THE APPLICATION OF CANVAS BUSINESS MODEL AND FINANCIAL FEASIBILITY ANALYSIS
A Case Study On New Photography Business "Tap Studio"

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Abstract
The purpose of this research is to analysis how business model canvas can be applied to photography business, and to know its financial feasibility, especially from the point of view Net Present Value (NPV) and Payback Period. "TAP Studio" is the name of a new photography business, that is a house production, producing video and photography, with total investment amounting to Rp. 150.000.000. The research was conducted in June 2017 - December 2017 using data collection techniques such as observation, interviews, and secondary research. It can be concluded that Canvas Business Model can be applied to a photography industry, and its financial feasibility, especially in term of Net Present Value is feasible, because its NPV is positive IDR 491.199.909. Furthermore, the Payback Period is 2 years and 8 months.

Keywords: Canvas Business Model, Net present Value, Payback Period

INTRODUCTION
TAP Studio is a brand name for a business production house producing photos and videos, specifically conceived for advertising. This business was established in the year of 2018. TAP Studio is an abbreviation of "Take a Picture" Studio. The author uses the slogan "Let's Take a Picture", meaning that the studio wants to TAP the impression of friendly, making consumers feel comfortable. TAP Studio is included in two sub sectors of creative industry, i.e. design and video, Film and photography.

The vision of the TAP Studio is to be the best product of photos and video services in Jakarta and surrounding areas. Its mission are (1) maintain and improve the quality of photos with creative ideas with an understanding of the concept of the desirable customers, (2) provide the best services and keeping in touch with customers, (3) continue to innovate in the development of technology and information in order to understand customer’s needs, (4) create business opportunities for the photography industry in Indonesia.
The target market of the TAP Studio is the individual or organization who requires the services of photography for media promotion. In line with it, TAP Studio offers service product such as (1) catalog photography service, (2) package photography service, (3) Unit photography service, and (4) photography service outside the Studio.

RESEARCH METHODS

The data used is the data resulted from observation, interview and secondary data. This research is done in June-July 2017. Questioner distributed to respondents of “TAP Studio” to get information from the target market, what the consumers’ needs, and the appropriate price, and the marketing strategy to be applied. In determining the financial feasibility, TAP Studio used investment criterions, especially the method of Present Value and Payback Period (Husein Umar 2007), while business model used is Canvas Business Model (Osterwalder, 2010). Customer segmentation is based on geographic, demographic, psychographic analysis (Kotler dan Armstrong, 2012).

RESEARCH PROBLEM

Profit is the main goal of an entrepreneur. However, not all business getting profit. Therefore before running a business an entrepreneur has to build its business model (describing how his or her business is managed), and he or she has to know first the benefit or the financial feasibility of his or her business. Though, there are some factors that affecting the financial feasibility of the business in the future.

REVIEW OF THE LITERATURE

According to Royan (2014), there are four kinds of business model, i.e. creator, distributor, land lord and broker. The creator business model is a business model used in manufacture. One of the business models that can help identify the activities and how to operate the business (in manufacture) is the Canvas Business Model, developed by Alexander Osterwalder and Yves Pigneur (2010). In this business model, there are nine blocks consisting of customer segments, value proposition, channels, customer relationship, revenue streams, key resources, key activities, key partnership, and cost structure. How business models emerge? The value chain is a model developed by an academic researchers that many entrepreneurs use to identify opportunities to enhance their
competitive strategies. The value chain is the string of activities that moves a product from the raw material stage, through manufacturing and distribution, and ultimately to the end user (Barringer, 2013).

To analyze the financial feasibility, first we have to plan the start up capital (investment capital) consisting of fixed assets and working capital (Jumingan, 2009). The financial statement used in this analysis is Proforma Financial statement, not historical financial statement (Scarborough, 2016). Then, to analyse the financial feasibility of a new business that will be established, generally uses one or more criteria of investments (Investment criterion), i.e. methods of Payback Period, Net Present Value (PV), (ARR), Internal Rate of Return (IRR), Profitability Index (PI), and Break even Point (Husein Umar, 2007). While, Suad Husnan (2014) adds one another criteria that is Average Rate of Return (ARR) The decision of an entrepreneur or investor willing to invest in the business is if the results of the analysis based on the criteria above states that the business is feasible. When the financial feasibility analysis has been already declared viable, the later stage is to make planning for the establishment of the business. At this stage, Canvas Business Model proposed by Alexander Osterwalder and Yves Pigneur (2010) can be designed to apply in the business.

A study on the same business, i.e. “CAPTUREBOX” Photography (Salamin, 2018) showed that the appropriate application of Canvas Business Model resulted in enhancing the profit of the business, and its financial feasibility.

However, the success of the business is also depended on a good marketing strategy i.e. product, price, place and promotion strategies; the combination of these four strategies is called marketing mix (Pearce & Robinson, 2013).

THE APPLICATION OF BUSINESS MODEL CANVAS ON TAP STUDIO.

A business model describes the various aspects related to all activities of the business, either internal or external aspects of the business. The business model also describes how the company's relationship with other stakeholders such as customers, suppliers, and distributors. Business models designed by a company also helps the company to be able to compete with the competitors in the market. The business model also provides an overview of how organizations create, deliver, and capture the value. How the
Canvas Business Model can be applied to "TAP Studio Photography" business, it can be described as shown in the following figure:

| Key Partners                        | Key Activities       | Value Proposition                                      | Customer Relationship                          | Customer Segment                      |
|-------------------------------------|----------------------|--------------------------------------------------------|-----------------------------------------------|----------------------------------------|
| Suppliers of software for photo editing | Photoshoot           | The process of effective and fast Photo                | Promotion: online and offline                 | Geographical: Jakarta                  |
| Digital printing Company            | Editing              | The provision of affordable quality photos             | Follow the event photography exhibit         |                                        |
| Suppliers of photo equipment        | Printing             |                                                        | Providing discounts on loyal customers and customers who use the service with large numbers. | Demographic: local Employers require promotional tools |
| Model                               | Conceptions          |                                                        |                                               | A psychographic breakdown: a community that has high quality photos sentiment.    |
|                                     | Designing            |                                                        |                                               |                                        |
|                                     |                      |                                                        |                                               |                                        |
|                                     | Maintenance          |                                                        |                                               |                                        |

| Key Resources                        | Channels               |
|---------------------------------------|------------------------|
| Competent human resources             | Directly to consumers, both offline and online (facebook, twitter) |
| Photo tools and editing software and the latest updates |                         |
Cost Structure

| Operational Monthly Cost | Photo Services |
|--------------------------|----------------|
| Marketing cost           | Design services|
| Photo equipment maintenance cost | Editing Services |
| Human resource cost      | Printing Services |

Source: processed data by writer

Consumer Segment

Consumers segment of TAP Studio is entrepreneurs who market their products online, especially in the areas of Jakarta, Bogor, Depok, Tangerang and Bekasi, both men and women. The next segment is the local brand or entrepreneur who started and owns the market in territory of Indonesia. TAP Studio target market is also the consumers who have high taste on beauty and commercial value of photos.

Value Proposition

To create more value to customers, TAP Studio attempt to provide fast service, and provides a quality photos at an affordable price.

Channel

Direct marketing is an effective way for the TAP Studio photography business. However, to transmit values to customers, TAP Studio must be supported by using social media, exhibitions, local brands and websites to market products to service the community. Media chat and phone TAP used the Studio as a means of consumer conduct discussions regarding the concept photos. Direct marketing is an effective way for the TAP Studio photography business.

Customer Relationship

TAP Studio builds relationship with customers both by online and offline promotions. TAP Studio also gives discounts to loyal customers who have been using our photography services more than four times a year, and the customers who needs photography product more than fifty units.
Revenue Streams
TAP Studio revenue stream comes from the services of photo editing products, services, design services, and printing services.

Key Resources
The main resource of the TAP Studio is the qualified human resources to ensure the quality of the product. Each employee will receive training in advance in accordance with his duties. Furthermore TAP Studio needs photo tools and editing software. All these will be updated periodically, to follow the latest development in technology.

Key Activities
Key activities consist of, the process of shooting, editing, designing, printing and maintenance of photo tools. Giving the concept to suit customer’s needs is also becoming a key activity of the TAP Studio.

Key Partnerships
Partnership of TAP Studio consists of suppliers for editing software, digital printing company, and suppliers of photo equipments.

Cost Structure
Cost structure consist of operational monthly cost, marketing cost, photo equipment maintenance cost, and human resources cost.

FINANCIAL FEASIBILITY ANALYSIS
In analyzing the financial feasibility of TAP Studio, the authors first, respectively will calculate the needs and use of funds, pro forma Income Statement, and project cash flow (present value work sheet). Then, the financial feasibility of the business will be measured by using method of Present Value and Payback Period.
The Need and Use of Funds

The funds needed to start this business is amounting to IDR 150 million, consisting of IDR 126 million for investment in fixed assets, and IDR 24 million for working capital. This fund is personal fund of the owner of TAP Studio business.

The projected profit or Pro Forma Income Statement (2018-2023)

Here the author compiled the pro forma income statement of TAP Studio, from 2018 to 2023, by considering a wide range of both internal and external factors that affect this business in the future.

| Description                  | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| **Revenue from Sales:**      |                  |                  |                  |                  |                  |                  |
| 9 photo packages             | 47,500,000       | 57,000,000       | 84,700,000       | 162,690,000      | 286,044,000      | 321,570,000      |
| 18 photo packages            | 37,350,000       | 45,000,000       | 66,330,000       | 127,710,000      | 226,076,400      | 383,473,200      |
| 45 photo packages            | 63,650,000       | 76,950,000       | 113,905,000      | 218,196,000      | 383,473,200      | 666,946,400      |
| Piece photo package          | 9,250,000        | 11,100,000       | 22,500,000       | 36,000,000       | 86,400,000       | 168,000,000      |
| Outdoor photo package        | 40,050,000       | 48,150,000       | 71,775,000       | 114,345,000      | 201,465,000      | 361,500,000      |
| Catalog photo                | 18,150,000       | 21,780,000       | 35,310,000       | 64,970,400       | 136,900,000      | 201,465,000      |
| Design Service               | 5,800,000        | 7,000,000        | 14,100,000       | 33,862,500       | 72,300,000       | 114,345,000      |
| Print Service                | 1,250,000        | 1,500,000        | 2,025,000        | 3,240,000        | 5,184,000        | 8,640,000        |
| **Total Income**             | 223,000,000      | 268,480,000      | 410,645,000      | 761,013,900      | 1,397,842,600    | 2,262,045,000    |
| **Sales expense:**           |                  |                  |                  |                  |                  |                  |
| 9 photo packages             | 4,750,000        | 5,700,000        | 8,470,000        | 16,269,000       | 28,604,000       | 51,100,000       |
| 18 photo packages            | 3,735,000        | 4,500,000        | 6,633,000        | 12,771,000       | 22,607,640       | 41,215,280       |
| 45 photo packages            | 6,365,000        | 7,695,000        | 11,390,500       | 21,819,600       | 38,347,320       | 76,694,640       |
| Piece photo package          | 925,000          | 1,110,000        | 2,250,000        | 3,600,000        | 8,640,000        | 16,080,000       |
| Outdoor photo package        | 4,005,000        | 4,815,000        | 7,177,500        | 11,434,500       | 20,146,500       | 36,150,000       |
| Catalog photo                | 1,815,000        | 2,178,000        | 3,531,000        | 6,497,040        | 13,690,000       | 20,146,500       |
| Design Service               | 580,000          | 700,000          | 1,410,000        | 3,386,250        | 7,230,000        | 13,690,000       |
| Print Service                | 29,000           | 35,000           | 70,500           | 169,313          | 361,500          | 623,000          |
| **Total Sales Expense**      | 22,204,000       | 26,733,000       | 40,932,500       | 75,946,703       | 139,627,360      | 259,215,280      |
| **Gross Profit**             | 200,796,000      | 241,747,000      | 369,712,500      | 685,067,198      | 1,258,215,240    | 2,410,290,360    |
| **Operating Expense :**      |                  |                  |                  |                  |                  |                  |
| Advertising expense          | 12,000,000       | 12,000,000       | 13,800,000       | 16,560,000       | 21,528,000       | 36,000,000       |
| Office rent expense          | 18,000,000       | 18,000,000       | 18,000,000       | 18,000,000       | 18,000,000       | 18,000,000       |
| Utility expense              | 6,000,000        | 6,000,000        | 6,900,000        | 8,280,000        | 10,764,000       | 16,460,000       |
| Production Salaries Expense  | 48,000,000       | 72,000,000       | 108,000,000      | 180,000,000      | 294,000,000      | 484,000,000      |
| Marketing Salaries Expense   | 36,000,000       | 72,000,000       | 72,000,000       | 108,000,000      | 168,000,000      | 336,000,000      |
Administration 24,000,000 24,000,000 24,000,000 48,000,000 48,000,000
Salaries Expense 15,710,000 15,710,000 15,710,000 15,710,000 15,710,000
Depreciation Expense 6,000,000 6,000,000 6,900,000 8,280,000 10,764,000
Total Expense 165,710,000 225,710,000 265,310,000 402,830,000 586,766,000
Income Before Tax 35,086,000 16,037,000 104,402,500 282,237,198 671,449,240
Tax 1% 2,230,000 2,684,800 4,106,450 7,610,139 13,978,426
Earning After Tax 32,856,000 13,352,200 100,296,050 274,627,059 657,470,814

Projected Cash Flow

Based on Pro Forma Income Statement above, next can be calculated the project cash flow and its Present Value, as follows:

| Description                  | To 2018     | 2019       | 2020       | 2021       | 2023       |
|------------------------------|-------------|------------|------------|------------|------------|
| Earning after tax            | 32,856,000  | 13,352,200 | 100,296,050| 274,627,059| 657,470,814|
| Depreciation                 | 15,710,000  | 15,710,000 | 15,710,000 | 15,710,000 | 15,710,000 |
| Net operational cash flow    | 48,566,000  | 29,062,200 | 116,006,050| 290,337,059| 673,180,814 |
| Fix asset investment         | (26,000,000)|            |            |            |            |
| Working Capital NCF          | (150,000,000)| 48,566,000 | 29,062,200 | 116,006,050| 290,337,059| 673,180,814 |
| DF (15%)                     | 1           | 0.870      | 0.756      | 0.658      | 0.572      | 0.497      |
| PV                           | (150,000,000)| 42,252,420 | 21,971,023 | 76,331,981 | 166,072,798| 334,570,865 |

Note: at the end of year 5, terminal cash flow of Fixed assets and working capital, are not counted as benefit (cash inflow), because this businesses will still continue to the next years (it will not be closed).

NPV and Payback Period

From the table above can be calculated NPV and Payback Period as follows:

1) Net Present Value = (150,000,000) + IDR 641,199,087 = IDR 491,199,909. It can be concluded that this business is feasible, because the PV is positive IDR 491,199,909

2) Payback Period :
   Investment = IDR 150,000,000
   Net Cash Flow 2018 = IDR 48,566,000
   = IDR 101,434,000
   Net Cash Flow 2019 = IDR 29,062,200
   = IDR 72,371,800/IDR 116,006,050 x 12 months
   = 7.5 months
So, the Payback Period of the photography "TAP Studio" is 2 years and 7.5 months. If the owner wants that the funds invested will be back in 3 years, then this business is acceptable. But if he wants the payback period is less than 2 years and 7.5 months, then this business can’t be accepted or rejected.

CONCLUSION

From the above analysis, it can be concluded that the Business Model Canvas can be applied to a photography business, in this case specifically for the business of photography "TAP Studio". However, it needs to be a more detailed planning of each element of this business model, so that it can be used as a clear guide in operating a business.

Furthermore, the result of financial feasibility of TAP Studio business is feasible. Using the Present Value method, this business is worth, with a positive NPV of IDR 491,199,909. Then, its payback period is 2 years and 7.5 months.

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