



RESEARCH INTO POPULAR DATABASE-MATCHING APPS

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INB6A1 Planning a New Venture

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I. Executive Summary

This report is a part of a business plan for WaiterBase. It will examine the strengths and weaknesses of popular database-matching apps, such as Uber and TaskRabbit. By analyzing this ‘sharing’ business model we can see the applications, if any, to our new venture.

Because this report is based on secondary sources, such as articles, reports, books, etc., they are used to support the theoretical part of this report — the analysis of the Uber and TaskRabbit business models. In addition, the author will try to apply the theoretical framework to the case of WaiterBase and propose some recommendations in the last section of this report. This document is due on the 12th November 2019. The main recommendations for WaiterBase are to apply the already existing model that Uber and TaskRabbit use and adjust to our venture, create industry metrics, and implement feedback constantly and quickly. The first and second is meant to be done as the company is strategically created and the other as the business develops.

II. New Venture

WaiterBase, at the core, is an app that matches users with a system or with free-roaming. It is a database of information that waiters can use to be matched to restaurants and vice versa. The restaurants can upload the requirements, salary, any necessary information about the company. The waiters can upload experience that they would include on their resume. Each party can rate the person that they hire or waitress at. In the current market, this venture does not exist, and its demand is growing with “Price Waterhouse Coopers (estimating) that by 2025, the five main sectors of the sharing economy could represent \$335 billion in revenue worldwide” (Roh, 2016, 505). This offers the opportunity for the app to be successful in an already almost saturated market of apps and food-related or restaurant enterprise.

III. Model Overview

To understand how this concept of a database with a matching system developed, we need to explore the difference in our use of technological applications. Our society has become dependent on the Internet and mobile devices to rectify issues that we encounter. Not only have we created ‘apps’ for individual problems but also combine our collective intelligence. This “refers to (the) ability of virtual communities to leverage the combined expertise of their members. What we cannot know or do on our own, we may now be able to do collectively” (Jenkins, 2006, 28). Over time, our lives have become about working collaboratively “to exploit the full resources of a knowledge community rather than put all of their trust in one (...) individual” (42). This is an effective tool, especially as the world becomes more globalized. According to Roh, the concept of a sharing economy means that the general public can use social networks to facilitate connections. They can “obtain value from untapped potential residing in goods and services that are not entirely exploited by their owners” (Roh, 2016, 503). Companies have applied this collaborative nature to their business models and fulfilled a rapidly widening consumer need to have everything immediately available. This is advantageous by “Exploiting ICTs (Information and Communication Technologies) for social enterprise innovation (that can, therefore) be a new driver to the success of the (efficient) sharing economy business” (510).

IV. Company Comparison

There are now many ‘matching-type’ apps that exist across multiple industries and sectors, including dating, dining, and transportation. I have chosen to focus on Uber because it is an app that has a matching system. It is also globalized, in comparison to companies that have a similar function but are localized to a specific country. TaskRabbit is unique because it posts jobs and is more based on experienced.

a. Uber

An example of a successful company that operates in the sharing economy market, is Uber, which has more than 91 million active monthly users. There have been many ride-sharing apps that have entered the market and compete with taxis. Furthermore, Uber has been challenged by other local apps outside of the United States. Uber’s success in the concept of ridesharing has paved the way for similar companies, raising the accessibility in transportation. Uber was founded by Travis Kalanick and Garrett Camp in 2009, with the current CEO being Dara Khosrowshahi, in the San Francisco. However, the company has been criticized for its aggressive strategy in dealing with regulators and for other unlawful practices. Uber has since extended its services into numerous different industries.

Technology has allowed Uber to transform the transportation industry by linking its business model to an emerging market. Uber has been able to offer a “greater personalization in value proposition (by responding) to the fragmentation of consumer preferences and the resultant demand for more-diverse offerings” (Kavadias et al, 2016, 4). This is made possible by the ability to collect large amounts of data, processing it, and giving users recommendations and alerts. Uber was able to change a system where it was previously thought to be standard instead of personalized.

The following figure presents the company characteristics:

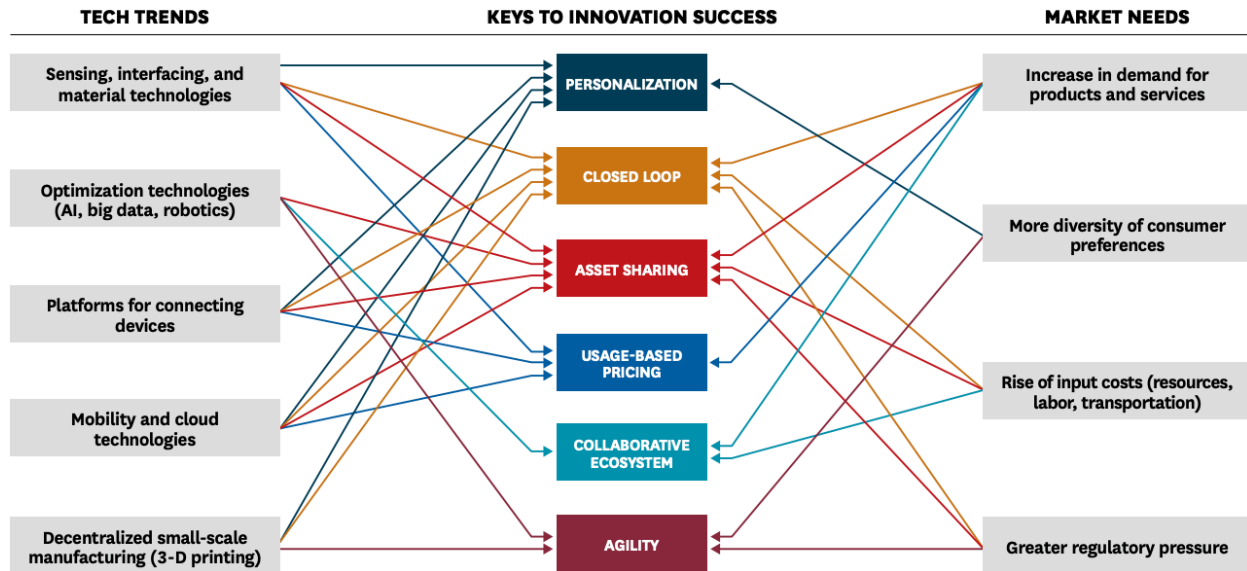


Fig. 1 Keys to Innovation Success, 2016

Ideas do not only have to be innovative but also executed. To truly transform the industry, the authors propose that a company needs to claim a significant number of features in the figure above. It is important to develop industry-specific metrics to evaluate where a new venture stands in performance.

Analysts acknowledge that “an Uber-style business model is, in itself, no guarantee of success, nor is there one ‘right’ business model design” (Teece, 2018, 43). Teece explores how a company with more dynamic capabilities will be able to target the needs of their customer. To do this, they must seize opportunities and address threats.

The following figure explains how to adjust the company strategy towards the optimal characteristics:

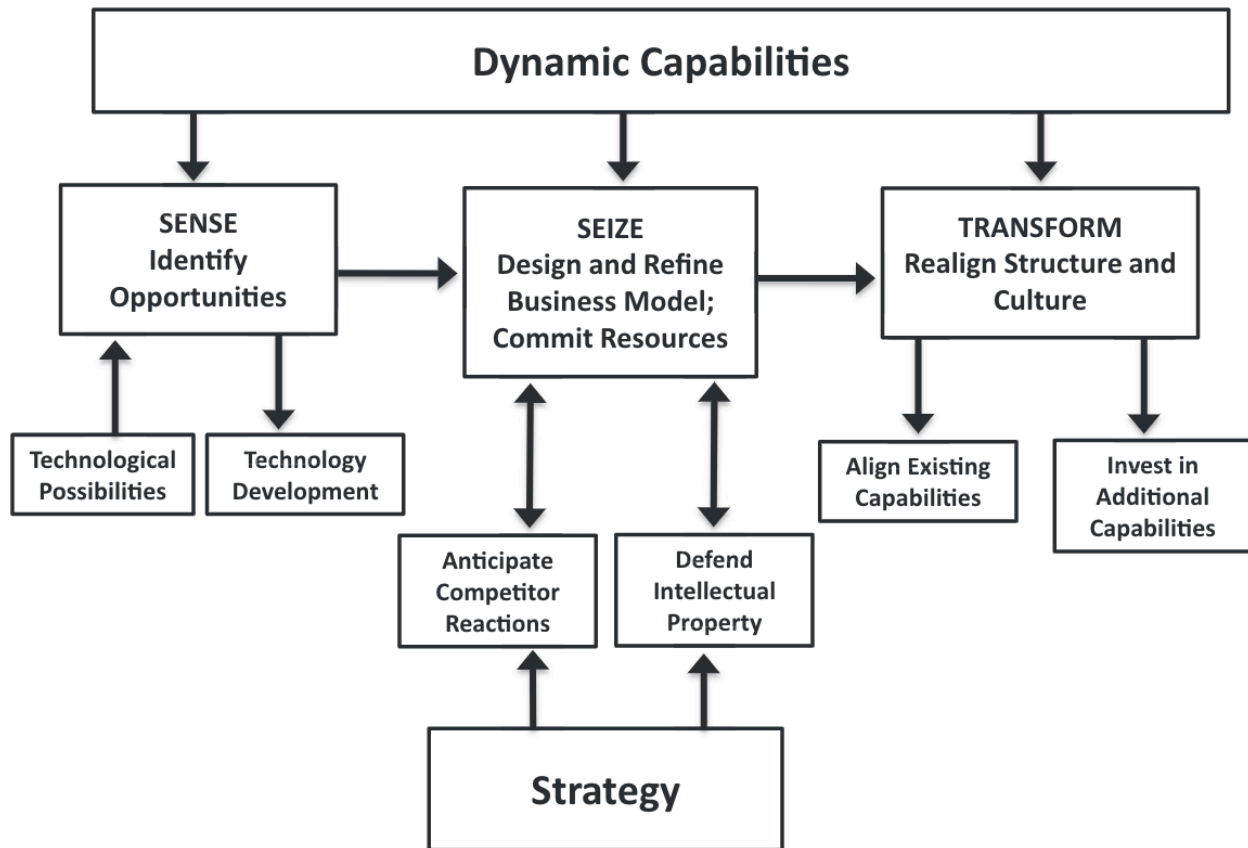


Fig. 2 Dynamic Capabilities of a Company, 2018

There are many options for business models, however, each has its shortcomings. A new venture has the “capability to mix and ‘remix’ or ‘orchestrate’ business model components or elements into business models” (45) that match the specific business. As a company develops, they must consider international aspects where “cross-border transfers and adaptations require sensing, seizing, and flexibility at the local and headquarters levels” (48).

b. TaskRabbit

TaskRabbit was founded by Leah Busque in 2008, with the current CEO being Stacy Brown-Philpot, in Boston. The company has grown to have more than 1.5 million active users. Differing from Uber, it operates in crowdsourcing with freelancers and those who individually hire. There have been many platforms that base themselves in this model, each

being in different industries. However, TaskRabbit's success is based on the fact that, in our fast-paced society, individuals no longer have time to do what is considered menial tasks. The company was acquired by IKEA and they furthered their endeavors by creating an assembly service.

Crowdsourcing is defined as “a type of participative activity in which an individual, an institution, a non-profit organization, or company proposes to a group of individuals of varying knowledge, heterogeneity, and number, via a flexible open call, the voluntary undertaking of a task” (Rougès et al, 2014, 1). This is not a new practice. Technology has allowed TaskRabbit to transform the ability for individuals to contribute to the participatory culture, increasing the number of people working for themselves.

Analysts acknowledge that an obstacle to this TaskRabbit business model is ‘how can we create trust?’ Rougès and Montreuil explore ways such as: implementing a rigorous selection process, a feedback system, profiles, direct contact, a secure online payment system, and insurances (14). TaskRabbit has implemented all these methods to ensure that their customers are satisfied with their product.

However, while TaskRabbit was successful in their model and grew at an exponential rate, the executives noticed an issue — “the percentage of completed tasks posted to the service's auction house had leveled off and was beginning to decline. Individual tasks were seeing fewer bids, as well as a decline in completed and accepted tasks” (Isaac, 2015, 4). They looked through the feedback and realized that users posting had difficulty setting prices and ‘taskers’ took a long time finding jobs. The company had to completely remodel their system based on its shortcomings. This evolution was eventually positive for the company, but it was only due to their analyzing feedback, swiftness in timing and ability to execute that they were successful.

V. Conclusion and Recommendations

Selecting a business model necessitates a thorough evaluation of the current market. Three characteristics were presented along with important tools that may assist WaiterBase in determining a feasible and competitive strategy. Like Uber, our company can address each user's needs in a traditional market. Instead of the generic ways of looking for and posting jobs, the matching system allows each job to be personal and specific. As TaskRabbit has identified the participatory culture is rising, where people want to work for themselves. Our company can capitalize on this, but we will need to have dynamic capabilities and will need to be able to adapt quickly.

Our new venture offers a product with an untapped niche market, a database of employees and employers, and a matching system with available location services. Based on successful companies in the sharing economy, we can see that this idea applies to current conditions. In addition, the restaurant and event industry does not build on the use of technology. Considering these factors, the market will benefit from the existing model for transportation and handiwork and can change as our business grows and develops. A strategy that ensures WaiterBase's execution is imperative; therefore, our group would need to create industry metrics to see where our venture stands in performance. Specifically, we can survey those currently working in this environment. We will also be able to include the same integrations in our app as TaskRabbit or Uber. As shown previously, it is important to make the process as easy for customers as possible. By having each step in the app, the customer does not have to think about anything but a click of a button. This has proven to increase sales. After the company has been created and launch, we would need to make sure we are not complacent but rather constantly evolving, to the comments and feedback and make a quick turnaround in updates.

1. Adjust already existing model	<ul style="list-style-type: none">• Tweak to our new venture• See what works or doesn't work
2. Create industry metrics	<ul style="list-style-type: none">• Performance• Comparison to other companies• Survey freelancers in similar applications
3. Integrations	<ul style="list-style-type: none">• Easy one-click process• Rigorous selection process, feedback system, profiles, direct contact, secure online payment system, insurances
4. Comments and feedback	<ul style="list-style-type: none">• Make changes• Quick turnaround time for updates

Fig. 3 Table of Recommendations

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