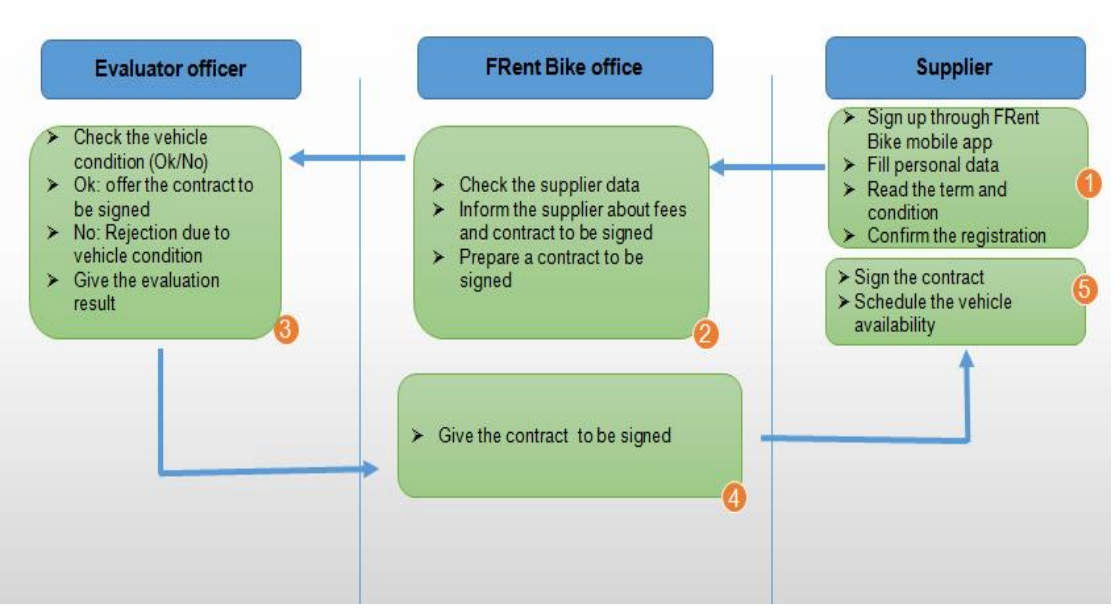
After the customer is done using the vehicle, the mechanism of receiving back the vehicle is also explained in a flow chart. This receiving vehicle flow chart involves seven main activities. The first step begins when the customer makes a confirmation of where we should pick up the motorbike. The second step, FRent Bike office will process the information by make a deposit check from client if any, calculate the overtime fee, give the deposit or collateral to delivery staff then in the third step the delivery staff will pick the vehicle, check its condition, calculate the fines if any broken vehicle caused by customer. Afterward the customer will receive the deposit or collateral back, and pay fines in any. Finally in the fifth step if there is any fine, the delivery staff will give the fines to FRent Bike office and one of the FRent Bike office staff will check the condition of motorbike and lastly the delivery team will return back the vehicle to its owner.

Picture 4.4.b Receiving Vehicle Work Flows



To make sure the quality of our service FRent Bike needs to verify the supplier. To be a FRent Bike supplier there are several procedures that have to be done. When someone is willing to be FRent Bike supplier, first he or she needs to sign up and fill their personal data through FRent Bike mobile application. They are also required to read the term and condition of our partnership. After the vehicle owner confirms the registration, FRent Bike office will process the data and inform the supplier about fees and contract to be signed. After the process passes the FRent Bike office, FRent Bike evaluator officer will check the vehicle condition whether it is appropriate to be rented or not and give the evaluation result to FRent Bike office. If the vehicle is approved, FRent Bike will send the supplier a contract to be signed. The last thing that supplier has to do is signing the contract and schedule the vehicle availability.

Picture 4.4.c Supplier Verification Work Flows



4.5. Human Resource and Management Segment

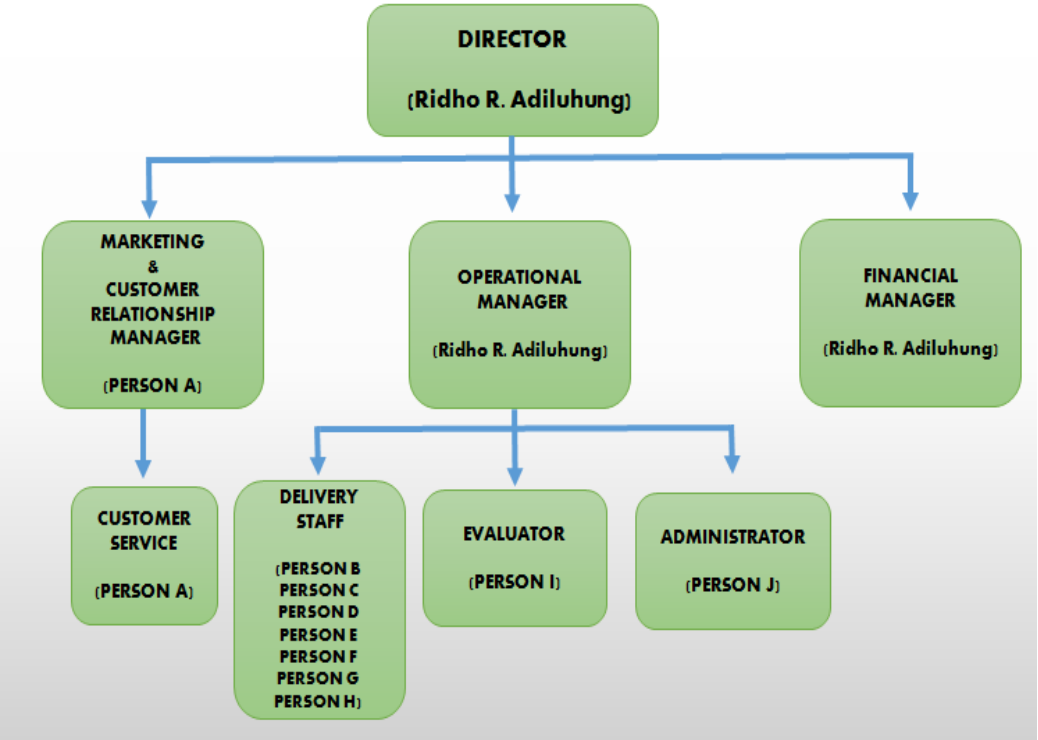
The Implementation of this business plan will be done by the owner as the main executor. The focus of the management in the begining of establishment period is mainly introducing of our company and our service to the public and establishing relationship with key partner. Several people will be involved to support the management' activities. This section will discuss the organization structure of FRent Bike, the department or division needed to support the management, employee requirements and their tasks. Afterward, we will also discuss the compensation scheme and work agreement.

4.5.1. Organization Structure

The organization structure of FRent Bike will consist of eight positions and require eleven people to occupy each position. The company will be lead by a director that would lead three departments which are marketing and customer relation department, operational department, and financial department. Each of those departments has subordinates except financial department. The subordinates of marketing and customer relationship will be a customer service, the operational department will consist of operational manager and three subordinates which are delivery staff, evaluator, and

administrator. The director position will be occupied by Ridho R. Adiluhung that also the founder of FRent Bike. To minimize the cost, he will also be an operational manager and financial manager. The marketing and customer relationship will be lead by one person which is person A in which Person A will also be FRent Bike customer relationship representative. The daily operation will be performed by three functional subordinates of operational manager. The position of delivery staff are occupied by person B, Person C, Person D, Person E, Person F, Person G and Person H. The evaluator is occupied by person I while the position of administrator will be occupied by person J.

Picture 4.4 FRent Bike Organizational Structure



4.5.2. Requirement and Employee Job Description

a. Director

FRent Bike has already had a person to occupy this position. The director position will be occupied by Ridho R. Adiluhung who is also the founder of the company. His educational background is fresh graduate from bachelor degree in political science and now he is doing his double master degree program in business administration and international management. The tasks of FRent Bike director will include:

- ✓ Supervise and assist marketing & customer relationship department, operational department, and financial department.
- ✓ Responsible for business development
- ✓ Responsible for employee recruitment
- ✓ Employee Training

b. Marketing & Customer Relationship Manager

The marketing and customer relationship manager will be managed by person A. This position requires at least a bachelor in the related field from university because he or she has to have knowledge to occupy this position. It is better if the candidate of this position has experiences in customer service position. The candidate of this position is also required to be familiar with social media since his or her tasks are interacting with the customer and doing marketing campaign. The person who occupies this position will also role as FRent Bike customers service representative. The task of marketing & customer relationship manager will include:

- ✓ Together with the director prepare the marketing and advertisement strategy
- ✓ Receive call and/or replying email from the customers
- ✓ Manage FRent Bike's social media
- ✓ Interact with people in FRent Bike pages in social media

c. Operational Manager

This position will be occupied by the same person who occupies the director position. The task of operational manager will include:

- ✓ Maintain the relationship with the supplier. This task will include explaining the contract agreement and profit sharing mechanism with the vehicle owners.
- ✓ Supervise and assist the activity of delivery staff, evaluators, and administrator.
- ✓ Give training to subordinates (delivery staff, evaluator, and administrator)

d. Financial manager

This position will be occupied by the same person as director and operational manager. The tasks of financial manager will include:

- ✓ Manage company's financial
- ✓ Manage the treasury activities
- ✓ Make a financial report in monthly basis
- ✓ Responsible for paying company's expenses

e. Delivery staff

This position requires 8 people. No experience needed for this position but the delivery staffs have to be someone who well understands navigation in Yogyakarta has ability to ride motorcycle. The minimum education needed for this position is high school graduate. Delivery staffs working schedule will be divided by two shifts. Therefore each shift has four delivery staffs. The task for delivery staff will include:

- ✓ Pick up and send back the vehicle from and to the vehicle owners
- ✓ Deliver and pick up the vehicle to and from the customers
- ✓ Fill the check list to make sure the vehicle is not broken after used
- ✓ Calculate the fines if any

f. Evaluator

This position only requires one person who has knowledge in evaluating a vehicle to make sure its condition is appropriate to be rented. The main task of this position will include:

- ✓ Evaluating the vehicle condition
- ✓ Reporting the evaluation result to operational manager

g. Administrator

The same as delivery staffs and evaluator, this position is also a subordinate of operational department. This position requires someone who has a bachelor degree from university that is highly capable to operate computer and software such as Microsoft Office. After getting trained by the operational manager, the tasks of administrator will include:

- ✓ Summarize the customers and suppliers data into database
- ✓ Process the booking order
- ✓ Make sure the readiness of vehicle
- ✓ Make the waiting list for supplier candidate and make schedule for vehicle evaluation
- ✓ Make vehicle delivery and pick schedule

4.5.3. Compensation Scheme

The compensation for the employees will be a salary that each of them will receive every month. The salary will be based on Yogyakarta minimum wage and the workload of the employees. The employees will also get bonuses if the sales of the company reach the target in annual basis.

4.5.4. Work Agreement

The work relationship between FRent Bike and its employees will be based on a contract signed by both parties. Therefore, both parties will legally tied in an agreement and have the same responsibilities to obey the contract. The work agreement between FRent Bike and its employees will include the working schedule, job description, and salary.

4.6. Financial Plan

In this section, we will discuss the financial plan of FRent Bike such as the initial investment needed and the source of capital, forecasted Revenues, customer growth estimation, financial projection, and net present value, internal rate of return, payback period, break event point, and sensitivity analysis.

4.6.1. Initial Investment and Source of Capital

For its establishment FRent Bike will be self financed by its owner. The estimation of initial investment is Rp. 181.000.000. The initial investment includes the cost that the company should spend for the key resources such as physical asset, human asset, and other related cost to perform the daily activities of the company such as operational cost, the internet, telephone water, and electricity bills, and the development and maintenance of the mobile application. The estimation of initial investment expenses is based on the observation on the internet which refers to several related website such as Bhineka.com, OLX Indonesia, and any other sources. The estimation of the expenses for salary is based on Yogyakarta minimum wage in 2015.

Table 4.6.1 Initial Investment

No.	Initial expenses	Quantity	Price	Total price
1.	Office Rent	12 Months	Rp. 750.000	Rp. 9.000.000
2.	PC	2 Unit	Rp. 2.500.000	Rp. 5.000.000
3.	Internet and Telephone	12 Months	Rp. 400.000	Rp. 4.800.000
4.	Table and Chair	3 Sets	Rp. 750.000	Rp. 2.250.000
5.	Stationary	1 set	Rp. 500.000	Rp. 500.000
6.	Water and Electricity	12 Months	Rp. 500.000	Rp. 6.000.000
7.	Daily Operational Cost	12 Months	Rp. 5.000.000	Rp. 60.000.000
8.	Mobile App Development	1 Unit	Rp. 3.000.000	Rp. 3.000.000
9.	App Maintenance	12 Months	Rp. 250.000	Rp. 3.000.000
10.	Business Licensing	-	Rp. 5.000.000	Rp. 5.000.000
11.	Advertising Cost	12 Months	Rp. 500.000	Rp. 6.000.000
12.	Operational vehicle	2 Units	Rp. 9.000.000	Rp. 18.000.000

No.	Initial expenses	Quantity	Price	Total price
13.	PC Server	1 Unit	Rp. 10.000.000	Rp. 10.000.000
14	3 Months Salary:		Rp. 2.000.000	Rp. 6.000.000
	1. Marketing & Customer Relationship manager	1 Person	Rp. 1.750.000	Rp. 5.250.000
	2. Evaluator	1 Person	Rp. 1.300.000	Rp. 31.200.000
	3. Delivery Staffs	8 People	Rp. 2.000.000	Rp. 6.000.000
	4. Administrator	1 Person		
Total Initial Investment:				**Rp. 181.000.000**

4.6.2. Revenue Projection

FRent Bike will set one price for its service. The price that the customer has to pay for using our service is renting fee. For renting a motorbike or scooter, the customer will be charged Rp.90.000 per day. Therefore the amount that the customer has to pay depends on the duration of the vehicle use. The 65 percent of renting fee paid by the customer belongs to the vehicle owner. Therefore, FRent Bike will only earn 35 percent from the total Revenues.

In the normal situation, the total customer is expected to be 30 customers per day and reach the total 10800 consumers in the first year. In the years after, the growth of total customers is expected to reach the minimum of 10 percent every year until year five.

Table 4.6.2a Estimation of FRent Bike Customer

Total Customer		30	People/day
		900	People/ Month
		10800	People/ Year
Customer Growth		10%	Per Year
Customer Growth	**Pessimist Scenario**	**Normal Scenario**	**Optimist Scenario**
	5%	**10%**	**15%**
Year 1	10800	10800	10800
Year 2	11340	11880	12420
Year 3	11907	13068	14283
Year 4	12502	14375	16425
Year 5	13127	15812	18889
Revenues			
Year 1	Rp972.000.000	Rp972.000.000	Rp972.000.000
Year 2	Rp1.020.600.000	Rp1.069.200.000	Rp1.117.800.000
Year 3	Rp1.071.630.000	Rp1.176.120.000	Rp1.285.470.000
Year 4	Rp1.125.211.500	Rp1.293.732.000	Rp1.478.290.500
Year 5	Rp1.181.472.075	Rp1.423.105.200	Rp1.700.034.075

The table above shows three scenarios of the forecasted number of customers and revenue in the first year until year five. The scenario will include pessimist scenario, normal scenario, and optimist scenario. In the pessimist scenario, it is targeted that the growth of customer and revenue will be 5 percent whereas in normal and optimist scenario the growth will reach ten percent and fifteen for each scenario.

4.6.3. Financial Projection

The financial projections of FRent Bike will also involve three scenarios. Those three scenarios are negative, positive and normal scenario. In this section, we will only discuss the financial projection for the expected scenario or normal scenario in which the growth of customer is predicted to be 10 percent per year. The two others financial projection will be attached in the appendix part of this project.

This financial projection is built based on several assumptions including:

1. The growth of the customer reaches 10 percent every year since the year one until year five.
2. 15 percent corporate tax
3. Since the company will be self financed by its owner, the interest would be zero.
4. The calculation of net present value (NVP) uses the Indonesian Central Bank rate, which is 8 percent.
5. After year five the revenues will be stable.

Table 4.6.3 Financial Projection

Year	0	1	2	3	4	5
Initial Investment	-Rp181.000.000					
Revenues		Rp972.000.000	Rp1.069.200.000	Rp1.176.120.000	Rp1.293.732.000	Rp1.423.105.200
Profit Sharing - 65%		Rp631.800.000	Rp694.980.000	Rp764.478.000	Rp840.925.800	Rp925.018.380
Gross Revenue		Rp340.200.000	Rp374.220.000	Rp411.642.000	Rp452.806.200	Rp498.086.820
Fixed Cost:						
• **Water & Electricity**			Rp2.400.000	Rp2.400.000	Rp2.400.000	Rp2.400.000
• **Telephone & Internet**			Rp4.800.000	Rp4.800.000	Rp4.800.000	Rp4.800.000
• **App Maintenance**			Rp3.000.000	Rp3.000.000	Rp3.000.000	Rp3.000.000
• **Office Rent**			Rp9.000.000	Rp9.000.000	Rp9.000.000	Rp9.000.000
• **Advertising Cost**			Rp6.000.000	Rp6.000.000	Rp6.000.000	Rp6.000.000
• **Salary**		Rp145.350.000	Rp193.800.000	Rp193.800.000	Rp193.800.000	Rp193.800.000
• **Daily Op Cost**			Rp60.000.000	Rp60.000.000	Rp60.000.000	Rp60.000.000
Total Cost		Rp145.350.000	Rp279.000.000	Rp279.000.000	Rp279.000.000	Rp279.000.000
EBIT		Rp194.850.000	Rp95.220.000	Rp132.642.000	Rp173.806.200	Rp219.086.820
Interest		Rp0	Rp0	Rp0	Rp0	Rp0
EBT		Rp194.850.000	Rp95.220.000	Rp132.642.000	Rp173.806.200	Rp219.086.820
Tax (15%)		Rp29.227.500	Rp14.283.000	Rp19.896.300	Rp26.070.930	Rp32.863.023
Nett Profit		Rp165.622.500	Rp80.937.000	Rp112.745.700	Rp147.735.270	Rp186.223.797
Cash Flow	**-Rp181.000.000**	Rp165.622.500	Rp80.937.000	Rp112.745.700	Rp147.735.270	Rp186.223.797
NPV	**Rp339.422.585**					
IRR	**69,15%**					
PP	**1,19**					

The table 4.6.3 shows FRent Bike financial projection. In the early stage or in the year 1, the nett profit is predicted to be Rp. 165.622.500 and would reach Rp. 186.223.797 in years five. In the year 2 the nett profit seems to be decreased to Rp. 80.937.000 because some of the expenses in year 1 have

been included in initial investment. Therefore the nett profit in year 1 seems to be high. If we start looking at year 2 where the nett profit is Rp. 80.973.000, we can see it start to grow every year until year five.

4.6.4. NPV, IRR, and Payback Period

After calculating the estimation of the nett profit, we will also calculate the nett present value (NPV), the internal rate of return (IRR), and the payback period (PP). When calculating the NPV we use the interest of Indonesian Central Bank which is 8 percent.

Table 4.6.4 NPV, IRR, and Payback Period

Interest Rate	8%
IRR	69,15%
NPV	Rp. 339.422.585
PP (Year)	1,19

The table above shows the NPV calculation result which is Rp. 339.422.585. The total NPV is the nett profit for FRent Bike for the next five years. The total NPV is earned by calculating the cash flow from the year 1 until the year 5 plus the cash flow from year 0. The NPV and IRR are both positive, meaning that the business is economically feasible. The payback period for this scenario is 1,19 year meaning that the nett profit will cover the initial investment in 1,19 years.

4.6.5. Sensitivity Analysis

The sensitivity analysis attempts to financially justify the feasibility of a business if there are changes that affect the financial condition of a business. In this section, we will use two scenarios which are pessimist and optimist scenario. In pessimist scenario, the revenue growth is predicted to be five percent per year until year five. In optimist scenario, the revenue growth is predicted to be fifteen percent until year five.

a. Pessimist Scenario

Table. 4.6.5a Sensitivity Analysis in Pessimist Scenario

	Cash Flow	Accumulation
Cash Flow Year 0	-Rp181.000.000	
Cash Flow Year 1	Rp165.622.500	-Rp15.377.500
Cash Flow Year 2	Rp66.478.500	Rp51.101.000
Cash Flow Year 3	Rp81.659.925	Rp132.760.925
Cash Flow Year 4	Rp97.600.421	Rp230.361.346
Cash Flow Year 5	Rp114.337.942	Rp344.699.289
Interest Rate	8%	
IRR	57,28%	
NPV	Rp225.674.771	
PP (Year)	1,23	

The table above shows the calculation result in pessimist scenario. When the revenue decreases for five percent from normal scenario which is ten percent and the interest rate remains 8 percent, the value of NVP decrease to Rp. 225.674.771, the IRR also decrease to 57,28 percent, and the payback period becomes 1,23 years. In this pessimist scenario, this business plan is still economically feasible to be executed.

b. Optimist Scenario

Table. 4.6.5a Sensitivity Analysis in Optimist Scenario

	Cash Flow	Accumulation
Cash Flow Year 0	-Rp181.000.000	
Cash Flow Year 1	Rp165.622.500	-Rp15.377.500
Cash Flow Year 2	Rp95.395.500	Rp80.018.000
Cash Flow Year 3	Rp145.277.325	Rp225.295.325
Cash Flow Year 4	Rp202.641.424	Rp427.936.749
Cash Flow Year 5	Rp268.610.137	Rp696.546.886
Interest Rate	8%	
IRR	79,47%	
NPV	Rp464.097.499	
PP (Year)	1,16	

The sensitivity analysis of this optimist scenario uses fifteen percent of revenue growth and 8 percent of interest rate. The calculation result in

the value of NPV which is Rp. 464.097.499, IRR which is 79,49 percent, and payback period will be 1,16 years.

4.7. Implementation Plan

Activities	Year 1												Year 2												Year 3											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Business Licensing																																				
Mobile App Development																																				
Rent an Office																																				
Physical Resources Purchasing																																				
Employee Recruiting																																				
Employee Training																																				
Partner recruiting																																				
Partner Evaluator																																				
FRent Bike Launching																																				
Marketing campaign																																				
Operations																																				

To open the business, it basically needs seven months of preparation period. During the first eight months there are several activities that have to be done including business licensing, mobile application development, renting an office, purchasing the physical resources, and so on. The employee recruiting will start at month 5 and 6. After we have all the employees needed, the training process will be led by the director of FRent Bike. The employee will be train based on their job description in month 7. In the month 8, the activity of partner recruiting and evaluation will be started. Those activities will be done simultaneously until the number of our supplier

is sufficient to fulfil the demand. The marketing campaign will also be started in month 8 and will be done continuously. Finally, in month 9 FRent Bike will be launched and ready to do the daily operation.

Conclusion

The goal of this business plan is to create a strong business model for a company that is going to be established. Therefore, the business model of this company is seriously emphasized on customer perspective. The author believes that the good business planning starts by the customer not the product or services that the company is going to sell. The future of this business is believed to be promising since the number of potential customers is predicted to increase from year to year along with the local government program to maximize the tourism potential in Yogyakarta.

This study results in a business plan that comprises a business model which is designed based on customers' perspective. The methodology used to design the business model is customer insight in which the empathy map is used as a tool for gaining the customer perspective. The result of empathy map gives a very positive input to the author in designing the business model. The result of empathy map helps the author identify the characteristic of customer segment. It reveals the fact that the hypothesis in the author's mind is true. The people coming to Yogyakarta mostly share the same problem about the transportation since they cannot expect too much for the existing transportation in Yogyakarta.

By understanding their difficulties, we are able to create a value proposition that the customers are willing to pay for. The value propositions that we offer are believed to solve their problem and can match with their needs and wants. Furthermore, the channel and customer relationship building blocks of our business model canvas are also built based on the input from the customer. The result of empathy map tells us the way how the customer is willing to be reached. Since the people now are getting technology attached, the best way to reach them is by using online platform they can easily access.

After we know who our customers are, what value proposition to deliver, and the way we deliver the value proposition, we can foresee what are requirement needed to make the model work. Those requirements are visualized in key resources, key activities, and key partnership building blocks. The key resources are the assets needed to support the creation and delivery process of our value propositions. Similarly, the key activities are the tasks that we need to perform in order to make the business model work and the key partnerships are the partners needed to help us to do the tasks that we cannot do ourselves.

Eventually, we can estimated the cost needed to make the business model work in cost structure building block and we can also have a vision toward our source of revenues by looking at revenue stream building block. This plan is also financially promising since we have made a forecast ion for financial plan to make sure its economic feasibility. The financial forecastion is build based on three different scenarios including pessimist, normal, and optimist scenario. After conducting a sensitivity analysis of this project, we can conclude that this business plan is economically feasible even in the pessimist scenario since the NPV is predicted to be Rp. 225.674.771 with 57,28 percent of IRR and 1,23 year of payback period.

When this business plan is executed, it is expected that the existence of this company will be beneficial for the related parties including Yogyakarta citizen, visitor, and even for the city itself.

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Appendix

Financial Projection in Optimist Scenario:

Year	0	1	2	3	4	5
Initial Investment	-Rp181.000.000					
Revenues		Rp972.000.000	Rp1.117.800.000	Rp1.285.470.000	Rp1.478.290.500	Rp1.700.034.075
Profit Sharing -65%		Rp631.800.000	Rp726.570.000	Rp835.555.500	Rp960.888.825	Rp1.105.022.149
Gross Revenue		Rp340.200.000	Rp391.230.000	Rp449.914.500	Rp517.401.675	Rp595.011.926
Fixed Cost:						
Water & Electricity			Rp2.400.000	Rp2.400.000	Rp2.400.000	Rp2.400.000
Telephone & Internet			Rp4.800.000	Rp4.800.000	Rp4.800.000	Rp4.800.000
App Maintenance			Rp3.000.000	Rp3.000.000	Rp3.000.000	Rp3.000.000
Office Rent			Rp9.000.000	Rp9.000.000	Rp9.000.000	Rp9.000.000
Advertising Cost			Rp6.000.000	Rp6.000.000	Rp6.000.000	Rp6.000.000
Salary		Rp145.350.000	Rp193.800.000	Rp193.800.000	Rp193.800.000	Rp193.800.000
Daily Operational Cost			Rp60.000.000	Rp60.000.000	Rp60.000.000	Rp60.000.000
Total Cost		Rp145.350.000	Rp279.000.000	Rp279.000.000	Rp279.000.000	Rp279.000.000
EBIT		Rp194.850.000	Rp112.230.000	Rp170.914.500	Rp238.401.675	Rp316.011.926
Interest		Rp0	Rp0	Rp0	Rp0	Rp0
EBT		Rp194.850.000	Rp112.230.000	Rp170.914.500	Rp238.401.675	Rp316.011.926
Tax (15%)		Rp29.227.500	Rp16.834.500	Rp25.637.175	Rp35.760.251	Rp47.401.789
Nett Profit		Rp165.622.500	Rp95.395.500	Rp145.277.325	Rp202.641.424	Rp268.610.137
Cash Flow	-Rp181.000.000	Rp165.622.500	Rp95.395.500	Rp145.277.325	Rp202.641.424	Rp268.610.137
NPV	Rp464.097.499					
IRR	79,47%					
PP	**1,16**					

Financial Projection in Pessimist Scenario:

Year	0	1	2	3	4	5
Initial Investment	-Rp181.000.000					
Revenues		Rp972.000.000	Rp1.020.600.000	Rp1.071.630.000	Rp1.125.211.500	Rp1.181.472.075
Profit Sharing -65%		Rp631.800.000	Rp663.390.000	Rp696.559.500	Rp731.387.475	Rp767.956.849
Gross Revenue		Rp340.200.000	Rp357.210.000	Rp375.070.500	Rp393.824.025	Rp413.515.226
Fixed Cost:						
Water & Electricity			Rp2.400.000	Rp2.400.000	Rp2.400.000	Rp2.400.000
Telephone & Internet			Rp4.800.000	Rp4.800.000	Rp4.800.000	Rp4.800.000
App Maintenance			Rp3.000.000	Rp3.000.000	Rp3.000.000	Rp3.000.000
Office Rent			Rp9.000.000	Rp9.000.000	Rp9.000.000	Rp9.000.000
Advertising Cost			Rp6.000.000	Rp6.000.000	Rp6.000.000	Rp6.000.000
Salary		Rp145.350.000	Rp193.800.000	Rp193.800.000	Rp193.800.000	Rp193.800.000
Daily Operational Cost			Rp60.000.000	Rp60.000.000	Rp60.000.000	Rp60.000.000
Total Cost		Rp145.350.000	Rp279.000.000	Rp279.000.000	Rp279.000.000	Rp279.000.000
EBIT		Rp194.850.000	Rp78.210.000	Rp96.070.500	Rp114.824.025	Rp134.515.226
Interest		Rp0	Rp0	Rp0	Rp0	Rp0
EBT		Rp194.850.000	Rp78.210.000	Rp96.070.500	Rp114.824.025	Rp134.515.226
Tax (15%)		Rp29.227.500	Rp11.731.500	Rp14.410.575	Rp17.223.604	Rp20.177.284
Nett Profit		Rp165.622.500	Rp66.478.500	Rp81.659.925	Rp97.600.421	Rp114.337.942
Cash Flow	-Rp181.000.000	Rp165.622.500	Rp66.478.500	Rp81.659.925	Rp97.600.421	Rp114.337.942
NPV	Rp225.674.771					
IRR	57,28%					
PP	**1,23**					