SPEEDY WIFI, A TELKOM’S BUSINESS STRATEGY TO COMPETE IN BROADBAND INTERNET ACCESS BUSSINESS IN BANDUNG

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Abstract—Currently the Internet is not regarded as a luxury, but it has been regarded as a primary need. This resulted in a change in lifestyle people who are looking for cheap internet access service, fast, and of course can be accessed wherever and whenever they want. Telkom Speedy (Speedy) is one of the flagship products from PT. Telkom, which provide Internet access service to the people of Indonesia. In 2011 ago, the average sales and customer sales increased significantly. Only in 2012 was not as good performance achieved in the previous year. To find out the root cause of this problem external and internal analysis is done. External analysis divides into macro and micro environment. Macro environment is using PEST. While micro environment is using porter five forces. The general summary of macro environment is a changing of people lifestyle in doing internet access, while for micro environment is a high competition between internet service providers. For internal analysis is by doing analysis of Speedy product, which the result is Speedy offers high and stable speed access internet but couldn’t use in mobile. From the results of this analysis inferred that Speedy couldn’t answer the changing of lifestyle that happened in the market. The solution to the above problem was found by adjusting the analysis of strengths, weaknesses, opportunities and threats of the company (SWOT) and Porter Generic strategy options. The chosen strategy is cost leadership with product release Speedy WiFi. In addition Telkom has the power in the financial and sales channel distribution strategy is another reason why it was chosen because Speedy WiFi using existing network that already exists and wireless modem that has been installed on the customer side so it does not require an expensive cost. Segment to be addressed by Speedy WiFi are existing phone customers, potential customers phones, mobile internet subscribers, and new internet users. While the target to be addressed now is Telkom Speedy and existing customers from competitors. Positioning to be delivered from this product is a service to Internet users both normal and advanced users who need high speed internet and stable anytime, anywhere full of content and an affordable price. To maximize the sales of these products, promotional activities carried out above and below the line. The choice of a media campaign in which television, radio, print media, visits to educational institutions, offices institutions, communities, and doing canvassing

Key Words: Telkom Speedy, Speedy WiFi

1. Introduction

Ten years ago, Internet has been more widely used primarily by offices and business circles, but now it arguably becomes mandatory for various circles that are dominated by young people. Recently, Internet access becomes much easier to get especially in cafes, and schools also provide the facilities and lessons about it. In addition, the technology sophistication of smart phones, gadgets and Internet access from home can be obtained easily and has relatively lower cost. Internet seems like a door, at which when we enter, it will extend all sorts of things from all over the world. Virtually, Internet offers us to travel around the world without having to move from our current position.

To connect into Internet, users need to use a specific service provided by your ISP (Internet Service Provider) is a provider of internet services with appropriate data transfer media. There are 2 types of connections that usually chosen by Internet users, i.e. wiring connection (type of connection cable as the conductor) and wireless Internet connection (cordless technology, in this case the access to the Internet is done using electromagnetic waves instead of cables).
With a large number of Internet users in Indonesia, ISP (Internet Service Provider) / companies competing to bring Internet services with a wide range of access and speed access at competitive price. To face the competition in the delivery of Internet access services, PT. Telekomunikasi Indonesia (Telkom) strive to meet the challenges of increased demand for seamless connectivity, as shown through the effort for identity change in 2009 with the expansion of business portfolio that includes TIME - Telecommunication, Information, Media and Edutainment.

A. Company Profile
Telkom established in October 23, 1856, when the first electromagnetic telegraph operated in Indonesia which connecting Batavia (Jakarta) by Buitenzorg (Bogor) by the Dutch colonial government. By the progress, to maintain and sustain growth within a competitive industry, Telkom transformed from InfoCom company to be TIME company (Telecommunications, Information, Media, and Edutainment) to keep the business growing by sustaining business legacy and new wave. New Telkom has introduced to the public on October 23, 2009 to coincide with 153th anniversary with a new tagline 'The world in your hand' and a new positioning of 'Life Confident'. With the new logo, Telkom is committed to provide to all customers the confidence to live the life they choose, according to the manner and time.

a) Vision and Mission
The vision from PT.Telkom is "To Become a leading Telecommunication, Information, Media and Edutainment (TIME) Player in the Region". Telkom seeks to penetrate Southeast Asia, Asia, and Asia Pacific as an InfoCom leading company.

The missions from PT. Telkom are:
- Providing a unified and complete InfoCom services with best quality and competitive price. Telkom has a mission of service "One Stop InfoCom" with the assurance that customers will get the best service, the ease, quality tissue products and competitive prices.
- Becoming a corporate management model in Indonesia.
- Telkom managing the business through best practice by optimizing superior human resources, using competitive technologies, and building mutually beneficial partnerships and synergistic support.

b) Organizational Structure
At the Figure 1 below, it show the organizational structure from PT Telkom

Figure 1. Organizational structure
B. Business Issue
Telkom speedy sales in 2012 decreased significantly from that of in 2011 as shown in this figure below.

![Figure 1. Speedy Bandung Sales Performance](image1)

This fact directly affects the LIS performance at Speedy in Bandung office, as shown in Figure 2.

![Figure 2. Speedy Bandung LIS Performance](image2)

The average growth of LIS Speedy in Bandung reached 4,274 SSL every month. In contrast, in 2012, the average growth is only 2,127 SSL per month. Of course this decreasing level of growth affects negatively on Telkom performance, as the biggest internet service provider, especially in Bandung. In order to return to it’s former sales performance, Telkom has to reposition it’s marketing strategy.

2. Business Issue Exploration

A. Conceptual Framework

![Figure 3 Telkom’s Speedy Conceptual Framework](image3)
Further analysis of business issues is by considering the condition of internal and external. Internal conditions include the analysis of marketing mix (4P). While the external analysis conducted with macro and micro environment. PEST analysis is used for macro environment while Porter 5 Forces analysis used for micro environment. From the result of those analyses, it expected to identify the root cause of the problems so that it can find the right business solutions.

B. Method of Data Collection and Analysis
After developing conceptual framework, we need to analyze every factor contained in the framework. These details will assist readers to conceive business situation of the company/industry

a) External analysis
This analysis divide in two aspects. They are macro and micro environment. In macro environment we used PEST analysis. Below the explanation from Pest analysis.

Politic - Low
• the issuance of a license or business license, each license must be submitted to the government
• telecom operators always think back to purchase the license considering the price is not cheap, while the condition of the telecommunications market has been hyper competition

Economic – High
• Growth in economic influence telecommunication growth, it makes the number of middle-class economy in Indonesia getting higher, which certainly will affect the purchasing power and consumption levels of Indonesian society to demand and future telecommunications services.
• Due to the growth of economic, it gives positive impact to the growth of telecommunication industry

Social – High
• Changing in people’s lifestyle in using internet access.
• Progress telecommunications and information technology (technology driven). Currently, the existing technology is able to provide all the services expected by the community
• Economic globalization that puts the telecommunications industry as a vital means for others, an event somewhere will soon be known and affect other areas.
• The advent of the information society that puts the information into a very strategic factor of production
• Accessibility patterns will also change from the pattern remains the mobile patterns mean that more people are using mobile telecommunication devices. Likewise, the confessed gadget will be very varied from mobile phones, netbooks to notebooks.

Technology – medium
• Technological developments of devices in the future are getting bigger and faster so it push the telecom trying to give the best services to their customer.
• Feature of the telecommunications equipment today is greater reliance on software to configure aspects of the service while hardware aspects such as the module is made with a plug and play system so that if there is damage not repaired but replaced with another module.

Based on result of analysis, it can be concluded that political influence has a low impact because the system for issuing licenses telecommunications services has been going well through open tender. While economic and social aspects associated with increased greatly influence people’s needs and will have to increase the number of subscribers. Rapid technological developments categorized as medium because Telkom has a Research and Development unit that can anticipate the development of these technologies

For micro environment, Porter Five Forces are using.

Threat of new entrance – Low
• To become a new telecom operator must have a license issued by the government where the license price is not cheap.
the license purchase is also a risk that the return on business investment is not as expected because the market was already saturated
the short growing trend of age (lifetime) technology or device so the company must be careful to invest

**Threat of Substitute product – High**
The need-based wireless internet is quite high rather than cable internet due to the changing of lifestyle customer in using internet access
Price of wireless internet is cheaper than cable internet.
There are a lot of internet service provider who gave a lot of services which have high mobility and lower price.

**Bargaining Power of Buyer – High**
Telecommunications providers are providing services similar to the price and the quality is not much different. These conditions also cause customers to easily move from one operator to another operator with a low switching cost, it is possible with the existing sim-card system on the phone makes it easy for customers to switch carriers using the same device.
trend of mobile subscribers today are looking for a provider that provides the cheapest rates as well as on the bundling promotion, so this is going to make many customers switching from one operator to another
customers tend to look for a small value considered affordable by people from all walks of life

**Bargaining Power of Suppliers – Low**
The development of technology is currently characterized by a standardized protocol that allows two devices although different suppliers to easily integrate with different from 5 years before.
Current conditions of telecommunication operator are easy to choose a supplier because there is no problem in the integration of technical means any supplier can provide the tools you need
the increasing number of suppliers from China that has the power at a low price making it easier for operators to select the suppliers because they have a lot of choices

**Rivalry among Existing competitors - High**
The rivalry in this industry are very strong due to the presence of 11 telecom operators in the industry is already saturated lead to hyper competition, so some operators find it difficult to maintain the level of profitability.

Based on the result of industry analysis five forces model of internet services, it is seen that telecommunication industry especially Internet Services in Indonesia are less attractive. This is due to three of the element porter analysis showed that internet services industry in Indonesia less attractive

**b) Internal Analysis**
By using marketing mix analysis

**Product** - Not mobile. Data access separated from voice access in DSLAM so the speedy speed can be increased due to needs. Access in speedy is individual per user until nearer port DSLAM every user has their own port which is dedicated, Relative constant speed based by no sharing with others, Better safetiness

**Promotion** - Below The Line is done frequently compared to Above The Line (newspaper, radio, bundling, exhibition, merchandise, billboard, flyer, etc)

**Place** - Phone In, Web In, Plasa, Event, Exhibition, Open Table

**Price** – Range of Speedy price is from Rp 75,000 to Rp 1,695,000/month.

Broadly speaking, Speedy actually been able to compete with the wireless internet. This is evident with not too many differences between the two products. It’s just a shift in lifestyle communities began requiring high mobility makes Speedy competitor left behind. In
addition, Internet users are now dominated by the students who felt that the price of Speedy is more expensive than the price offered by the competitor.

C. Root Cause Analysis
This research is conducted by various methods to determine the problem and its cause. Based on the analysis, the decreased average sales and number subscribers of Speedy could see on Figure 4 below.

From the analysis that has been done then the root of the problem to Telkom Speedy as one product that provides access to the Internet can be seen from several aspects, namely:

- From the analysis it can be seen that the macro environment has changed the characteristics of internet users in Indonesia. Indonesia Society prefers that providers can have internet product that has a high mobility (can be taken anywhere). This is in line with the characteristics of a mobile user. With conditions such as these causes Telkom Speedy as a provider of internet services have weak competitive positions, because Telkom Speedy is using cable broadband internet as their medium transmission that have limitations in mobility.
- If we look at micro or analysis of the environmental aspects of the industry itself, the Internet services provider growth is high mainly- wireless internet based. With high growth raises hyper competition in the telecommunications industry particularly internet services. In addition, competition occurs in this industry is based on Price War.
- From the product analysis of Telkom speed, speedy Telkom has advantages in terms of access speed and stability in terms of internet access. However, Telkom Speedy has some limitations such as limitation in terms of the packages offered, the price is relatively higher and the crucial one is limited mobility.

In such conditions, the cause of Telkom Speedy as a fixed broadband Internet is less able to compete in the telecommunications industry, particularly internet services. If Speedy did not adapt to this condition will certainly have a negative impact on performance in the future.

3. Business Solution
From both of that analysis, it can be concluded that Telkom Speedy as one of internet service can no longer compete with existing competitors in this industry. This is due to the tendency of Internet users who prefer a provider that provides internet access with higher speeds, low price and can access the
internet anywhere (Mobile Internet). To generate a business solution needs to be designed first methodology solutions like this figure below.

![Business Solution Methodologies](image)

**A. SWOT Analysis**

SWOT Analysis is concluded by conducted the external and internal analysis. Both of them already explained in chapter before. For internal analysis, company resources were added.

- Function of human resource - Telkom has the number of workers relative plenty. In addition, as a state, they are also relatively burdened with various rules and regulations that often make them slow in taking strategic decisions. Also the intervention of the government sometimes makes them cannot be dynamically to market changes.

- Function of operation - Capacity and infrastructure of Telkom that unfolded throughout Indonesia (starting from the center to the corners) provides a solid foundation to meet future needs for speed, connectivity and a better choice. Companies often experience revenue leakage caused by internal weakness and external problems for the control of operational control are less powerful. If this happens it may cause harm to the results of Telkom operations.

- Function of finance - Telkom has great financial strength (where the ratio of liquidity, solvency, and profitability showed a positive number). This allows Telkom to invest in expensive telecommunications equipment. In addition, they also have an extensive network and infrastructure covering all the regions of the country so it is easy for expansion and market penetration.

- Function of marketing - Choice of products and coverage as well as various types of services offered ranging from cable telephone service, mobile telephone service, internet access, international direct dial, cable television services, and more are owned Telkom strategic advantage. In terms of promotion, Telkom do above the line and below the line. Below the line promotion activities carried out by local area actively. To get a Telkom service is not difficult; it is because of Telkom service offices throughout Indonesia. In terms of price, Telkom tried to provide competitive pricing on products it releases a course tailored to their customer needs.

This table below shown the resume of external and internal analysis (SWOT)
Table 1. SWOT PT Telkom

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wide Coverage area (Indonesia)</td>
<td>• Bureaucracy system</td>
</tr>
<tr>
<td>• Great Financial Strength</td>
<td>• Limited package offered</td>
</tr>
<tr>
<td>• Stabil and high speed internet service (Minim Disturbance)</td>
<td>• Low internet levels</td>
</tr>
<tr>
<td>• The available network able to transmit data with big capacity</td>
<td>• Internet tariff relatively expensive</td>
</tr>
<tr>
<td>• High Brand Awareness</td>
<td>• Employee demography mainly in age aspect</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The growth of middle-economic in Indonesia to more hi-tech</td>
<td>• An increasing competition in broadband internet service</td>
</tr>
<tr>
<td>• Mobility becomes primary needs</td>
<td>• High growth of wireless broadband</td>
</tr>
<tr>
<td>• Needs for accessing content in big capacity</td>
<td>• Broadband access commodity symptoms (price cut, lack off differentiation) mainly by web companies &amp; device manufacturers</td>
</tr>
<tr>
<td>• The growth of connected devices</td>
<td></td>
</tr>
<tr>
<td>• Broadband internet service already became primary needs</td>
<td></td>
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</tbody>
</table>

After found the SWOT of PT Telkom, requirement and risk of each strategy Porter should be list, below the summary of requirement and risk of each strategy in Porter.

Table 2 Summary of porter Strategy

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Cost leadership</th>
<th>Differentiation</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coined at consumers who are relatively easily influenced by the shift in prices (price sensitivity) or using price as a determinant factor in decision</td>
<td>Targeted at potential customers who do not put the price in the decision-making (price insensitivity)</td>
<td>Intended to serve the needs of consumers who are relatively uninformed and in the decision to buy relatively unaffected by the price</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Weakness to the entry of newcomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower the warranty</td>
<td>Increase Market Share</td>
</tr>
<tr>
<td>Increase Market Share</td>
<td>Build Barriers to the entry of new comers</td>
</tr>
<tr>
<td>Weaken the threat of substitutes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk</th>
<th>Technology change outpace the ability to gain or investment made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitors who learn quickly and rapidly</td>
<td></td>
</tr>
<tr>
<td>Magnification of the product or the market</td>
<td></td>
</tr>
<tr>
<td>Inflation of cost that results the previous price differential</td>
<td></td>
</tr>
<tr>
<td>It could lead to a servicing price war</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Access to the capital required to make a significant investment in production assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient distribution channels</td>
<td></td>
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</table>

After that, the best strategy is got by adjusting both of analysis above. Cost leadership strategy become the choice by making new product that called SpeedyWiFi. Speedy WiFi is wireless internet access services which is still used cable network as the primary transmission media. It can be used by a variety of customers, both corporate and retail. For access must be made in the form of additional access points or devices utilizing Speedy modem that has been integrated with wireless technolgy.
4. Conclusion and Implementation Plan

The problems in decreasing sales and number of customer of Telkom Speedy are caused by changing lifestyle customer in internet access. To overcome the problem, Speedy WiFi is become the solution. The implementation plan of Speedy WiFi is more emphasis on promotion activity in order to build brand awareness in the customer. Promotional activities undertaken in the form of Above The Line and Below The Line. For the above the line itself aims to foster the demand from customers. This promotion usually takes huge promotional costs because it is done through television. This special promotional activity is directly managed by central marketing unit for national scale. While below the line aims to encourage customers to look for products that have been advertised through the sales force. Below the line activities conducted by marketing units in each service area Telkom. Below the line promotion includes road show to community, education institution, public institution, a radio station, a local newspaper, canvassing, etc. Canvassing also be done through branding at certain points, especially in the crowded center, such as public areas, schools, malls, and other strategic locations.

References


