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Jakarta, September 8th 2008
Andi Sama.
PREFACE

The case was situated on the dilemma faced by the CEO to setup a new potential good business operation. Considering the opportunity being pursued, which seemed promising, the company only had limited internal resources in funding the investment which was initially estimated to be more than US$ 1 million; As a small, relatively new established business, the company had much lower bargaining power to major potential ‘to-be stakeholders’ giants. Rudi was thinking to find new investor(s) to inject the required capital. Alternatively, he was looking to apply for a loan, whether from a financial institution (e.g. a bank) or a business partner. Another option was to setup a revenue sharing agreement with a 3rd party.

Further, this case study describes the effort of PT. Bumi Kita Makmur (BKM) in 2002, which pioneered the idea in providing one of the innovative electronic top-up balance services to millions of cellular telecommunication customers in Indonesia. Top-up balance service was to be provided to cellular telecommunication customers, through hundreds of merchants with thousands of EDCs. BKM was to coordinate business relationships with a telecommunication company as well as system and software application providers.

The case study is structured as follows:

Chapter 1: Case Description

This chapter discusses about the challenges and issues faced by the Founder and CEO of BKM in preparing the business model and business arrangements for providing Autorefill service to Telkomsel, the largest cellular telecommunication operator in Indonesia.
Chapter 2: Literature Review

Timmons Model of entrepreneurial process is discussed, as well as the stages of venture growth, crucial transitions and core management mode.

Chapter 3: Methodology

Case development methodology is discussed here, starting with payment industry study, data collection and then interview methodology.

Chapter 4: Business Analysis

This chapter describes the business value proposition that was developed by BKM when proposing the Autorefill business plan to Telkom and Telkomsel. Brief background of BKM, Telkom and Telkomsel are discussed here as well as the industry of pre-paid electronic voucher, including the major players in the telecommunication industry in 2002. This case is divided into two parts as follows:

- BKM in 2002, Pre-Paid Electronic Balance Top-up Service with EDC (A)

  It details on the BKM’s efforts in pursuing the long-term multi-years service business opportunity as well the challenges BKM faced for the execution should the deal was closed.

- BKM in 2002, Pre-Paid Electronic Balance Top-up Service with EDC (B)

  Then, the execution of the deal following BKM-Telkom contract signing for Telkomsel Autorefill Service is discussed. Some updates on implementation results following year 2003 and beyond are also provided.
Chapter 5: Lesson Learned and Conclusion

Chapter 5 discusses lesson learned on BKM in establishing the business model to provide Autorefill service to Telkomsel, as well as the summary of the case study.

In conclusion, during my study in MM Executive program in Binus Business School, our class has discussed more than one hundred case studies; most of the case studies were taken from Harvard Business School and mostly about big companies listed in Fortune 500. While there was nothing wrong about that, we need to produce more local case studies to learn on the typical business practices in Indonesia.

I certainly hope that this case study would be worthwhile in contributing to the development towards that goal, to enrich the case-based learning method with more local contents, as one of the teaching tools to be used in actual class discussions in the near future in Binus Business School, and other educational institutions as applicable.

Jakarta, September 8th 2008
Andi Sama.
ABSTRACT

This case study focuses on PT. Bumi Kita Makmur (BKM), which in 2002 pioneered the idea in providing one of the innovative pre-paid electronic top-up balance service (Telkomsel Autorefill) to millions of cellular telecommunication consumers in Indonesia, through hundreds of merchants by planning to setup and operate 1,800 Electronic Draft Captures (EDC). It was to be achieved by coordinating business relationships with Telkomsel's parent company (Telkom) as well as system and application software providers.

This case study has been developed from the point of view of BKM, a US$46K company in 2003 (US$1.2M in 2006), which in 2002 was planning to arrange, setup, launch, and manage the operation for Telkomsel Autorefill Service. Readers will be able to learn the issues and challenges of a small business in Indonesia in approaching business arrangements for multi-years service operation. In general, the readers will also benefit in briefly understanding the payment industry in Indonesia. Some relevant selected statistics and financial data are provided.

The case was situated on the dilemma faced by the CEO to setup a new potential good business operation. Considering the opportunity being pursued, which seemed promising, the company only had limited internal resources in funding the investment which was initially estimated to be more than US$ 1 million; As a small, relatively new established business, the company had much lower bargaining power to major potential 'to-be stakeholders' giants. Rudi was thinking to find new investor(s) to inject the required capital. Alternatively, he was looking to apply for a loan, whether from a financial institution (e.g. a bank) or a business partner. Another option was to setup a revenue sharing agreement with a 3rd party.

Some of new services in the payment industry (2002–2008) are also briefly discussed for completeness of the lecture notes. Mr. Rudi Yandri Chatab, the founder and CEO of BKM has been the major source of insights for this case development.

Keywords: BKM, Telkom, Telkomsel, Telkomsel Autorefill, EDC
LIST OF CONTENTS

Front Page ........................................................................................................................................... i
Supervisor Approval ........................................................................................................................... iii
ACKNOWLEDGEMENT ...................................................................................................................... v
PREFACE ............................................................................................................................................... viii
ABSTRACT ............................................................................................................................................. xi
LIST OF CONTENTS .......................................................................................................................... xii
LIST OF TABLES ................................................................................................................................. xv
LIST OF FIGURES ............................................................................................................................... xvi
CHAPTER 1: CASE DESCRIPTION ...................................................................................................... Error! Bookmark not defined.

CHAPTER 2: LITERATURE REVIEW ................................................................................................. Error! Bookmark not defined.
2.1. The Entrepreneurial Mind........................................... Error! Bookmark not defined.
2.1.2. Stages of Venture Growth, Crucial Transitions and Core Management Mode......................................................... Error! Bookmark not defined.

CHAPTER 3: METHODOLOGY ....................................................................................................... Error! Bookmark not defined.
3.1. Case Study development Methodology . Error! Bookmark not defined.

CHAPTER 4: BUSINESS ANALYSIS ............................................................................................. Error! Bookmark not defined.
4.1. Background Information........................................... Error! Bookmark not defined.
4.1.1. BKM ................................................................................................................................. Error! Bookmark not defined.
4.1.2. Telkom ............................................................................................................................ Error! Bookmark not defined.
4.1.3. Telkomsel ........................................................................................................................ Error! Bookmark not defined.
4.2. The Industry of Pre-Paid-Card Refill...... Error! Bookmark not defined.
4.2.2. Competitors and The Major Players ..... Error! Bookmark not defined.
4.3. Business Arrangements........................................... Error! Bookmark not defined.
4.3.1. Telkom ............................................................................................................................ Error! Bookmark not defined.
4.3.2. Telkomsel ........................................................................................................................ Error! Bookmark not defined.
4.3.3. Terminal (EDC) Vendor, ICL................. Error! Bookmark not defined.
4.3.4. Jatis ................................................................................................................................. Error! Bookmark not defined.
4.4. Proposal to setup Telkomsel simPATI Electronic Refill Service... Error! Bookmark not defined.

xii
4.4.1. The Plan to Introduce Telkomsel Autorefill Product.

4.4.2. Proposed Service for Electronic Balance Refill.

4.4.3. The Marketing Plan.

4.4.4. Telkomsel Organization Plan for Providing the Autorefill Service.


4.5. Decision Ahead.

4.6. The Deal Execution.

4.6.1. The Telkomsel Decision.


CHAPTER 5: LESSON LEARNED AND CONCLUSION.

5.1. Lesson Learned.

5.2. Conclusion.

5.2.1. Case Part (A).

5.2.2. Case Part (B).

5.3. Industries, Courses Fit for Lecture.

5.3.1. Industries Fit.

5.3.2. Courses Fit.


5.4.1. Bank Indonesia, Regulator of Banks and Financial Institutions.

5.4.2. Banks in Indonesia.

5.4.3. Electronic Banking Delivery Channels.

5.4.4. Bank Negara Indonesia (BNI).

5.4.5. The Cellular Telecommunication in Indonesia.

5.4.6. Telkom.

5.4.7. Telkomsel.

5.4.8. Payment System in Indonesia.

5.4.9. Micropayment in Banking Industry.

5.4.10. Micropayment in Cellular Telecommunication Industry.

5.4.11. Micropayment in Other Industries.

REFERENCES.

BIBLIOGRAPHY.

LIST OF EXHIBITS.

Exhibit 1: BKM Organization Structure.
a. BKM Organization Structure in 2002 ............ Error! Bookmark not defined.
b. BKM Organization Structure in 2003-2008 ... Error! Bookmark not defined.

Exhibit 2: An Electronic Draft Capture (EDC) Terminal, Keycorp K-23 550 Error! Bookmark not defined.

Exhibit 3: A Sample of a Receipt Generated by an EDC after a Successful Balance Top-Up Transaction ....................... Error! Bookmark not defined.

Exhibit 4: A Screen Shot of Web-Based Autorefill Sales Monitoring System Error! Bookmark not defined.

Exhibit 5: Telkomsel Product Features, in 2002..... Error! Bookmark not defined.

Exhibit 6: A Telkomsel simPATI new pre-paid card, in 2002 ..... Error! Bookmark not defined.

Exhibit 7: A few samples of Telkomsel simPATI physical voucher cards (scratch cards), 1999-2002 ......................... Error! Bookmark not defined.
c. Samples of Telkomsel simPATI Physical Cards 1999-2002, Back Sides Error! Bookmark not defined.

Exhibit 8: Company and Product Logos ............... Error! Bookmark not defined.


Exhibit 10: Technology Perspective – Acquirer, Switch and Issuer.............. Error! Bookmark not defined.

Exhibit 11: Technology Perspective - Processing an EDC-Based Transaction ............................................................. Error! Bookmark not defined.

Exhibit 12: EDC Distribution in Indonesia (2008), for Autorefill Service ...... Error! Bookmark not defined.


Exhibit 14: Exchange Rates in IDR (Rp.) per One USD (US$), 2001-2007... Error! Bookmark not defined.

Exhibit 15: Exchange Rates in IDR (Rp.) per One USD (US$), 2001-2007... Error! Bookmark not defined.


Exhibit 17: Telkomsel Selected Financial Data, 1997-2002.. Error! Bookmark not defined.

Exhibit 18: Telkomsel Selected Financial Data, 1997-2006.. Error! Bookmark not defined.

Exhibit 22: A Few Samples of Physical Pre-Paid Vouchers from Multiple Cellular Operators (Telkomsel, Excelcomindo, Indosat) ...Error! Bookmark not defined.
Exhibit 23: Curriculum Vitae - Rudi YM Chatab (CEO of BKM).................Error! Bookmark not defined.
Exhibit 24: Republic of Indonesia ....................... Error! Bookmark not defined.
Exhibit 25: Infrastructure for Card Based Payment Instruments, 2006-2007..Error! Bookmark not defined.
Exhibit 27: Credit Card Transactions in Indonesia, 2006-2007....Error! Bookmark not defined.
Exhibit 29: Indonesia Payment System, 2007 ...... Error! Bookmark not defined.
CURRICULUM VITAE................................................. Error! Bookmark not defined.
PERMISSION TO PUBLISH LETTER ....................... Error! Bookmark not defined.
LIST OF TABLES

Table 1: Balancing the Opportunity, Resources and Demand...Error! Bookmark not defined.
Table 2: Crises and Symptoms during Stages of Venture Growth...Error! Bookmark not defined.
Table 3: Shareholders of BKM in October 2002.......Error! Bookmark not defined.
Table 4: Proforma Sales Target and Yearly Transaction Volume....Error! Bookmark not defined.
Table 5: Plan for EDC Installation.........................Error! Bookmark not defined.
Table 6: Plan for Outlet Locations for Each Telkomsel Region Error! Bookmark not defined.
Table 7: Proposed Proforma Financial Figure in BriefError! Bookmark not defined.
Table 8: Shareholders of BKM following the signing of BKM – Telkom contract
.................................................................Error! Bookmark not defined.
Table 9: Terminal Locations in Soft Launching StageError! Bookmark not defined.
Table 10: Proposed Business Valuation ......................Error! Bookmark not defined.
Table 11: Installation of EDC and PC Terminals as of May 26, 2008 ..............Error!
       Bookmark not defined.
Table 12: The Journey of BKM during Venture Growth........Error! Bookmark not defined.
Table 13: Number of Cellular Telephone Subscribers in Indonesia in 2006.......Error!
       Bookmark not defined.
Table 14: Number of Cellular Telephone Subscribers in Indonesia as of March 2008
          (Forsel Magazine, 2008)...............................Error! Bookmark not defined.
Table 15: The Best Bank Service Excellence 2007-2008 (Selected Data on Electronic
          Delivery Banking Services)..............................Error! Bookmark not defined.
LIST OF FIGURES

Figure 1: The Timmons Model of the Entrepreneurial Process. Error! Bookmark not defined.
Figure 2: Stages of Venture Growth, Crucial Transitions and Core Management Mode......................... Error! Bookmark not defined.
Figure 3: GSM Cellular Market in 2001................. Error! Bookmark not defined.
Figure 4: Illustration on Proposed Purchase, Selling and Payment Mechanism of Autorefill Stock ...................... Error! Bookmark not defined.
Figure 5: Partial Organization Structure of Telkomsel and Department Where the Autorefill Service would be Managed....... Error! Bookmark not defined.
Figure 6: Initial Investment Proposal....................... Error! Bookmark not defined.
Figure 7: Illustration on Business Arrangements and Operational Relationships to Provide Telkomsel Autorefill Service, Case Part A.. Error! Bookmark not defined.
Figure 8: Summary of Case Part (A) - Q1-Q4 2002... Error! Bookmark not defined.
Figure 9: Illustration on Business Arrangements and Operational Relationships to Provide Telkomsel Autorefill Service, Case Part B.. Error! Bookmark not defined.
Figure 10: Timeline of Key Events for Providing Telkomsel Autorefill, 2002-2005 ................................................. Error! Bookmark not defined.
Figure 11: Summary of Case Part (B) - After November 25, 2002.. Error! Bookmark not defined.
Figure 12: Banking Institutions in Indonesia, April 2008 (Source: Bank Indonesia) ......................................................... Error! Bookmark not defined.