

**MARKET ANALYSIS FOR “THEATRE IN SITU” SOCIAL APPS
AND SCENIC TOOL: THIS BY SMARTHEA**



THUNYARRATH CHIRAKUNRUNGKIATTI

**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2023**

COPYRIGHT OF MAHIDOL UNIVERSITY

Thematic paper
entitled
**MARKET ANALYSIS FOR “THEATRE IN SITU” SOCIAL APPS
AND SCENIC TOOL: THIS BY SMARTHEA**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

on
April 22, 2023



Thunyarrath C.

.....
Miss Thunyarrath Chirakunrunskiatti
Candidate

Randall Shannon

.....
Assoc. Prof. Randall Shannon,
Ph.D.
Advisor

Chanin Yoopetch

.....
Assoc. Prof. Chanin Yoopetch,
Ph.D.
Chairperson

Vichita Ractham

.....
Assoc. Prof. Vichita Ractham,
Ph.D.
Dean
College of Management
Mahidol University

Suthawan Sato

.....
Suthawan Chirapanda Sato,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

It is my pleasure to express my gratitude to everyone who offered me the opportunity to work on and finish my consulting internship assignment. Particularly my advisor, Assoc. Prof. Dr. Randall Shannon, without whose counsel and direction this consulting internship report would not be altogether completed.

Without gracious assistance, fervent participation, and significant feedback from my team at Toulouse School of Management, the insight data and information provided by Roland Auzet, the founder of Smartha Company and Jean-Claude Rassou, a business consultant for Smarthea, as well as an educator who acts as a senior consultant, David Santana Corchuelo, to guide the project along, this consulting internship paper would not be accomplished.

Above all else, without the motivation from my beloved family, and College of Management at Mahidol University and Toulouse School of Management, I would not have been able to complete my degree.

Thunyarrath Chirakunrunskiatti

MARKET ANALYSIS FOR “THEATRE IN SITU” SOCIAL APPS AND SCENIC TOOL: THIS BY SMARTHEA

THUNYARRATH CHIRAKUNRUNGKIATTI 6449102

M.M. (GENERAL MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASSOC. PROF. DR.RANDALL SHANNON, Ph.D., ASSOC. PROF. DR.CHANIN YOOPETCH, Ph.D., DR. SUTHAWAN CHIRAPANDA SATO, Ph.D.

ABSTRACT

This consulting Internship paper aim to help SMARTHEA company to find the right business case for THIS application through value curve, customers analysis, competitors’ analysis, and pricing model by providing recommendations on a viable business model and business plan for THIS (THéâtre In Situ) by SMARTHEA. This project is part of the "Augmented Experience of Live Performance" theme. It is based on new modalities of interaction between audiences and artists (contemporary dramaturgies, transmedia writing) thanks to the creation of a community platform, a stage editing software and a smartphone application and augmented reality glasses) based on 5G technology. The structuring value of THIS is the provision of tools offering a wide range of services: artistic creation, broadcasting, and networking.

THIS also seeks to respond to the dilemma of the disruption of the public’s cultural activities by the COVID-19 pandemic. In addition, it seeks to offer greater participation for audiences with limited mobility whilst leveraging on technological advancements to attract a younger generation into the arts and culture.

KEY WORDS: Social Apps and Scenic Tool/ Augmented Experience of Live Performance/ Creative Pricing Model/ Transformative Business Model

34 pages

CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
CHAPTER I INTRODUCTION	1
1.1 THIS by SMARTHEA Background	1
1.2 Problem Statement	1
1.3 Research Objective	2
1.4 Research Scope	2
CHAPTER II LITERATURE REVIEW	3
2.1 Transformative Business Model	3
2.2 Creative Pricing Model	5
CHAPTER III RESEARCH METHODOLOGY	7
3.1 Research Design	7
3.1.1 Problem Definition	9
3.1.2 Framework Development	9
3.1.3 Data Collection	10
3.1.4 Analysis	10
CHAPTER IV FINDINGS AND ANALYSIS	11
4.1 Customers Analysis	11
4.1.1 Creators	11
4.1.2 Space Owner	12
4.1.3 Organizers	13
4.1.4 Spectators	14
4.2 Competitors Analysis	15
4.2.1 THIS RS	17
4.2.2 THIS Lab	17

CONTENTS (cont.)

	Page
4.2.3 THIS App	17
4.3 Value Curve	17
4.4 Business Model Development	19
4.4.1 For Creators	19
4.4.2 For Space Owner	20
4.4.3 For Organizers	20
4.4.4 For Spectators	21
4.5 Final Pricing Model	21
4.5.1 Spectators	22
4.5.2 Creators	23
4.5.3 Space Owner	23
4.5.4 Organizers	23
4.6 Revenue Estimation	24
4.7 Discounted Cash Flow	26
CHAPTER V CONCLUSIONS AND RECOMMENDATIONS	28
5.1 Conclusion	28
5.2 Limitations	29
5.3 Recommendations	30
REFERENCES	32
BIOGRAPHY	34

LIST OF FIGURES

Figure	Page
2.1 Airbnb Business Model: How Airbnb Makes Money	4
3.1 Major stakeholders of this project	7
3.2 Project Timeline of THIS by SMARTHEA consulting project	8
4.1.1 Persona of the creator	12
4.1.2 Persona of the space owner	13
4.1.3 Persona of the spectator	14
4.2.1 THIS App's competitors' analysis	15
4.2.2 THIS Lab's competitors' analysis	16
4.2.3 THIS RS's competitors' analysis	16
4.3.1 THIS by SMARTHEA's Value Curve	18
4.3.2 Value Proposition	18
4.4 Model of how all transactions are made through the application	19
4.5 Final Pricing model	22
4.6 Revenue estimation of the model developed	25
4.7.1 DCF analysis	26
4.7.2 Company Value	27

CHAPTER I

INTRODUCTION

1.1 Background

SMARTHÉA(SMT) is a start-up in the field of digital innovation and augmented reality for live theater and scenic creation. It has a network of partners each bringing complementary skills in the arts and theater industry. There are actors and members of culture and art as well three research laboratories of ENS Paris Saclay and the Scène de recherche), the AP-HP, the University of Versailles SQ and the CEREMH. SMARTHÉA's ultimate goal is to invent the future of scenic interaction between an audience and actors, relying on broadcast innovation or new technologies of interactions.

The THIS app is a multiservice platform which facilitates the creation innovates live performances through:

- Community platform connecting creators, space owners and spectators.
- Software tool to create augmented experience.
- A platform to discover, experience and watch innovative live shows.

1.2 Problem Statement

Developed and operated by SMARTHEA, the THIS (THéâtre In Situ) project is part of the "Augmented Experience of Live Performance" theme. It is based on new modalities of interaction between audiences and artists (contemporary dramaturgies, transmedia writing) thanks to the creation of a community platform, a stage editing software and a smartphone application and augmented reality glasses) based on 5G technology. The

structuring value of THIS is the provision of tools offering a wide range of services : artistic creation, broadcasting, and networking.

THIS also seeks to respond to the dilemma of the disruption of the public's cultural activities by the COVID-19 pandemic. In addition, it seeks to offer greater participation for audiences with limited mobility whilst leveraging on technological advancements to attract a younger generation into the arts and culture.

As a result, a concise and targeted financial plan is being needed to be developed in order to maximize the revenue generation as a part of the company's appropriate decision for its business launch.

1.3 Research Objectives

In this study, the main objective is to help SMARTHEA company to find the right business case for THIS application through value curve, customers analysis, competitors' analysis, and pricing model by providing recommendations on a viable business model and business plan for THIS (THéâtre In Situ) by SMARTHEA.

1.4 Research Scope

This is a company consulting project in cooperation between SMARTHEA (SMT) Company and Toulouse School of Management as a part of Master of International Management's final project to enhance the practical experience of students by being junior consultants on a relevant managerial or strategic issue for a company.

The study took place in Toulouse, France where students meet to discuss and research for the company while the weekly update with the company is through zoom application since the company is located in Paris, France.

The project also includes practical business model as well as pricing model of the benchmarking companies divided by each aspect: **Theaomai, La Lieu Parfait, Backstage, Max, Ticket Master, and traditional Theatre.** Those practice will lead to a better decision of the company for a better pricing strategy and business model.

CHAPTER II

LITERATURE REVIEW

As a start-up business, it can't be denied that business model and pricing strategy is the essential core tools in which if planned out well will lead to a successful of the company. The junior consulting team is accountable for sharing advice, best practices, and business lessons learned for the company for a better decision. In this chapter, it comprises with 2 sections:

2.1 Business Model

2.2 Pricing Model

2.1 Business Model

Recently, we are living in a fast-growing technology era where an emerging market is necessary for all businesses. The model's features specify how the firm will organize itself, who it will partner with to build value, how it will structure its supply chain, and how it will establish the customer value proposition and pricing mechanism. In its most basic form, a business model is a system whose numerous components interact, frequently in intricate ways, to determine the profitability of the organization.

There are six major features to be in consideration when building the transformative business model, which are: personalization, a closed-loop process, asset sharing, usage-based pricing, a collaborative ecosystem, and agile organization. The research found that, the more features company can put in their business, the greater opportunity they will have in the transformation.

However, there are two possible ways to transform the industry by utilizing modern technology. First is to be the newcomer with modern technology model entering the market to replace existing players. Second is to follow the competitors who has already adopt it which mean the industry has already been changed. Taking Airbnb as an example, the

founder ha The Airbnb founders understood that platform technology made it possible to create a completely new business model that would disrupt the established economics of the hotel industry. As a result of not needing to own or manage tangible assets to generate income, Airbnb can charge lower prices (sometimes 30% less than hotels do). The platform is run by Airbnb, who also keeps a cut of the rent.

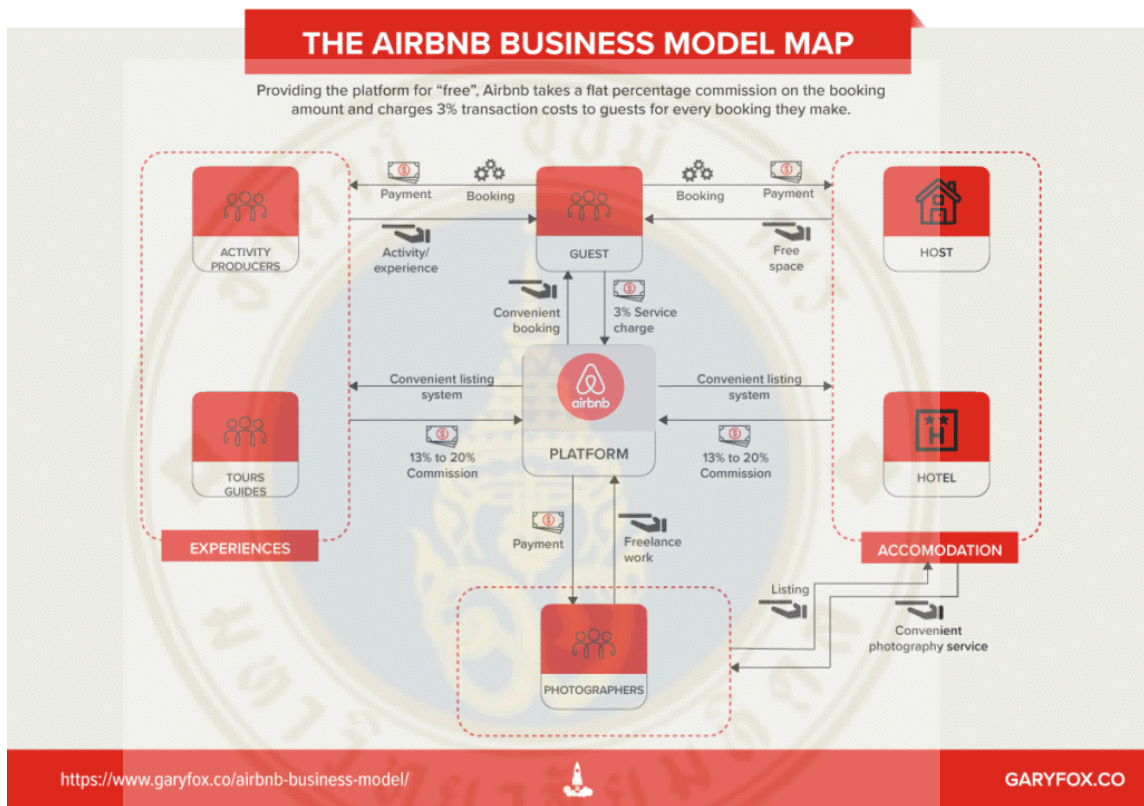


Figure 2.1 Airbnb Business Model: How Airbnb Makes Money

Source: Gary Fox

In addition, Airbnb's risks and operational costs are far lower than those of conventional hotels because the house owners are in charge of running, maintaining, and providing any services they may offer. By providing a more individualized service strategy, Airbnb's reimagines the value proposition from the perspective of the client and has successfully transformed the hotel industry.

There was never a good reason to alter the hotel industry in any significant way before platform technology existed. However, following its introduction, the dominant business model was open to attack from anyone who could use that technology to develop a more enticing value proposition for customers. The new business model bridges the gap between what technology can do and what consumers want (Stelios Kavadias, Kostas Ladas, and Christoph Loch, 2016).

2.2 Pricing Model

With the introduction of new services such as Netflix, Disney+, HBO, the streaming video industry is suddenly becoming crowded. Each one of them implements the all-you-can-watch for a set monthly fee pricing model that has come to be accepted in this market. Offering only all-you-can-watch is a mistake in the modern era when there are so many streaming services available. By doing this, a service's customer base is constrained, making it susceptible to competitors' more competitive pricing strategies.

There is pro and con for this competitive streaming industry. The benefit of increased competition is better programming. An increased competition will encourage even more innovation. On the other hand, the major drawback is that, rather than aggregating and bundling services, streaming enterprises have preferred to offer singly the all-you-can-watch deals. As a result, consumers will have to piece together several disparate services to watch their favorite shows, which can be costly.

It is being encouraged to have a better creative pricing model, like a metered model, a Good-Better-Best choice, or a hybrid plan, in an increasingly crowded market. Since viewers are becoming pickier about how many services they need to subscribe to, doing this would better meet customer needs. Moreover, if rival streaming services begin to offer lower-cost options, those who cannot follow suit massive vulnerable position.

There are better strategies to take into account when considering better appealing pricing strategy for streaming business-like product which are metered, good-better-best, metering/good-better-best hybrid, and discounts to incentivize commitment.

- **Metered:** The simplest solution is to charge users based on the number of shows or viewing time. A handful of volume-based plans can be offered by low, medium, and high.
- **Good-better-best:** The most common used in today's business. It's a way to provide customers with discount options which is done by offering various packages. Content limitation of each upgraded package can be divided into categories based on its type, exclusivity, and date of release. Utilization limitations include the "ability to binge watch," viewing duration, and device.
- **Metering/Good-better-best hybrid:** Mobile data package can be the best example for this type of strategy where the data provider limit numbers of call minutes. In addition to a set number of call minutes, it was also subdivided into categories of off-peak, peak, and international.
- **Discounts to incentivize commitment:** Streaming services typically only offer month-to month plans. It is simple to turn services on and off with this pricing strategy. However, this could cause customer dissatisfaction since volume discounts require a loyalty over time which could result in a lower customer satisfaction.

Putting obstacles in the way of customers who are price sensitive is a common pricing strategy. Customers can go straight to "unlimited" if price isn't their major concern. As a result, a one-price-fits-all approach should not be implemented since each customer has different needs and payment preferences for any given good or service. Using all-you-can-watch pricing could be a practical option when there were few competitors but with a current competitive market, it might be risky (Rafi Mohammed, 2019).

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

Formerly, Toulouse School of Management (TSM) acquired list of companies who are interested in giving opportunity for students to act as a junior consultant team to help with their project. Every team is consisted of multinational members to gain the best diverse idea.

The consultant team comprises with four students and one professor who is acting as a senior consultant for the team. The figure below is the first meeting with the company to discuss about the project scope and timeline for the deliverables.

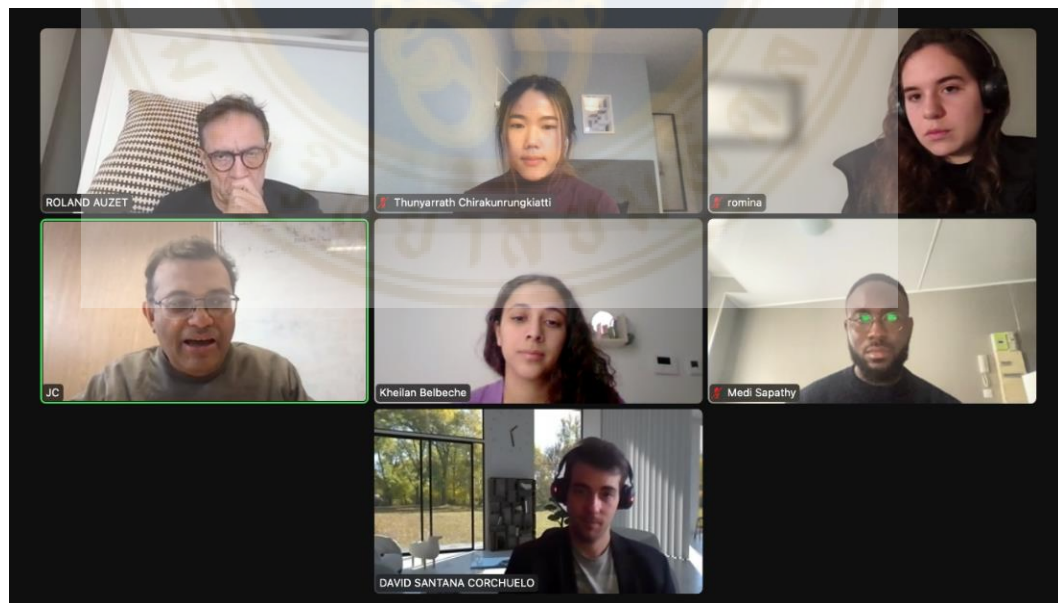


Figure 3.1 Major stakeholders of this project

From the company side, the first person from left is Roland Auzet, the founder of Smartha Company. Second one below is Jean-Claude Rassou, a business consultant for Roland. For the consulting side, which is Toulouse School of Management team, starting from an educator who act as a senior consultant, David Santana Corchuelo, the one at the bottom. Junior consultants include first, Thunyarrath Chirakunrunskiatti, Thai, the middle first row. Second, Romina Barrios Riofio, Argentina, the last in first row. Third, Kheilán Belbeche, France, the middle second row. Last one is Medi Sapathy, Ghana, the last in second row.

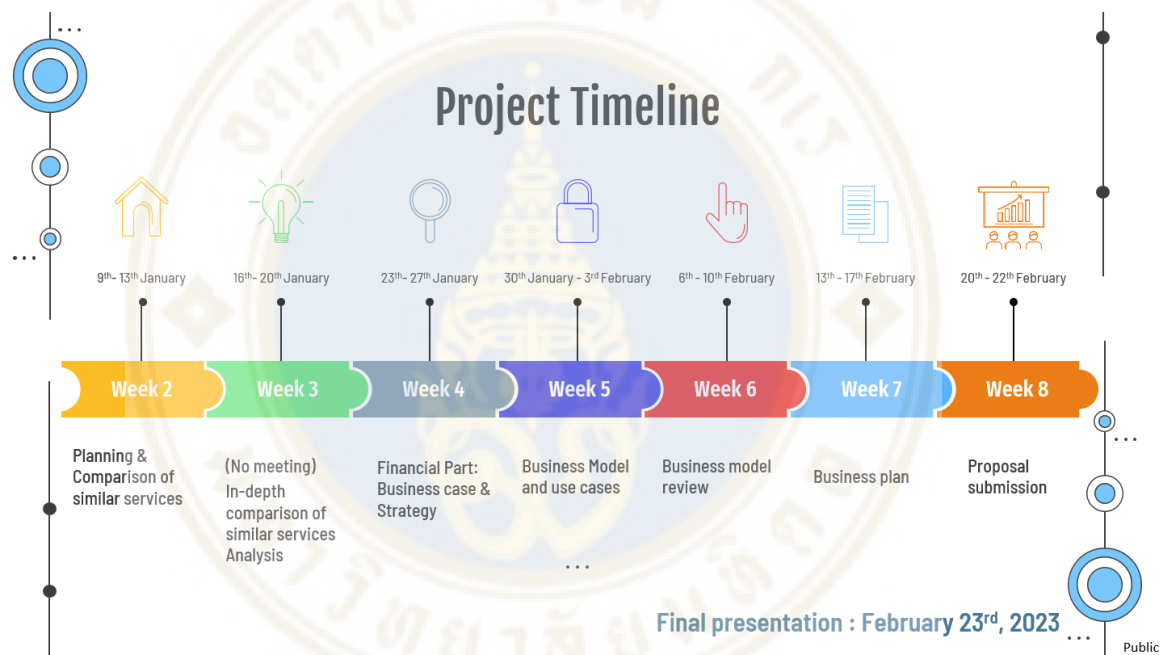


Figure 3.2 Project Timeline of THIS by SMARTHEA consulting project

This is a two-months duration project in Toulouse, France. The research design is being planned and discussed on the kick-off meeting with the company on 2nd February 2023. Figure 3.2 is the project timeline which is planned and agreed by both parties in the kick-off meeting. There are five steps in designing the research, which is Problem Definition, Framework Development, Data Collection, Developing Tools, and Analysis.

3.1.1 Problem definition

Under this section, the company first submitted a project proposal, “Marketing analysis and business plan development for Theatre in Situ, a social application and scenic tool.” to Nicola Mirc, a professor at Toulouse School of Management in France requesting for a consulting team to work on the real-life managerial and strategic issue of the company.

The consultant team was given a guideline of this project by a professor on the deliverable that the company expected to receive by the team which is the business plan development for the company to take appropriate decision for its business launch through the formation of Value Curve, Customers Analysis, Competitor Analysis, Pricing Model, and Business Model as tools to solve their problem.

A kick-off meeting online between the consulting team and the company which included Roland Auzet, the founder of Smarteha Company and Jean-Claude Rassou, a business consultant for the company was held on 2nd January 2023 to clarify about the mission, detail of the project, and the expected outcome.

3.1.2 Framework development

From the discussion with the company, the expected outcome of this project a company had with us is that they would like to know what the practical pricing models are as well as business models that benchmarking companies are currently doing, how are their doing right now, and what should they implement in order to succeed in the launch of their business.

By having Jean-Claude Rassou as a business consultant for the company, the framework to be used in this project was requested to be as followed:

- Customers Analysis
- Competitor Analysis
- Pricing Model
- Value Curve

3.1.3 Data collection

The data of customers and competitors' side are being collected through secondary research based on the internet. Since some of the information is hard to be found on the internet, some of the supporting information about the theatre industry is being collected from the primary research using qualitative interview method. The interviewee is the one inside the industry, which is Roland Auzet, the founder of Smarteha Company who is a musician with a higher education, a winner of numerous national and international prizes, has been building a professional career centered on the conception and management of artistic projects for many years.

3.1.4 Analysis

The consulting team perform analysis based on the information collected from the secondary research adjusting with some practical knowledge and experience of industry's expert, Roland Auzet as well as the business consultant expert, Jean-Claude Rassou for a better outcome of the project deliverables.

CHAPTER IV

FINDINGS AND ANALYSIS

4.1 Customers Analysis

THIS app by SMARTHÉA aims to facilitate the production of innovative live shows and experiences. In addition, it has the goal of establishing a network and community between members of the art industry and the public. As a result, the service targets three major categories of people who are stakeholders in the arts and theatrical industry. These targeted groups are:

- Creators
- Space Owners
- Organizers
- Spectators

These targeted customer segments are mainly individuals of differing social and financial backgrounds, a major factor taken into consideration in developing and costing the product. We decided to make 4 personas, an imaginary character representing a target group or segment within the framework of the development of a new product or service or a marketing activity taken as a whole for our This by Smarthea that represent the different customer we are targeting based on our research, here it's the result:

4.1.1 Creators

These relate to individuals or groups responsible for the development and the enactment of various art forms such as acting, dancing, or singing. They consist of the performers which spectators go to shows to watch. In order to execute their craft, they rely on efficient producers to cover the logistics of the show. They may simply require only a

venue or space to execute their craft. To create immersive and innovative shows, software technologies are in demand so they can employ them to attract a bigger audience.



Figure 4.1.1 Persona of the creator

Key facts

Approximately 109,000 workers in the arts and theater industry registered in France in various capacities in 2021 (source Audiens)

Age range – 19- 45 years

Income level – 1800€/monthly

4.1.2 Space Owners

These relate to individuals or groups who own or are responsible for venues and spaces for holding performances. Taking the dimension of real estate, they seek to have frequent renters for their spaces to reduce amortization and increase revenue and property value. They would need access to a niche market in the arts industry who can patronize their services. They do not relate to a specific age bracket.

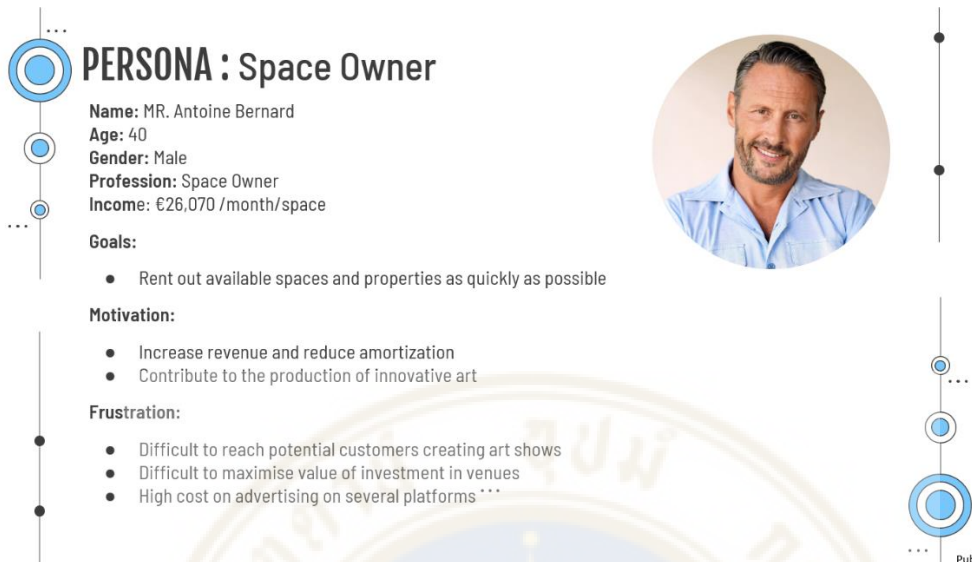


Figure 4.1.2 Persona of the Space Owner

4.1.3 Organizers

These are individuals or groups who through an interest in the arts seek to organize shows by connecting creators, space owners and spectators. The organizer can be one of the following parties.

- 1) An individual with an interest in art who contracts creators to perform a show and rents a space from the space owner. This individual is responsible for ticket sales and the costs involved in producing a show.
- 2) A creator who has art or performance content and decides to rent a space from the space owner. This individual is responsible for ticket sales and the costs involved in producing a show.
- 3) A Space owner who owns or possesses a space and decides to contract creators to perform in their space. This individual is responsible for ticket sales and the costs involved in producing a show.



Figure 4.1.3 Persona of the Organizer

4.1.4 Spectators

These refer to the general audience and wider public of show goers and art performance lovers. They are individuals from various age groups and social classes. A dimension on mobility is highlighted here since SMARTHEA THIS platform considers individuals of limited mobility and implications of difficulties in accessing in-person art shows thus ensuring the market is broader.

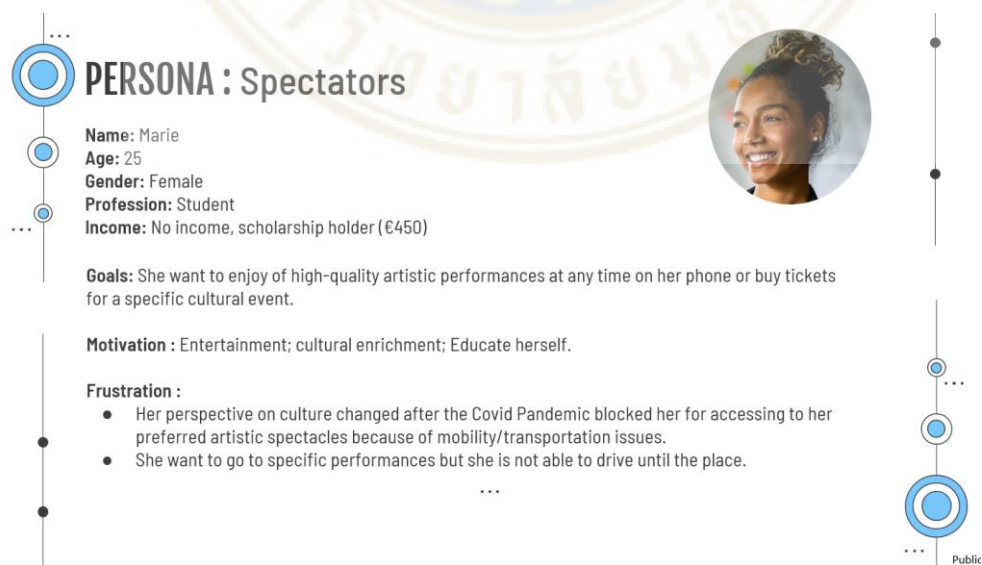


Figure 4.1.4 Persona of the Spectator

4.2 Competitors Analysis

THIS app and platform are one of a kind. As no exact competitor offers the same value proposition and business model identifying competitors is not direct. We lean on competitors offering similar solutions in the various dimensions of value proposition THIS offers. These dimensions are for THIS Lab- Software solutions, THIS App- social connection platform and ticket sales host and THIS RS – creator and space rental.

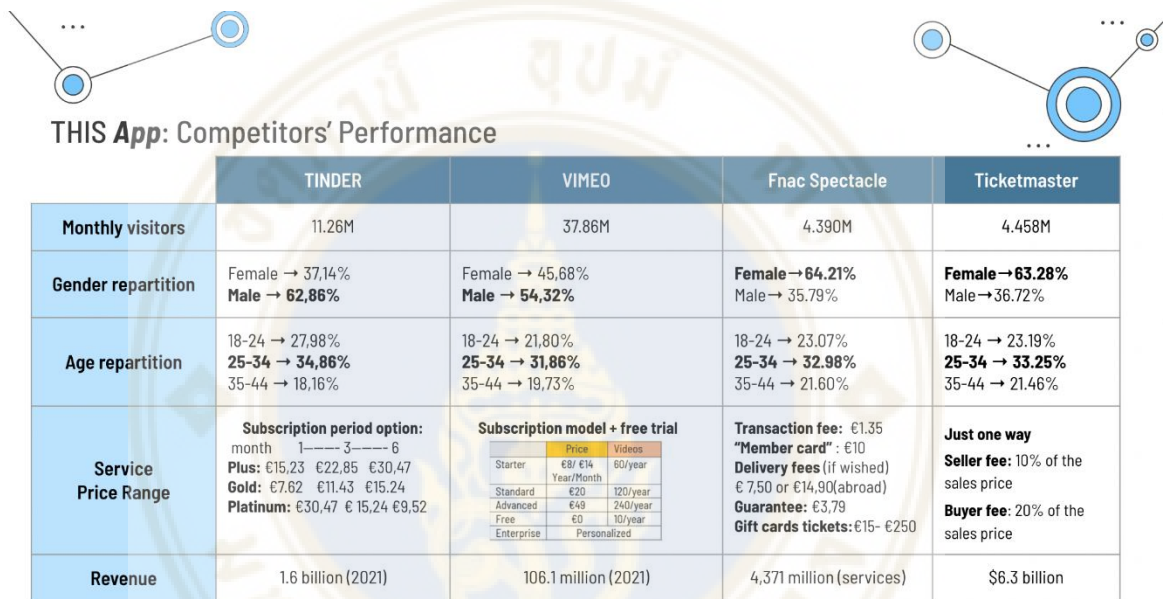



Figure 4.2.1 THIS App's competitors' analysis



THIS Lab: Competitors' Performance

	MAX (Cycling74)	Pure Data	Cakewalk
Monthly visitors	226.7K	50.8K	538.2K
Gender repartition	Female → 33,84% Male → 66,16%	Female → 26,35% Male → 73,65%	Female → 38,11% Male → 61,89%
Age repartition	18-24 → 24,07% 25-34 → 31,74% 35-44 → 19,37%	18-24 → 23,14% 25-34 → 30,47% 35-44 → 19,37%	18-24 → 27,25% 25-34 → 29,96% 35-44 → 18,72%
Service Price Range	Monthly subscription \$9.99 Annual subscription \$99 Permanent License \$399 Student discount: Annual subscription \$59, permanent License \$250 Upgrade for new version \$149	Free software (no update, hard to use)	Sonar home studio \$49 Sonar artist \$99 Sonar professional \$199 Sonar platinum \$499
Revenue estimation	Around 27 million (2021)	/	Around 1,37 billion (2021)


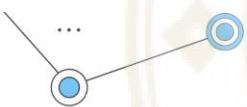


Figure 4.2.2 THIS Lab's competitors' analysis



Appendix 1: Comparison of similar services model

THIS RS (Artists): Competitors' Performance

	CASTPROD	CASTING.FR	FIGURANTS
Monthly visitors	193,662	166,171	141,101
Gender repartition	Female → 57,62% Male → 42,38%	Female → 53,88% Male → 46,12%	Female → 54,61% Male → 45,32%
Age repartition	18-24 → 21,50% 25-34 → 29,44% 35-44 → 20,36%	18-24 → 28,23% 25-34 → 30,57% 35-44 → 18,90%	18-24 → 23,65% 25-34 → 30,47% 35-44 → 19,91%
Service Price Range	Free Registration	1. 1-month limited (7 castings): €5.90/m 2. 12-months (Unlimited castings): €9.92/m 3. 1-month unlimited: €13.90	€12 monthly
Revenue	/	\$8.9M	/




Figure 4.2.3 THIS RS's competitors' analysis

After analyzing the competitors' current price and performance, we see some potential options for each transaction made through each part of the application which will be decided after developing the business model for the company. Following are all available options:

4.2.1 THIS RS: there are five possible revenue stream options:

- Option 1: Double commission for creators' side & spectator side
- Option 2: Subscription fees programs for spectator side
- Option 3: One time subscription fees for both creators and spectators
- Option 4: Advertisement renting space for creator/campaign owner
- Option 5: One stop service for providing advertisement campaign

4.2.2 THIS Lab: there are three possible revenue stream options:

- Option 1: Selling a full version software license in different packages with various features & price range
- Option 2: Free trial for a certain period of time then sell subscription fee for full access (weekly, monthly)
- Option 3: Free trial with different subscription packages depend on features use (Freemium)

4.2.3 THIS App: there are four revenue stream options

- Option 1: Selling a full version software license in different packages with various features & price range
- Option 2: Free trial for a certain period of time then sell subscription fee for full access (weekly, monthly)
- Option 3: Free trial with different subscription packages depend on features use (Freemium)

4.3 Value Curve

In order to understand THIS' competitive advantage in the marketplace through its value proposition, an analysis can be made on key attributes that serve as a criteria against other competitors. In synergizing these criteria, we use the Value Curve.

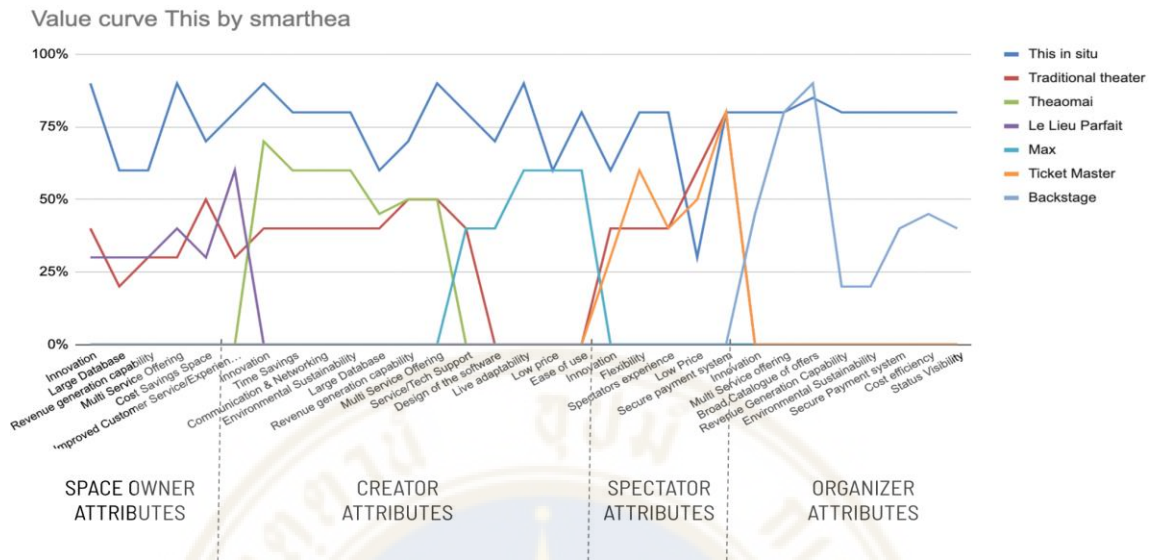


Figure 4.3.1 THIS by SMARTHEA’s Value Curve

In almost all the criteria it can be seen that THIS platform ranks higher than the existing competition. Innovation and Multi-service Offering are key dimensions which indicate a First-time mover advantage and the ability to venture into a Blue Ocean.

The complexity but also the uniqueness of THIS relies on the fact that every stakeholder needs something very different and Smarthea’s app brings a solution for each of them unlike anything existing in the market as we saw previously in the value curve, where THIS stands out. Under this point of view, Smarthea’s offering it’s structured around 3 main areas:

	THIS Lab	THIS RS	THIS App
Key function	Innovative interface /software	Artistic social network (allows interaction)	Enable spectators to access shows
Value Proposition	For enabling an interactive performance creation in live with the audience, our software is a coding program that enlarge the possibility of your show with multi-sensory experience to make it more immersive.	The platform works as an artistic Tinder. It is a place of interaction and discovering. In this sense, access to market opportunities, and increased visibility for every stakeholder involved is granted.	The app act as a facilitator for spectators, ensuring easy access to cultural representations and increasing people’s involvement thanks to an interactive multi-sensory experience.
Stakeholder targeted	Creators	Creators, Spectators, Organizers	Spectators

Figure 4.3.2 Value Proposition

4.4 Business Model Development

Following the logic from the value proposition development, the platform is intended to connect all of them. This idea is represented graphically with the business model drawn by the team:

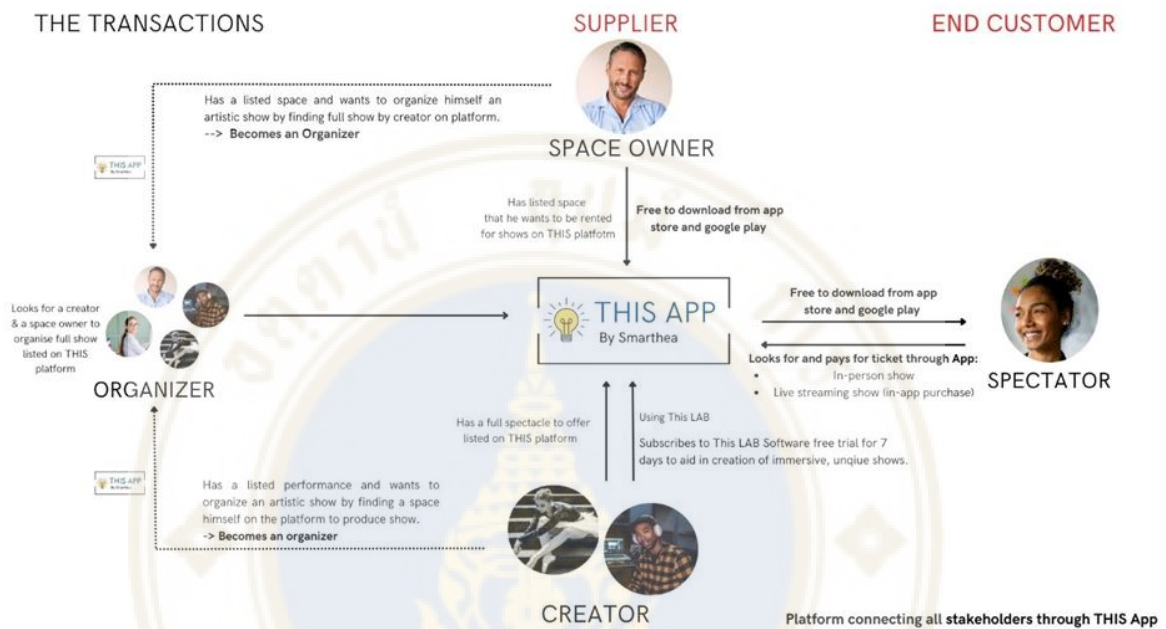


Figure 4.4 Model of how all transactions are made through the application

The objective of the business model was to gather all the transactions happening to be able to later propose all potential revenue streams that could be used to make Smarthea's project a profitable one based on the market analysis previously explained. However, to understand how exactly this will happen, different potential scenarios are analyzed.

4.4.1 For creators

This Lab: technological innovation for show creation

Features offered: augmented reality, immersion, 5G, simulation, 3D audio environment in binaural sound, augmented reality, artificial intelligence, fragmentation of performances, IoT.

Once the performance is created via this LAB they have 2 more options

- Option 1: Organize themselves the show:

In this case, creators have specificities about how the show should be performed; and therefore, gain the quality of organizers. Under this scenario, the creator will be the one finding a convenient space that suits his idea of performance. In this step, THIS will offer a broad catalog of spaces available. Once the creator has found it, he will book it for a certain date and hour. Just after, we give the possibility to sell their tickets online via THIS platform.

- Option 2: Let someone else organize the show:

In this case, creators don't want to have anything to do with organization, they just want to produce a show, put a price and sell it. In this case, THIS will offer creators the possibility of just uploading a full spectacle offer with important details (price, description, duration) to the platform. Once it is uploaded, they will just wait for someone else to book their show. At the moment of the booking they will receive 50% of the price they asked and the remaining 50% will be received after the performance.

4.4.2 For space owners

- Option 1: Wants to organize a specific show in the space he owns.

In this case, the space owner gains the quality of organizer as he has some idea to develop about what the show will look like. THIS brings the space owner the possibility to access a broad catalogue of offers of different creators that he can book to full-fill his goals. After this, he organizes the show and sell tickets through the app as well.

- Option 2: Has a space and just wants to rent it; does not really mind about specificities.

In this case, the space owner is required to upload photos, price and details about the space available to rent and wait for someone to book him. At the end of the booking transaction, he will receive the money he established in his space offer.

4.4.3 For organizers

- Option 1: they are a creator. (Reasoning in the last bullet point)
- Option 2: they are a space owner. (Reasoning in the last bullet point)
- Option 3: they are an independent person

This is the case for instance, of someone who has nothing but the idea of creating a show. In this case, THIS offers a broad catalog with a list of creators and space owners available. Once the organizer has browsed and found what he needed, he books separately the creator and the space owner and organizes the full show himself. (EX: a school teacher wanting to take her students to see a salsa show). Once the show is organized, the organizer can choose if he wants to sell or not the tickets online.

4.4.4 For spectators

- Option 1: want to see show in live:

In this scenario, the spectator gets access to the “menu” of available shows and book the tickets online. The spectator will book it and present himself with the ticket on the place and hour of the performance. However, value is brought as the consumer experience will be enhanced by the incorporation of innovative technologies and features such as headphones, exchanges between spectators, informative and cultural link with the place or performance, etc. This will make a distinction from the traditional theater spectacle and is intended to transform the live performance ritual.

- Option 2: want to see show online:

This is the scenario in which THIS brings value by reducing the issues that mobility might generate for some people; in the case that they are hospitalized or too far to attend. In this case, the spectator will find the different shows that are available with live-streaming options and buy it. Specifically for hospitalized people, there would be the Incorporation of LSF prototypes into the device and functionalities making it accessible by using the different senses (sound, olfactory, touch, image, etc.) to people with disabilities.

4.5 Final Pricing Model

For the financial part of the project, we decided to provide the revenue and costs estimation based on market research and assumptions as well as the discounted cash flow table. Just before going into de details of the computation of the revenue expected, we need

to explain our commissioning strategy which is link to the transaction explanation in the product and services part:

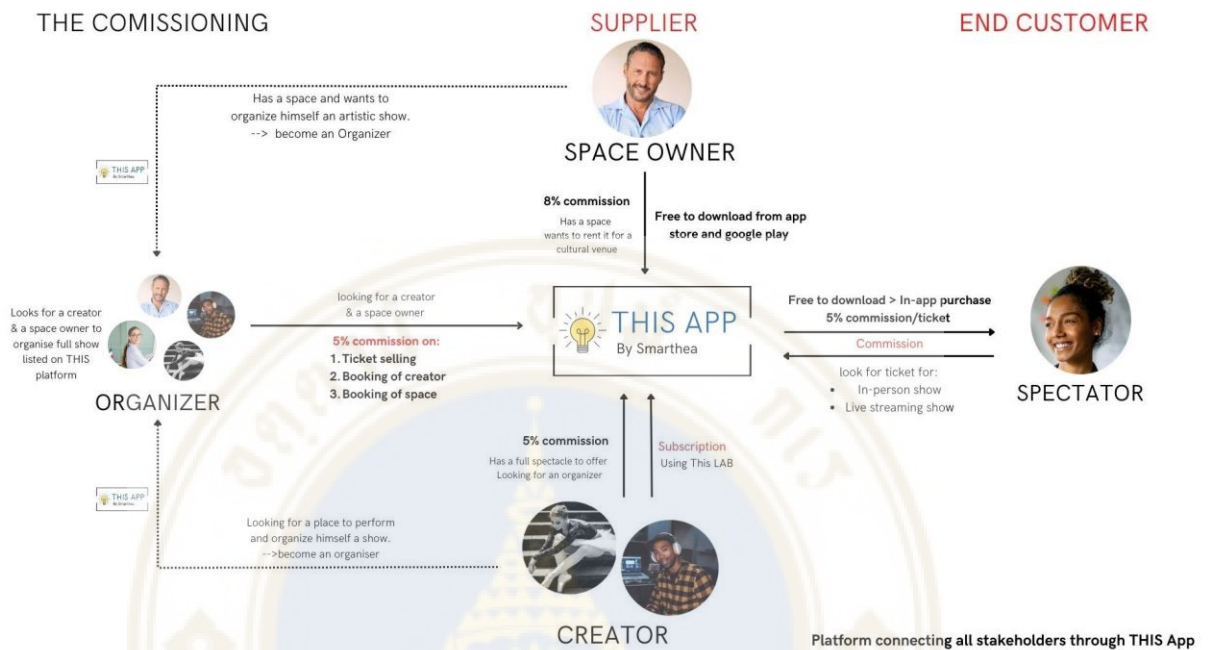


Figure 4.5 Final Pricing model

As you can see, all our stakeholders are using our app in order to connect between themselves depending on their needs. We based our commissioning strategy depending on how much the App will help them, how much our service will help them. All stakeholders will be able to download our App for free and get access to it, we will take money if a transaction happens. With this in mind we separate the commissioning between the four of them:

4.5.1 Spectators

The company can gain money from them when they are buying a ticket for a show in our App. Whether the spectators want to see a show in-person (move to the place) or watch it online if the live-streaming option is available for the show they want to see, in this case, a commission on the transaction of buying a ticket is being set at **5% commission per ticket bought**.

4.5.2 Creators

The company have two ways of getting money from him.

- Option 1: Because they will need to have access to the monitoring of the technical tools (microphone, lights...), they will have to subscribe to our software called This lab which enables it. This subscription will be mandatory and will amount for **10€ per month** for a regular creator, and 8€ for a student (proof needed). When they pay this fee, they will have access to all the features of This Lab which enable monitoring the basic tools like I said but also for more complex interaction.
- Option 2: We gain money from the creator if he is booked by someone to perform. Of course, the creator will be the one to set the price of his show, but when he is booked and someone pays for his performance, we take a commission from this transaction. This commission will be **5% of the amount of the transaction.**

4.5.3 Space owner

Just like the creator, we gain money from the space owner if he is able to rent his space in our App. Indeed, he will put his space in the App and if someone books him, then we will take a commission from the space owner because we enable this transaction with the App. The amount of the commission will be **8% per transaction.**

4.5.4 The organizer

As we explained, the organizer can be a creator, a space owner or someone else. The objective of the organizer is to organize the full show, this means that if he is not a creator or a space owner, then he will go to our App to get access to a list of spaces and a list of creators then he chooses them and pays for them. Here we take a commission on the organizer side: **5% from the transaction with the**

creator and 5% from the transaction with the space owner (those two commissions on the organizer side will be added to the original commission that we take to the space owner and the creator. For example if the organizer find a space, and the transaction happens, we take 8% on the space owner side and 5% on the organizer side). Then the last way to take money from the organizer is on the total revenue from the ticket he will sell on our App for the show, indeed, when he finishes organizing the full show he will be able to sell the ticket on our App and from the total revenue he gains we take **5% commission**.

But another case can happen, if the organizer already has a space (he is a space owner that wants to organize the full show), then he will only research a creator to perform, organize the show and sell the ticket. So we will take commission on the creator hiring and the ticket selling. Same if the organizer is a creator, he will search for a space to perform, organize the full show, sell the ticket and we take commission on space renting and ticket selling.

4.6 Revenue estimation

Now that we know where we are going to take money and what are the transactions happening on the app, we can build the revenue estimation. For THIS by Smarthea, we build the estimation based on a 5 year forecast in which the company will reach 30% of the total target after those 5 years. As we know, the target here is split in four: spectators, creators, space owners and organizers. From the confidential document we receive from Smarthea (we changed the 3 years target into 5 years), we set the target as:

- 30,000 in-person spectators + 9,000 live streaming spectators reach after 5 years
 - We assume the target of live streaming spectators that account for 30% of the total target spectators (9,000 live streaming spectators targeted after 5 years)
- 2,000 shows represented after 5 years
 - From this number, we assume that the number of spaces rented after 5 years will be equal to the number of shows represented. So the number of space owners using This App after 5 years will be 2,000. It's the same reasoning

for the creators, we assume that 2,000 creators will perform by using This App (one creator could include several artists).

With this in mind we decided on the percentage of reach for each year, starting from 5% reaching the first year, 10% the second year, 15% the third year, 20% the fourth year and 30% the fifth year. As a reminder, the live streaming audience is based on 30% reach of the in-person spectators and the number of shows is computed based on the orange able attached here after. We created this table with a different growth rate because when the project will be launched, the number of shows available in live streaming will be low (need of equipment) and will grow differently.

To sum up, we have the final table and a graph that gathers all the revenue streams and computes the total revenue Smarthea could get if 30% of the target is reached after 5 years.

	Year 1	Year 2	Year 3	Year 4	Year 5	
Total Commission from ticket sold	2 063 €	6 188 €	9 075 €	11 550 €	12 375 €	41 250 €
Revenue from subscription for the Lab	12 000 €	36 000 €	52 800 €	67 200 €	72 000 €	240 000 €
Total Commission from space renting transaction	13 000 €	39 000 €	57 200 €	72 800 €	78 000 €	260 000 €
Total Commission from creator hired transaction	10 000 €	30 000 €	44 000 €	56 000 €	60 000 €	200 000 €
TOTAL REVENUE FOR SMARTHEA	37 063 €	111 188 €	163 075 €	207 550 €	222 375 €	741 250 €

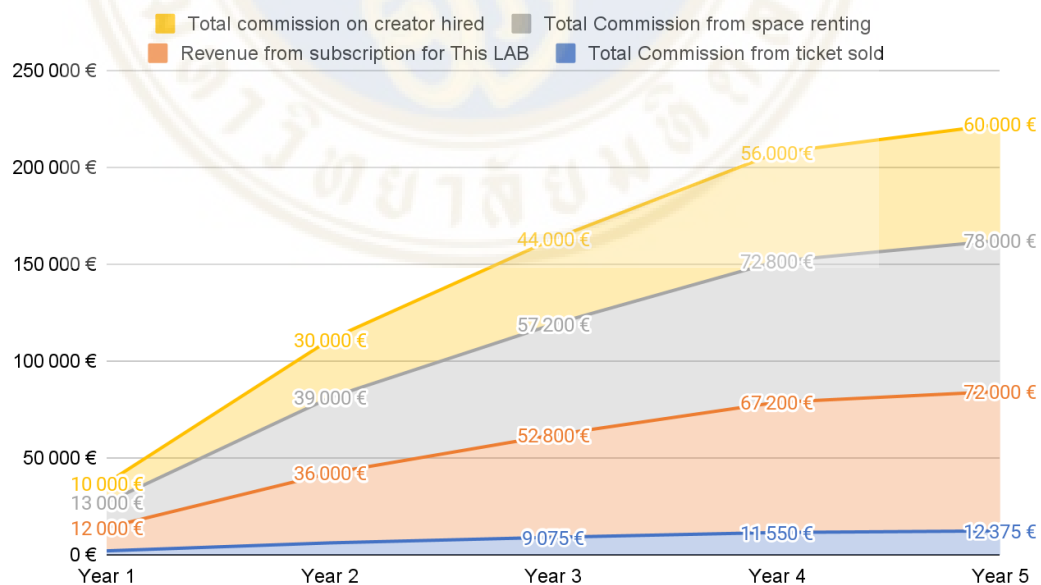


Figure 4.6 Revenue estimation of the model developed

4.7 Discounted Cash Flow

Discounted cash flow (DCF) valuation is a type of financial model that determines whether an investment is worthwhile based on future cash flows. A DCF model is based on the idea that a company's value is determined by how well the company can generate cash flows for its investors in the future. In other words, it's simply a forecast of free cash flow and will help you to know your company's worth and how much it can generate for future investors.

Initial Investment	100000				
	2023	2024	2025	2026	2027
Number of staff	3	4	5	5	5
Mean yearly salary	18000	18000	18000	18000	18000
Engineering Costs	54000	72000	90000	90000	90000
Web site dev./ maintenance	12000	6000	6000	6000	6000
Marketing & Sales	8000	19200	19200	19200	19200
Equipments	900	300	300	300	300
Costs	74 900	97 500	115 500	115 500	115 500
Comission from ticket sold	2 063	6 188	9 075	11 550	12 375
Revenue from subscription to This LAB	12 000	36 000	52 800	67 200	72 000
Comission from space renting transaction	13 000	39 000	57 200	72 800	78 000
Comission from creator hired transaction	10 000	30 000	44 000	56 000	60 000
Revenues	37 063	111 188	163 075	207 550	222 375

Figure 4.7.1 DCF analysis

Here we can see the list of costs which is based on the cost estimation explained in the part before. The only cost that we are adding here is the number of staff multiplied by the average yearly salary and the equipment costs. By equipment we were thinking that to do the live-streaming option, the company will need to provide a camera for the artist (that they put on themselves so the live streaming spectators can have a brand-new experience and point of view from the scene), and one camera will cost approximately 300 euro.

As we can see for other costs it's different from 2023 to the other years because the first year will need more investment in app and website development but less expenses in marketing and sales than for the other years. Then after 2023, the app and website will only need maintenance which means less costs, but more expenses in marketing and communication and also data analytics.

With this in mind we can compute the company valuation based on the risks:

Benefits	-37 838	13 688	47 575	92 050	106 875
High RISK (premium) DCF	-37 838	10 139	26 104	37 413	32 177
Aver RISK (premium) DCF	-37 838	11 406	33 038	53 270	51 541
Cash	137 063	248 250	411 325	618 875	841 250
	Risk premium to investor				
	High	Average			
Risk rate (PREMIUM)	35%	20%			
Long Term Growth	5%				
Company VALUATION					
	Value min (high risk)	Value max (normal risk)			
	151 416	412 072			

Figure 4.7.2 Company Value

What we can see and conclude here is that with a high-risk situation, the company will be worth 151,416 euros, or with average risk, 412,072 euros after 5 years. From those number we can see that the value is quite low which mean that we need to rearrange the costs and revenue to find a way to reduce costs and/or increased the revenue stream so the company could be work. Trying to reach a million could be a great strategy.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

As being seen in competitors' analysis part, there are some similar characteristics found in the business model, including pricing strategy, of all competitors which can be understood through the six major features to be included if wanted to build a transformative business model (Stelios Kavadias, Kostas Ladas, and Christoph Loch, 2016).

The research found that, the more features company can put in their business, the greater opportunity they will have in the transformation. As a result, the business model of THIA by SMARTHEA is being developed with as much inclusion as possible of the six major features to gain a competitive advantage in the theatre industry which are:

- 1) **Personalization:** This application is custom made for end-to-end theatre show organizer for those targets who passionate with the live performance.
- 2) **A closed-loop process:** Connecting all parties through the application from organizer to creator, space owner to organize a show while also be able to sell show ticket to the public.
- 3) **Asset sharing:** Just like Airbnb, this application is designed for space owner to be able to share their space for an organizer to rent for organizing the show and because the application synergizes all stakeholders including 3 features which are connecting organizers with space owners and creators to perform the show, they are using the same asset.
- 4) **Usage-based pricing:** The price was finalized to set based on the usage of the function each individual wants to have access to with some free trial period of each function.

- 5) **A more collaborative ecosystem:** THIS app is a new innovation that the model has never exist before which improve collaboration between all stakeholders.

For the pricing model, we are trying to avoid going for the one price fit all model where the price might be set at high for people to have unlimited access. The price of THIS application is being suggested based on the market research to be with a metering/good-better-best hybrid model where most of them are commission-based transactions. The more income space owner can make through the application, the more he has to pay as an application usage fee, the organizer have a free access to the platform to look for venue with creators for organizing the show for free and only when the transaction is being made, all parties then will have to pay the commission.

The good-better-best strategy is being used in the part where organizer want to create the performance with live application where public can experience the show through online perspective of the performer like they are the one performing on the stage. Features of the tools is accessible with different package. It also included in the discounts to incentivize commitment where the creator can have free trial period of the lab before subscription where the more period they subscribed, the more discount they will get to use this tool.

5.2 Limitations

There are many limitations found during this study as follow:

1. Project duration is around 7 weeks with one week to present the final project. However, there are many elements to cover so due to the time limit, there is not enough time to gather more information before making recommendation for the business plan and business model.
2. Since the project has just been initiated, there is insufficient information about the accurate cost to use as a baseline for setting up price. Some of the scopes are still unclear. For example, the lab software has a very wide range of

different cost of implementation for different functions available on the application.

5.3 Recommendations

As this study aims to identify the best practice for THIS by SMARTHEA to maximise the revenue generation from developing a concise and targeted financial plan, for the recommendations, there are several items for the business to take into consideration and take deeper research on to have higher change to win a supreme performance of the business.

First the company should be able to include all the elements of having transformative business model, when the project is being executed company should also adopt agile and adaptive method into the organization management system as the technology nowadays is changing so fast, traditional hierarchy system might not be suitable to lead the company to the success.

With the low value from performing DCF model, this might be the result of small target based with high investment cost. This could be solved by expanding target based from only France to European countries zone followed by the united kingdom with the aim to expand worldwide.

The company is also being recommended to do phasing for the launch of product divided by features. Since this is mega project, it might be difficult to develop all at once. For example,

- Release 1: Platform for organizer to put their show for public to buy ticket
 << *connect organizer with spectators* >>
- Release 2: Added feature for organizer to look for creators for the show
 << *connect organizer with creators* >>
- Release 3: Added feature for organizer to look for space for the show
 << *connect space owner with organizer* >>
- Release 4: << *THIS Lab* >> Feature released for spectators to see live show in creators' perspective in the show.

Lastly, it is highly recommended based on our research for other revenue generation possibilities that the company could do from supplier side to grow both supplier base as well as end customer base such as ad renting space for social media content to gain more visibility, industry perspective in YouTube channel, email marketing, etc.



REFERENCES

- Location de salle de mariage salle de réception - ABC Salles. (n.d.).
<https://www.abcsalles.com/>
- Cakewalk - SONAR - Compare Versions. (n.d.).
<http://www.cakewalk.com/products/sonar/versions>
- Image Webdesign, www.imagewebdesign.fr. (n.d.). Casting, casting figurant, casting mannequin, casting bebe, casting film, casting photo, casting enfant, casting comedien, casting actrice, casting pub, casting chant, Casting.fr N°1 des castings en France sur Casting.fr. Casting.fr. <https://www.casting.fr/>
- Cast Prod. (2023, January 31). Casting gratuit : Le seul site des castings pros 100% gratuits. <https://castprod.com/>
- Censhare. (n.d.). SourceForge. <https://sourceforge.net/software/product/censhare/>
- Centre de Danse du Marais. (2023, May 19). Accueil. Centre De Danse Du Marais. <https://www.centrededansedumarais.fr/>
- Darty, F. (2023, February 23). Fnac Darty: FY2022 results. GlobeNewswire News Room. <https://www.globenewswire.com/en/news-release/2023/02/23/2614627/0/en/Fnac-Darty-FY2022-results.html>
- Frequency of practicing of artistic activities by sex, age and educational attainment level. (2019, March 21). Eurostat. [https://ec.europa.eu/eurostat/databrowser/view/ILC_SCP07\\$DV_101/default/table?lang=en&category=cult.cult_pcs.cult_pcs_ilc](https://ec.europa.eu/eurostat/databrowser/view/ILC_SCP07$DV_101/default/table?lang=en&category=cult.cult_pcs.cult_pcs_ilc)
- Casting. (n.d.). castings figurants : Casting cinéma, Casting chant, casting télé. Castings Figurants : Casting Cinéma, Casting Chant, Casting Télé. <https://figurants.com/>
- Georgiou, M. (n.d.). Cost of Mobile App Maintenance in 2023 and Why It's Needed. Imaginovation | Top Web & Mobile App Development Company Raleigh. Retrieved from <https://imaginovation.net/blog/importance-mobile-app-maintenance->

REFERENCES (cont.)

- [cost/#:~:text=A%20ballpark%20average%20that%20an,the%20cost%20of%20maintaining%20software](#)
- Gershik, S. (2022, March 26). What does it cost to Brand Your Small Business?. BEMO. Retrieved from <https://www.bemopro.com/cybersecurity-blog/what-does-it-cost-to-brand-your-small-business#:~:text=The%20fees%20might%20range%20from,anywhere%20from%20%241%2C000%20to%20%2420%2C000>
- Girardin, M. (2023). Discounted Cash Flow (DCF) Valuation: The Basics. Forage. <https://www.theforage.com/blog/skills/dcf-valuation>
- Guso. (n.d.). Minimassalariaux. Retrieved from <https://www.guso.fr/information/files/live/sites/Guso/files/Pdf/minimassalariaux.pdf>
- Henry, E. (2023, April 14) How Much Does It Cost To Develop Custom Software. Velvetech Technology Potential Realized. Retrieved from <https://www.velvetech.com/blog/custom-software-development-cost/>
- Kavadias, S. (2020, October 27). *The 6 Elements of Truly Transformative Business Models*. Harvard Business Review. <https://hbr.org/2016/10/the-transformative-business-model>
- Lastiri, L. (2023). Data Analytics: How Much Does It Cost for a Small/Mid-Sized Company? Octolis. Retrieved from <https://octolis.com/blog/data-analytics-costs#:~:text=Small%2Dmid%2D-sized%20companies%20can,total%20budget%20for%20data%20analytics>.
- Location de salle de réception, salle de mariage - Lelieuparfait. (n.d.). <https://www.lelieuparfait.com/>
- What is Max? | Cycling '74. (n.d.). <https://cycling74.com/products/max>

REFERENCES (cont.)

- Mohammed, R. (2019, November 12). *Why Is Every Streaming Service Using the Same Pricing Model?* Harvard Business Review. <https://hbr.org/2019/11/why-is-every-streaming-service-using-the-same-pricing-model>
- Dissanayake, N. (n.d.). The Tinder business model - How do they make money? Finty. <https://finty.com/us/business-models/tinder/#:~:text=your%20best%20face,-.How%20Tinder%20makes%20money,for%20more%20and%20better%20matches.>
- Réserver et privatiser plus de 5000 bars, restaurants et salles de location. (n.d.). Privateaser. <https://www.privateaser.com/>
- SimilarWeb Identity. (n.d.). <https://pro.similarweb.com/>
- Statista. (2022, December 9). Cultural employment by age in France 2017. <https://www.statista.com/statistics/968791/cultural-employment-by-age-france/>
- Pricing — Stretch Communication. (n.d.). Stretch Communication. <https://www.stretchcommunication.com/pricing>
- Evans, H., & Velvetech, L. (2023). How Much Does It Cost To Develop Custom Software. Velvetech. <https://www.velvetech.com/blog/custom-software-development-cost/>
- Vimeo Reports Q4 2022 Financial Results | Vimeo.com, Inc. (n.d.-b). Vimeo.com, Inc. <https://vimeopr.gcs-web.com/news-releases/news-release-details/vimeo-reports-q4-2022-financial-results>
- Location de salle de reception salle de mariage. (n.d.). 1001salles. <https://www.1001salles.com/>