

Points to note:

Do note that this is NOT a peer-reviewed assignment; staff have a 50% chance of evaluating each individual submission.

Submissions will be open for 30 hours from the time of this post.

All responses are to be in English only, please (with the exception of your name)

There are a total of six sub-questions to be answered in this assignment.

You don't have to answer each question separately; feel free to write your assignment as a single narrative. However, you will be evaluated on whether all six sub-questions have been addressed in a reasonable fashion.

Do note that your submission should not exceed 3,300 words.

If you choose to attach a document as your submission, please state the total number of words in your submission at the end of your document

For the purpose of this exercise, feel free to use examples of existing e-business ventures as a basis. You may also choose to localize or generalize an existing business-model. Alternatively, you may also choose to mention a fresh new idea, but be aware that we don't promise any protection for your IP or confidentiality over and above regular Coursera policies in this regard.

Best of luck!---

The Assignment:

It is 9AM on Sunday morning on Mt. Gombak. Your friend 'C' had finally stopped using the I-net and you decided to check on your email, when you see this message from a school-friend of yours:

Hey ธนยุรัตน์,

You won't believe who I ran into just now: Sepia Cap's founder Millicent Veturi! He was standing in front of me at the cafeteria, when we started talking and exchanged visiting-cards. Told him briefly about our plan to start-up; mentioned to him that we will get millions of active users in a very short time. He didn't seem to believe me, but he still asked us to send us our business-plan to his personal email! I'm soooo excited!!!

Listen, is there any way you can quickly combine our earlier ideas into a coherent formal package, and share it with me? Just 1-2 pages would do; I will put in some numbers – P&L, cash flow etc – after that. Surely, this should be a piece of cake, given that MOOC you're doing on e-Commerce!

Cheers!

Rhoda Lew

Sent from my iPod

Sepia Cap is one of the world's leading venture capital firms, and so this is indeed exciting news. But clearly, there's work cut out for you.

### Questions

As you begin to draft a brief business-plan, it occurs to you that you need to first answer the question, "What is your venture?", if Mr Veturi so chooses to ask. Therefore:-

In 1-2 declarative sentences, imagine and describe a product or service that you'd like to launch in the e-commerce/ e-business space.

In researching Sepia Cap's website, you realize that they have a set of guidelines for writing business-plans. In particular, you observe the following statement:

**Problem:** \* Describe the pain of the customer (or the customer's customer). \* Outline how the customer addresses the issue today.

You're drawn back to what you've learnt in Week 1 of the course, where you learnt about transaction-costs and market-friction. Given what you know now,

In terms of market-friction and/ or transaction-costs, what is/are the "pain-point/s" that your or service will resolve?

On further reading the guidelines, you notice the following:

**Solution:**\* Demonstrate your company's value proposition to make the customer's life better.  
**Why now:**\* Set-up the historical evolution of your category. \* Define recent trends that make your solution possible.

You vaguely remember listening to something about hiring a milkshake, and somehow presume that can help you here. Therefore:

Describe how you will make your product or service disruptive in your chosen field, from the perspective of a value proposition for your product. Why would it be disruptive now?

In re-reading Rhoda's email, it occurs to you that a key reason for Mr Veturi's interest is her promise of millions of active users for your product or service. This raises a few possible questions for you.

You realize you already learnt about how Skype gained lots of new users in a couple of key events in its history. Given that knowledge:

What key competencies in your value-proposition would attract new users?

You also remember you learnt something about "network effects" and "multi-sided markets" that could be useful here. Consequently:

What classes of users does your product or service have? How would you go about creating network effects between these classes of users? Is there any platform here that you would like to exploit?

Finally, you are reminded that a key reason for Rhoda's interest in the project is because she's such a social-media hound; she's constantly tapping away on Instagram, Facebook, Twitter, Whatsapp and others. You made the mistake of telling her that you learnt about the dynamics of social media, and that her interest in social-media can one day make money. So:

How would you use social-media in the context of your product's features or marketing to gain new users?

Hey Rhoda,

It's been a while since I've last seen you from that Beauty of Symmetry course! It just happened that you were unable to catch up with me when I went to join the E-commerce course which is very helpful for what we plan to do. I've recently checked out your Instagram and have seen your intricately designed artwork and lacquerware. Since we can produce these with relative ease, we could start a business through the sales of our various lacquerware! We aim to sell assorted forms of lacquerware but also plan to integrate it to doors, furniture and the like, so it can combine function with artwork.

However, in order to run a successful business, we will need to possess an efficient supply chain. Being able to have an efficient supply chain can cut back significantly on the transaction costs. For instance, we could buy the raw material directly from the manufacturers in bulk rather than from the wholesales people. A distribution centre can also allow the goods to be distributed efficiently, perhaps where customers may decide to make online orders and then expect delivery to their doorstep. For example, Wal-Mart in USA comprises primarily of a hyperefficient supply chain which in itself has allowed the company to reap considerable benefits, in particular a 2% profit as compared to getting from the wholesales people. Other ways of improving the supply chain include outsourcing and, later on, offshoring. For outsourcing, some American firms make use of the Indian labour market where the Americans have the time to innovate the new products while allowing the Indians to do the menial work for decent wages (which are still far cheaper than in America itself). While for offshoring, it would involve the company setting up factories in such places but otherwise operate in similar fashion to the one in the developed country. By outsourcing and offshoring, we can allow our company to prosper through the reduction of production costs while improving our efficiency.

Have you had a milkshake before? You probably had several from different places. You may have found that you want it to be convenient to access but at the same time you want one that can last you for long enough without it being too much of an excessive distraction. As such, the goods that we produce need to be stuff that fits the consumer's needs and wants. For a reasonable price (since consumers are looking for the cheapest and best quality goods), we need to be able to design and produce good quality lacquerware that fits the market's general needs and wants. But aside from that, we also need to ensure that it is unique in its own sense. The artwork of the lacquerware should be able to beautify the view of the customer's place, but should not be so glaring as to detract from everything around it and hence be seen as 'disruptive technology'.

I know that you make use of Skype. That business had made use of its versatility to become successful and now exceeds customer expectations, making it highly popular. But this wasn't the case some time back. When it was first started, people just ignored it in favour of other technologies which fulfilled their expectations; the competitors then didn't think too much of Skype as a threat. But after Skype added on to existing products and services and tagged on their own additions, it became well known and highly popular! This is just like our lacquerware to some extent; we may sell conventional stuff initially while developing those lacquerware doors and furniture. When we can develop those products well, we could sell them too; it would not only serve the function of the door, but it also combines our artwork into the design of the house!

Depending on our form of art, our goods' target audience could be Chinese families or those who simply appreciate art to the extent of having it as part of their furniture and doors. We should create the peer-to-peer network system to get people interested in our goods. This may be harder to initiate, but is far better in the long run. For instance, if our own server were to be compromised if we were to use a client-based server, any online component of the business could cease to function since the network's architecture will collapse. While the peer-to-peer network system requires many more points to be taken down before it stops working.

Given that you make heavy use of social media (especially Instagram) and what you post on them, we could use these as a platform for us to advertise our products. The Internet has developed enough to generate advertisements based on the search history of the user, to bring upon those which are more likely to be relevant to them. So in this case, it means that even if we may have an obscure start, if enough people come across it and decide that they like our lacquerware, they may decide to share this with their friends, growing our customer base exponentially. As I mentioned to you 3 weeks

ago, the flattening force of social media is such that it can make us lose much of our individuality. If there are enough who decide that our product is the 'in' thing, we can succeed really well!

I hope that I have answered your queries. In the meantime, Thomas Friedman's books The World is Flat and Hot, Flat and Crowded are some interesting reads for you while waiting for Mr Veturi to reply. I can't wait for the moment that we can work together in a new business and become successful! See you soon!

Cheers!

ณัฐรัตน์ กัปปวันฉัตรกิจใจ บัณฑิต (Orarat)

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