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GSOE 9758: Network Systems Architecture

Term 1, 2021: Mid-Session Test

Question I: [20 points] The figure below shows the Business Model Canvas (BMC) for **DoorDash**, a food delivery service (similar to UberEats, GrubHub, and Deliveroo):

A picture containing diagram

Description automatically generated

Based on the BMC above, answer the following questions in a couple of sentences each (2 points each):

1. In simple words, state one reason why a consumer would choose to order through DoorDash, and one reason why a delivery person would choose to work for DoorDash.

**1**

One reason why a consumer would choose to order through DoorDash is that he can browse menus of various restaurant, this makes it easier for him to compare the menus and prices of different restaurants, making the choice more convenient.

One reason why a delivery person would choose to work for DoorDash is that he can deliver orders in a easy, chap and fast way, he only needs to accept the order and deliver the food from the restaurant to the customer. He doesn't need to worry about other things such as the schedule.

1. Do you think DoorDash’s “Customer Segment” became bigger or smaller during the pandemic? State clearly your reasons for thinking so.

**2**

I think DoorDash’s “Customer Segment” became bigger during the pandemic, because the government advised people not to go out for dinner and stay at home as much as possible, which would make more people who wanted to go out for dinner but could not go out choose to order meals through DoorDash so they can eat meals at restaurants outside.

1. Would you say DoorDash’s “Customer Relationship” is direct or indirect? Explain.

**2**

I think DoorDash’s “Customer Relationship” is direct, that's because DoorDash's customers use the platform to order from restaurants, but the platform handles the order and aslocates the deliveryman, who serves the customer directly.

1. DoorDash had revenues of $2.9 billion in 2020. Does this revenue come largely from asset sale, brokerage, subscription, or advertising? Justify your answer.

**0**

Yes, I believe this revenue come largely from asset sale, brokerage, subscription, or advertising, due to the particularity of 2020, many hotels cannot operate normally and cannot provide a large proportion of income, but the platform is still operating.

1. One of DoorDash’s “Key Activity” is “Managing logistics to process orders” – explain in simple words what steps this includes?

**2**

After the customer sends the order, DoorDash first needs to send the order to the restaurant, and the restaurant will receive and feedback the estimated meal time. Then, according to the location of the restaurant and the customer and the time of delivery, the appropriate meal deliverer will be selected and the order will be sent to him. After that, it will confirm that the meal deliverer has received and delivered the meal smoothly.

1. DoorDash’s “Key Resources” includes their “Technology platform” – explain what might be some of the elements of their technology platform?

**1**

Locating technology: Locating the location of the food deliveryman

Data processing technology: processing a large number of orders

Big Data: Increase your customer base

1. If you were operating a Restaurant, briefly describe why you would choose to partner with DoorDash?

**2**

They have a lot of customers to increase my customer count, and they have a lot of delivery people that I don't need to hire, and I don't need to think about the difference in the number of people on the go and off the go.

1. DoorDash’s technology costs would be a “fixed cost”, while its delivery costs are a “variable cost”. Clearly explain why.

**2**

The cost of technology is a one-time investment when the platform is built, and maintenance after that is fixed regardless of the number of customers. However, the delivery cost needs different number of deliverers and delivery tools with the number of orders, so the cost will change.

1. DoorDash is a “technology-driven” company that does a lot of data analytics on customer behaviour. Give two examples of ways in which it can use data analysis to drive better business decisions.

**2**

It is used to analyze the favorite stores of customers, put them on the front page of DoorDash to attract customers.

It is also used to analyze the route between consumers and restaurants, so as to make the delivery process more reasonable and rapid and improve the user experience

1. DoorDash had a loss of over $460 million in 2020, and still the company is valued at over $70 billion in the stock market. How do you explain this investor enthusiasm for a loss-making company? You may use the figure below to support your answer.

Chart, line chart

Description automatically generated

**1**

Although DoorDash suffered a large loss in 2020, it was affected by the epidemic in 2020, and its profit has been rising steadily since 2016. It can be considered that DoorDash's overall decision is correct, and it has been making steady progress compared with other similar companies. Therefore, its loss in 2020 does not mean that its competitiveness has declined.

[END OF TEST]