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Proposed Corporate Strategy to Increase Digital Services Portfolio Adoption Rate at Schneider Electric Indonesia

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Abstract *- Indonesia's future development has been outlined in the RPJPN 2025-2045, targeting annual GDP growth of 6–7%, with the manufacturing sector as a key contributor that is in the nascent stage of digital maturity. Schneider Electric Indonesia sees a great opportunity to increase the adoption of a digital services portfolio aligned with global strategies and national priorities. However, there are challenges, such as limited integration of digital services as the main value proposition and weak synergy across businesses. This study proposed corporate strategies to increase the adoption of digital services.*

This study uses a qualitative methodology (semi-structured interviews) with vision & mission, internal and external analysis. The results of the analysis show that there is a gap between the global strategy and local strategy, as well as great potential for synergy between business units that has not been maximized.

This study proposes two main strategies: the establishment of a Digital Services Growth Task Force to provide a coordination structure and strategic direction, and a cross-unit enablement to strengthen operational and human resource capabilities across all business lines. This strategy positions digital services as a core value in the market, strengthening corporate synergy between BUs and optimizing cross-selling strategies within the existing customer ecosystem.

Keywords *- Schneider Electric Indonesia, corporate strategy, digital services, business unit synergy, cross-selling*

I. INTRODUCTION

Indonesia's future development has been outlined in the RPJPN (Rencana Pembangunan Jangka Panjang Nasional) 2025-2045, which envisions a GDP growth of 6-7% annually [1]. One of the highest GDP contributors is the manufacturing sector [2]. Digital transformation in the manufacturing sector contributes significantly to GDP growth by increasing productivity, operational efficiency, and product innovation through technologies such as IoT, AI, and automation. Based on the Indonesia Digital Industry Development Masterplan, Indonesia's manufacturing sector is still considered to be in the nascent stage of digital maturity [3].

Schneider Electric Indonesia (SE Indonesia), a global industrial technology leader in electrification, automation, and digitization of smart industries, identifies a strategic opportunity to scale the adoption of its digital services portfolio in alignment with national priorities and global strategies. However, challenges persist, digital services in Indonesia are still widely perceived as supplementary "add-ons", and limited synergy across business units. The implication of this gap is substantial. Without a coordinated, corporate-level strategy to reposition digital services at the heart of its offerings and to enhance synergy across business units, Schneider Electric Indonesia risks missing the opportunity to fully leverage the substantial prospects currently available and to effectively position itself for even greater opportunities in the future.

II. LITERATURE REVIEW

The strategic management process consists of three parts: strategic input, strategic action, and strategic outcome. Strategic input relates to the analysis of vision & mission and environmental conditions, including internal and external conditions. Internal conditions include the company's resources and value chain activities, while external conditions include the general environment, industry, and competitors. Strategic action includes the formulation and implementation of strategies consisting of the entire strategy hierarchy. This strategy is based on data obtained from the analysis of environmental conditions in the strategic input section. The

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implementation of the strategy includes program, tactics, and timeline. Strategic outcomes relate to the mission, objectives, and goals, such as value, profit, revenue, and market share. Strategy outcomes are related to the performance of the results of the formulation and implementation of the strategy [4]. The typical larger business addresses three types of strategy: corporate, business, and functional. Business firms use all three types of strategy simultaneously. Corporate strategy describes a company's overall direction in terms of growth and the management of its various businesses. Corporate strategy is related to directions and diversification [5].

Cross-unit collaboration is critical to the success of digital initiatives. Ansari et al. emphasize internal value creation through synergy, suggesting that decentralized units must operate with strategic interdependence [6]. Meanwhile, Canales and Caldart argue for the role of corporate strategy in unlocking synergies through shared capabilities and parenting advantages [7]. Vizjak took a conceptual and illustrative approach to explaining how synergy potential can be maximized. The goal was to identify managerial tools that can be used to strengthen cooperation between business units. The results emphasized the importance of eliminating structural boundaries between units (silos), implementing shared incentives, and forming well-coordinated cross-functional teams [8]. In the context of a parent company, Moore and Birtwistle, in the case study of Gucci Group NV, used organizational and leadership analysis to assess how a parent company can create value for its business units. The study showed that Gucci achieved a parenting advantage by providing strategic direction, facilitating global networks, and developing shared resources without interfering with the operational autonomy of each brand. The study aimed to demonstrate a role model for an adaptive, high-value-added parent company [9]. Finally, Huang and Farhoomand conducted an in-depth descriptive case study of Citibank's e-business strategy in response to the need for global service integration. They documented three phases of the strategy: "Connect, Transform, and Extend." The results of this study show that digital-based synergy strategies not only improve cost efficiency and service consistency but also strengthen corporate-customer relationships in various parts of the world [10].

III. METHODOLOGY

The methodology is based on the strategic management process, which consists of strategic input and strategic action. The strategic input comes from vision and mission analysis and environmental scanning. This study uses a qualitative approach to explore corporate strategy formulation in SE Indonesia. Data was collected through semi-structured interviews with internal stakeholders across different BUs. Strategic action consists of strategy formulation and strategy implementation. Overall, this framework (Fig.1. Conceptual Framework) ensures that strategy is based on thorough analysis, is goal-oriented, and is implemented with clear accountability and coordination across the organization.

In the first phase, vision and mission analysis is conducted using the VMOST approach. Environmental scanning assesses both their external and internal environments to understand their strategic position. For external analysis, PESTEL will be used to analyze macro-environmental factors such as political, economic, social, technological, environmental, and legal. The Six Forces Model will be used to understand the industry-level influences. The Six Forces Model is an extension of Porter's Five Forces; it includes industry rivalry, threat of new entrants, substitute products, buyer and supplier power, and complements. The competitor analysis will be used to understand the market position, strengths, and weaknesses of rivals. For internal analysis, the resources, value chain activities, and core competencies will be analyzed. Resource analysis is used to analyze the allocation and usage in the organization, which will lead to an optimization and improvement strategy. The Porter's Value Chain will be used to analyze primary and support activities to identify value creation opportunities and inefficiencies. Based on the resources and value chain, capabilities will be defined, and the VRIO framework will be used to evaluate the core competence using value, rarity, imitability, and organization to determine sustainable competitive advantage.

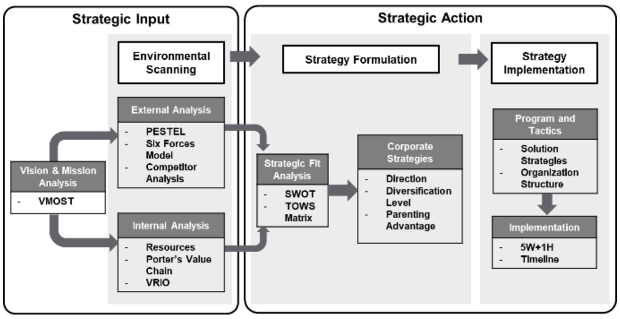

Figure 1 Conceptual Framework

In the second phase, strategy formulation, SWOT will be used to summarize the insights from the external and internal analysis. The strategic fit analysis will be conducted using the TOWS Matrix. The corporate strategies will be defined based on the direction and the level of diversification. The parenting advantage will be used to define value-based management. The final phase, Strategy

Implementation, translates strategies into actionable solution strategies with the organizational structure proposed in 5W+1H and the timeline.

IV. FINDINGS AND DISCUSSION

Based on the results of the VMOST analysis, it was found that although the company's vision and mission are aligned with the global strategy, strategic pillars such as technology leadership and sustainable impact (impact company) have not been fully reflected in local tactics. Digital services are still positioned as additional offerings and have not yet become the core of the company's value proposition.

Based on the results of external analysis, Schneider Electric Indonesia has a great opportunity to drive digital growth thanks to the support of government policies (RPJMN, IDX ESG), energy efficiency trends, and the increasingly strong adoption of Industry 4.0, but must face challenges such as low digital literacy, strict regulations, and high price sensitivity (PESTEL). From a competitive perspective, Schneider's position is relatively strong with high barriers to entry, product differentiation, and an integrated ecosystem, although there are risks from dependence on local suppliers, high bargaining power of large customers, and the threat of open-source substitution (Six Forces Model). Meanwhile, compared to competitors, Schneider excels as a market leader with strengths in after-sales services and OT-IT integration, but still needs to strengthen the Industrial/Process Automation segment to avoid missing opportunities in areas that are the focus of competitors (Competitor Analysis).

The internal analysis indicates that Schneider Electric Indonesia possesses capabilities spanning across competitive parity, temporary competitive advantage, unused competitive advantage, and sustainable competitive advantage. Capabilities at the competitive parity level include a strong global brand and market reputation, established customer feedback and satisfaction mechanisms, and effective communication and brand activation programs. The firm’s infrastructure and strategic government relations represent sources of temporary competitive advantage. Sustainable competitive advantages are found in its efficient local manufacturing and operations, national and regional sales organization, dedicated local after-sales team, certified local execution team, and adaptive innovation enabled through global–local integration. In addition, the company holds several valuable but underutilized competitive advantages, such as an integrated internal digital infrastructure, potential data monetization opportunities from its installed base, and mechanisms for cross-business unit integration and synergy.

The results of the strategic fit analysis (TOWS Matrix) show that although Schneider Electric Indonesia has strong internal capabilities and attractive market opportunities, the company does not prioritize aggressive growth (SO) strategies due to internal barriers such as limited cross-BU synergy, immature incentive structures, and low market readiness. The defensive (WT) approach is not considered suitable since the company is not in a crisis and possesses sufficient assets to avoid retrenchment. SE Indonesia positions its long-term strategy in the Strengths–Threats (ST) quadrant, leveraging its strong digital portfolio, government relations, and innovation ecosystem to counter external challenges such as local competition, customer digital immaturity, and regulatory complexity. By pursuing diversification in products, business models, go-to-market strategies, and new customer segments, the company can sustain growth, strengthen its value proposition, and build resilience, aligning with Schneider Electric’s global focus on digitalization and sustainability while supporting Indonesia’s industrial digital transformation agenda. Focusing on ST allows SE Indonesia to integrate internal strengths, Weaknesses–Opportunities (WO) by proactively anticipating external threats through diversification. This is in line with Schneider Electric's global strategic direction that places digitalization and sustainability at the core of growth and supports the Indonesian government's strategy in digitalizing the industrial sector.

The company’s direction leverages its digital portfolio, government relations, and innovation hubs to address major challenges such as local price competition, low digital maturity, and regulatory complexity. This strategic orientation aims to sustain growth and enhance customer value propositions. Based on the categorization, SE Indonesia operates under a medium to high level of constrained diversification, with no single business unit (BU) exceeding 70% of revenue contribution. This structure promotes synergy across product BUs (PP, PS, IA, SP) and digital services (S&S), supported by tangible interrelationships and shared competitive advantages. The diversification goal focuses on value creation through operational and corporate relatedness. Operational efficiency is achieved by sharing infrastructure and processes across BUs, while corporate relatedness fosters innovation through knowledge transfer and cultural cohesion. The parenting advantage is realized through both stand-alone and linkage influence. SE Indonesia’s integrated ecosystem (EcoStruxure) enables centralized support and coordination, enhancing compliance, customer satisfaction, and strategic alignment. Corporate development plays a pivotal role in embedding long-term strategies across all BUs, ensuring cohesive and sustainable growth. This strategic framework positions SE Indonesia to effectively navigate market complexities while capitalizing on internal strengths for competitive advantage.

Based on the strategic fit analysis, there are two solution strategies proposed, such as the Digital Services Growth Task Force and cross-unit marketing and sales enablement programs.

The establishment of the Digital Services Growth Task Force is a key strategy aimed at accelerating the adoption rate of digital services in SE Indonesia through a structural and cross-business unit approach. In the context of corporate relatedness, this task force functions as a place to transfer digital competencies, product understanding, and market strategies from more mature units (for example, BU Services) to other units that are still in the development or penetration stage. This provides a shared operational framework that integrates the process of opportunity identification, pipeline management, performance review, and go-to-market planning nationally. Sponsored by the Country President and led by the Services & Sustainability BVP, the task force includes representatives from various BUs and support teams. Its phased implementation spans a year, beginning with team formation and culminating in performance reviews and strategic adjustments. The task force operates nationally from SE Jakarta, using hybrid meetings and structured steps such as KPI definition, program prioritization, and quarterly scaling based on pilot results.

The second strategy focuses on the people, structure, and cross-unit communication aspects, the Cross-Unit Marketing and Sales Enablement programs. This strategy aims to equip salespeople from all business units with a comprehensive understanding of the value proposition of digital services and their relationship to the product portfolio they sell. In terms of corporate relatedness, this program allows for the transfer of skills, communication techniques, and understanding of digital propositions evenly across business units. In terms of operational relatedness, this strategy encourages the use of integrated marketing and sales facilities, processes, and infrastructure. This program, led by the Head of Marketing Commercial Excellence, the initiative involves marketing, sales, HR, and finance teams across BUs. Implementation begins in Q4 with preparation of sales playbooks and training plans, followed by hybrid training launches and customer co-creation programs, KPI adjustments, and ongoing monitoring. The program is nationally coordinated from SE Jakarta and leverages digital platforms like SE's e-learning portal and Teams webinars. Key steps include auditing tools and processes, launching cross-unit campaigns, and tracking performance through dashboards and feedback loops.

These two strategies complement each other and are the main drivers in building synergy across business units as a foundation for increasing the adoption of digital services. The Digital Services Growth Task Force provides a coordination structure and strategic direction, while Cross-Unit Enablement strengthens operational and human resource capabilities across all business lines. Both consistently reflect the principles of corporate relatedness and operational relatedness as the core of the related constrained diversification strategy implemented by SE Indonesia. With proper implementation, this strategy will not only increase the level of adoption of digital services but also strengthen the company's long-term competitiveness through sustainable value creation and operational excellence.

V. CONCLUSION

This study proposes two key initiatives to accelerate the adoption of digital services within Schneider Electric Indonesia. The first initiative, the Digital Services Growth Task Force (DSGTF), is designed to address the lack of strategic alignment and integration across business units. While SE Indonesia's vision aligns with global priorities, digital services remain peripheral in local execution. DSGTF provides a centralized, cross-functional framework to unify digital strategies, coordinate service pipelines, and embed digital offerings into the company's core value proposition. By establishing shared KPIs and structured collaboration, this initiative positions digital services as a central element of SE Indonesia's competitive strategy, enhancing its relevance in the evolving industrial landscape.

The second initiative, Cross-Unit Marketing & Sales Enablement, aims to overcome internal silos and limited sales capabilities in promoting digital solutions. Despite a strong installed base and digital-ready customers, SE Indonesia has not fully capitalized on cross-selling opportunities due to fragmented data, insufficient training, and a lack of incentive structures. This strategy introduces a comprehensive enablement program that equips sales teams across all business units with the tools, knowledge, and motivation to effectively sell digital services. Through playbooks, training, and KPI adjustments, SE Indonesia can transform every product transaction into a gateway for digital service expansion, driving recurring revenue and reinforcing its role as a holistic digital transformation partner for industrial clients in Indonesia.

This study concludes that increasing digital services adoption in SE Indonesia requires more than market-facing solutions. It demands internal realignment, cross-unit coordination, and strategic enablement. The proposed strategies offer a governance structure and operational pathway to unlock synergy, accelerate pipeline development, and embed digital offerings as a strategic priority across the organization.

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