

An Exploration in Business Model View of Ict Infrastructure and Service Company: Indonesia Company Case Study

Febrianto S. Sidabutar¹, Satria Fadil Persada²

¹(Department of Magister Management Technology, Institute Teknologi Sepuluh Nopember, Indonesia)

²(Department of Magister Management Technology, Institute Teknologi Sepuluh Nopember, Indonesia)

Corresponding Author: Febrianto S. Sidabutar

Abstract : The development of information and communication technologies (ICT) worldwide shows a great promise. In Indonesia, many companies are becoming aware of the use of ICT to help and grow existing businesses. Nowadays, the core component of every big enterprises and ICT are becoming emerge as one. Improper use of ICT will cause the serious problem and the existence of ICT infrastructure and service company becomes necessary. The present study explores the view of ICT infrastructure and service company business model. A case study of a private XYZ company is conducted to describe the ideal business model. The primary and secondary data were collected related to the necessary information to build the XYZ company business model. The result of analysis shows the general idea of how the ICT infrastructure and service company work. The model can be used as a contribution reference for stakeholder such as entrepreneurs and governments in creating a symbiotic mutualism.

Keywords - ICT Infrastructure and Services, Business Model, Case Study, Indonesia Company.

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I. Introduction

Growth of Information and Communication Technology (ICT) infrastructure plays a substantial role in catalyzing economic growth, especially in today's era of internet and mobile Telecommunication. With the current ICT era, the economy from upstream to downstream can be connected quickly and precisely. Big enterprise is not hesitated to open branch at remote area in small city that unreachable, this moment is a big opportunity and can be maximized by every ICT Infrastruktur industry. (Lee & Brahmarsene, 2014; Ishida, 2015; Rohman & Bohlin, 2014; Shahiduzzaman & Alam, 2014). ICT infrastructure is a leading growth enabler in enterprise which have realised its importance. Therefore, many enterprise are working hard to internalize ICT, balancing the limited allocation of their revenues, to catch up rapidly with the other enterprise. Momentum to catch up other enterprise ICT is business potential as a provider of ICT and very widely open. Information and communication technology infrastructure now encompasses digital telephone network, mobile phones, internet capability, internet servers and fixed broadband, and other Technologies (Bankole, Osei-Bryson, & Brown, 2013; ASEAN, 2011; Kooshki & Ismail, 2011; Bollou, 2010). Many technologies is essential and must be integrated with each other in order company can running in this information and technology era, therefore role of ICT infrastructure provider is very fundamental and a must for applied ICT in every company in any sector.

In the conduct of modern day business, the importance of ICT infrastructure, otherwise called information highways, is undeniable – supply chain management, B2C and B2B transactions, and instantaneous transfer of funds are some examples (Kuppusamy 2009). One important feature of internet infrastructure, which is very useful in business activities and become requirement in a big enterprise to has ICT infrastructure. In the current study, an investigation on how ICT infrastructure and service company is observed (Bertschek, Cerquera, & Klein, 2013; Kolko, 2012). Specifically, this research will discuss the business model of this kind of industry. The X Company is selected as a cases study. The X Company has many kind of ICT best solution for every enterprise that want modernize business and making rapid impact for company profit. Understanding the business model will bring the benefit to stakeholders in conducting the future cooperation.

II. Literature Review

2.1 ICT Infrastructure Provider

ICT infrastructure consists of the telecommunications, the Internet, broadcasting and other networks through which information is transmitted, stored and delivered and provider of ICT infrastructure sell the hardware of it (P. Guislain 2003). Making solution and selling a hardware is a backbone of gained profit for ICT infrastructure industry. It has a lot of quality human resource and makes it an asset for contributing and produce service solutions that big enterprise seek.

2.2 Business Model Canvas

Zott and Amit (2010) define a business model canvas as “the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities”. Chesbrough (2010) mentions that some of business model functions are: to identify market segment, to specify revenue generation mechanism, to define the structure of the value chain, to describe firm's positions within value network and to formulate a competitive strategy that gain and hold advantage over competitors.

Business Model Canvas consists of nine basic components of a business model. Instead of simply having them in a row, they are put on a canvas so the visualization of the different issues' relation is improved. That helps the user to map, discuss, design and invent new business models. The whole thing can basically be divided in the product on the left side and the market on the right, while the value proposition is obviously divided in half

2.3 SWOT

SWOT Analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy (Thompson et al., 2007). SWOT Analysis is a process that involves four areas into two dimensions. It has four components: ‘Strengths’, ‘weaknesses’, ‘opportunities’, ‘threats’. Strengths and weaknesses are internal factors and attributes of the organization, opportunities and threats are external factors and attributes of the environment. SWOT Analysis is typically drawn out in a four-quadrant box that allows for a summary that is organized according to the four section titles. The following table is a SWOT Analysis, with its four elements in a 2x2 matrix.

SWOT and BMC was used by many researcher to see the current condition and mapping the future business of many manufacture and service industry. BMC was used to exploit the new business opportunities that can make more profit for industry (Chesbrough 2010). SWOT is a tool used to make strategic management for mapping the condition of current company (Thompson 2007), both of BMC and SWOT used to make company gain more profit and value.

III. Methodology

The study gets the primary and secondary data for material analysis. The X company internal data for primary data and the captured data from public report or related from reputable source is become the secondary data. The data collection was conducted by pointing several keywords such as: “Channel”, “Value Proposition”, “Customer Relationship”, “Activities”, “Resources”, “Customer Segment”, “Partners”, and other related keywords. The data collected from April to May 2018 in span of a month. The primary and secondary data will be analyzed and used as a basis for our study to build the ideal business model for any ICT infrastructure and service business startups and operator that want to conduct the business in Indonesia.

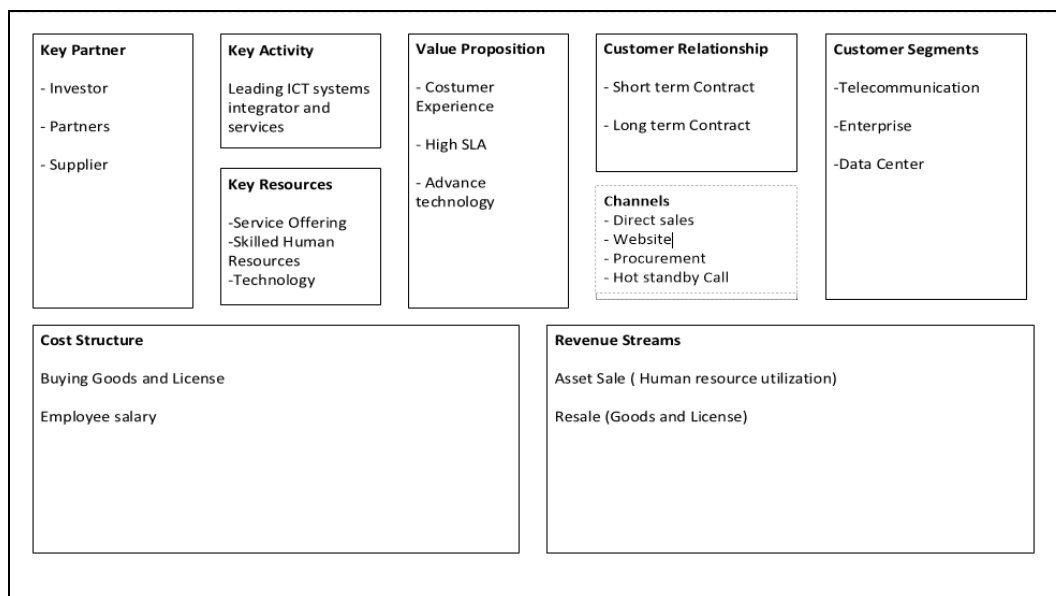
IV. Analysis Result

Company X is a leading Indonesia company engaged in information and communication systems (ICT) integrator and services that focus on data centers/virtualization, collaboration, service providers, and enterprise networks, information security solution, and value-added services. 80% of workers age below 30 years and this is indicated that company X has much active and enterprising and youthful workers for make best solution for its customers. Company X has many vendors and suppliers to supply their goods, most of its come from outside Indonesia. Datacenter segment is the biggest contributor to the job in Company X.

Strength in company X are best, agile, and young human resources that willing to work over time to make any solution implemented on time. The vendors and supplier hardware that worked together for Company X always supply up-to-date high advance technology. This is best method for Company X to make itself competitive advantage. The service for making a solution and send human resource to implement the project felt a bit expensive for Indonesian enterprise. This is the weakness that Company X face when other ICT infrastructure provider participated in the same procurement. Opportunity for Company X is quality human resource that makes leading the market. The very update technology can deliver the best customer experience and feels the differences between company X and Other provider. Somehow the differences of price is a threat for Company X, many enterprise search the cheapest but when the problems come they search the quality one.

The largest investor in company X is Logicalis and Metrodata. Company X has long life partner from outside Indonesia, Cisco, which always provide up-to-date technology. Make solution and integrating it is key of activity Company X had. Excess of company X in providing best service to the customer is a company value. Customers feel when the issue of ICT Integrator handled by company X there is a benchmark for measure that is called service level agreement. SLA Company X had is very high, 99.999%, device will continue to run for 365 full days in a year. It is supported by the truly up-to-date devices of new technology. Customers are always on the lookout for long-term contracts in every ICT infrastructure and integrator procurement in an effort to keep the equipment maintained by company X always in a ready-made state and can help the ongoing business process, but there are also some customers who contract every one year. When there is a disaster such as

equipment that suddenly died, company X always provide standby call 24 hours. Customers can find all the purposes of ICT in the form of websites and there are also sales that offer products. Segmentation of existing customers are telecommunications companies, enterprise, and data center. The biggest expenses available on company X are the purchase of goods and buying licenses from partners and distributors, along with salary payments to employees. The largest revenue earned by company X is from the use of human resources that offering ICT infrastructure and integrator ICT solutions, then resale of goods and licenses.



V. Conclusion

With this research the reader has a view about ICT Infrastructure provider industry in Indonesia. Many of ICT Infrastructure industry bought the components and goods from outside Indonesia. Big investor in this industry come from outside Indonesia too, so potential to build ICT infrastructure made in Indonesia openly wide. Foreign investor become important to ICT Infrastructure provide, they shared many advance technologies and knowledge to understanding how to use the technologies. When company X faced with ICT product which needed young human resources and competent in it, Company X willing to pay high salary if customer satisfied and expectations is fulfilled. ICT infrastructure become important and growing in this era in Indonesia, and will continue to grow because there still needed development from any sector to make Indonesia developed country especially in sector ICT. Limitation of this research is the data just compared to other provider ICT from inside Indonesia.

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