IST 755

Strategic Management of Information Resources

Assignment 1

Name: Rutwik Ghag

Professor: Murali Venkatesh

Executive Summary:

Doghouse is a new platform that connects pet owners and pet enthusiasts to perform small tasks like feeding and dog walking. The founder, Susan, is a serial entrepreneur and seeks professional advice on how to launch the platform effectively. This executive summary provides actionable insights on the following questions:

* The Penguin Problem: The penguin problem refers to the uncertainty in a market with high demand but low coordination among users. To overcome this, Susan needs to identify the potential problems and work on solving them, such as picking a niche, offering incentives and a rating system for users and caretakers
* CVP: The CVP of Doghouse should focus on convenience, reliability, and a robust community aspect. Susan should pick a niche and market the platform around it, promoting pet adoption and offering a sense of community.
* Profit formula: The profit formula for Doghouse should be a freemium model with basic services for free and premium services offered through a subscription plan. This allows Susan to generate a steady stream of recurring revenue and provides a more predictable source of income.
* Platform strategy: Susan must make several key decisions before launching Doghouse, such as defining the target market, choosing the right technology, deciding on pricing, developing a marketing and customer acquisition strategy, building a strong and supportive community, and ensuring security and protecting user data.

Reccomendations:

1. The penguin problem:

The penguin problem is defined as, “No one moves until everyone moves, so no one moves.”

A lot of times in new markets there are numerous doubts about the future of technology, business models, and consumer demand. When there is a lot of demand but not much coordination among users, the network's future is uncertain, and users don't know what to expect. This acts as a barrier to entry into markets for business. Susan faces a similar problem with her platform Doghouse. She is aware of the demand but is unsure about making the first step or whether it even is the right move.

The United States Government had a difficult time getting people to adopt and accept the Electronic Health Record (EHR) system [1]. Federal Actions are, however, setting firm expectations for the adoption and meaningful use of EHR technology. To speed up the adoption process, the government decided to offer services to enhance user experience by making all their information available over their website or mobile app. They also made available timely updates on health data, clinical summaries, home data updates for doctor review, etc. They anticipated potential problems that users might face and worked out how solving these as a root cause could help overcome the penguin problem. This applies to Susan as well. Identifying the potentials in this case and working on them could solve the penguin problem. She can identify the problems by hiring a group of market researchers to study the market, any existing competitors, what services they offer, and so on.

Actionable Insights for Susan are as follows. The platform should be free to use for just walking your pet but have a subscription plan for other services like giving it a bath, feeding it, or dog-sitting for the day/days if you plan on going out for a long time. Users who pay will also get priority over free users when caretakers are being assigned to requests. Susan can have rating systems to promote both users and caretakers to treat each other and the pet well. This can feed into the subscription plan as caretakers with higher ratings will be assigned to people who pay for the subscription. Susan can target areas which are populated along with universities in the area. This way, she can employ college students as caretakers, helping them earn some money while they study, helping them grow in life, a model commonly used for babysitters, who are often college students. Susan can offer incentives initially to promote user base growth by offering free trials to the premium services for a week or a month like most startups do and promote the caretake base growth by offering an initial bonus at first and from time to time or during holidays and festive times. For example, [2] subject to the delivery drivers accepting almost every order request, Grubhub offered them $4 per order as a bonus on weekends. This incentivizes the drivers to always offer their services, making sure that users always get a caretaker for their pets. Not having a caretaker available to help a user in need is a situation to avoid at all costs. Susan can also add a tipping system for the caretakers to make some extra money.

Once she has these factors in line with a successful business in a targeted area, she can move on to researching for a new area to expand to.

1. Customer Value Proposition (CVP)

The goal of a CVP is to create differentiation, promoting sale of product/service over the competition, and promote customer loyalty. The CVP of Doghouse is that it is a niche market, hence customers are usually willing to pay a lot for good services. An example I would like to give from personal experience is the online fitness coaching business. If you pick a niche, let’s say helping people in the age range of 27 to 45 in losing weight, and you sell them your workout plan online, you can make some money, but if you add an element of accountability, let’s say, taking zoom calls once a week with every client, you can charge them a lot more. I know of fitness coaches making 6 figures a year using this method. Hence, if Susan can pick a niche, that would allow her to charge a decent price.

Convenience and reliability are two good factors to focus on too. [3] TaskRabbit is an online marketplace where those in need of assistance can find willing individuals to carry out their errands. Its USP is built around providing dependable service in a quick and easy manner. Users can hire someone to complete a task quickly and confidently thanks to TaskRabbit's extensive user base. Their tagline, “Same day handyman, moving and delivery services” is concise enough to signal convenience, reliability and specify their niche market. In addition to the previously mentioned convenience and dependability, Doghouse's unique selling proposition (USP) could also include a robust community element. Doghouse's value proposition is unique in that it connects pet owners and enthusiasts, giving its users a sense of community and support that isn't necessarily present on TaskRabbit.

Actionable insights for Susan would be to pick a niche and market her platform around it. Susan should also come up with a tagline for her company. Doghouse’s CVP should focus on a community aspect too, maybe something to do with animal shelters, and promoting adoption of pets instead of buying them.

1. Profit Formula

The profit formula for Doghouse will determine how Susan will make money from the platform. I would suggest that Doghouse opt for a Freemium model as we learned about in class readings, followed by various companies including [4][5] Grubhub and Uber.

Doghouse should be free for basic use, with ads, and basic services like feeding and walking the pet. This allows her to earn money without having to make a large upfront investment, and it aligns her interests with those of the task performers and pet owners. High end services like house-sitting the dog or taking care of it over multiple days and cleaning the pet with a deep wash should be a part of the subscription plan. The premium services offered in addition to this will be an ad-free experience, allotment of caretakers rated higher, and with preference. Occasional discounts for festive times. Doghouse can also offer an occasional bonus, for example, if you pay for 25 services, you get one walking session for free. This allows Susan to generate a steady stream of recurring revenue and can provide a more predictable source of income.

In this manner, Susan can ensure that Doghouse is sustainable and profitable over the long term.

1. Platform Strategy

There are several strategic choices that Susan must make before launching Doghouse. These are:

* Niche: Susan must define her market by determining who she is trying to reach and what their wants and needs are. This will help guide strategic endeavors like pricing, promotion, and new product development. A clear niche allows specification of market and how to go about catering to them.
* Framework: Susan will be responsible for selecting the technology used in the platform's development and maintenance. This may involve picking an existing framework or starting from scratch to create the platform. When making her choice, she should think about how well it scales, how safe it is, and how simple it is to use. Cloud platforms are on a steep rise and are very beneficial in terms of the services they offer.
* Pricing: Susan needs to settle on the most advantageous pricing structure for Doghouse. This would be a freemium model, as elaborated before.
* Customer acquisition: Susan needs a marketing and customer retention strategy to draw in and keep her clientele. Such strategies may incorporate content marketing, influencer marketing, and social media promotion.
* Community: The success of Doghouse relies heavily on its users forming a tight-knit and helpful community. Susan should work to develop a sense of community and fellowship among pet owners and lovers. Promoting animal adoption is a good way to start.

References:

[1] Overcoming the Penguin Problem: Setting Expectations for EHR Adoption. e-Care Management. Retrieved from https://e-caremanagement.com/overcoming-the-penguin-problem-setting-expectations-for-ehr-adoption/

[2] GrubHub: $4 Bonus for High Acceptance Rate. EntreCourier. Retrieved from https://entrecourier.com/delivery/delivery-strategies/accept-or-decline/grubhub-4-bonus-for-high-acceptance-rate/

[3] TaskRabbit Business Model. OyeLabs. Retrieved from https://oyelabs.com/taskrabbit-business-model/

[4] Pipelines, platforms, and the new rules of strategy. Harvard Business Review. (2020, September 10). Retrieved February 10, 2023, from <https://hbr.org/2016/04/pipelines-platforms-and-the-new-rules-of-strategy>

[5] The Penguin Problem: A Case Study of Google's Algorithm Changes. MIT Sloan School of Management. <https://mitsloan.mit.edu/shared/ods/documents?PublicationDocumentID=5976>