

Chapter I

Introduction

I.1 Background

Indonesian children's interest in reading is very low viewed from a reading index of Indonesian society, which only 0,001, far below the other countries index such as Singapore 0,55, United States of America 0,45, and Japan 1,7 (<http://www.beritasatu.com/>, 2012). In addition, the low reading interest also supported by the low reading ability of the students in Indonesia also indicated by the fact that only 37,6% can read without being able to capture the meaning of the literacy and 24,8% can read the text relate to only one information knowledge (<http://edukasi.kompasiana.com/>, 2013). These data is not only demonstrate the low ability of Indonesia students in digesting the text and write it down, but it also proves that books and literacy, the activities related to the book has not become part of daily life of Indonesian children. It is also supported by the data of Indonesian Publishers Association (IKAPI, 2012) that Indonesia is approximately 24.000 book titles have published per year with an average of 3.000 print copies per title. This means that Indonesian writers only able to spawn around 72 million books. When it compared with the size of Indonesia population which reaches 240 million, an average of people who read books is around 3-4 people in Indonesia. Thus the literacy development of Indonesian children will be left behind without any effort to bring books to children.

Nowadays, many businessmen actually like institution of books are focus on improving child literacy. But there is no institution yet that helps children develop literacy world through voluntary activities to improve the quality of education, so that the need for formal institutions of books voluntarily where children's books are accessible to children in Indonesia disseminated evenly. One position the institution as a formal entity that focuses on child literacy is Litara Foundation. Litara Foundation is a nonprofit corporation established in 2013. This Institute is a nonprofit comprised of authors and illustrators who have the same ideas jointly

improve the quality of Indonesian children's books through creative artwork and exciting stories with a story from a variety of cultures in Indonesia.

Background the erected of Litara Foundation is supporting the establishment of the production of high-quality children's books for all the children in Indonesia involving all stakeholders, such as publishers (literacy agent), academics, analysts, parents, teachers, librarians, and children's book creators to improve the standard literature in Indonesia. In order to improve children literacy, Litara Foundation has targeted to produce one title book in one day that means one year equals to 365 books by effectuate several social activities to support Litara Foundation meet their target.

These are social activities to be performed by Litara Foundation to improve the quality of education by targeting one title of book in one day is as follows:

✓ Publications

1. Visual Artists directory Indonesia (This book is a visual list of Indonesian artist with superior work, preferably also capable of acting as an illustrator of children's books)
2. Recommended List of Children's Books (This book is a collection of literary reviewer who recommended to be given to the child)
3. The event booklet (Handbook of activities and events during the festival that will be distributed to participants, observers, mass media)
4. Periodic Journal (Journal to hold opinions, criticism, analysis, observation, work, coverage of events, and so on from stakeholders)
5. Website (Important media that can be accessed quickly and easily by all people in the form of documentation, articles, news, links, events)

✓ Awarding

1. Writing Competition and Illustrated Children's Books (Competition needed in order to capture new talents in the creation of children's literature. Application of the new standard that has been discussed with relevant experts and ensure quality output differs)

2. The award for Best Children's Books (Among the works that have been published and circulated, will look for the best and meets the criteria established experts)

✓ Creative Center

1. Production of 43 children's books of various genres (Required concrete examples of books that meet the new literary standards for widely distributed to libraries, schools, and related organizations. Forty-three is far from meeting the needs, but it could be very valuable treasures alternative reading that empowers children). Samples production include:
 - 15 pioneering books
 - 8 race results
 - 20 results protagonist camp
2. Propagation of books
3. Distribution of books

✓ Botjah Literature Festival

1. Seminar (The choice of themes for teachers, librarians, and the author, child reading for example on how to use commercial book in a classroom, how to make book recommendations, and improve the quality of work)
2. Exhibition (Exhibiting works of art related to books for children, recommended books, and the works of winners)
3. Children's Books Education Conference (Gathering practitioners or creators of children's literature to share ideals and experience)

A series of social activities organized by Litara Foundation need funds to support it. Funding is needed to do the book development, production, and distribution that require funding not less. Cooperation with other companies to support social activities at this time there is no possibility runs long. Therefore, self-funding by Litara Foundation in long term should be sought. Thus it takes a business innovation for Litara Foundation conducted independently to generate income to support a series of social activities.

Innovation that allows for Litara Foundation to find independent funding sources are business content digitization. In a sense, digitization is a process of changing the content of a data file or document into a visualization system is equipped with audio and interactivity. With the form of content digitization, documentation in the form of digital stories will be more likely in line with the development of the Information Technology (IT) is rapidly increasing. New opportunities in terms of business development in the form of digitalized content will be easier because it is the presence of supporting media is through internet access.

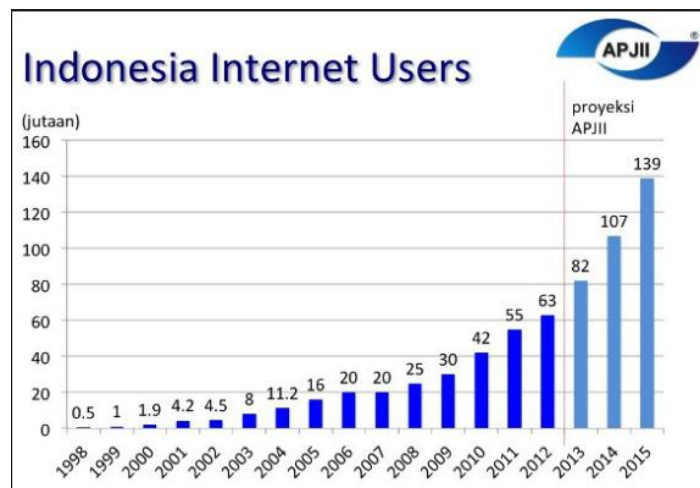


Figure I. 1The number of Internet Users in Indonesia Period 1998-2015

(Source : <http://www.antaraneews.com/berita/>, 2014)

Based on Figure I.2, it appears that from year to year, there is an increase in internet users, where people are focused on using the internet as a medium for learning, communication, and online games. The role of the Internet as a learning medium to seek information may include articles, journals, e-books, animation, and games. Because of the tendency of people to use the internet more often cause conventional books or in hardcopy be a second choice as a medium of learning, the Indonesian people would think that using a conventional book becomes effective. But with these opportunities, Litara Foundation can generate revenue by leveraging the use of Information Technology (IT).

The main concept of this form of content digitization can take the form of e-books. E-book is one alternative that is good enough because it is digital so it is only required set of devices to read such as mobile phones, computers, laptops. Currently almost 90% of Indonesian people have mobile phones ranging from children to adults (source: www.bbc.co.uk/Indonesia/magazine, 2014). That is, the use of e-book could be an alternative to reduce the use of paper (go green) and can be stored in the personal gadget as reading material and learning. So in terms of the e-book, value obtained is in the form of mobility due to the growing number of electronic devices that make use of this more affordable e-book be a good option.

The second concept of digitization of content is in the form of animation or movies. Most people in the world like the things that shaped in visual, this causes Litara Foundation uses illustration as strong points for each book produced. However, with the development of today's technology, the level of demand will increase because of the many animated visualization is adapted from conventional storybook, like a story book Disney.

Meanwhile the third concept of digitization is in the form of the games. Games are one form of the use of Information Technology (IT) to improve the level of children literacy. Currently, children are tend to focus on electronic gaming devices in which the child becomes more resistant to the information they should be able to get through traditional learning. However, that does not mean the game can not be used as a tool that can be used, because the shape of the game itself is interaction. If this form of interaction itself can be put to good use then it will generate a positive thing. The creation of educational games with interesting theme with good illustration model would encourage a child's interest to be able to play this game as well get a more useful of learning.

The selection of games as a content digitization business will be a good idea to suit the purpose of Litara Foundation to improve child literacy can be in the form

of "Literacy Games", where the game can stimulate children's interest in reading. The purpose of this game can develop oral skills to young children, meet the needs of early childhood literacy, provide a fun approach to learning, guiding children to master some simple methods of literacy, and explore some common words that are often used. Currently, there are several games on the market, such as:

1. Hide and Seek

Card tucked words will facilitate the children to find words with step search, read and discover. If not available then it can be helped through "Mom Word Search".

2. Loaded Face

Education with some verbs and adjectives which share emotional facial expressions. Like teaching to "laugh" it requires the child to laugh and cry as well as expression. This game helps children to deepen in memorizing through exaggerated movements and expressions.

3. Literacy by Story Telling

Storytelling is something that is liked by the children with the main character in the story. This game will give some paragraphs with different story. At the end of the story, children were asked to describe the character in a story without looking like a retelling of the story paragraphs. This game helps children to recognize words and to facilitate the child in remembering the story.

On the basis of three examples of games that have been circulating can be a reference for Litara Foundation to develop business model in the form of game content. In accordance with the objectives of the Litara Foundation to increase the interest of reading will make this game a positive impact to Indonesian children.

These fact are also become Litara Foundation consideration in which what form content digitization will be develop first. Besides, the use of ebook for young

children are not really interested very well eventhough the artwork of illustration is good. Moreover, children are really like animated movie that is become famous in Indonesia, but this is also to be a consideration for Litara Foundation to make a movie based on Litara's books because the budget that will be spend during the process of making film are many, regarding Litara Foundation for this time is still a new start up business. So that, digitization content in form of games will be a good idea as a content digitization business innovation to be develop.

Business innovation as an opportunity for Litara Foundation to generate revenue by self-funding to support their social activities to meet their target in a long term is necessary for Litara Foundation as an alternative revenue source by developing content digitization. Business content digitization will not be sustain by relying on the innovation of products and services, because it is also important to consider the risk failure in running a business and other competitors that have already experts in content digitization business. Therefore, Litara Foundation needs to develop business model to create a competitive advantage by generating new strategies to make content business digitization keep in sustain.

In definition, Business model is a tool that can be used by entrepreneurs to make innovations in the business, in which common problems for entrepreneurs is the difficulty in identifying their business as well as the risk of failure in running a business. Identification efforts can be seen from the number of new businesses that have difficulty in the face of competition with companies that have advanced. Therefore, to start a new business not only focuses on the business plan that transform business ideas into real business opportunities, but the need for a new strategy by the company through innovation by creating a business idea (business models) in maintaining the business in order to remain sustain and minimize the failure of the business.

From the description,business model of digitization contentis expected to produce an optimal value and more income, so it will be illustrated how Litara Foundation make money in the long term to support their social activities to meet their target.

Thus be portrayed what will sell, who is the target, and when will be contingent on how many business partners as well as earned income.

Based on the study of these problem, business model method that will be match to Litara Foundation can be solve by using the business model canvas approach which consists of nine components of customer segments, customer relationships, channels, value propositions, revenue streams, key activities, key resources, key partnerships, and cost structures that will be portrayed in one canvas paper to represent the nine blocks of business model canvas.

I.2 Problem Formulation

Based on the background of the problems described above, the formulation of the problem in this study are :

1. Who is customer segment for digitizing business content in the form of game for Litara Foundation?
2. How is value proposition that will be offered by Litara Foundation digitized content?
3. How is the election of channels for Litara Foundation digitized content delivery to the customer?
4. What are the types of customer relationships must be built for each customer segment for Litara Foundation digitized content?
5. What forms of revenue streams that can be generated for Litara Foundation digitized content?
6. What are the key activities that must be done for digitize content of Litara Foundation children books in the form of game for Litara Foundation?
7. What are the key resources needed to be able to support the business needs for Litara Foundation digitized content?
8. Who are key partnerships that is needed to do all of key activities for Litara Foundation digitized content?
9. How is the cost structure that needs to be considered in determining the business model of digitized content for Litara Foundation?

I.3 Research Objectives

Based on formulation of the problem above, the objectives of this study are:

1. Knowing who is customer segment for digitizing business content in the form of game for Litara Foundation
2. Knowing how is value proposition that will offered by Litara Foundation digitized content.
3. Knowing how is the election of channels for Litara Foundation digitized content delivery to the customer.
4. Knowing what are the types of customer relationships must be built for each customer segment for Litara Foundation digitized content.
5. Knowing what forms of revenue streams that can be generated for Litara Foundation digitized content.
6. Knowing what are the key activities that must be done for digitize content of Litara Foundation children books in the form of game for Litara Foundation.
7. Knowing what are the key resources needed to be able to support the business needs for Litara Foundation digitized content.
8. Knowing who are key partnerships that is needed to do all of key activities for Litara Foundation digitized content.
9. Knowing how is the cost structure that needs to be considered in determining the business model of digitized content for Litara Foundation?

I.4 Research Boundaries

Research boundaries of this study are :

1. Interest rates, inflation, taxes and other economic conditions are considered normal and stable over the analysis period.
2. Research only focuses on the concept of digitization of content in the form of game and not other forms such as ebook and film.
3. Research is not until the implementation stage

I.5 Research Benefits

Research benefits of this study are :

1. As an alternative consideration of the business to be run by the Litara Foundation as developing new business.
2. As an input for the Litara Foundation to grow the business in optimizing value for the company and the value for the other party (the consumer).

I.6 Outlines

This study described the systematic writing as follows:

Chapter I Introduction

This chapter contains a description of the background research, the formulation of the problem, the purpose of the study, boundaries of the study, the benefits of research and systematic writing.

Chapter II Literature Review

In this chapter, the description of related research literature that focuses on the model canvas business approaches relevant to the issue being researched today. This includes literature review that used for business model canvas and its approach to a theory that can support to perform problem solving and provide a proposal improvement in accordance with the existing problems.

Chapter III Research Methodology

In this chapter the research steps described in detail include: stages of formulating research problems, formulate hypotheses, and develop a research model, designing the process of collecting data, analysis and designing data collection.

Chapter IV Data Collection and Processing

This chapter contains the data collection. The collection of data can be obtained through interviews, direct observation, or historical data owned by Litara

Foundation that will be processed in accordance with the methodology applied in chapter III so as to provide analysis.

Chapter V Analysis and Discussion

This chapter describes the analysis conducted on the data that has been obtained and the proposed improvements are given to canvas business models in detail.

Chapter VI Closing

This chapter contains the conclusions based on the research objectives tailored to the results obtained in data collection. In addition, Litara Foundation will be given suggestions for or further research.