

## Business Model Canvas Design As An Alternative Strategy On Coworking Space (Abc Coworking Space Case Study)

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**Article History:** Received: 10 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 20 April 2021

**Abstract:** The term Coworking Space is usually used for an office building that has the concept of offering a sharing area between one company and another to accommodate the company's business needs. Coworking Space users can come from startups (Start Up) to enterprise scale companies. The problem experienced by Coeworking Space is the lack of market penetration and the lack of information regarding coworking space in Indonesia, while the rate of economic growth is increasing rapidly, so there is a need for forms of spaces that can become centers of activity and interaction for cross-sector creative economy actors, both government and actors. business / industry, academics, as well as creative communities / forums. An alternative solution to solving these problems is to design a business model canvas that can be a strategy for the development of coworking spaces that can support the growth of the creative economy. The steps taken is to analyze the advantages and disadvantages of coworking space using SWOT analysis techniques, which are then mapped into nine blocks of the business model canvas.

**Keywords:** Business Model Canvas, Coworking Space, SWOT Analysis

### 1. Introduction

Currently, creative economy development is still faced with various challenges and obstacles. There are several issues faced in developing the creative economy in Indonesia, namely increasing the quality and quantity of creative human resources, access to cultural and natural capital sources for creation, access to finance and capital, access to technology and infrastructure, access to markets and networks, supporting ecosystems, and institutional. The institution in question is a government agency to create a conducive business climate.

The Creative Economy is one of the sectors that is expected to become a new strength of the national economy in the future, in line with the condition of natural resources which are increasingly exploited every year. Through the Creative Economy Agency (Bekraf), the Indonesian Government is trying to pay more attention to this sector, with the aim of maximizing the potential and opportunities of the Creative Economy in Indonesia. Based on data released by Bekraf, the Creative Economy was able to provide an increase in national economic growth in 2010-2019. In general, the creative economy growth in Indonesia has experienced a lot of slowdown compared to growth. The growth of the creative economy from 2010-2019 can be seen in Figure 1.

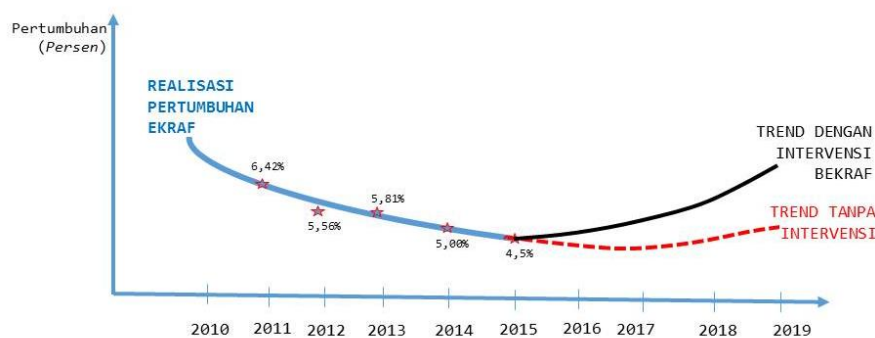


Figure 1 Creative Economy Growth Trend  
(Source: Badan Ekonomi Kreatif, 2017)

One of the efforts to answer these challenges and problems is to form spaces that can become centers of activity and interaction for cross-sector creative economy actors, including government, business / industry, academics, and creative communities / forums. On the upstream side, the creative space must be able to accommodate and inspire the emergence of a sense of creativity. On the downstream side, this space must be able to integrate the process of creation-production, distribution and marketing of the existing creative economy potential. Thus, creative space must be designed to form a climate and creative economy ecosystem that is comprehensive, conducive, participatory and inclusive. (ekon.go.id, 2015; Adle & Akdemir, 2019).

An example of a creative industry that is developing in Indonesia is the Coworking Space, which is a co-working space that is designed with a comfortable interior atmosphere that anyone can enjoy. The existence of the Coworking Space is supported by the development of the startup world in the country. By utilizing the Coworking Space, a startup businessman, freelancer, entrepreneur who does not yet have large funds can still enjoy a comfortable workplace by sharing adequate facilities. In addition, Coworking Space can also encourage collaboration from several different startups. The biggest obstacle to the coworking space business in Indonesia is the lack of market penetration. Many Indonesians still do not understand the concept of coworking space, even though this concept has mushroomed overseas. The number of coworking spaces in Indonesia has increased significantly every year. Based on data reported by the Indonesian Coworking Association ([www.coworker.com](http://www.coworker.com)) until 2017 there were 104 coworking spaces spread across Indonesia and it is estimated that it will continue to increase every year.

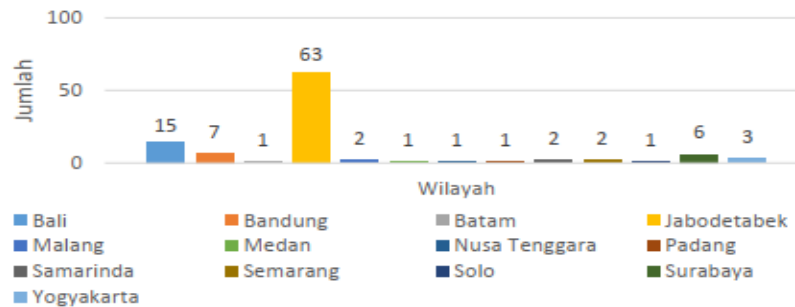


Figure 2 Number of Coworking Space in Indonesia in 2017  
(Source: [www.coworkers.com](http://www.coworkers.com), 2017)

One of the Coworking Spaces in Bandung, namely ABC Coworking Space, is one of the pioneers of Coworking Space in Bandung City which has the main goal of contributing to the creative industry. In terms of running a Coworking Space business in Indonesia, especially in Bandung, the right business model is needed. The Business Model Canvas is a tool that can be used to map a business so that it becomes clear to the company what its key activities are, what are the key resources, who are the main partners, who are the consumers, what proportion of the value is, how to build relationships with consumers, what are the marketing distribution channels, how the financing structure is, to what are the sources of income that can be obtained from the business, as stated in the nine blocks of the Business Model Canvas. Based on this, the authors are interested in taking a research topic entitled Designing a Business Model Canvas as an Alternative Strategy in Coworking Space Case Study of ABC Coworking Space.

Some of the problems identified based on the obstacles experienced by Coworking Space in Indonesia related to the Business Model Canvas at ABC Coworking Space are as follows:

1. Lack of implementation of business strategies that have been carried out so that all ongoing business processes are still not running optimally.
2. Lack of knowledge about the concept of coworking space which causes less interest in business actors.
3. There is a lot of business competition in this field, which requires ABC Coworking Space to continue to survive and make an innovation in terms of business strategy and technology to further develop its business.

Based on the results of the identification of these problems, the authors formulate the problems that occur in ABC Coworking Space, is how to design a business model canvas as an alternative strategy for ABC Coworking Space ? The purpose of this study is to design a business model canvas as an alternative strategy for ABC Coworking Space

## 2. Business Model Canvas

The business model explains the rationale for how a business is created, given, and its value is captured (Osterwalder & Pigneur, 2010: 14) [1]. Osterwalder & Pigneur created a canvas model approach, namely "Nine Building Blocks" which makes it easier for business people to build and develop their business. Nine Building Blocks consist of: Value Propositions, Customer Segments, Customer Relationship, Channels, Key Resources, Key Activity, Key Partnership, Cost Structure, and Revenue Stream.

According to Osterwalder & Pigneur (2010: 138-139) [1], the idea of innovation in a business model can come from anywhere. Osterwalder & Pigneur distinguishes business model innovation into five parts, namely: Resource-driven, Offer-driven, Customer-driven, Finance-driven, and Multiple-epicenter. Resource-driven is innovation that comes from the existing infrastructure in an organization or expands in a partnership or changes a business model.

Offer-driven is an innovation that is made to create a new proportion of value that can impact the building blocks of other business models. Customer-driven is an innovation that is based on customer needs, facilitates access, or enhances convenience. Finance-driven is an innovation that provides new revenue streams, pricing mechanisms, or reduces cost structures that can affect other building blocks. Multiple-epicenter is a multi-factor driven innovation that can have a significant impact on several other building blocks. If we look at the business that we will create, the business model transformation used is offer-driven, that is, it creates a new proportion value and will affect other building blocks. The following is an explanation of the nine building blocks that are applied.

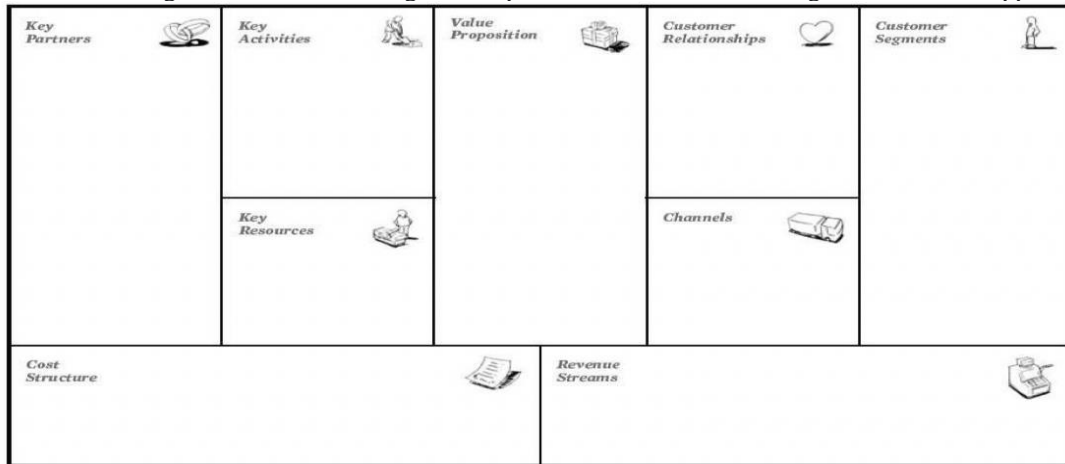


Figure 3 Business Model Canvas Template  
 (Source: Osterwalder & Pigneur, 2010: 44)

**Customer Segment**

According to Osterwalder & Pigneur (2010, p. 20), customers are the main key in getting profit, without customers, a company cannot last long in the business they build. Based on the theory of (Ostewalder & Pigneur, 2010, pp. 20-21), they divide two market segments based on needs, consumer behavior, namely the upper middle class segment and the lower middle class segment.

**Value Propositions**

According to Osterwalder & Pigneur (2010: 22) [1], the proportion of value describes how customers can switch from one company to another through the products or services offered by a company that is different from its competitors.

**Channels**

According to Osterwalder & Pigneur (2010: 26) [1], Channels describes how a company can establish communication with its customers in conveying its proportional value.

**Customer Relationship**

According to Osterwalder & Pigneur (2010: 28) [1], relationships with customers are built according to the customer segment, because each segmentation is different.

**Revenue Streams**

According to Osterwalder & Pigneur (2010: 30) [1], revenue streams show the state of the company's finances obtained from cash from each consumer segment.

**Key Resources**

According to Osterwalder & Pigneur (2010: 34) [1], Key Resources are very important assets needed to make a business run.

**Key Activites**

According to Osterwalder & Pigneur (2010: 36) [1], Key Activities describe the important activities carried out by the company so that the business can work well.

**Key Partnership**

According to Osterwalder & Pigneur (2010: 38) [1], companies form alliances or collaborations for various reasons.

### **Cost Structure**

According to Osterwalder & Pigneur (2010: 40) [1], the cost structure describes all the costs needed to run a business model.

### **SWOT analysis**

SWOT is an acronym for strengths (Strengths), weaknesses (Weakness), opportunities (Opportunities), and threats (Threats) from the external environment of the company. The following is an explanation of SWOT according to David Fred R (2005: 47) [2], namely:

#### **1. Strength (Strengths)**

Strengths are resources, skills, or other advantages related to the company's competitors and market needs that the company is expected to serve. Strength is a special competition that gives a company a competitive advantage in the market.

#### **1. Weakness**

Weaknesses are limitations or deficiencies in resources, skills and capabilities that effectively hinder company performance. These limitations can be in the form of facilities, financial resources, management capabilities and marketing skills which can be the source of the company's weakness.

#### **2. Opportunities (Opportunities)**

Opportunity is an important, profitable situation in a corporate environment. Important trends are one source of opportunities, such as changes in technology and increased relationships between companies and buyers or suppliers are a picture of opportunities for the company.

#### **4. Threats**

Threats are an important disadvantageous situation in a corporate environment. Threats are a major deterrent to the company's current or desired position. The existence of new or revised government regulations can be a threat to the company's success.

### **Coworking Space**

The definition of coworking space is based on the meaning of the Oxford dictionary as a work or office environment used by people who work alone or work for different companies. In particular, coworking spaces offer a working environment where tools, ideas and knowledge are shared. In addition, other definitions, namely coworking space, include leasing workspaces that are shared and open with other users with flexible use of time. Workspaces in coworking spaces are used by people with different backgrounds, namely, entrepreneurs, freelancers, startups, associations, consultants, investors, artists, researchers, students etc. (Leforestier, 2009: 3) [6].

With various user backgrounds in coworking space, coworkers (the term for coworking space users) can interact with each other and offer their respective expertise for a project so that a collaboration can occur. Coworking spaces are based on important values, namely participation, variety and an open mind. Coworking space is basically dedicated to entrepreneurs who feel alone in running a business, are worried about feelings of isolation, lose human interactions and try to find opportunities from socializing. Through coworking space, entrepreneurs can share their experiences (Leforestier, 2009: 4) [6].

### **3. Research methods**

The research method used the action research method with the stages of diagnosis, action planning, action taking, evaluating and learning. Referring to the action research research method, a research frame of mind is made as shown in Figure 4.

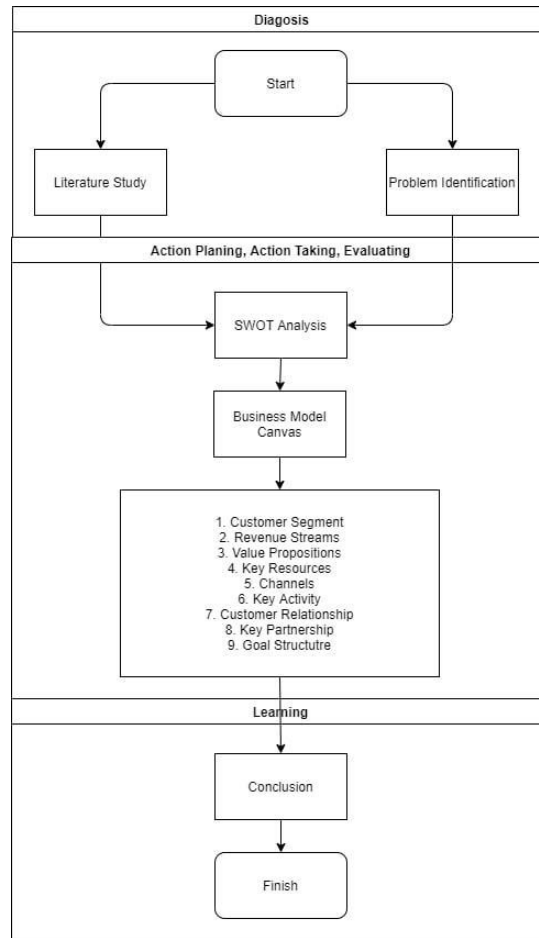


Figure 4 Research Framework

The study begins with a diagnosis to determine the conditions that occur in the company. To find out this condition is not only by making direct observations, but also by conducting interviews with competent parties to obtain the desired data. After the condition of the company is known, the problems that arise are identified to get an overview of the attributes or factors that are considered in determining development alternatives so that the purpose of making this thesis is to develop from the business strategy that has been carried out previously.

The second stage after diagnosis is action planning and action taking using SWOT analysis tools to see the company's internal and external environment. Evaluating is done by looking at the condition of the Business Model Canvas on the ABC Coworking Space, which is determined based on the results of interviews with sources who then produce accurate information about the nine elements of the Business Model Canvas on the ABC Coworking Space.

#### 4. Research result

Based on the results of interviews with researchers with the owner and questionnaires from employees / hosts of ABC Coworking Space, the following data will be included in the SWOT analysis based on internal and external factors in the company environment and will then be used as a SWOT matrix to determine the location of the company's position.

|                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- Lokasi Strategis</li> <li>- Biaya Membership Terjangkau</li> <li>- Pelayanan Ramah</li> <li>- Tempat / Lokasi Milik Pribadi</li> <li>- Suasana dan Lingkungan Kerja Yang Nyaman</li> </ul>                                                                                                                      | <p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- Konsep Bisnis Mudah Ditiru Oleh Pesaing</li> <li>- Belum Adanya Sistem Pemesanan Secara Online</li> <li>- Kapasitas Ruangan Terbatas</li> <li>- Koneksi Internet Terkadang Tidak Stabil</li> <li>- Kurangnya Promosi</li> </ul> |
| <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Pertumbuhan Usaha Startup, Ekonomi Kreatif, Freelancer dan Wirausaha Mudah Semakin Meningkat</li> <li>- Pertumbuhan Pesaing Coworking Space Sangat Pesat</li> <li>- Program Pemerintah Mendukung Ekonomi Kreatif</li> <li>- Program Wirausaha Yang Sudah Menyasar Kalangan Pelajar dan Mahasiswa</li> </ul> | <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Tingkat Sensitifitas Terhadap Harga Sangat Tinggi</li> <li>- Pesaing Menawarkan Jasa Lain Selain Coworking Space</li> <li>- Peningkatan Fasilitas</li> </ul>                                                                       |

Figure 5 SWOT Analysis of ABC Coworking Space

Based on the analysis that has been done, all business activities in the ABC Coworking Space environment are mapped on the nine element blocks into the Business Model Canvas as shown in Figure 6.

|                                                                                                                                                                                                             |                                                                                                                                                   |                                                                                                                                                                                                                      |                                                                                                                                                                           |                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Key Partnership</b></p> <ul style="list-style-type: none"> <li>- Provider Internet</li> <li>- Komunitas Kreatif</li> <li>- Penyedia Interior</li> </ul>                                               | <p><b>Key Activities</b></p> <ul style="list-style-type: none"> <li>- Coworking Space</li> <li>- Private Space</li> <li>- Meeting Room</li> </ul> | <p><b>Value Propositions</b></p> <ul style="list-style-type: none"> <li>- Kolaborasi</li> <li>-Cost Efficiency</li> <li>- Produktifitas</li> <li>- Lingkungan Kerja Profesional</li> <li>- Suasana Nyaman</li> </ul> | <p><b>Customer Relationship</b></p> <ul style="list-style-type: none"> <li>- Host (Karyawan)</li> <li>- Komunikasi</li> <li>- Facilities</li> <li>- Networking</li> </ul> | <p><b>Customer Segments</b></p> <ul style="list-style-type: none"> <li>- Entrepreneur</li> <li>- Freelancer</li> <li>- Low-Middle Startup</li> </ul> |
| <p><b>Key Resources</b></p> <ul style="list-style-type: none"> <li>- Koneksi Internet</li> <li>- Call &amp; Mail Reservation</li> <li>- Google Apps Documentation</li> <li>- Sumber Daya Manusia</li> </ul> |                                                                                                                                                   | <p><b>Channels</b></p> <ul style="list-style-type: none"> <li>- Online : Website, Media Sosial, Jasa Iklan</li> <li>- Offline : Partnership Komunitas, Event Rutin, Member</li> </ul>                                |                                                                                                                                                                           |                                                                                                                                                      |
| <p><b>Cost Structure</b></p> <ul style="list-style-type: none"> <li>- Operational Cost (Gaji Karyawan, Utilitas, Fasilitas, dll)</li> <li>- Perawatan Tempat</li> <li>- Marketing</li> </ul>                |                                                                                                                                                   | <p><b>Revenue Streams</b></p> <ul style="list-style-type: none"> <li>- Membership Plan Coworking</li> <li>- Membership Plan Private Space</li> <li>- Meeting Room</li> </ul>                                         |                                                                                                                                                                           |                                                                                                                                                      |

Figure 6 Business Model Canvas ABC Coworking Space

Can be seen in the picture above is a Business Model Canvas that occurs in business activities at ABC Coworking Space, here is an explanation.

1. Customer Segment

ABC Coworking Space has 3 Customer Segments, namely Entrepreneurs, Freelancers and Low Middle Startups. The three segments are directed to become members by choosing the type of membership plan according to their individual needs. Generally, the three customer segments are engaged in the creative industry

2. Value Proposition

From the beginning, ABC Coworking Space was founded by carrying out We Work, We Learn, We Colaborate. It is hoped that members can collaborate with one another in order to increase productivity and be supported by good working comfort.

3. Channels

ABC's way of marketing the services provided to predetermined consumer segments is offline and online. For the offline method, namely by collaborating with several creative communities to hold events or events held on



ABC. As for the online method, namely by increasing interesting content on websites and social media, so that and doing promotions in advertising service providers on the internet, social media such as Instagram, Twitter and Facebook.

#### 4. Customer Relationship

Ruangreka has a host that can be contacted at any time to help meet customer needs and complaints. ABC also helps to connect members with other members, communities, to business partners. To get to know each other and strengthen the relationship between members and management,

#### 5. Revenue Streams

In an effort to get income and profit, ABC relies on membership fees from members, meeting room rentals, private space rentals, and holding events in Ruangreka.

#### 6. Key Resources

The key resources contained in ABC have an important role, such as the telephone and the internet as a means of communication that will connect many parties and interests in work. In addition, it also needs documentation such as recording financial reports, asset data, member data and other data for operational purposes. Then human resources have a key role in creating a collaborative climate that can help ABC members in supporting their work.

#### 7. Key Activities

Basically, coworking space and private space are the main activities in Ruangreka so that they can provide the best facilities that support these activities. In addition, the existence of a meeting room is very important which can be used for meeting activities or holding closed meetings. Then to help the networking that members expect, ABC organizes various events in collaboration with various communities.

#### 8. Key Partnership

ABC's key partners who help run the business are the community, internet providers and interior providers

#### 9. Cost Structure

Ruangreka's cost structure consists of operational costs such as employee salaries, utilities, purchases of goods to support work activities or consumables. Then the cost of maintaining the place must also be considered in order to support the comfort of the members. And marketing costs such as advertising services and making neonboxes, brochures and others.

## 5. Conclusion

Based on the results of research related to the design of a business model canvas on ABC Coworking Space, it can be concluded that the research has produced one business model canvas for ABC Coworking Space which is mapped into nine blocks of business elements of the canvas model. The mapping is also based on the results of the internal and external environmental analysis of ABC Coworking Space using a SWOT analysis.

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