

A Business Model and Swat Point of Views to Describe the Prepaid Electricity Business Unit in Indonesia National Electrical Company

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Abstract: *In 2008, X Company as the sole provider of electricity in Indonesia tested first the application of prepaid electricity. Some expectations with the implementation of this prepaid electricity for customers, include electric power saving, ease in controlling the household budget, reduce electricity subscription fee every month, and declining numbers of electrical leakage in the community. As for company itself as the provider of the application of prepaid electricity can speed up the cash inflow for the company, reduced electricity arrears, as well as ease in calculation of electric power needs to be supplied to the public. Through the benefits to be gained from these prepaid electricity, the company expect the number of prepaid electricity users can be increased. To support the prepaid electricity program, the company launch prepaid migration program free of charge. This program is valid for existing customers who want to switch from postpaid to prepaid meter, or for people who need a new installation. A business model canvas (BMC) and SWOT analysis are used as the analysis tool.*

Keywords - *Electricity, Prepaid, Business Model Canvas, SWOT Analysis*

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I. Introduction

Electricity is one of the most important basic needs of society. Electricity helps the community in running economic activities, education, and household sector. In the economic sector, many factories and companies use electricity to run their business, for household electricity used for everyday needs such as watching television, home lights, clothes iron, and others. Because of its availability which must be guaranteed and related to the livelihood of the people then the government through the 1945 Constitution Article 33 paragraph 2 states that "Branches of production that are important for the state and which affect the livelihood of the people are controlled by the state".

The condition of X Company as the only electricity provider company in Indonesia that has no competitors makes the company required to conduct internal improvement continuously, because the quality of service or product produced will be very influential for the community. One of the internal improvements made by X company is to launch a pre-paid electrical token product. Since the beginning of 2008 X Company conducted the first trial of the implementation of prepaid electricity. Socialization and communication to the community are done gradually in several big cities to introduce about the new product. Hopefully this program can provide education to the public as well as the number of electricity users prepaid by day can increase. In 2010 this prepaid electricity program has been started simultaneously throughout Indonesia.

Prepaid electricity implementation program itself has the benefit of both the community and X Company side compared to the existing electricity meter system that is postpaid. For the public the prepaid token system has the benefit of not being charged a monthly subscription fee, no penalties or delays, ease in controlling household expenses, and avoiding manual meter errors in the community. As for X company itself as a provider of services then the implementation of this prepaid electricity can reduce the cost of electricity subscription every month, faster cash inflow for the company, reducing the number of electricity arrears, and ease in calculating the need for electrical power that must be supplied to the public. In this research, an exploration on electricity prepaid is conducted. Specifically, this research will explore the business model point of view. X Company is an Indonesian government-owned corporation which has a monopoly on electricity distribution in Indonesia and generates the majority of the country's electrical power..

II. Literature Review

2.1 Prepaid Electricity

In 2010 X Company issued a new policy for electricity payment, the customer will release energy that will be consumed. The amount of electrical energy that has been used by the Prepaid Meter (MPB) installed in Customer's location through 'token' (pulse) or stroom system. Applicable for prepaid electricity service only with kWh meter which used to be analogue only to calculate the used electric energy, while kWh meter electric use electricity that can be put into electricity / token / stroom and compost electrical token discharged then electricity will be automatically disconnected. However, X Company does not require customers to use prepaid electricity, X Company only gives customers the option to use prepaid or postpaid electricity.

X Company provides a prepaid electricity system in order to give a better service compared to mechanical or postpaid electricity services. However, as a result of the lack of knowledge regarding the advantages and work method of Prepaid Electricity service, most of our community still haven't used this service. Therefore, X Company decides to use promotional strategies to its potential consumers in order to promote prepaid electricity service and grow the number of its users. The purposes of this research is to find out the promotional strategy ideas done by X Company in promoting prepaid electricity service and how to solve inhibiting factors in promotional activities done by X Company in promoting its prepaid electricity service,.

2.2. Business Model Canvas

Business model canvas approach is the implementation of a business model concept that is "simple, relevant, and intuitively understandable, while not oversimplifying the complexities of how enterprises function (Osterwalder and Pigneur, 2010). The purpose of this model is that everybody has a same perception and understanding regarding business model (Urban, 2018).

The Business Model Canvas approach is based on nine building blocks. According to Osterwalder and Pigneur (2010), the customer is the most important element of any business model. The customer is represented by the building blocks customers, customer relationship, and channels. The value proposition represents a selected bundle of products and services, which serve customer needs. They are the reason why customers are interested in a firms' portfolio. The revenue streams represent the revenue generated from the customers and are, therefore, an important indicator for a companies' success. The key resources constitute the basis for the value creation. In order to create value for the customer, a company needs to have primary processes that are represented by the building block key activities. An important cornerstone of business models is the presence of key partnerships. The creation of alliances is essential for companies to reduce risk, acquire resources, or enhance their business models. The cost structure reflects all resulting costs that are generated through the other building blocks whereas the revenue considers the overall net sales (Osterwalder and Pigneur, 2010).

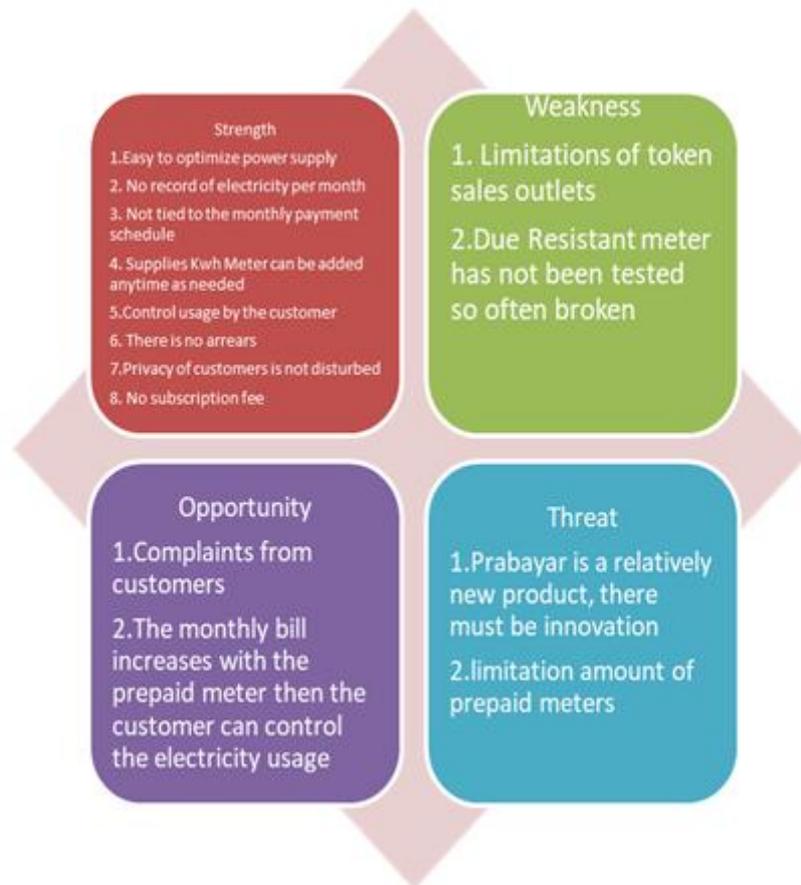
2.3 SWOT Analysis

SWOT analysis includes efforts to recognize strengths, weaknesses, opportunities, and threats which determines the performance of the company. opportunities and threat obtained from many sources, including customers, government documents, suppliers, banking circles, colleagues in other companies. Many companies use agency services scanning to obtain mail sagging news, research on the internet, and analysis of trends domestic and global relevance (Richard L.Daft 2010) Furthermore Fredi Rangkuti (2004: 18) explains that the SWOT Analysis is systematic identification of various factorsto formulate the company's strategy.This analysis is based on the logic that can be maximize strength and opportunity, but simultaneously can minimize weakness and threats. Retrieval process strategy decisions are always concerned with mission development, goals, strategies and company policy. Therefore, strategic planning should analyze the factors company strategy (strength,weaknesses, opportunities and threats) within current conditions. SWOT analysis compares between external factors of opportunity and threats with internal factors strength and weakness..

III. Methodology

The present research uses the primary and secondary data for data analysis. The primary data was gathered from the X Company internal data. The secondary data were gathered from the public report or related data from reputable source. The analysis of primary and secondary data, later on, will be used as a basis for our study to build the ideal prepaid electricity business model for any nation electrical company.

IV. Analysis Result



S-O Strategies

1. With prepaid electricity, customers can more easily optimize power, so customers can control their electricity consumption. (S-1, O-2)
2. Customers do not have to deal with metered recordings every month due to total power consumption control on the customer. (S-2, O-2)
3. Customers do not need to be tied to the monthly payment schedule so that complaints due to swelling of utility bills by customers can be minimized. (S-3, O-1)
4. Usage controls are fully in customer hands, so customer complaints about meter reader error are missing. (S-5, O-1)

S-T Strategies

1. Inventories kwh can be added how and when as needed, but still limited prepaid meter, so customers tend to prefer the old product that is postpaid. (S-4, T-2)
2. Implementation of fast connection but if X Company not make innovations to prepaid product then customer tend to re-use old product that is post-paid. (S-13, T-1)

W-O Strategies

1. Limitations of token sales outlets so that customer complaints can be overcome X Company works closely with the designated parties who have served with the PPOB system. (W-1, O-1)

O-T Strategies

1. The existence of limitations of token sales outlets result in customers not willing to take risks, so if X Company does not make new innovations to prepay then customers will still use the old product that is postpaid. (W-1, T-1)
2. Due to the durability of the meter has not been tested so often broken in reading kwh usage every day then the customer tends to use the old product that is postpaid. (W-2, T-2)

Business model canvas (BMC) of X Company is described as follow. Key activity of this company is provide electricity, complain handling and also marketing and promotion. The basis of value creation of X Company

service divided into two, first is human and second is tools. For increasing its value of prepaid system, X Company provides a better service compared to mechanical or postpaid electricity services, other benefit is ease in controlling household expenses, and also avoiding manual meter errors. Customer relationship is build and keep by social media, X Company official mobile apps, customer gathering. Other customer relation is built by "nangkring bareng" an informal customer gathering. Channels of this company is direct sales to customer through bank, locket payment, indomart, alfamart, and post payment, other channels is online payment through PPOB channels. Customer segments of prepaid electricity is Postpaid customer and also prospective customer. Cost structure of its product is based production cost, meter procurement form vendor, call centre for complain handling and promotion. And the income of its company only from the token electricity sales. The summary of Business Model Canvas is described below:

Key Partners  <ul style="list-style-type: none"> - Meter vendor - Bank - PPOB - Maintenance vendor (Haleyora power) - Instalation vendor (Bung Sigap) - PLN Customer 	Key Activities  <ul style="list-style-type: none"> - Provide electricity - Complain handling - Promotion 	Value Propositions  <ul style="list-style-type: none"> - Give a better a service compared to mechanical or postpaid electricity services - the prepaid token system has the benefit of not being charged a monthly subscription fee, no penalties - ease in controlling household expenses, - avoiding manual meter errors in the community 	Customer Relationships  <ul style="list-style-type: none"> - Social Media - PLN Mobile application - Customer gathering - "Nangkring bareng" 	Customer Segments  <ul style="list-style-type: none"> - PLN postpaid customer - Prospective customer
Cost Structure  <ul style="list-style-type: none"> - Production cost - Meter procurement - Call center and service system - Marketing and promotion 	Key Resources  <p>human</p> <ul style="list-style-type: none"> - Instalation - Complain handling - Maintenance <p>Tools</p> <ul style="list-style-type: none"> - Web - Online payment - Call centre 123 		Channels  <ul style="list-style-type: none"> - Bank - PPOB (Payment online) - Locket - Indomaret/alfamart - Post office 	

V. Conclusion

Based on the results of research analysis that has been concluded, it can be given suggestions that if can be useful for the parties related as follows:

1. Pre-paid electricity products that have been launched are assessed by the majority of respondents already have good enough quality should be maintained, at least the complaint complaints from the public against the prepaid electricity that often corrupted the monitor can be reduced.
2. In order to increase more customer, X Company can create a program that can encourage the community even more actively promote this prepaid electricity program, among others through testimonial program, free token issued program, "prepaid electricity village" program, and many more programs that activate the role of communities to actively campaigning for prepaid electricity.
3. To increase awareness of these benefits X Company can promote through mass media such as newspapers, television, radio, banners, billboards, and others. Besides, it is also necessary to provide a small booklet that explains in detail about prepaid electricity program, benefits, how to use, token reload media, and customer complaint handling procedures, so that people can be well educated about this prepaid electricity program.

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