

Sharing Business Model Compass for Indonesian Sharing Economy's Business Entities

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Abstract

The increasing quality of internet network causes the emergence of internet-based businesses. We witness the emergence of business that provide the way to optimize idle assets to generates new values for both asset owners and users. These business runs sharing economy principle, where they provide two side services for individuals to earn money from their private idle assets and for users who needs to use the assets. Until now, there are no specific model to describe the business elements in this kind of economy. So, we will introduce the tools called *Sharing Business Model Compass* which can be used to describe the business elements in the sharing economy. For the case study, we analyse a creative hub's business model using *sharing business model compass*. After being analysed, it is found that the effective way to charted a business model for businesses within the sharing economy is using *sharing business model compass*. The result is our research object fulfil all the six key elements of the *sharing business model compass*.

Keywords: Sharing Economy; Sharing Business Model Compass

Introduction

We witness the emergence of companies that provide the way to optimize idle assets so it generates new values for both asset owners and users. These companies run the principle of sharing economy, where individuals can earn money from their private idle assets. Sharing economy is not simply a new way of buying and selling, but it is a powerful movement where people can fulfill their needs of goods or services from each other instead of buying it from big companies and big brands [1].

There are 16 types of industry in the sharing economy, they are: worker support, learning, wellness & beauty, municipal, money, goods, health, space, food, utilities, mobility services, services, logistics, vehicle sharing, corporations & organizations, and also analytics & reputation [1]. Sharing economy is not a new thing in Indonesia, but several factors such as internet access, mobile devices, and marketplace platform made sharing economy rise lately [2].

The sharing economy have a great and positive impact in Indonesia. It is contributed approximately 60 percent of the Indonesian economy, absorb 80 percent of the Indonesian workforce and play a crucial role in modernizing the economy, helping hundreds of thousands of people access modern financial systems [3]. If sharing economy runs well, the customers will get a lot of benefit, such as lower price, variety of choices, and able to fulfill their needs quickly [2].

For the case study, we analyze a company that runs the principle of sharing economy. This company is and end meet creative hub for communities and industries. They provide high-tech facilities that can be rented by creative communities at an affordable price or free. Besides the facilities, it also has a service as an incubator for the communities so they can develop their skills and help them to meet industry requirements. We analyze the company's business model using *sharing business model compass*. To get the data, we interviewed 3 people who has a crucial role in running the company. After that, we charted the data into six key elements of the *sharing business model compass*.



Theoretical Background

Business Model

Business model is the basic structure of business; therefore, every business must have a business model even if it only in a form of abstraction. In general, the business model focuses on the profitable revenue design and delivery required to keep its revenue flowing. Business model is a tool that we use to gain customers, service them, and make money doing so. A business model give a strategic context for both long and short term. It describes and articulates strategic intent, which becomes a common focus and driver among all levels of strategic management [4].

A business model explains the mindset on how an organization creates, delivers, and captures value. 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 nine blocks cover the four main are of business: customers, offer, infrastructure, and financial viability. A business model is like a blueprint which represent a strategy to be implemented through organizational structures, processes, and systems [9].

Sharing Economy

Sharing Economy is an economic model where individuals or organizations can earn money from their private idle assets that are utilized so it can provide services to other people or organizations who don't have such resources through an online platform [5]. Sharing economy contributed approximately 60 percent of the Indonesian economy, absorb 80 percent of the Indonesian workforce, and play a crucial role in modernizing the economy. So, the impact that given by sharing economy for Indonesia are great and positive [3].

The sharing economy makes idle goods available which were formerly purchased mostly individually. There are various activities considered as part of this concept, which synonymously referred to collaborative consumption [7]. A lot of sharing economy activities create value not only products usage-based and satisfaction of individual consumer demands, but also by generating social capital and community relationships [8]. Inspired by this idea, promoters of the sharing economy argue that it may lead to more sustainable lifestyles by creating economic value, saving resources of the environment, and bringing people together to build social capital [7].

The name 'sharing economy' may be defined under different names, such as: collaborative consumption, collaborative economy, on-demand economy, peer-to-peer economy, zero-marginal cost economy, and crowd-based capitalism are just some examples of the different definitions that are currently interconnected to the idea of sharing economy [10].

Sharing Business Model Compass

Sharing Business Model Compass is a tool which can be used to describe the business elements in the sharing economy. There are six key dimensions in this tool, which are: technology, transactions, business approach, shared resources, governance model, and the platform type. Every dimensions have its own categories to describe the business elements of a companies in the sharing economy[6].



Fig. 1. *Sharing Business Model Compass*



Methodology

We collect the data by interviewing 3 important persons from the creative hub. They are CEO of the creative hub, program director of the foundation, and chairman of the foundation. We transfer the data from interview into a transcript, and after that we charted the data into six key dimensions of the *sharing business model compass*. Here is the explanation on how these dimensions describe business elements in the creative hub that runs the sharing economy principle.

3.1. Technology

This dimension describes on how companies use technology in their core activities. There are 3 categories in this dimension, which are:

Table 1. Categories of Technology's Dimension

No.	Categories	Description	Indicator
1.	Tech-Driven	The company highly dependable on IT technology to run their operations	The usage of technology in the company are high, so it only need virtual communication to finish their operations
2.	Tech-Enabled	The company does not always depend on IT technology. They use IT technology as a support system to run their operations. Some activities still running without IT technology support	The usage of technology in the company are high, but also require a direct interaction between seller and buyer to finish their operations
3.	Low/ No-Tech	The company does not depend on IT technology to run their operations.	The usage of technology in the companies are low, or not at all

In our case study, the company use mobile app for users to order food or drinks from the food tenant, but it also need an offline transaction to complete it. Therefore, this company is classified into "Tech-Enabled" category.

3.2. Transaction

This dimension describes on what kind of transactions that the companies use to run the business. The categories are:

Table 2. Categories of Transaction's Dimension

No.	Categories	Description	Indicator
1.	Market	The company requires conventional money to complete the transaction	Whether the company use physical money, or virtual money such as balance in the app
2.	Alternative	The company requires points to complete the transaction	Whether end users can exchange their points into another goods or services that the companies provide in the future
3.	Free	The company does not require conventional money or points to complete the transaction	The company does not do exchange money activities

In our case study, the company provide a virtual money service in a form of balance inside user's apps that can be used to purchase food or beverages, also the company provide point system that can be exchange for another goods or facilities. Therefore, this company is classified into "Market" and "Alternative" categories.

3.3. Business Approach

This dimension describes on how the company's approach to profit orientation when running their businesses. The categories are:



Table 3. Categories of Business Approach's Dimension

No.	Categories	Description	Indicator
1.	Profit-Driven	The company goal is to find a profit	The company activities put their effort to get a profit
2.	Hybrid	The company goal is to find a profit, but it has another social mission	The company activities put their effort to get a profit and to run a social mission
3.	Mission-Driven	The company goal is not to find a profit but to help each other through social mission	The company activities put effort to run a social mission

In our case study, besides looking for profit, the company has a social mission which is to increase the amount of creative communities in Bandung City. Therefore, this company is classified into "Hybrid" category.

3.4. Shared Resources

This dimension describes on how to share the resources. The categories are:

Table 4. Categories of Shared Resource's Dimension

No.	Categories	Description	Indicator
1.	Optimize New Resources	The company shared resource is brand new	The company buy new resources that can be shared to the end user
2.	Find a Home for Used Resources	The company shared resource is a marketplace	The company provide a platform to let individuals to sell their used or idle resources so another individual who needs it can buy or rent
3.	Under-Utilized Resources	The company shared resource are private under-utilized assets	The company re-utilized assets to be shared to user

In our case study, the resources that the company share such as spaces, high-tech facilities, food & beverages are all new. The company also plays a crucial role in finding a suitable market for the creative community's product. Therefore, this company is classified into "Optimize New Resources" and "Find a Home for Used Resources" category.

3.5. Governance Model

This dimension describes the organizational structure from companies in the sharing economy. The categories are corporate, collaborative, and cooperative. In general, companies in the sharing economy use the corporate category. However, there are also companies that use the collaborative category where companies involve users and other stakeholder in running their businesses. There are very few companies that are using the cooperative category.

In our case study, besides the organizational structure of the company, it also involving other stakeholder in running its business, such as users and creative communities. Therefore, this company is classified into "Collaborative" category.

3.6. Platform Type

This dimension describes the type of platform that the companies use to run their businesses. The categories are:



Table 5. Categories of Platform Type's Dimension

No.	Categories	Description	Indicator
1.	Peer-2-Peer	The company provide a business platform	The company provide a platform that can be accessed by end user and content developer
2.	Business-2-Crowd	The company define the end customer and communities as their market segments	The company specified their market segments in form of end customer
3.	Business-2-Business	The company define other business as their market segments	The company specified their market segments in form of other businesses

In our case study, besides individuals and organizations as its market segments, the company also provide a platform in a form of a mobile apps so the user can make a product order through the apps. For that reason, this company is classified into all the categories from the "Platform Type" dimension.

Result and Analysis

Our analysis found that all the six key dimensions in the *sharing business model compass* are used by our research object. The explanation is contained in table 6 and figure 2:

Table 6. Implementation of *Sharing Business Model Compass* on Creative Hub

No.	Dimensions	Categories	Description
1.	Technology	Tech-Enabled	The company use mobile app for users to order food or drinks from the food tenant, but it also need an offline transaction to complete it
2.	Transaction	- Market - Alternative	The company provide a virtual money service in a form of balance inside user's apps that can be used to purchase food or beverages. The company also provide the point system that can be exchange for other goods or facilities
3.	Business Approach	Hybrid	The company has a social mission which is to increase the number of creative communities in <i>Bandung City</i> , but also looking for profit
4.	Shared Resources	- Optimize New - Find a Home for Used Resource	The company shared resources, such as spaces, high-tech facilities, food & beverages are all new. The company also plays a crucial role in finding a suitable market for the creative community's product
5.	Governance Model	Collaborative	The company's organizational structure runs its business, but also involves another stakeholder, such as user and creative communities
6.	Platform Type	- Peer-2-Peer - Business-2-Crowd - Business-2-Business	The company make individuals and organizations as its market segments, but also provide a platform in a form of a mobile apps so the user can make a product order through the apps



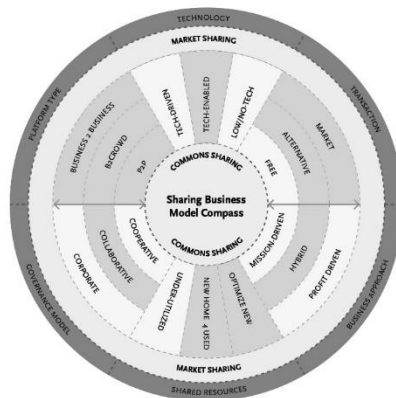


Fig. 2. Implementation of *Sharing Business Model Compass* on Creative Hub

Conclusion

Our conclusion is that *Sharing Business Model Compass* proven effective to describe business elements for companies within the sharing economy idea. The reason is our research object fulfill all the six key dimensions of the *Sharing Business Model Compass*. For further research, we propose to analyze other form of object research to obtain wider knowledge of the model's implementation. We also suggest checking the validity using another business model that can be used to describe business elements within sharing economy idea.

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