

Creativity & Feasibility
Culture Club—Danny, Debbie, Chris, Jill, Neela
Business Model, Arts
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Winston Net is searching for the best strategy that will maximize its ability to best employ the resources available to benefit the broader community of Winston Salem. Because the opportunities are so broad, this business model is just one avenue, one approach Winston Net may take that targets the arts community. From a greater perspective, we see this model as an extension from the greater vision of Winston Net—ultimately we see this as a division or department that would be led by at least one or two people. From our conversations and interviews within our class and with various community leaders of Winston Net and the arts, we have determined that the most challenging issue is that the arts community is fragmented—among the various arts organizations, universities, but also socio-economically, along the Hwy 52 divide. This business model aims to leverage Winston Net’s key advantages to address this issue, which no organization has yet to successfully solve.

1. Value Proposition:

Through its vision of pervasive connectivity, Winston Net has the unique opportunity to be the virtual aggregator for the arts community in Winston Salem. Through its technology offering, this new role will manifest itself in several forms:

- A portal for artists and musicians to connect, collaborate and create
 - Social networking opportunities
 - A Cultural Arts Calendar that encompasses the arts community in its entirety, not just members of the various individual organizations
 - Bridging the gap between east & west of Hwy 52
 - Providing online business tutorials for artists
 - Online Gallery and Studio
- A series of initiatives that enable various cultural organizations to either
 - Collaborate with one another, or
 - Connect with community members to bring the arts into the mainstream Winston Salem

2. Market Segment:

If Winston Net will truly play the role of aggregator, the target market segmented for the cultural aspect of Winston Net is quite generally, the entire arts community. As Winston Net will be a place for communicating, educating and creating art, there is a need to include all inspired groups and individuals; this means creating a place where every level of art enthusiast can coexist. There are two major target markets to involve in this project: Winston Net Collaborators and Winston Net Users.

Winston Net Collaborators will be the various local cultural organizations, businesses, museums, venues and educational institutions that will benefit from increased connectivity and opened communication. By bringing these groups together, Winston Net

can create a unified and credible source of events, educational tools and inspiration. Some important suppliers to include in this initiative are:

- Organizations:
 - Downtown Arts District Association, Winston-Salem and Forsyth County Arts Council, Center for Design Innovation, Winston-Salem Cinema Society, Winston-Salem Piedmont Triad Symphony
- Businesses:
 - Gallery at Old Salem, Reynolda Village Galleries, Trade Street Galleries, Graylyn, 6th and Vine, Patina's, Finnegan's Wake
- Museums:
 - Reynolda House, Children's Museum, SciWorks, SECCA, Museum of Anthropology, Furniture Discovery Center, Old Salem Museum and Gardens
- Venues:
 - Millennium Center, Piedmont Opera Theater Inc., The little Theater, Ziggy's, Warehouse, Elliot's Revue, The Garage
- Educational Institutions:
 - North Carolina School for the Arts, Sawtooth, local elementary schools, middle schools, high schools and universities

These collaborators will have the opportunity to enhance the local arts community by consolidating their efforts in a centralized location. This will not only create a better, more educated user, but will also create the ability for interplay between the different groups.

Winston Net Users will include all the collaborators stated above, as well as individual artists, art community participants, patrons and citizens. It is important to gain participation from members of the art community that are currently not a part of the mainstream downtown scene. A major push for this type of full community and geographically unbiased involvement will come from the support of the local collaborators.

Some ways to reach both the collaborator and the user target markets to communicate the value proposition are through various local media's. Such include:

- Local Publications:
 - Winston-Salem Journal, Go Triad, Revue
- Local Radio:
 - NPR's Wake Forest Affiliate
- Local Television:
 - National Broadcast Station Affiliates, Public Access Station
- Local Events:
 - Summer on Trade, Alive after Five, Films on Fourth, River Run Film Festival, First Friday's Trade Street Gallery Hop

3. Value Chain:

Primary Activities

1. Technical Integrated Solution: The Aggregator

The pervasive internet connectivity and high-speed Wi-Fi create a unique combination of technologies and services that provide value to the city as a whole. Through the union of technology and organizational structure, the arts community can use this wireless technology to create a “Hot City”. The application of this technology shrinks the distance between the various art centers in Winston-Salem and allows for a central place for artists to come together, make contacts, share ideas, and ultimately operate more effectively. It is through these collective efforts—a centralizing of an entire city culture—that additional applications can be offered and greater value can be provided.

2. Interactive Portal Applications

a) This central location can provide unique marketing and advertising opportunities to local art businesses, organizations, or venues. This portal provides an already narrowed target market, reaching the desired population and facilitating a higher success rate for marketing efforts. This portal also offers the opportunity to reach beyond the current arts community by making this community available to everyone through a virtual arts experience.

b) This central location creates a “virtual community” for the arts. It can create an online directory for individuals working in this area, complete with links to personal sites, business sites, and personal blogs. It further personalizes the arts community while reaching those fringe members desiring a way in.

c) This portal allows the opportunity for a virtual gallery. Here, smaller and undiscovered artists can exhibit their work. This allows personal work to be seen by the greater community and even by museums and individuals that could provide life-changing opportunity. Furthermore, this centralizing of the different arts can manifest itself in further creation of new art, potentially challenging the definitions of what is currently known as art.

d) This portal offers the opportunity for further education. Through meeting Winston Net’s goal of bridging the digital divide, youth and adults who otherwise have no access to the arts will be able to take virtual tours of artwork, read about artists and their lives, and potentially discover an untapped passion.

Support Activities

1. Core Technology

The core technology utilized are the Wi-Fi and WiMAX technologies, offering speeds up to 4 Mbps. Included in this package are the necessary towers and broadcast centers, located on traffic lights and other various terminals throughout the city. Infrastructure, Support, and Technology Development are provided by Azulstar.

2. The Offering

A “Hot City” network which provides Wi-Fi and public safety access with end to end security and QoS. This pervasive connectivity provides an array of ready-made public and private services to those community members. Individuals have the ability to access the internet in mobile fashion at any location around the city. This offering is provided by Winston Net, in conjunction with Azulstar.

4. Cost Structure & Target Margins:

To remain a sustainable entity in the community Winston Net must generate stable revenues. The above mentioned portal provides many distinct opportunities for revenue generation. These mechanisms rely on a strong relationship between Winston Net and the greater Winston-Salem community. Winston Net will provide value to the local arts community (artists, musicians, organizations, educational institutions, and patrons). In return Winston Net will capture some of the value created with a combination of revenue generating models: advertising, renting, transaction based, and outright sale. Specifically these mechanisms are listed below:

- Advertising provision for local events and individual needs: suggested price range is from \$25 to \$100 per ad with discounts for repeat purchases (advertising model with expected high volume and high margins)
 - Art shows and gallery events
 - Theater performances
 - Musical events
 - Studio locations and special tours
- Online gallery for Winston-Salem artists and an online music store for Winston Salem musicians (a hybrid between a renting model and charging by transaction model with high volume low margins for listings and low volume high margins for sales)
 - Listing fees for offerings of art and music: suggested \$3 per listing
 - Percentage of revenue for transaction handling: suggested 35% of sale price
- Online Tutorials for Artists: suggested price \$35 per tutorial (outright sale with moderate volume and high margins)
 - The business of art (i.e. marketing, operations, and accounting)
 - Portfolio management (digital photography and presentation)
 - Technical savvy as it applies to the arts (website generation and maintenance)

In order to support this vast array of services Winston Net must build an organization that will perform consistently in the provision of accessibility, information, and public image. Estimated yearly costs of starting and maintaining the portal may total in the area of \$41, 240, details below:

- Website
 - Startup costs (\$2,000)
 - Website payment capability for online galleries (\$240, also can be done per transaction)
- Maintenance
 - Part-time employee with website design capabilities and marketing skills: this employee must have an understanding of the intricacies of the Winston-Salem art community (\$20,000)
- Marketing and public relations
 - Advertising with search engines, this portal must be a top hit when visitors/locals search for Winston-Salem on the web (\$5,000)
 - Local advertising (\$8,000)
 - Public relations (hosting of an annual event) (\$6,000)

Accessibility will be essential to the success of the portal. Because of the retail and information provision aspects of this operation consistency is a must. Consumer behavior in this online market is very difficult to manage because of the low cost of switching to alternative providers. However, Winston Net will be offering a unique site with a multitude

of capabilities that will certainly entice viewers. Repeat visits will be generated by constant information updates (new calendar items, advertisements, and listings in the online gallery/store). The image of the portal must convey a sense of public service. The primary objective of the portal is for networking, collaboration, and connectivity. These functions will be free of charge. Winston-Salem artists, galleries, organizations, and educational institutions need not pay for their appearance on and participation in the portal, only for the additional services that will be offered.

5. Value Network:

The value added to the arts community comes in the form of the central portal, aggregating the greater community into a comprehensive network. There are various outside parties whose contributions and strong ties to the project can be leveraged to amplify the value provided. There exist supporter and enablers whose contributions, resources, and support not only make the project possible but increase its impact. The local government has agreed to make Winston-Salem a “Hot City”, while leading businesses such as Wachovia and RJR have provided the necessary support to move forward with the project. These enablers have acted on “The Core”, the partnership of WinstonNet and Azulstar, to make this virtual arts community possible. With this portal, the application can then reach out to the various Benefactors, who are then able to give back to the portal creating a virtuous cycle of knowledge sharing. The local community, as well as small arts business, museums, and organizations, are able to benefit from this application, while also contributing and enhancing the value that is provided. This network becomes a various dynamic and fluid flow of information and knowledge, adapting and evolving into the most needed and demanded form.

6. Competitive Strategy – Using Porter’s Five Forces Framework:

1. Threat of Entry (Barriers to Entry): In this particular case, WinstonNet is essentially the new entrant, with pre-existing wireless options in place. Due to the proliferation of wireless providers, barriers to entry remain low overall. In terms of culture, some of the initiatives that we have discussed with Dave Brown and Carol Strohecker are not insulated by barriers to entry for potential new competitors, as these initiatives are essentially concept ideas that could be replicated. It is also possible that if these initiatives prove successful, other potential competing initiatives of different foci may develop. However, by the same token, “success” may prove beneficial to the first-mover initiatives by developing levels of user loyalty that may pose significant barriers to entry for potential competitors – and the cultural community by its personal nature may prove to be quite loyal. Also acting as a potential barrier is the fact that SECCA and CDI as non-profits are unique organizations in the Winston-Salem area, and it is unlikely that new organizations will emerge to challenge them.

2. Threat of Rivalry: There are significant characteristics to the cultural nature of WinstonNet that reduce the threat of rivalry. As stated above, emerging challenging organizations are not likely. Moreover, the cultural community is a largely cooperative one (if not yet expansive and unified), and unless the collaborative efforts facilitated by WinstonNet prove unworkable or yield results that are viewed by the community as less than acceptable, it is also unlikely that rival services will emerge.

3. Threat of Substitutes: It should be noted that the wireless environment is a continuously evolving one, and it may occur that more effective means of collaboration may emerge as improvements upon the “first generation” efforts of WinstonNet. In this regard, there is a very real threat of substitutes, but these will be of a nature that should actually improve the connectivity of the cultural community.

4. The Threat of Suppliers: Since the cultural community will be “supplying” material to WinstonNet, the most significant threat is the possibility that levels of participation will be lower (or more infrequent) than anticipated or that contributors may leave. Since cultural offerings are by nature differentiated, the loss of one “supplier” could leave WinstonNet without an important offering for the public.

5. The Threat of Buyers: This threat is actually quite significant, in that “buyers” in this sense are the community members who will use WinstonNet to access information related to cultural offerings. This number may initially be small, as there are preexisting wireless and Internet-linked options. Also, WinstonNet must establish itself as relevant to and reliable for the cultural community, otherwise, people will turn elsewhere.

Recommendations

Connectivity in the arts community is essential to the success and livelihood of artists and arts organizations. Greater connections mean better access to resources, particularly to the fringe artists (mainly east of 52) and less redundancy. As the arts community aggregator, Winston Net’s primary objective should be to inter-connect and intra-connect artists and organizations, and to connect these entities with the greater Winston Salem community. The portal that Winston Net creates must keep all three target markets in mind and have the information, resources, and services all three require. For the artists, business services (online tutorials) and a medium to create art will bridge the digital divide and socio-economic divide between artists in the community. The social networking and online gallery/studio will enable artists and organizations to collaborate. The cultural arts calendar and the collaboration with other organizations to create cultural events will facilitate connecting the arts community to the greater Winston Salem community. Of course, a major component of these initiatives is marketing and PR, to ensure that these groups are aware of the services Winston Net is providing. Ultimately, these initiatives are pushing towards total connectivity throughout the arts community, and Winston Net is the best positioned to provide this necessity.