

ZBJ.com:

Creating new value by sharing existing resources

■ By David Yu



The Chinese professional services platform ZBJ.com, also known as Zhu Bajie, is very much like its namesake character from the classic Chinese novel *Journey to the West*. The half-pig, half-human character may lack the powerful magic of his flashy Monkey King brother Sun Wukong, but in his own simple and honest way still manages to succeed. Unlike China's powerful "Monkey King" internet giants that began in the first-tier cities, ZBJ.com was launched 11 years ago in Chongqing, a mountainous city in the country's western interior, with a focus on providing a platform for professional service transactions. From its low-key beginnings, the pig is now flying with the wind of the sharing economy beneath its wings.

The CEO of the US-based parking space sharing platform ParkatmyHouse.com Alex Stephany said in his book *The Business of Sharing: Making it in the New Sharing Economy* that it is hard to come up with a definition for the sharing economy that everyone can agree on. Since ZBJ.com is one of the early movers in today's sharing economy, I sat down with its founder Zhu Mingyue (EMBA 2013) to get his perspective on what the term sharing economy means.

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“The topic is now popular in media, among scholars, investors and entrepreneurs. But when I began my business 11 years ago, there was no such term,” Zhu says. “This [sharing economy] label was recently given to ZBJ.com by researchers and practitioners.”

ZBJ.com and its global platform, witmart.com, connect small businesses with freelancers offering professional services such as translation, as well as logo, website and software design. In China it also offers business and copyright registration and even beauty and home repair services. Businesses can simply post available tasks, or hold an audition where several freelancers complete the task and only the one whose work they like the best gets paid.

Zhu says that seeing the Chinese e-commerce marketplace Alibaba and its Taobao.com platform gave him the idea to start ZBJ.com. “Jack Ma launched Taobao.com in 2003, which inspired me to create a website that could connect small- and medium-sized enterprises to individuals with the ability and time to offer professional services,” he says. He modelled the initial design of ZBJ.com on the online shopping platforms which were becoming popular in 2004 and 2005.

“Online-shopping, or what we call e-commerce today, meant nothing but selling to me. ZBJ.com sells human abilities, which I considered to be a kind of good that could

be sold.” After a long pause, he adds, “However, looking back, we approached it the wrong way during our first 10 years.”

At a glance, the business models for e-commerce platforms and ZBJ.com seem the same, except that one sells goods while the other sells services. But Zhu explains the subtle differences. “The former is essentially a market, in which price determines [the buyer’s decision] to a large extent.” However, at ZBJ.com, it is not price but getting the right match that matters. “ZBJ.com plays the role of cupid,” says Zhu. “ZBJ.com provides a way for buyers and sellers who have a mutual need to find each other.”

SHARING ECONOMY



“The hand of the market cannot play a big role in this sharing economy model. We say that an e-commerce platform follows the [80/20 rule], 20% of the merchants generate 80% of the transactions. However, this is not the case on sharing platforms such as ZBJ.com or the ride-sharing app Didi Chuxing. A designer on our platform, no matter how skilful he or she is, cannot handle 10,000 orders in a short time. A driver on Didi, no matter how capable he or she is, cannot meet all the travel demands of a neighbourhood,” Zhu explains.

The ultimate aim of the sharing economy is to realise the optimal

matching of resources with service needs. “Sharing platforms are matching platforms,” he says. Charging a fee for that matchmaking was initially the main source of profit for ZBJ.com. “We took commissions on every match in the past,” Zhu says. “But we cannot take commissions forever, because this model is not a long-term solution.” The freelancers don’t want to have to share their hard-won earnings with the platform, and the buyers want to have the full attention of those providing services. Once a buyer and seller find each other through ZBJ.com they could easily choose to deal directly with each other in the future, outside the platform.

When considering how to transform ZBJ’s commission-based business model in order to generate profits in a smarter and more efficient way, Zhu was inspired by the Platform Strategy course taught by Associate Professor of Strategy Weiru Chen which he took during his EMBA studies at CEIBS. What he learned during the course led to his later success, he says.

“One feature of the sharing platform is that it has a mass user base and transaction flow,” Zhu says. “Any platform relying on the sharing economy, after a certain development period, is essentially an ocean which contains a huge pool of data.” By analysing the transaction flow and data, Zhu learned that small- and medium-sized enterprises had a huge demand for trademark and copyright registrations after they purchased logo design services on the platform. “After exploring the transaction workflow for brand logos, for example, we found that most customers are not satisfied with only having a logo – they still need to get the newly-created logo registered and protected. Why not let ZBJ.com do the job?” says Zhu. “So we began a new business that provides trademark and copyright registration services in response to this need from ZBJ.com users.” Zhu and his team continued this “offshore oil-drilling” – an analogy he likes to use when explaining to people how ZBJ.com discovers new profit models from the vast data ocean. “Trademark and copyright registration is the first oil well that we discovered. After that,



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we drilled a few more wells covering all the services that our customers need to run their businesses, including product promotion, marketing, website and app development, fiscal management and intellectual property protection. We even began to consider offering financial services to small- and medium-sized enterprises.” As the platform transformation began to pay off, in June 2015 Zhu decided to stop charging commissions on ZBJ.com, and the platform formally established its new business model, in which basic transactions such as finding the best match with someone who provides services, are free. ZBJ.com charges a fee for the platform’s other services, such as trademark and copyright registration for a logo created by a platform vendor.

With the business model transformation complete, Zhu has

begun to explore ways to expand the platform. “Now we have physical industrial park projects in more than 20 provinces throughout the country. We hope to bring together professionals and agencies in these parks and provide services to local corporate and individual customers.” While a company’s relationship with ZBJ.com might begin with needing a logo or a line of code, ZBJ aims to continue expanding the boundaries of services it can provide for enterprises by relying on Big Data and combining online and offline initiatives. “Frankly, we really don’t know what species the pig will evolve into in the future,” says Zhu with a smile.

It only took ZBJ.com two years to become the top provider of trademark registration services in China, with 12% market share. Looking ahead, Zhu says this will continue to be an area of

focus. “In 2017, an item on our to-do list is to finish the transformation of this business unit and build a vertical platform for trademark registration services,” he says.

Among the more than 10 well-known service sharing platforms in China, traffic to ZBJ.com far exceeds its competitors according to Alexa, which tracks website traffic. How has ZBJ managed to dominate the market? Zhu says that developing a platform takes time; a platform is essentially an ocean of data, so it takes patience to wait for the data to flow into the sea. “In my view, the key to a platform’s success is not smart decision-making or an abundance of capital, it is time,” says Zhu. “Once we realise this, we must prepare for a marathon.”

ZBJ.com rarely did any market promotion during its first five or six years. Even after receiving an RMB5 million investment in 2007, which was huge at that time for a start up in Chongqing, Zhu and his team continued operating from their crowded office. “I must protect our cash flow,” he says. “From a financial point of view, during the first seven or eight years, our cash flow has remained steady, even though we weren’t showing a profit.”

ZBJ.com can use the passage of time to help defeat its competitors. The internet is now influencing all aspects of enterprise services. Large enterprises require strong branding and internet plus services, while a wave of innovation

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and entrepreneurship in China has spawned many small- and micro-sized enterprises. Their rising demand for services has buoyed ZBJ.com’s long-term outlook.

“I think if you are planning to make a quick buck, don’t bother; this is not the business model for you. Sharing economy and the platform business model need diligent, patient people,” says Zhu. Quoting Professor Weiru Chen, he adds that the primary task for those building a platform is to facilitate the businesses on the platform to make their first pot of gold. Only then can those who build the platform earn *their* pot of gold. “The toughest challenge for all platform players is persistence,” he adds.

By helping to optimise matches between buyers and sellers, the sharing economy has disrupted the traditional corporate business model and improved efficiency of resource utilisation; it will continue having a

profound influence on society in the future.

Zhu believes sharing economy platforms must embrace their social responsibility. “They cannot be purely commercial enterprises. A successful sharing economy business should also have a strong social attribute, and in a way can even provide some infrastructure,” he says. “Many sharing platforms have similar functions. For example, ZBJ.com is similar to an employment agency that provides wealth and value to many people, which is also our long-term mission.”

ZBJ.com is reportedly planning to launch a series of education and training programmes in order to cultivate more professionals who can contribute to regional economic development, both online and offline. “The ultimate challenge in the sharing economy is to perfectly combine commercial value with social mission in order to create new value by sharing existing resources,” says Zhu.