Zipcar

Confidentiality

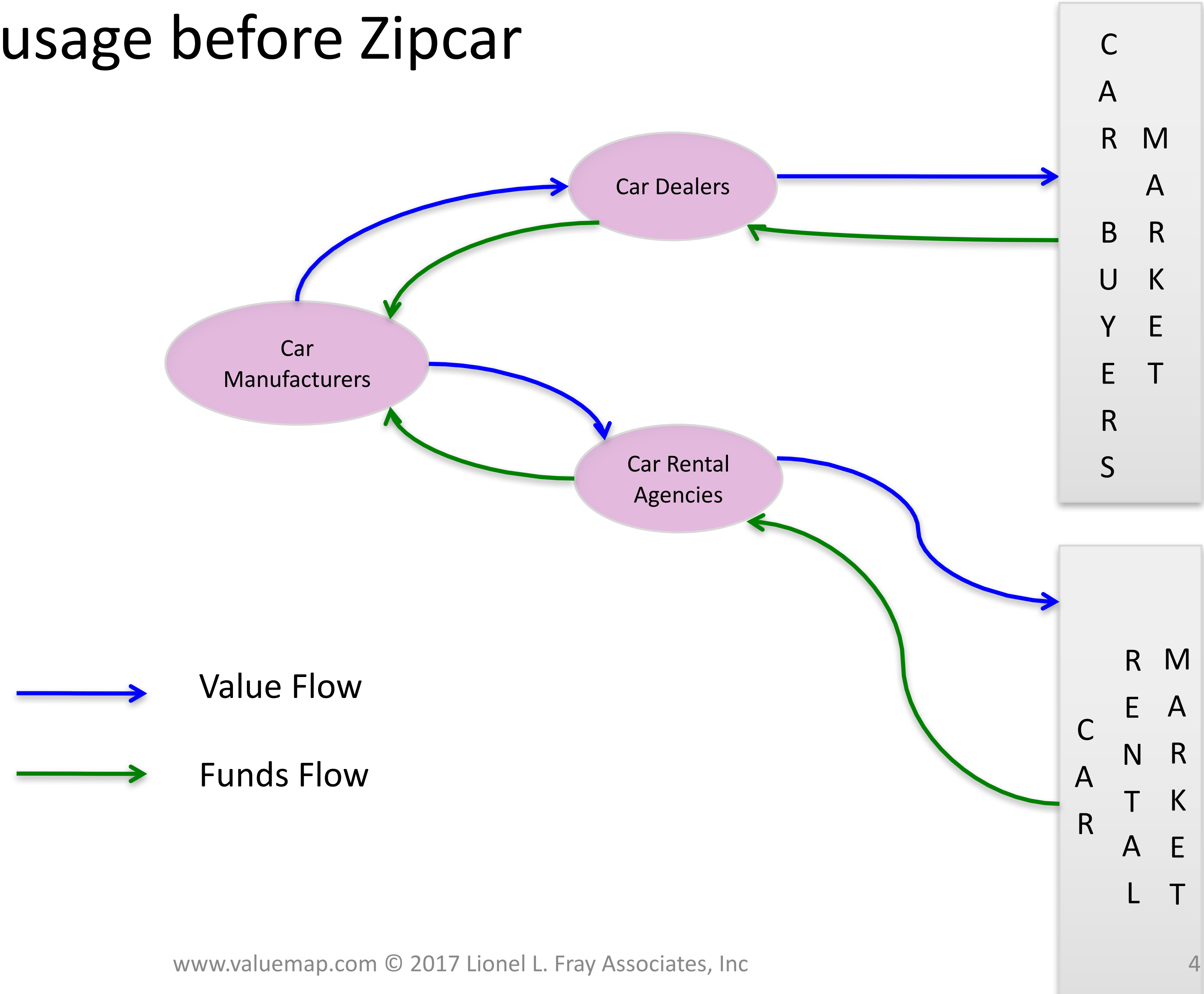
- These cases demonstrate how Value Mapping can be useful in a variety of applications
- They have been developed with publically available information to illustrate particular features of Value Mapping
- Client information is always strictly confidential in our consulting practice
- Client consulting usually requires much more detail and quantitative analysis, often using Value Maps in a manner not shown in these cases

Zipcar
"Own the trip, not the car"

- Founded in Cambridge
- CY2000

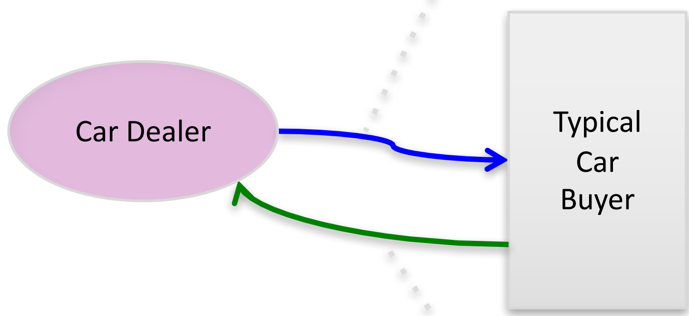
ValueMap

Car usage before Zipcar



Value flows to BUYERS

- Use of a car at any time
- Pride/image of ownership



- Average cost: about $8,000/yr

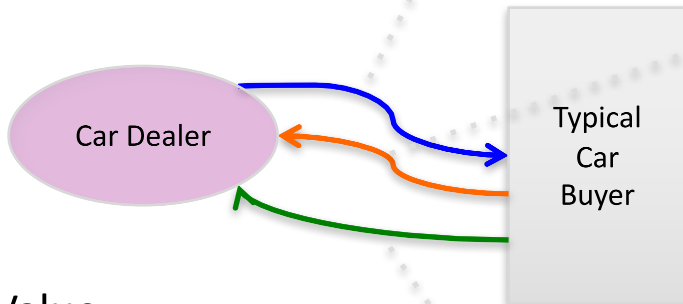
Value Flow

Funds Flow

NEGATIVE Value flows *from* Car Buyers

- Negative value flows are often less visible to value providers or they may be less sensitive to them

- Use of a car at any time
- Pride/image of ownership



- Capital requirements or lease charges
- Real depreciation
- Parking availability and cost
- Servicing time and cost
- Excise taxes

- Average cost: about $8,000/yr

Negative Value Flow

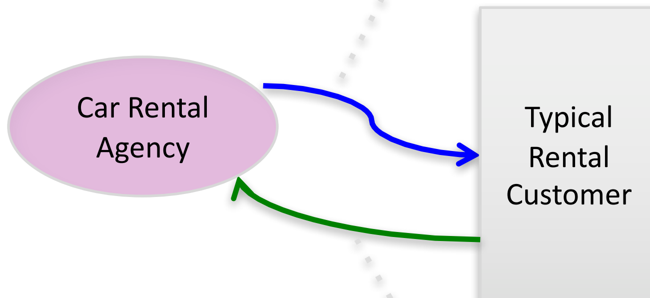
Value Flow

Funds Flow

ValueMap

Value flows to CAR RENTERS

- Use of a car for several days



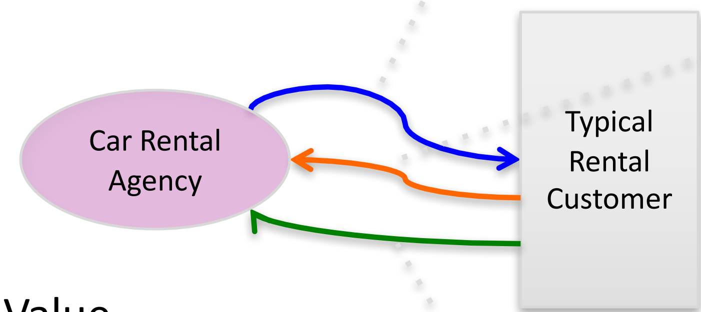
- $30 – $70 per day, depending on model
- $ for gas
- Paid with credit card

ValueMap

NEGATIVE Value flows from RENTERS

- Use of a car for several days

- Few pickup locations
- Time and mode to get to location
- Time to effect transaction



Negative Value Flow

Value Flow

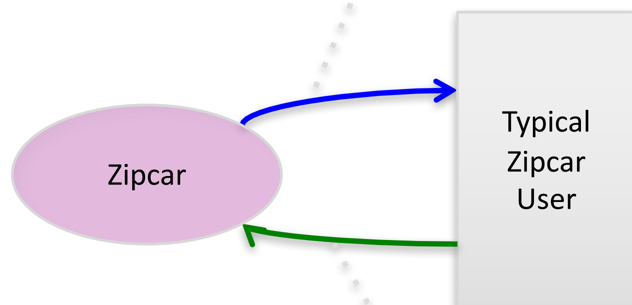
Funds Flow

- $30 – $70 per day, depending on model
- Plus gas at a gas station
- Paid with credit card

ValueMap

An AHA! Zipcar offers new Value flows

- Use of a car at any time, subject to reservation
- Handy, very local access
- For city dwellers, can avoid 2nd car
- Larger car/van when needed



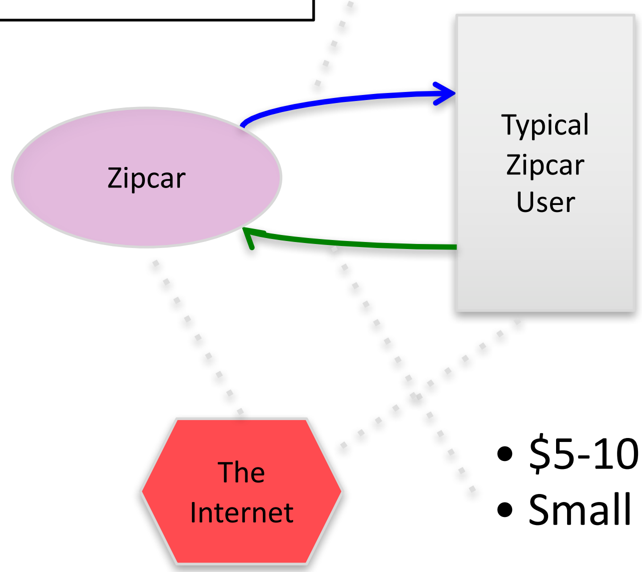
- $5-10 per hour
- Small monthly charge for membership

ValueMap

Complementor: Internet

- A technology made Zipcar possible
- On a Value Map, we call it a complementor
- Complementors affect value flows but don't necessarily include them

- Use of a car at any time, subject to reservation
- Handy, very local access
- For city dwellers, can avoid 2nd car
- Larger car/van when needed

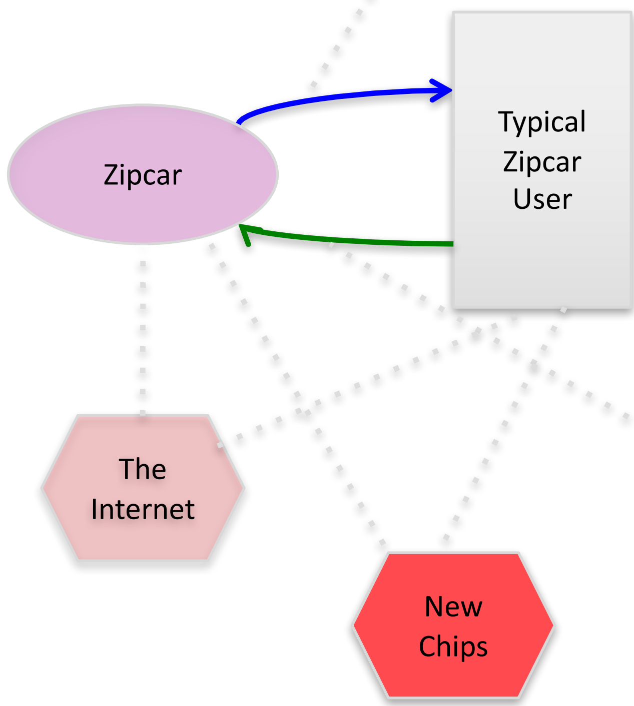


- $5-10 per hour
- Small monthly charge

ValueMap

Complementor: New Chips

- Use of a car at any time, subject to reservation
- Handy, very local access
- For city dwellers, can avoid 2nd car
- Larger car/van when needed
- "Instant" transactions with Zipcard



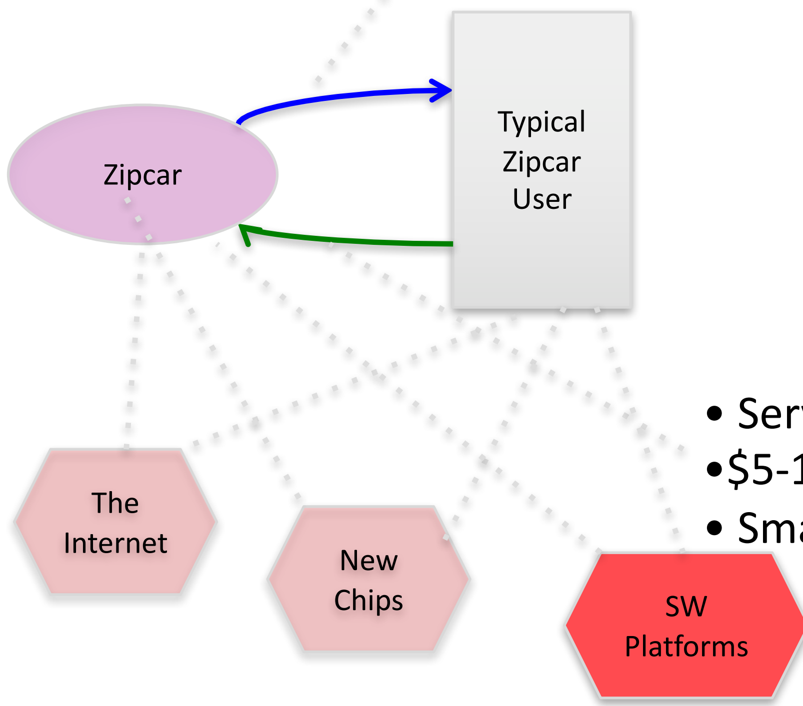
- Zipcard convenience via new chips
- $5-10 per hour
- Small monthly charge

ValueMap

Complementor: Platforms

- This greatly facilitated developing the needed software

- Use of a car at any time, subject to reservation
- Handy, very local access
- For city dwellers, can avoid 2nd car
- Larger car/van when needed
- "Instant" transactions with Zipcard
- Internet reservations; payments



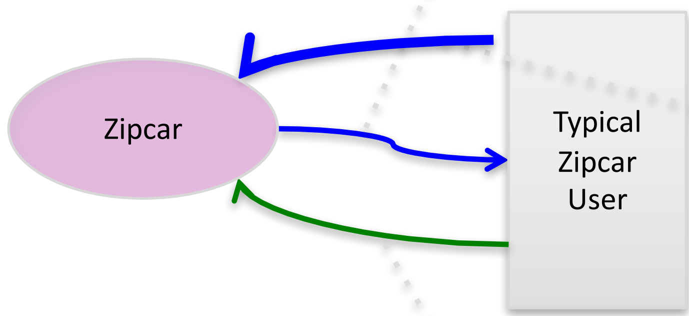
- Services through software
- $5-10 per hour
- Small monthly charge

ValueMap

Positive Value flows *from* the customer

- We call these *reverse* value flows
- The digital world has accelerated these and made them much more important

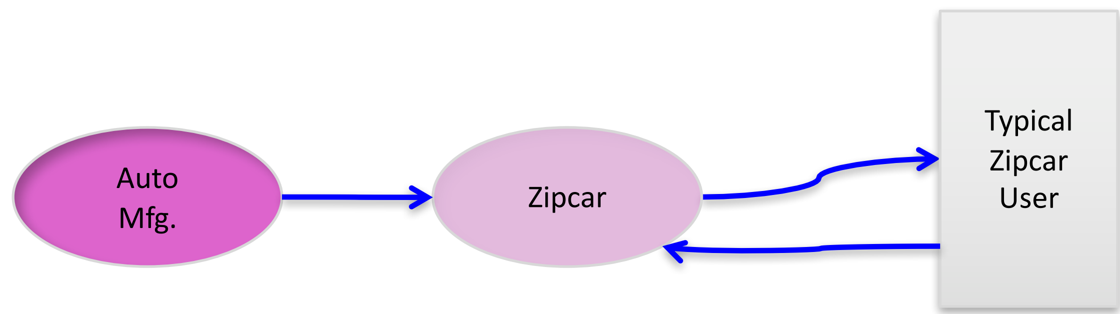
- Use of car when needed
- "Instant" access
- Many local locations
- For city dwellers, can avoid 2nd car
- Larger car/van when needed



- Leaving the car
  - -- at scheduled time
  - --¼ tank of gas
  - --clean, no dings
- Positive feedback to others via grapevine/social networks

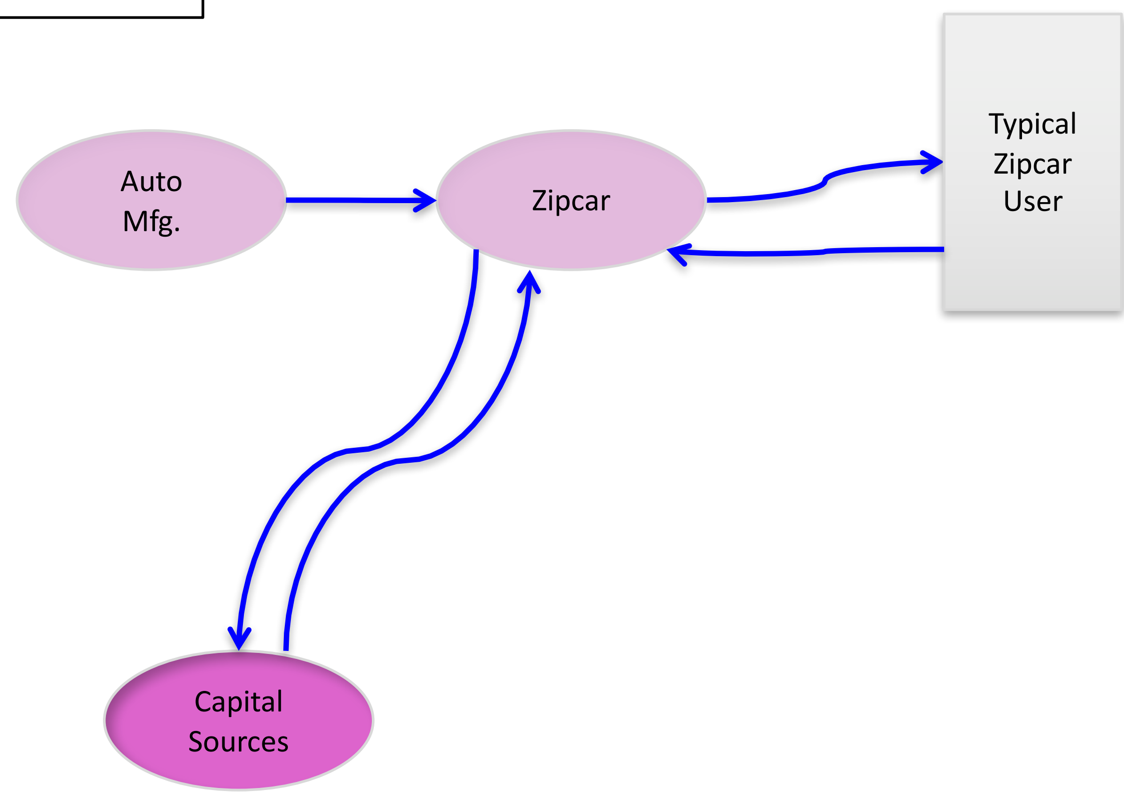
- Charge per hour
- Small monthly charge
- (no charge for gas)

Cars from Auto companies to Zipcar

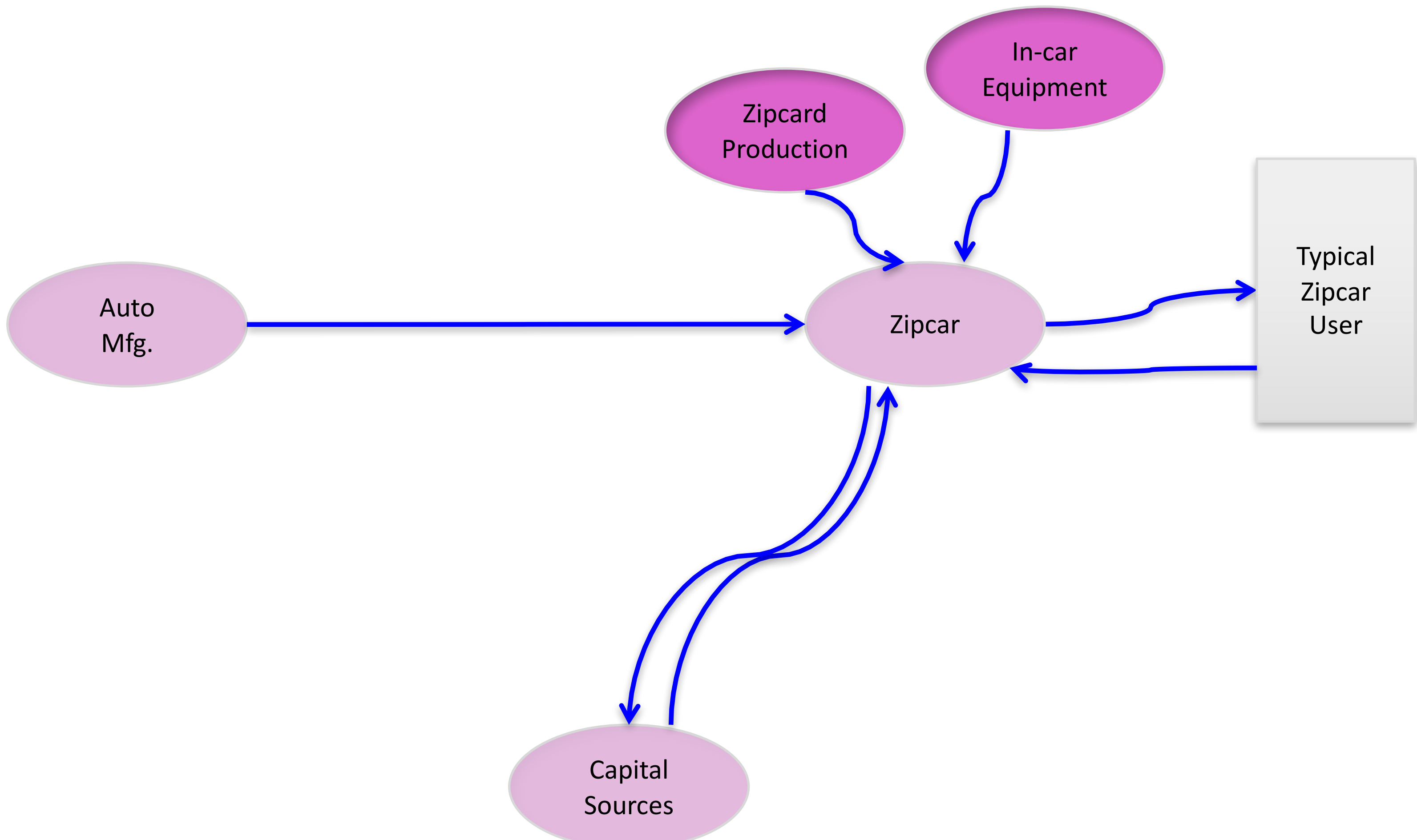


Capital is required

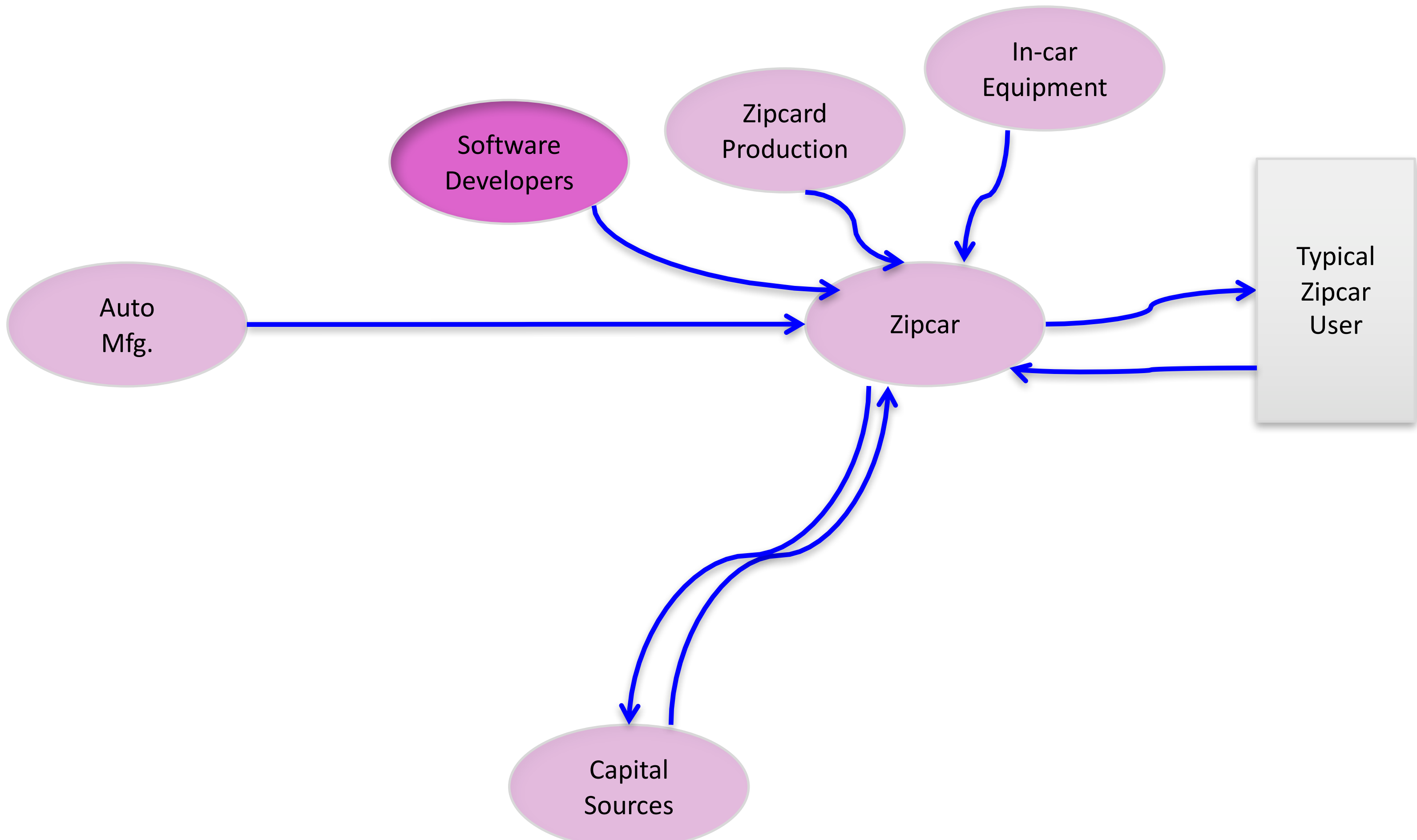
- For inventory and growth
- Note the two kinds of value flows: capital to Zipcar; stock and options to the capital sources



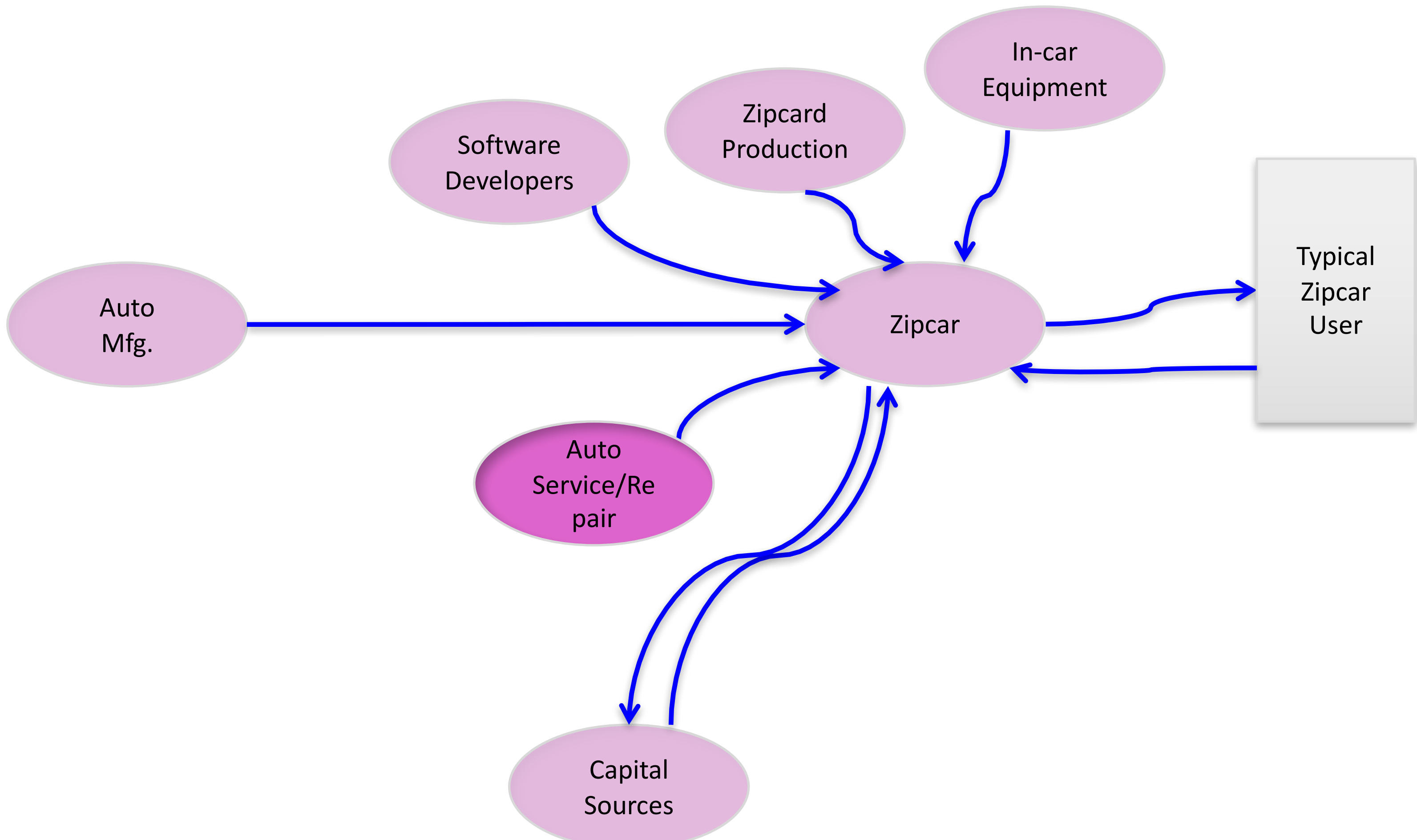
Electronic system for instant car access



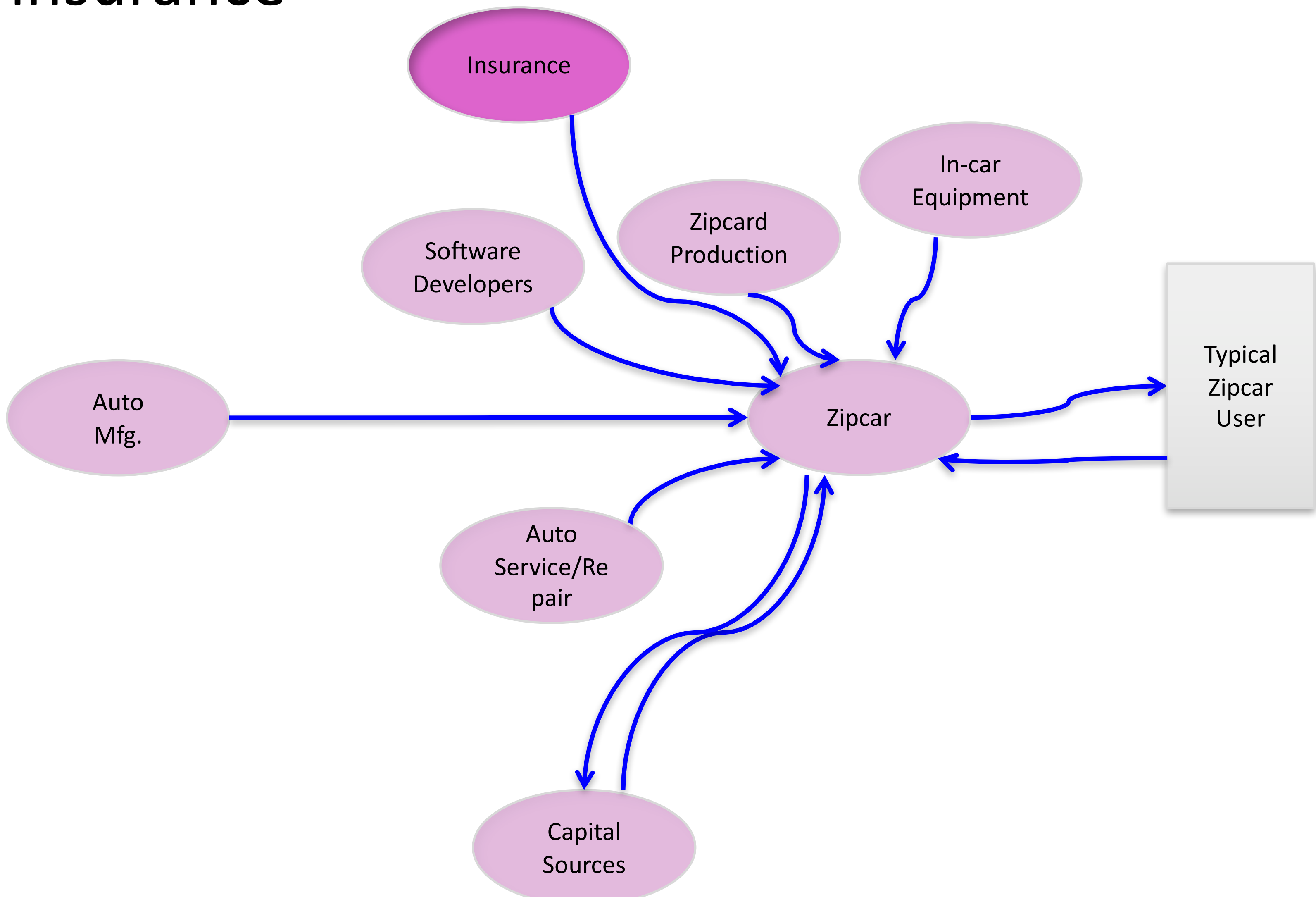
Reservation-Payment systems



Car servicing

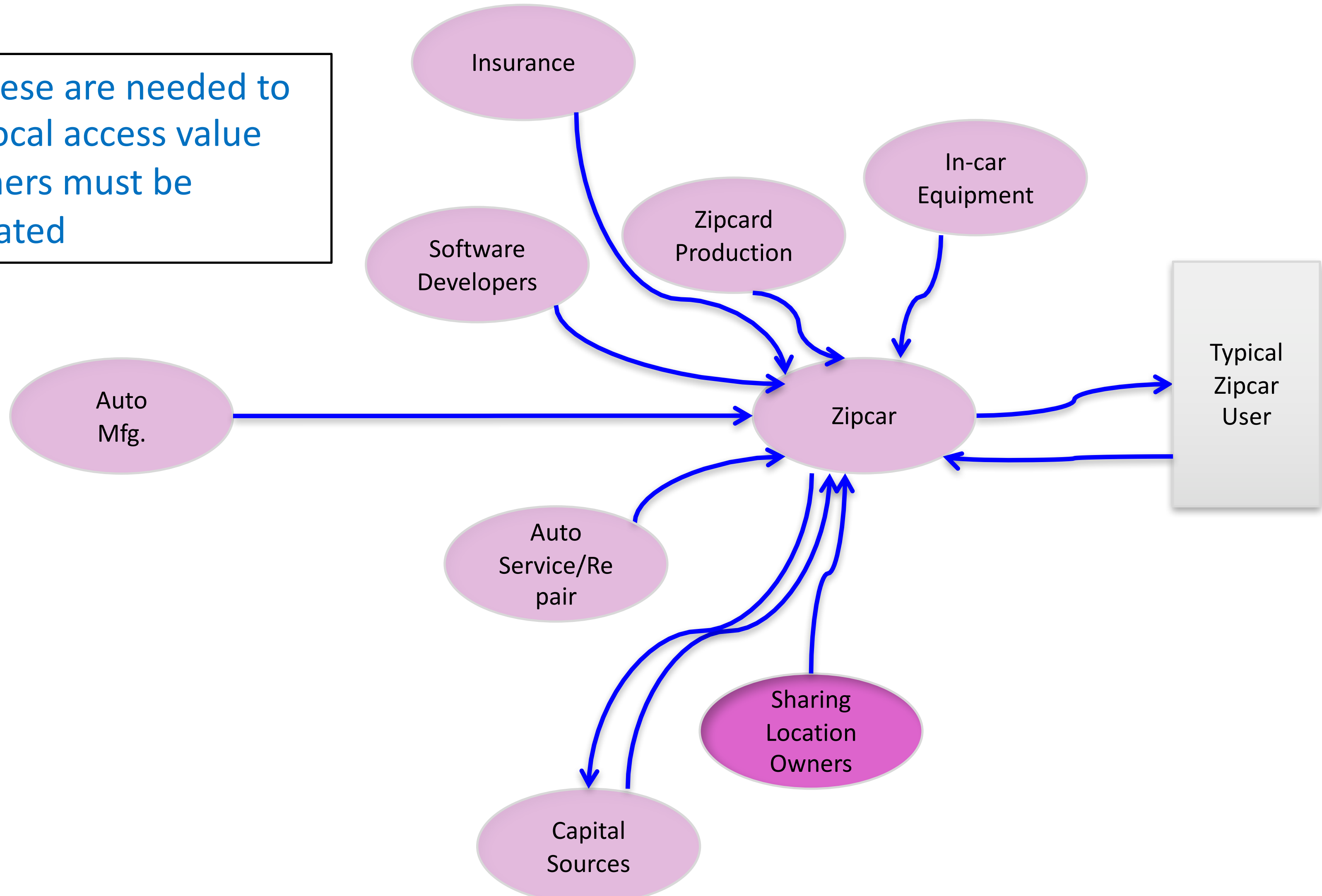


Car insurance



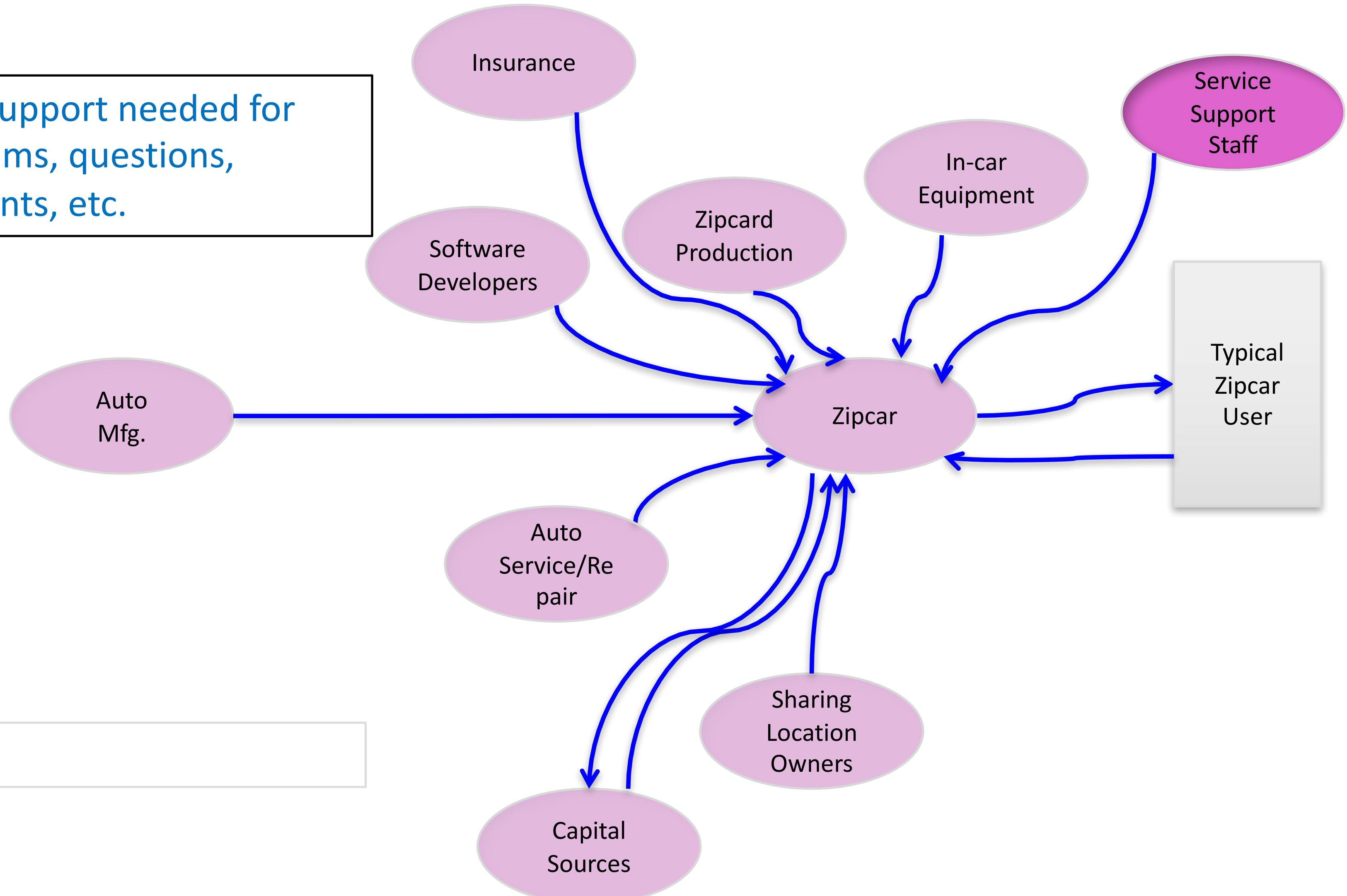
Car parking locations

- Lots of these are needed to provide local access value
- Also, owners must be compensated



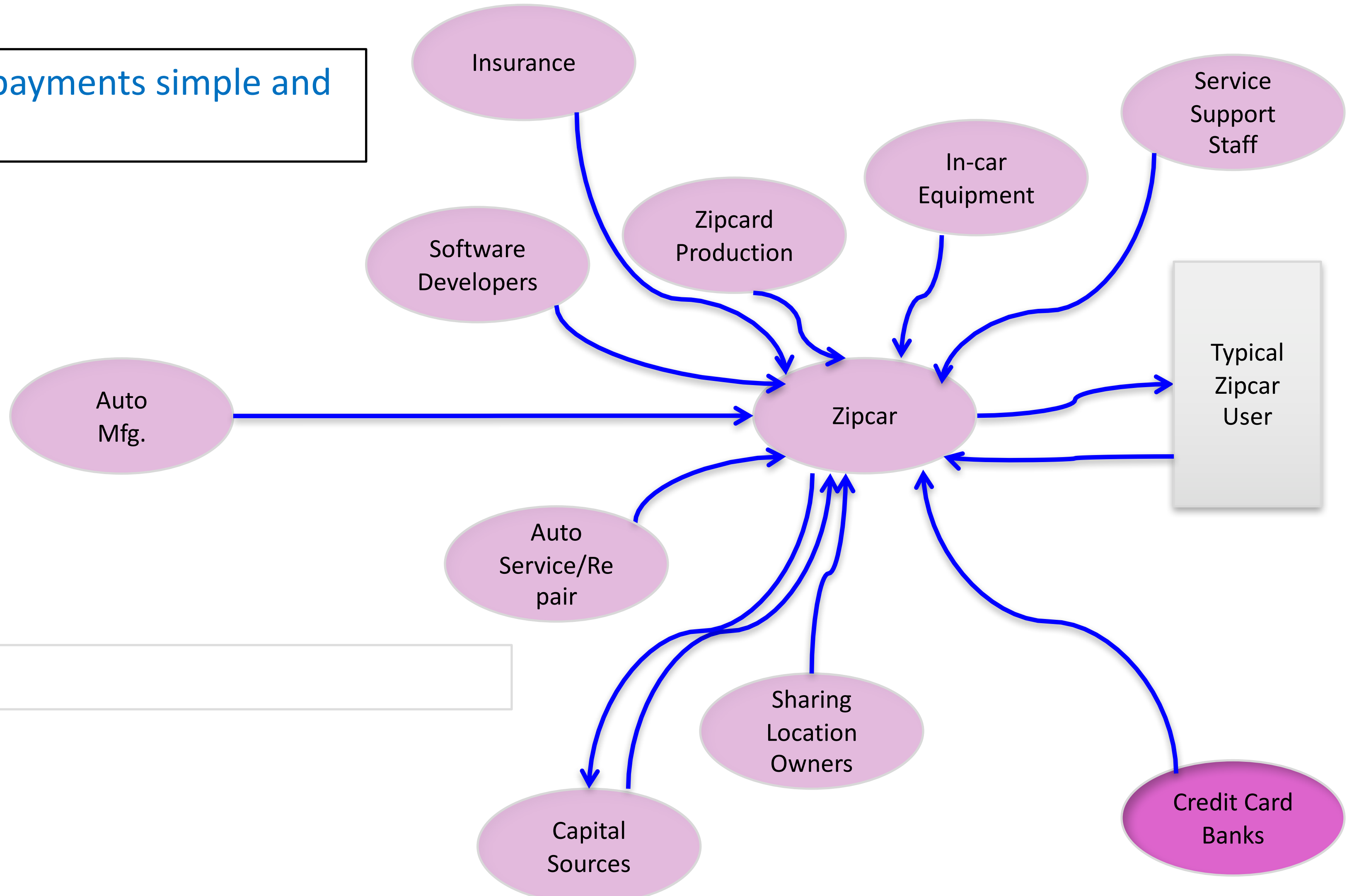
Customer service

- 24/7 support needed for problems, questions, accidents, etc.



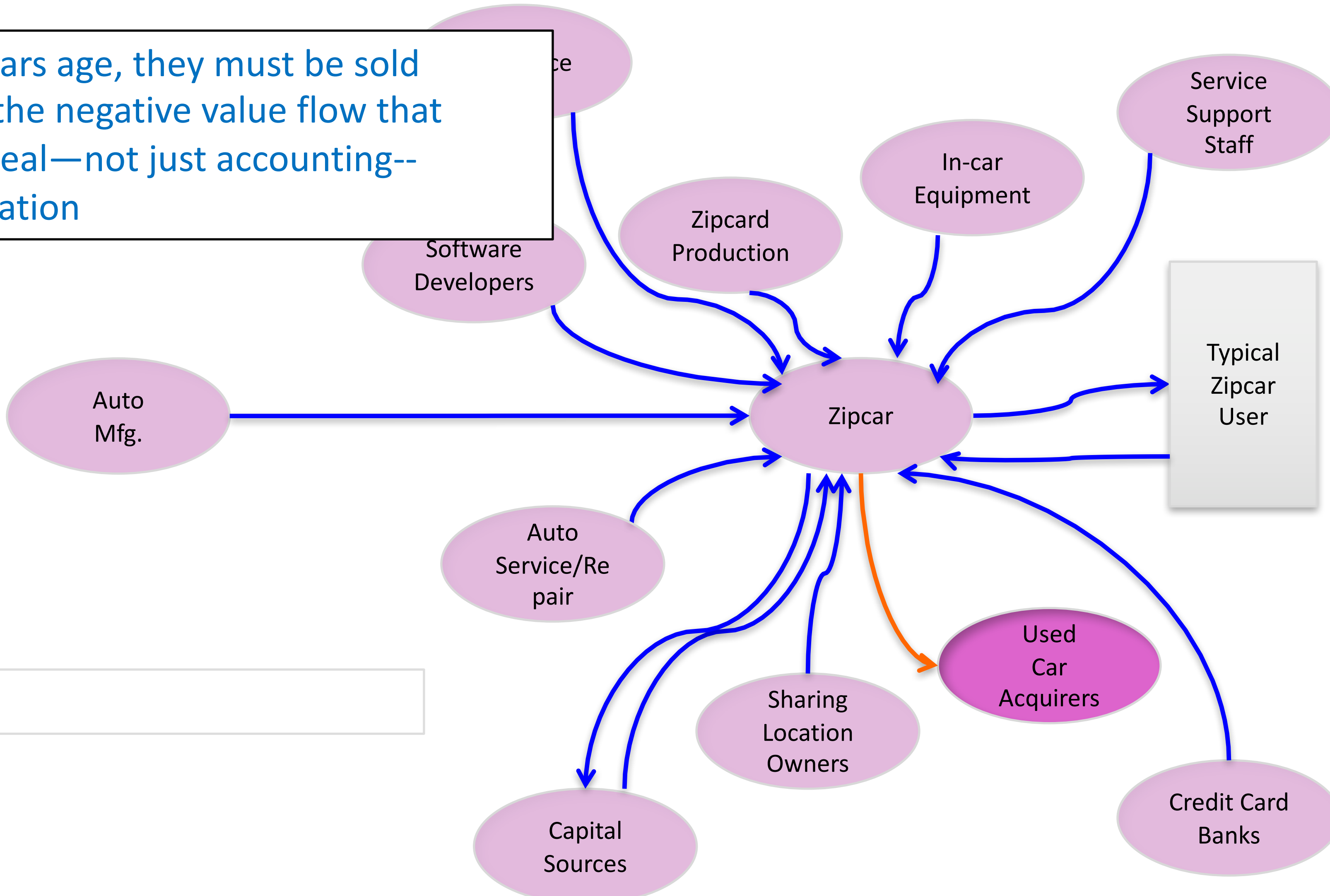
Credit transactions

- Make payments simple and fast



Manage used cars with depreciation

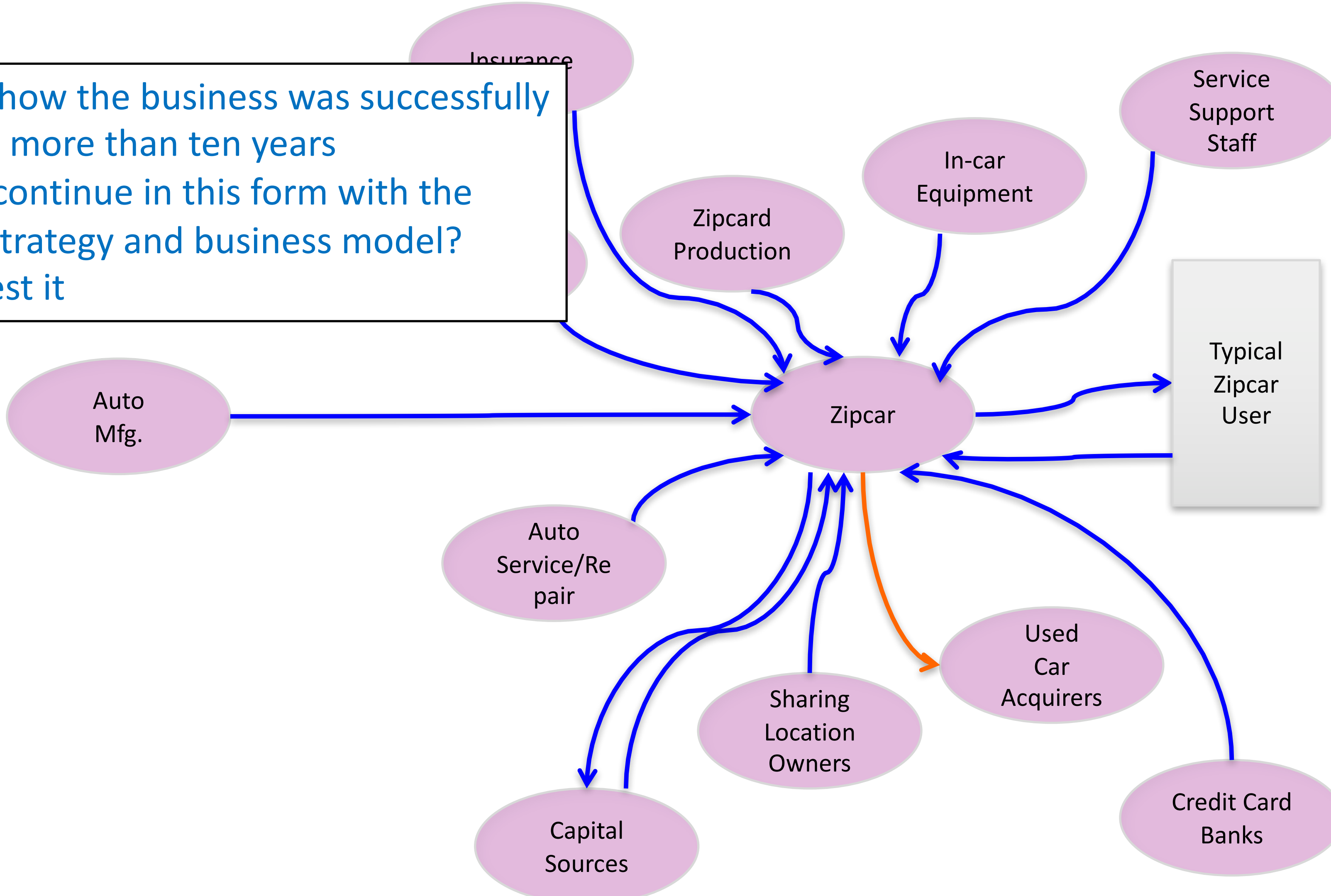
- When cars age, they must be sold
- Notice the negative value flow that shows real—not just accounting--depreciation



ValueMap

Is the Zipcar Value Map sustainable?

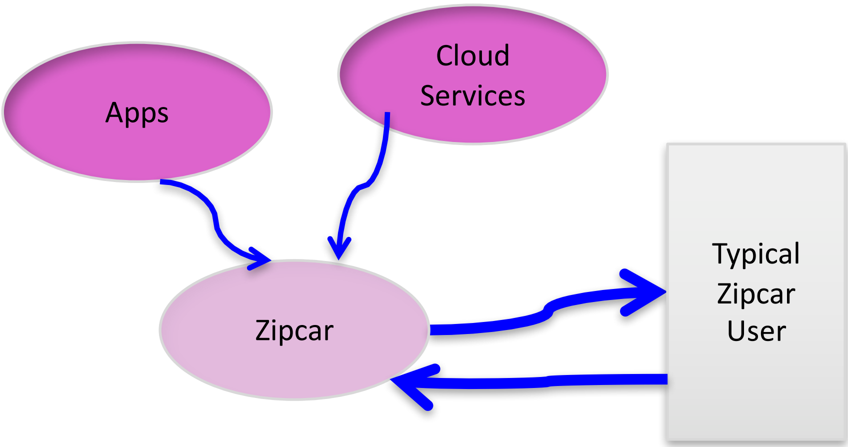
- This is how the business was successfully run for more than ten years
- Can it continue in this form with the same strategy and business model?
- Let's test it



ValueMap

Smart apps, cloud services?

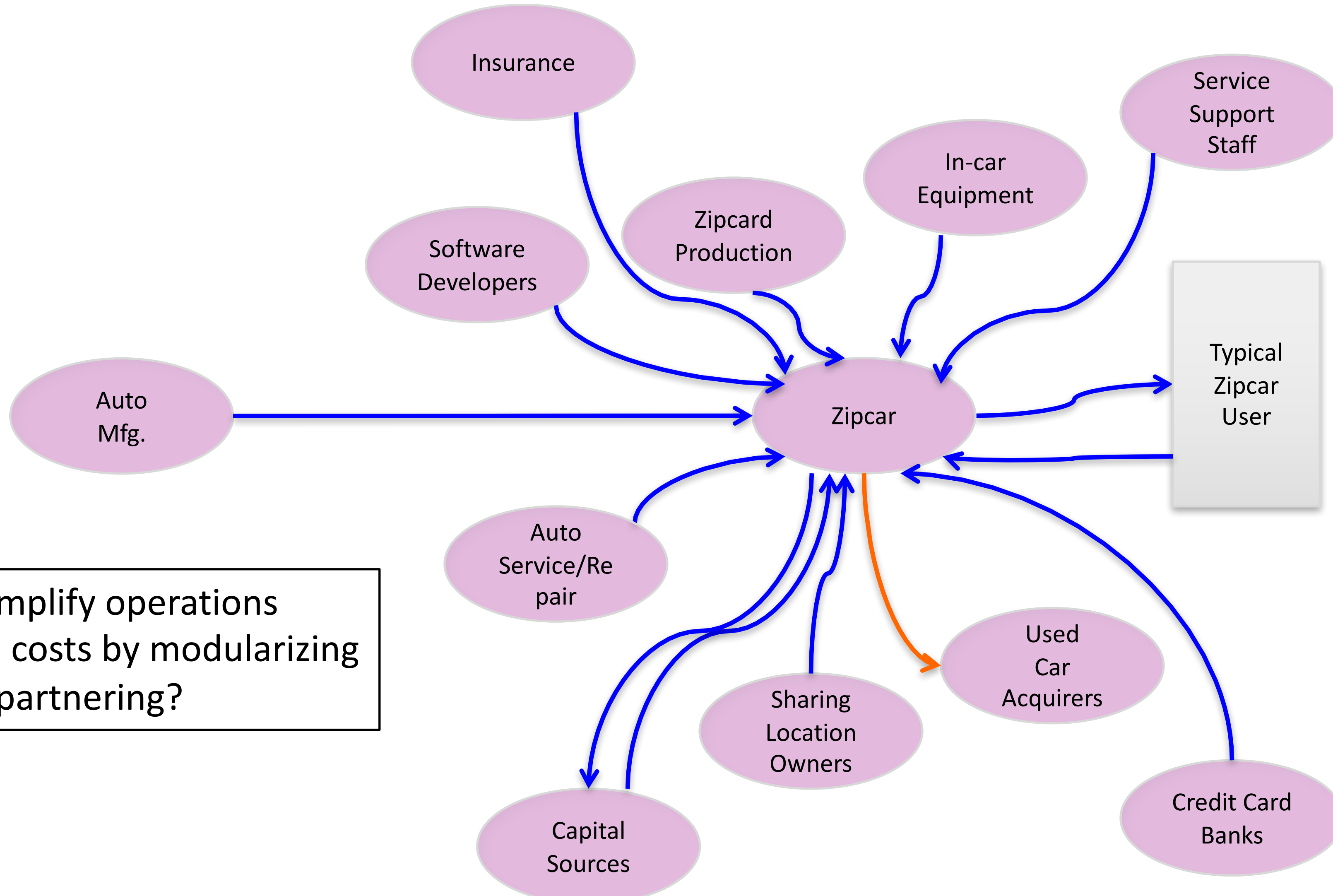
- We start by exploring what smarter apps and cloud services could do to improve the business by adding new values
- Some useful questions:



What unmet values do Zipcard users have?
What additional values could we get FROM them?
Could metadata/algorithms uncover more?
Which of these could be addressed with smarter apps?
What value flows could smarter apps improve?

ValueMap

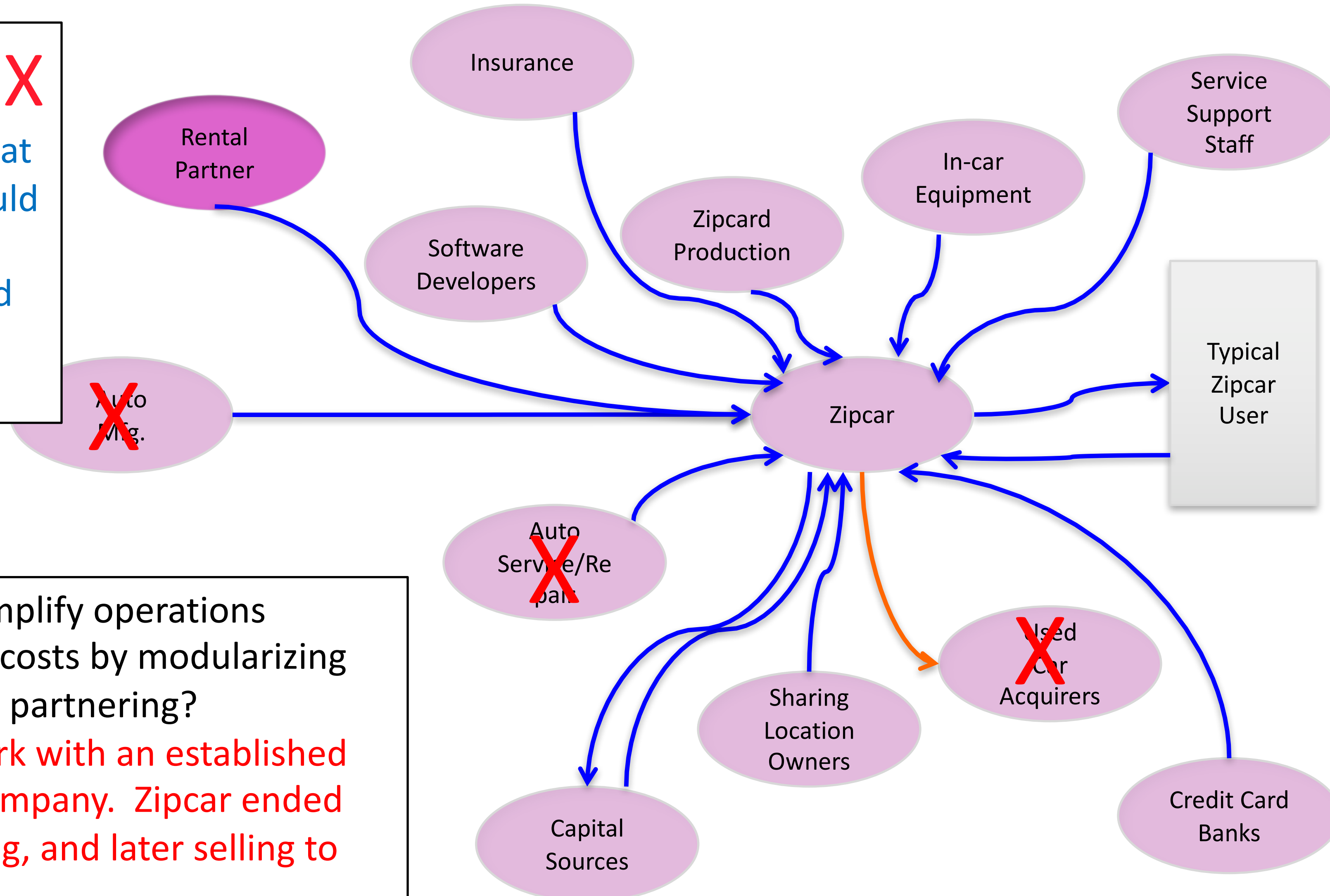
Redefine the structure?



Could we simplify operations and reduce costs by modularizing or perhaps partnering?

Partner to reduce costs

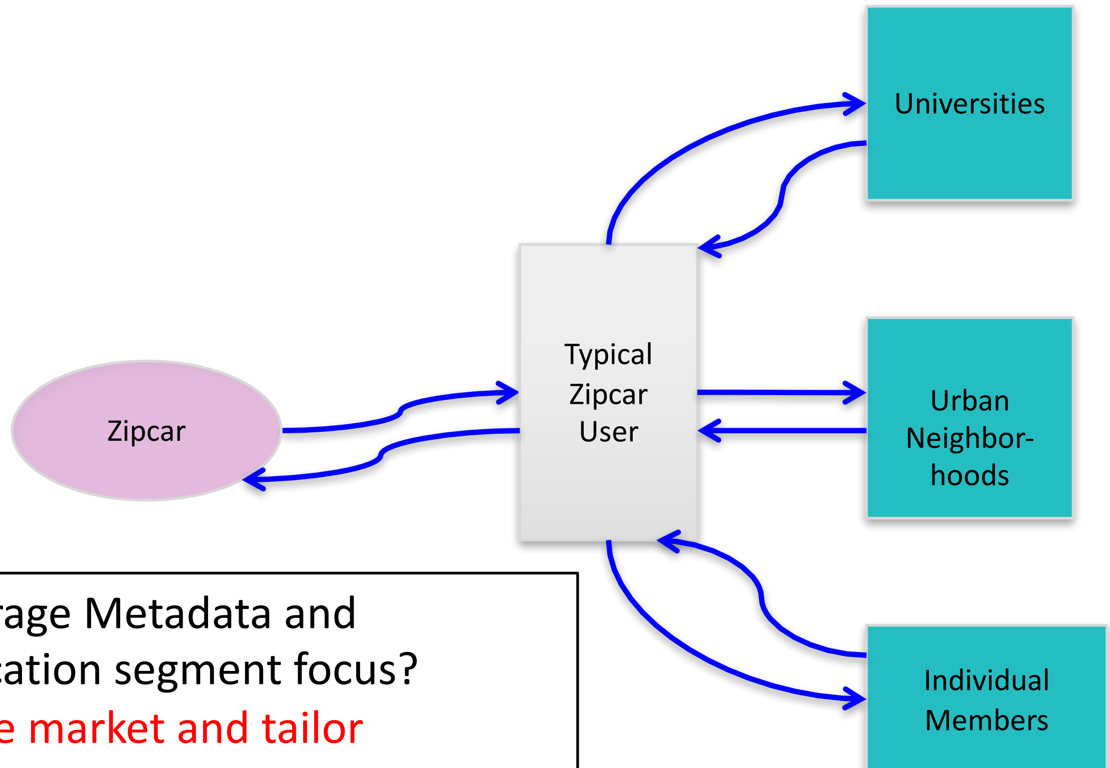
- Note: the X shows what stages could be eliminated with this change



Could we simplify operations and reduce costs by modularizing and perhaps partnering?

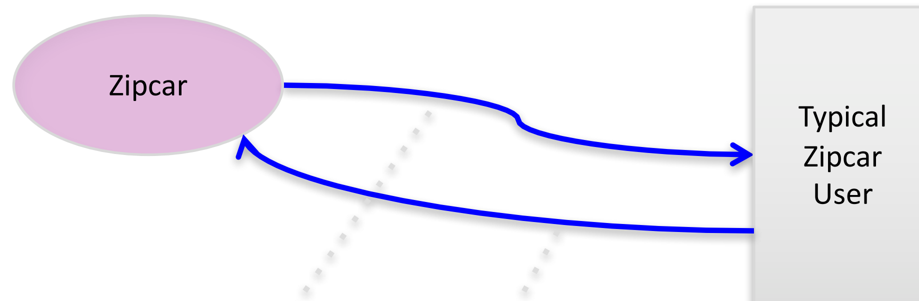
Answer: Work with an established car rental company. Zipcar ended up partnering, and later selling to Avis

Segment the market



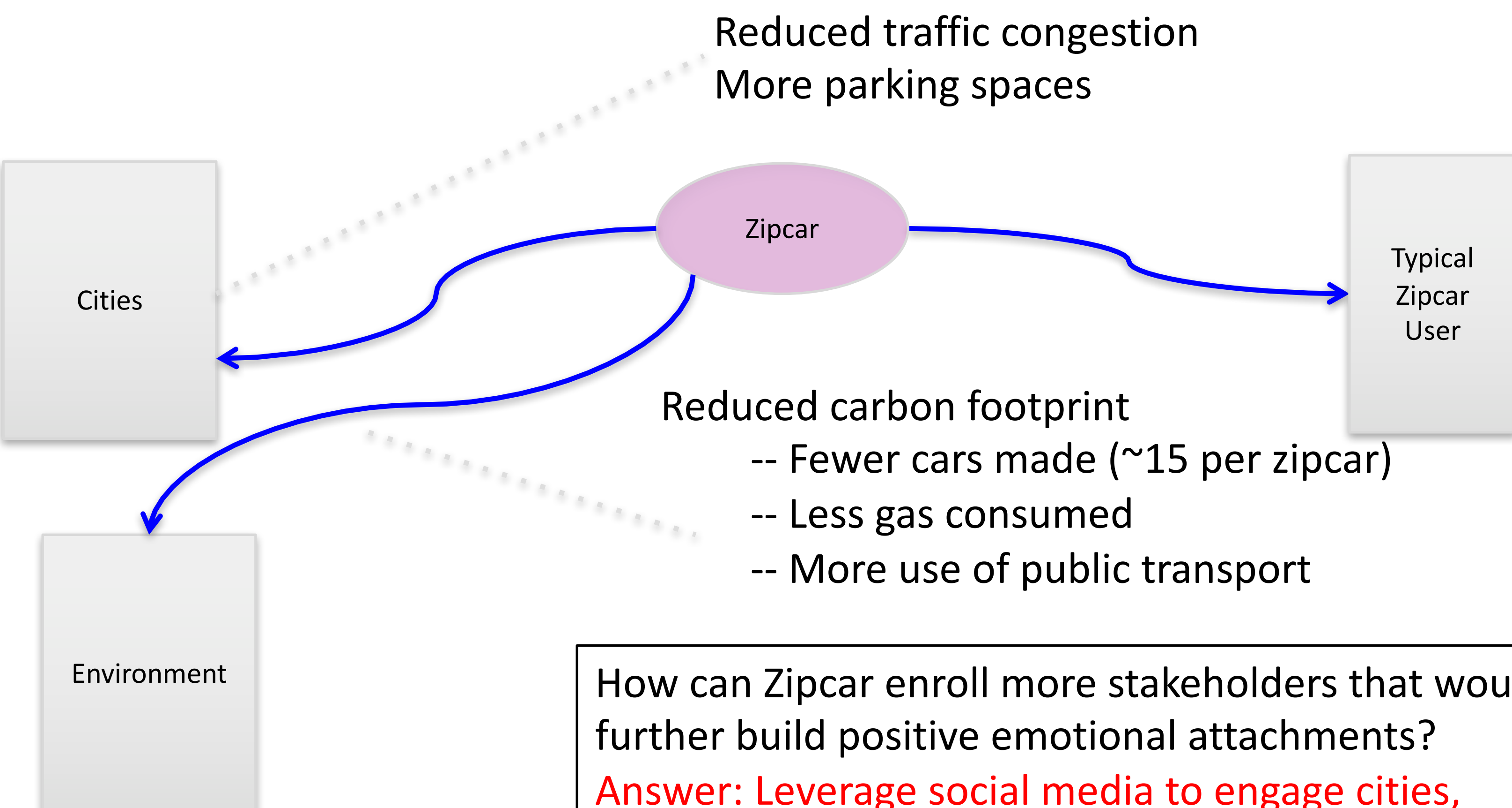
How can Zipcar leverage Metadata and personalize its application segment focus?
Answer: Segment the market and tailor your offering to each with lots of communication

Enhance user feedback



Build better connections to the user to build trust
More information to and from, preferably with humans

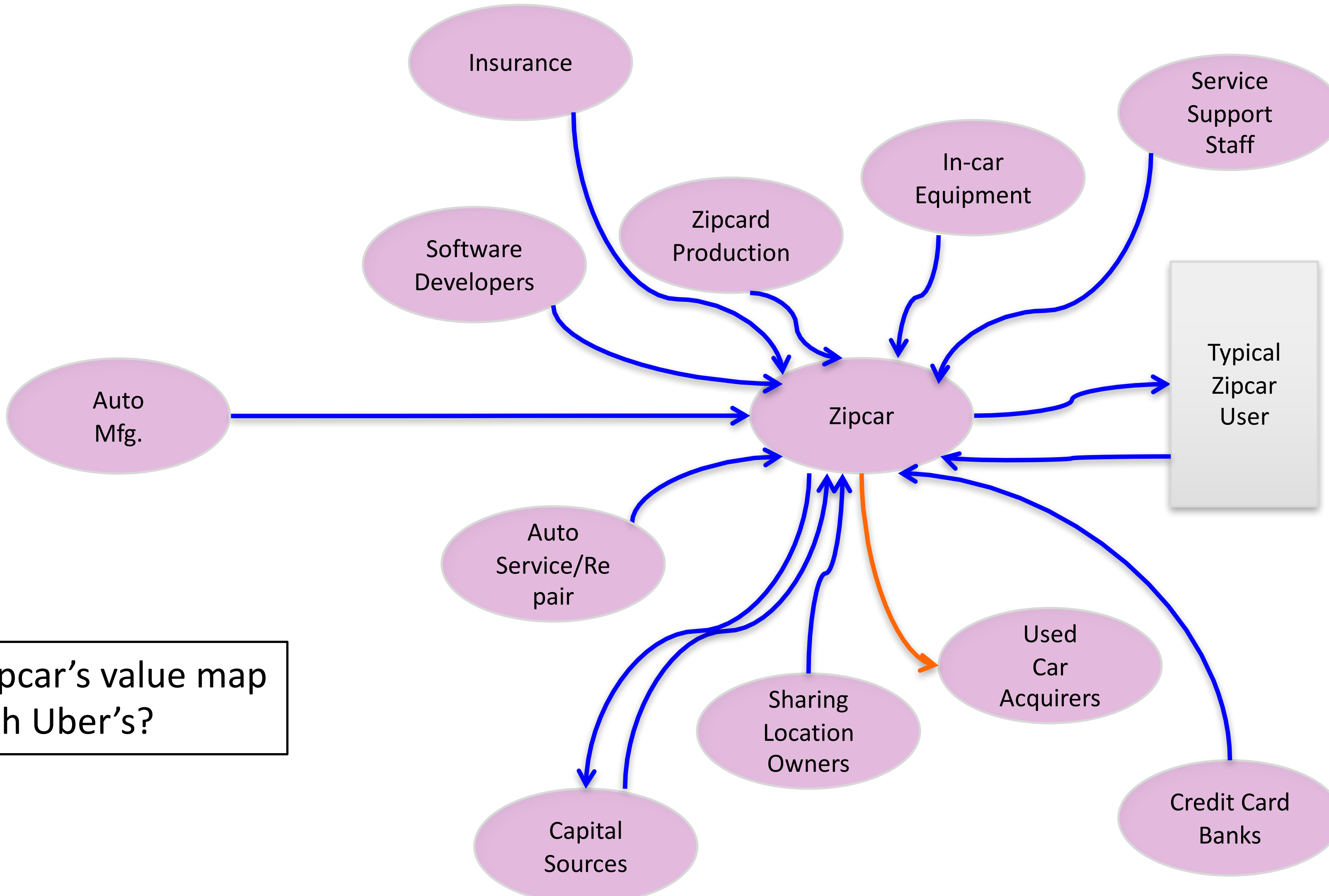
Promote Value to "Externalities"



How can Zipcar enroll more stakeholders that would further build positive emotional attachments?

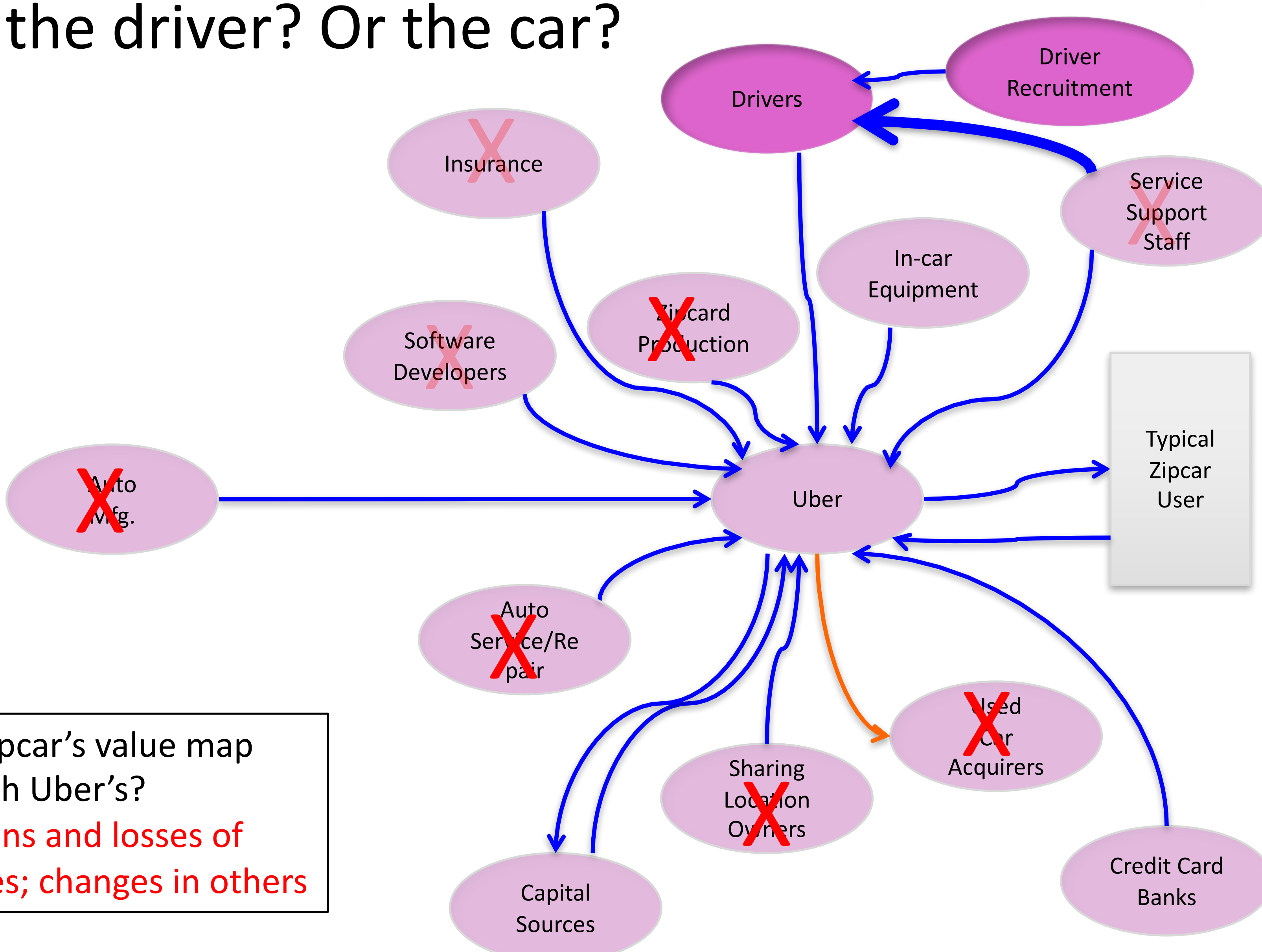
Answer: Leverage social media to engage cities, communities, and environmentalists for its contribution to better urban living and climate change.

Here comes Uber!



How does Zipcar's value map compare with Uber's?

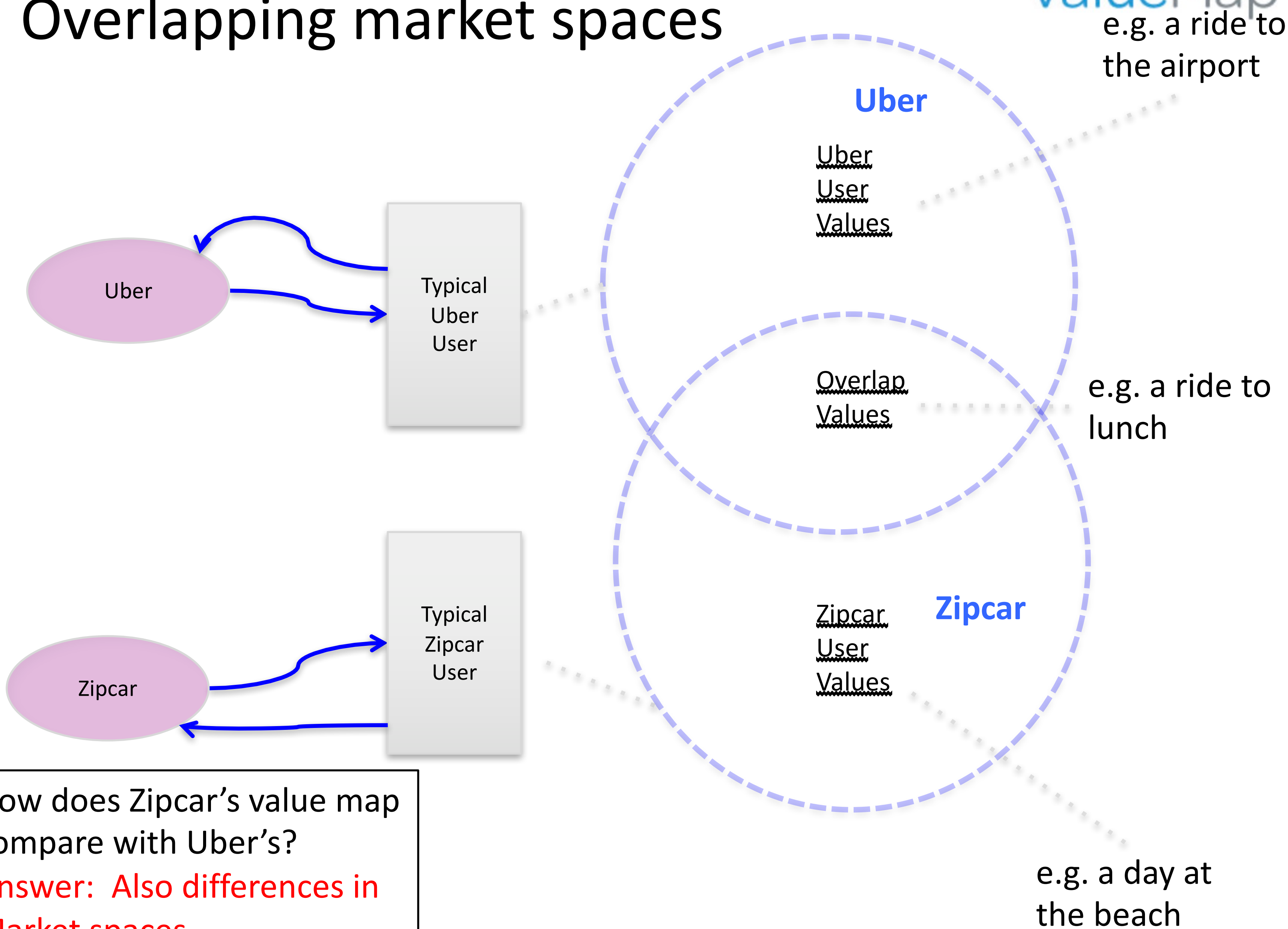
Hire the driver? Or the car?



How does Zipcar's value map compare with Uber's?

Answer: Gains and losses of certain stages; changes in others

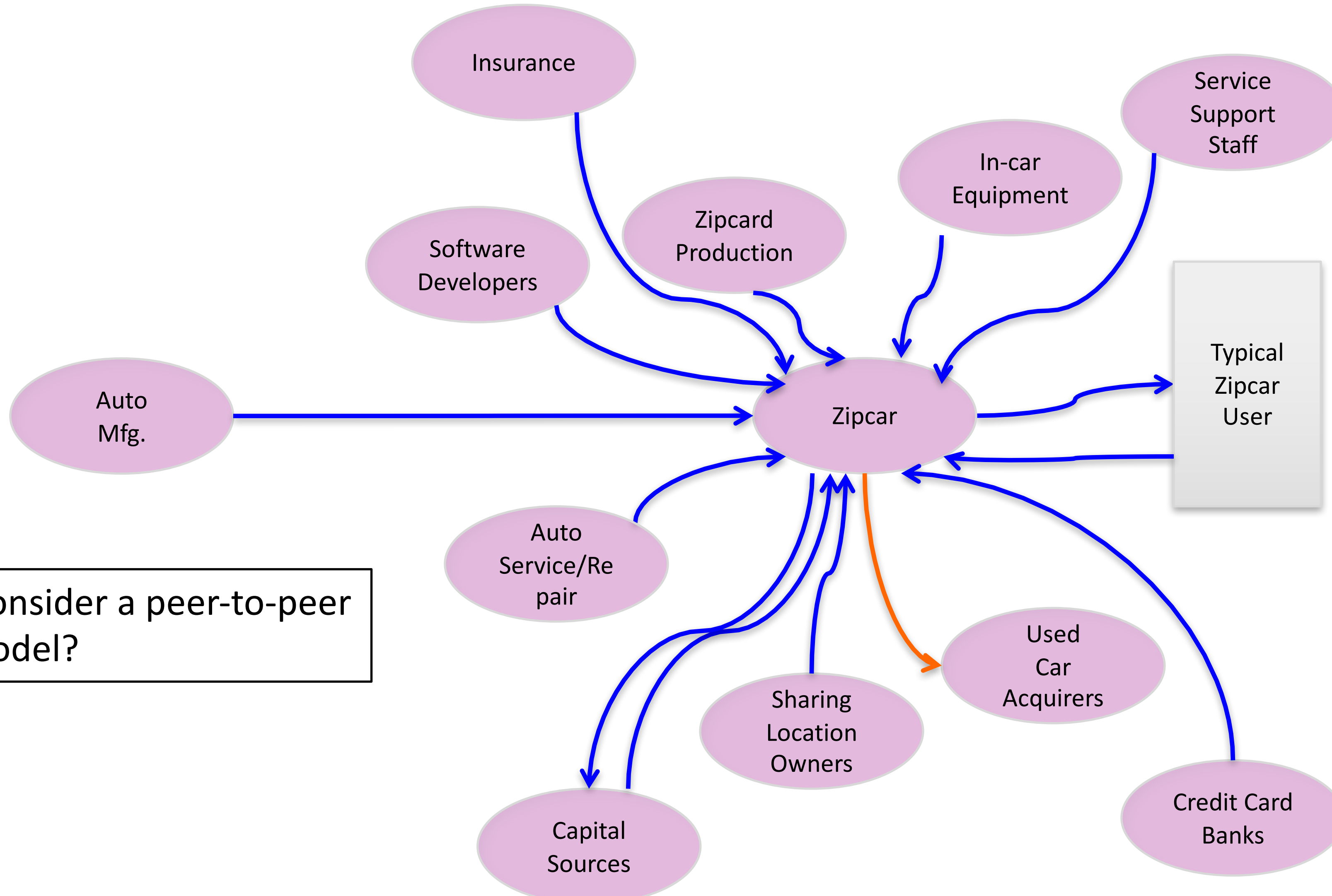
Overlapping market spaces



How does Zipcar's value map compare with Uber's?

Answer: Also differences in Market spaces

Peer-to-Peer for Zipcar?



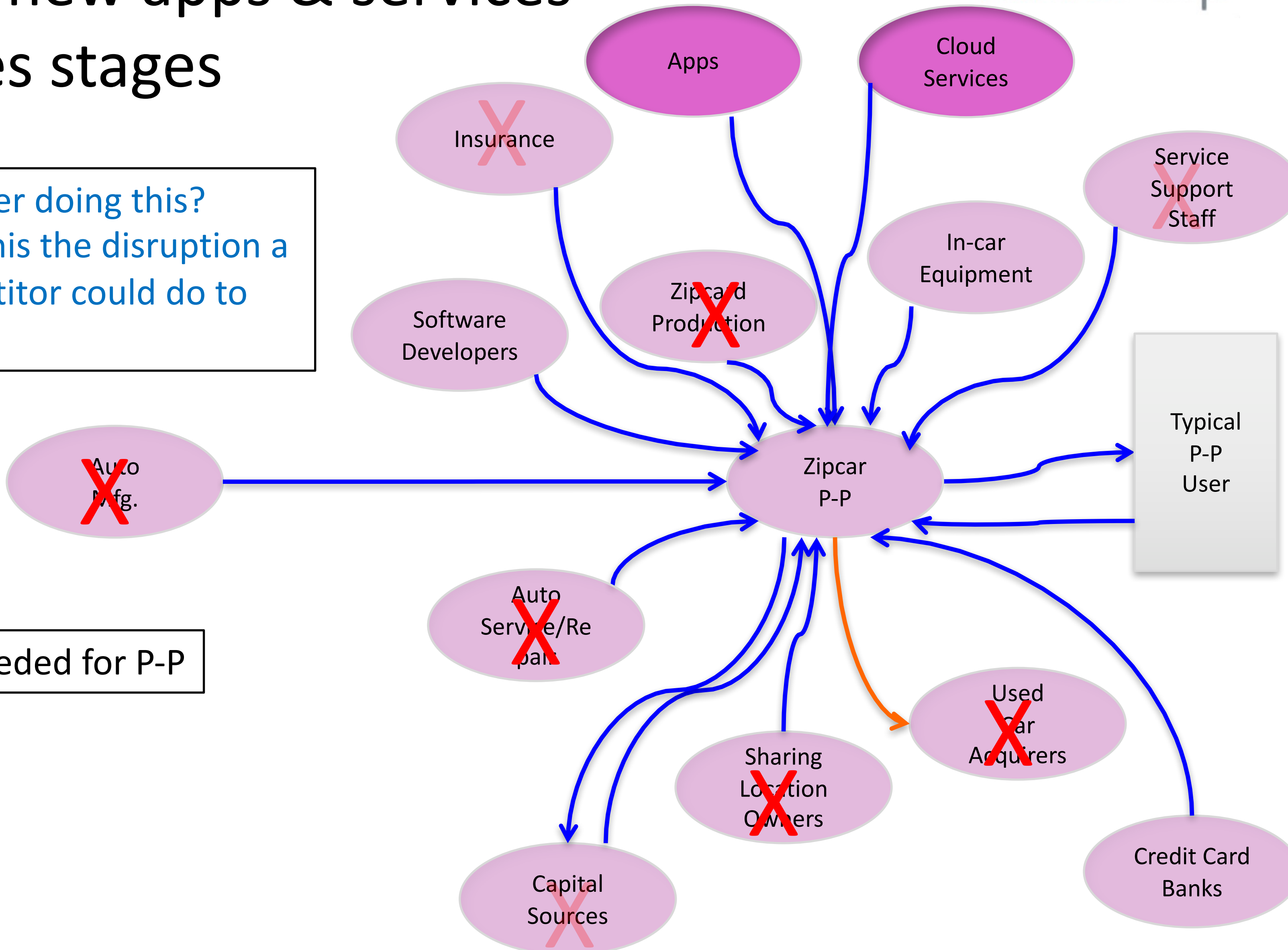
Could we consider a peer-to-peer business model?

Add new apps & services
Saves stages

ValueMap

- Consider doing this?
- Or, is this the disruption a competitor could do to us?

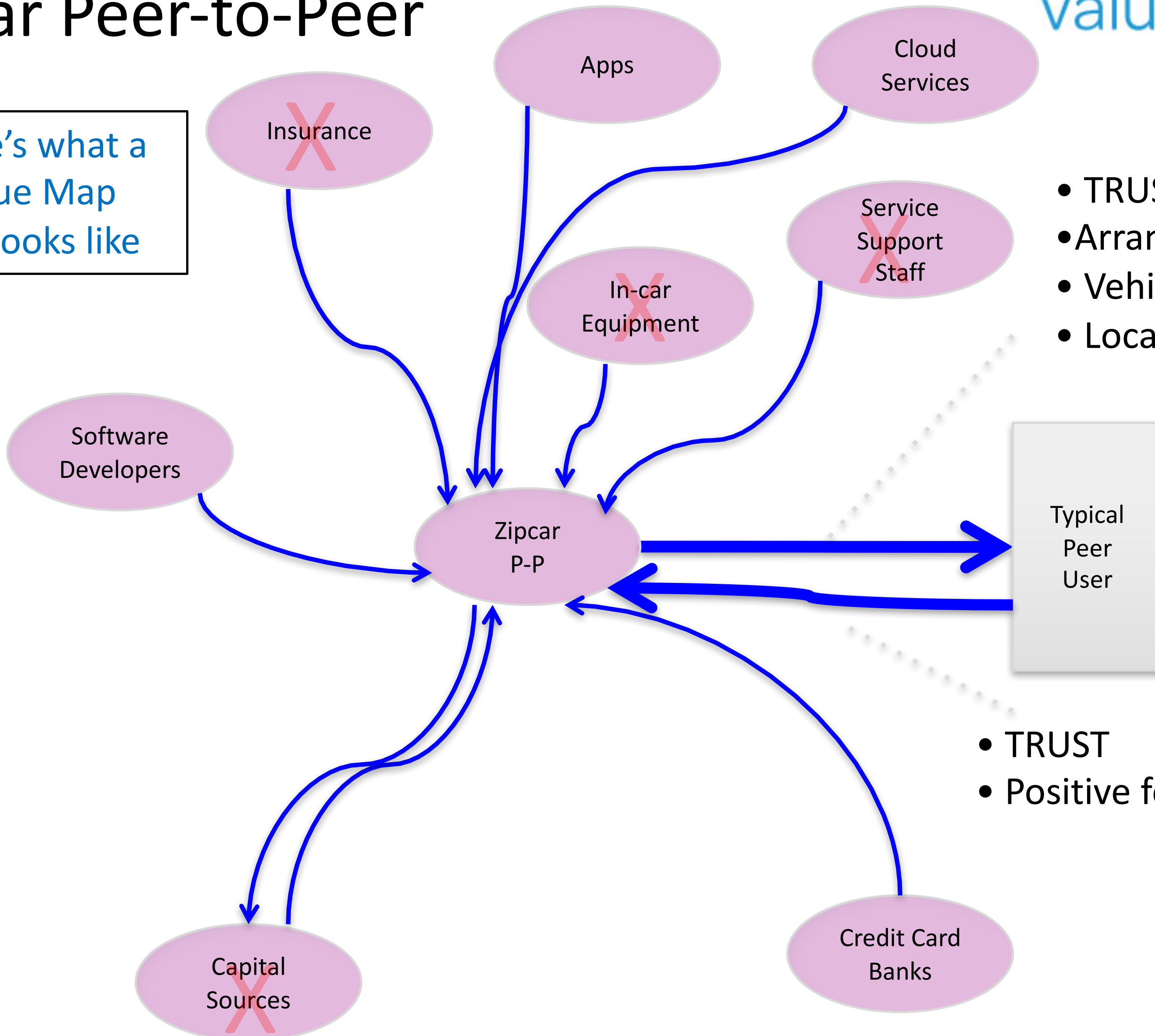
Changes needed for P-P



Zipcar Peer-to-Peer

ValueMap

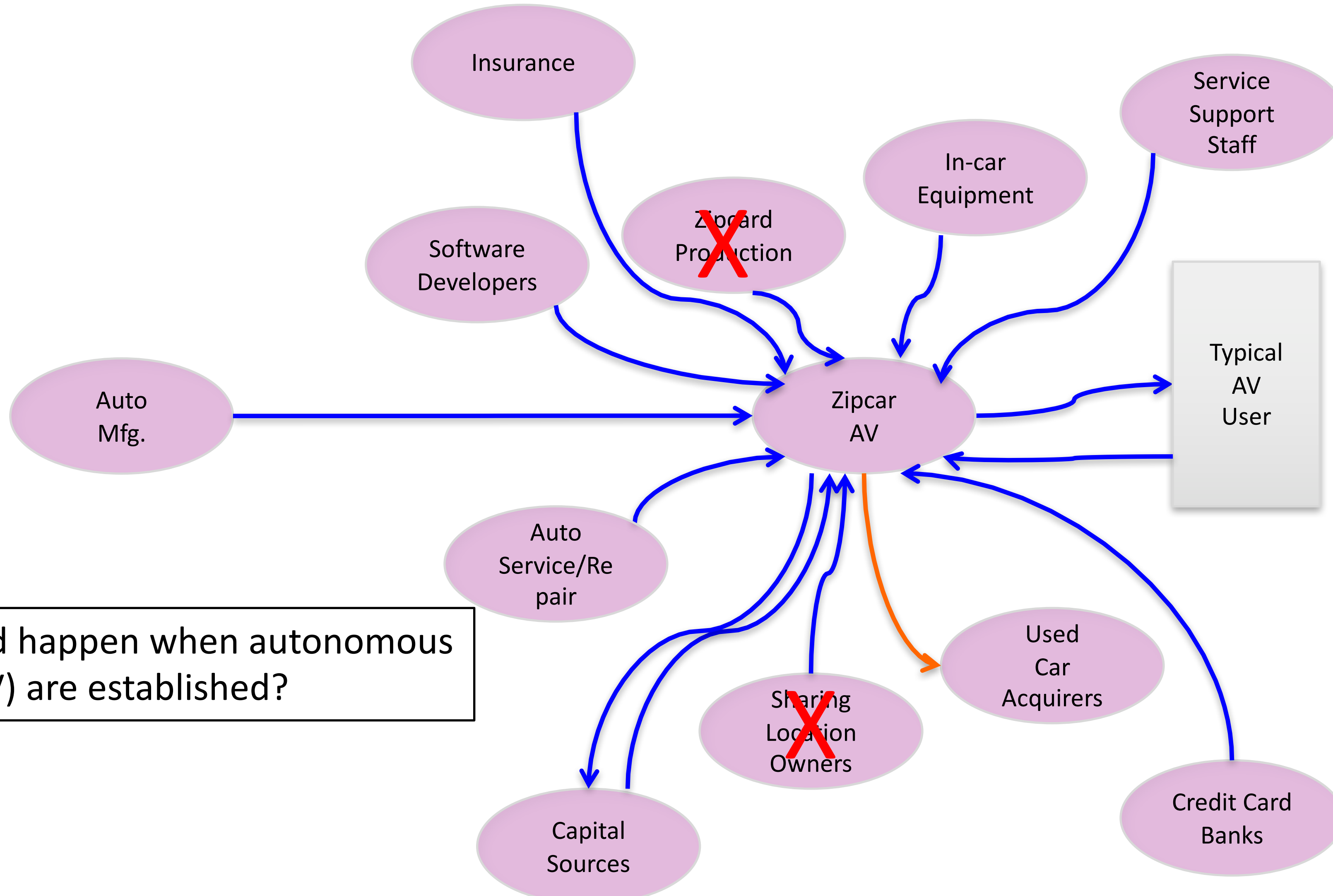
- So here's what a P-P Value Map would looks like



- TRUST
- Arrangements
- Vehicle choice
- Location choice

- TRUST
- Positive feedback

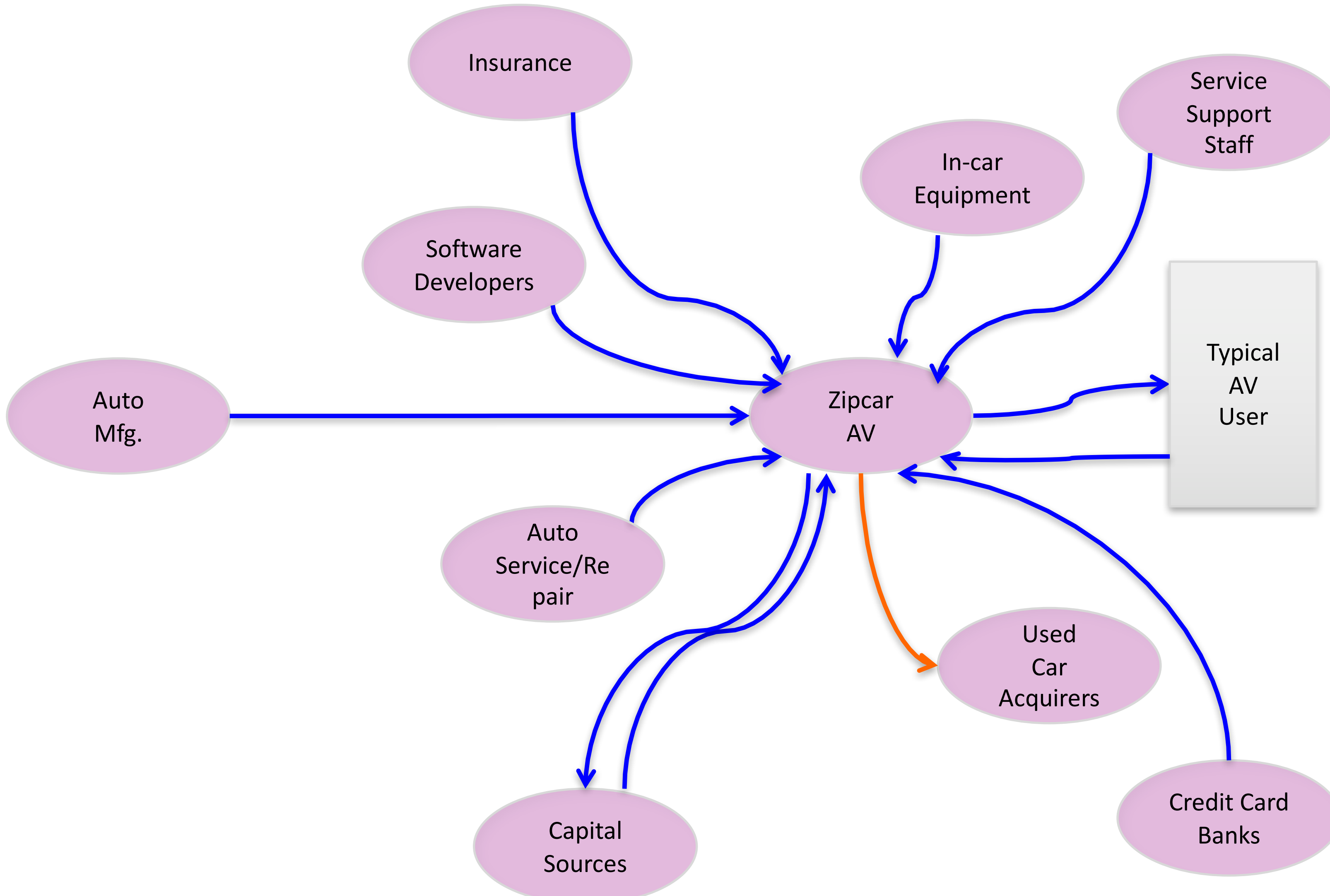
Autonomous vehicles?



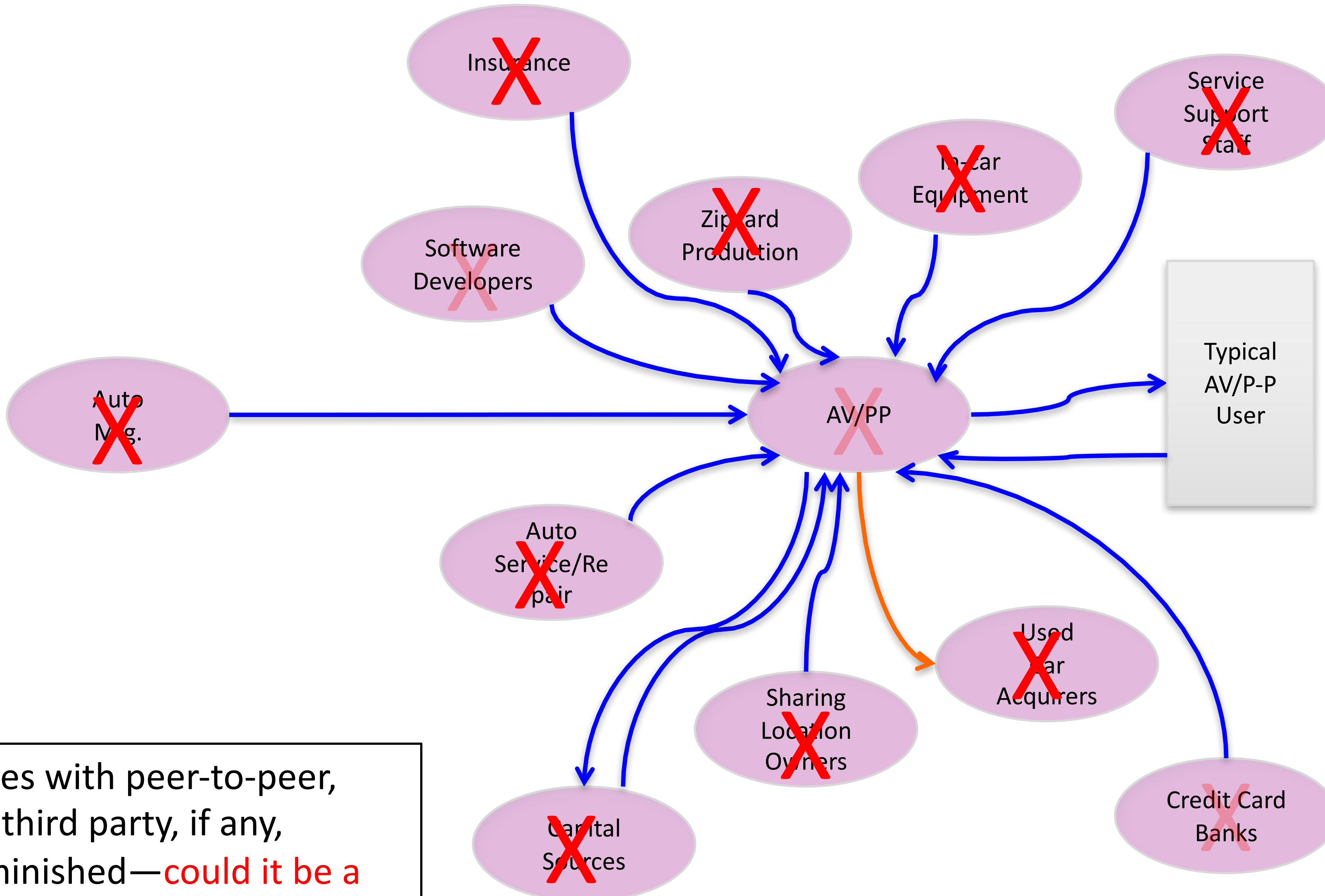
What would happen when autonomous vehicles (AV) are established?

Autonomous Value Map

ValueMap



AV + P-to-P?



If AV combines with peer-to-peer, the role of a third party, if any, is greatly diminished—could it be a shrivel?

ValueMap

Zipcar Value Maps have shown

- How negative and reverse value flows, along with complementors, can inspire forming a new business
- How Value Maps can highlight risks to an established business from a changing business environment and new opportunities to pursue
- They can suggest strategy and business model AHA's!
- Launch or apply it to your business
- And now all you'll have to do is…..execute!