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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

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