

Formulation Strategy of Kisel SIM Card's Facing Business Digitalization in Telecommunications Industry

Indra Permana¹, Lukman M. Baga², Amzul Rifin²

¹Business School – IPB University Jl Pajajaran Bogor

²Department of Agribusiness, Faculty of Economics and Management, IPB University

Corresponding Author: Indra Permana

DOI: <https://doi.org/10.52403/ijrr.20230157>

ABSTRACT

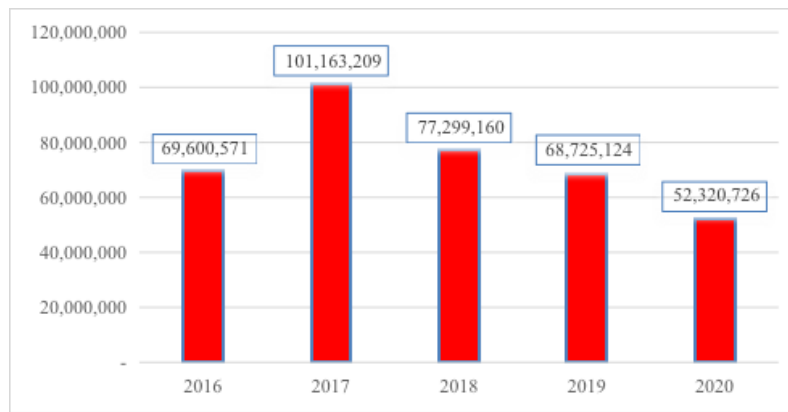
However, for starter pack sellers, this prepaid card re-registration policy has decreased starter pack sales, previously the policy was applied to merchants who could enjoy the benefits of buying and selling starter packs by selling an average of 100 starter packs per day. This has an impact on the performance of the packing business and the manufacture of starter packs in the Cellular Telecommunications Cooperative (KISEL). There was a decline in sales on SIM cards from 2018 to 2020. This research was conducted at the Sim Card Logistics Management Department with the legal entity Cellular Telecommunications Cooperative (KISEL). The author analyzes the declining production of SIM card and its impact on employee well-being and focuses on the development of SIM card strategies in the face of business digitization in the increasingly competitive telecommunications industry. To obtain the results of priority strategy analysis, data processing and analysis techniques were carried out using 7s McKinsey Analysis, PESTLE Analysis, Internal Factor Evaluation (IFE) Analysis, External Factor Evaluation (EFE) Analysis, Internal-External Matrix (IE), SWOT Analysis, SWOT Matrix, QSPM Analysis (Quantitative Strategic Planning Matrix). Based on the results, priorities of Kisel's strategy include: first is the procurement and targeting of ideal machines for faster delivery processes, increasing promotion and popularity through social media, the third is Improving adaptive work culture with new

lifestyle habits, fourth Improving facilities and facilities for employees and the last is Coordinating intensive with new partners to negotiate the fulfillment of raw material needs.

Keywords: SWOT, QSPM, Kisel, Internal-External Matrix, Digitalization

INTRODUCTION

The Ministry of Communication and Informatics (Kominfo) enforces the mandatory prepaid card re-registration rule by requiring family card data and identity cards (KTP) since October 31, 2017. This rule stipulates that users are only given a limit of three numbers. Blocking sanctions also wait for non-compliant individuals. However, for starter pack sellers, this policy is really a disaster. At least until February 28, 2018, sellers can still sell starter packs with the "buy-waste" system which has been the mainstay of selling. Unfortunately, after that, the period of enjoying the benefits of buying and selling starter packs will be over due to government policies even though these merchants can sell an average of 100 starter packs per day. This has an impact on the performance of the packing business and the manufacture of starter packs in the Cellular Telecommunications Cooperative (KISEL). There is a decrease in sales on SIM cards.



Source: Kisel Production Report (2020)
Figure 1. Kisel SIM Card Production

The future of eSIM technology as a replacement for SIM cards (Subscriber Identity Module) on a mobile phone has begun to appear, because cellular operators are starting to look at this technology. With its capabilities, eSIM seems to be very useful in the Internet of Things (IoT) industry that is currently starting to develop, and is considered the technology of the future after the SIM card that has been running for 27 years. According to Mobile World Congress (MWC) (2017), stated that the digital giant, Google also began to seriously develop eSim technology that was applied to previous products, namely Google Pixel 2 and Pixel 2 XL. The giant browser company also plans to bring eSIM technology to other Android phones. In addition to Google, Apple has also introduced similar technology through the iPhone XS and iPhone XS Max phones. Both phones have dual SIMs, namely eSIM and physical SIM cards. As we know, all variants of iPhone phones only have one physical SIM slot, with the presence of an eSIM then users can use 2 numbers at once on the iPhone. This applies to other Android phones that will adopt similar technology (Acker, 2016). Google will make Android phones can have 3 numbers at once, namely an eSIM plus 2 physical SIM slots. The challenge of cooperative management in the era of globalization and industry 4.0 is that the proximity factor encourages managers now to work in much better proximity compared to before in dealing with far more and much more diverse

customers, competitors, suppliers, and governments (Ermaya, 2019). With existing technology, it is possible for people all over the world to transmit voice, video, data, and information in just a few minutes or even seconds. The increasing technological and managerial capabilities encourage managers to compete and even work with new global business players in order to maintain their business existence (David, 2015). Thus, it is necessary to conduct an analysis of the internal and external environment of the Kisel cooperative to create alternative and priority strategies that can be implemented to increase sales again and survive the competition in the telecommunications industry. The Objective of this research were Analyze internal and external factors affecting the changing business of the SIM card industry in Kisel, Formulate alternative strategies that Kisel can do in business changes based on the influence of each internal and external factor on and Formulate a strategy that is Kisel's priority in facing changes in the SIM card business in the telecommunications industry.

METHODS

The research was conducted for 12 months from December 2020 – December 2021 and at the Cellular Telecommunications Cooperative (Kisel) domiciled at Graha Sucofindo First Floor Jl. Raya Pasar Minggu Kav. 34 and Graha Kinarya Selaras Jl. TB. Simatupang No. 10 RT.010/02 Cilandak Barat, South Jakarta. This research was conducted using qualitative and

quantitative research methods. Data collection techniques are carried out using several techniques as outlined below:

1. Data collection was carried out by distributing questionnaires and conducting structured interviews with respondents to analyze internal and external factors of the company.
2. Literature studies were carried out by studying and quoting opinions from various sources.
3. Interview with Indepth Interview is a form of interview conducted for the process of collecting information on a particular problem that is very specific through an in-depth interview. In this study, the use of Indepth Interview as a tool to formulate strategy implementation.

Data processing and analysis techniques use 4 approaches: 1) PESTLE analysis, 2) McKinsey 7S Framework, 3) SWOT analysis, and 4) QSPM method.

RESULTS

As an economic body in the form of a cooperative, the organizational structure of Kisel is guided by Law Number 25 of the Republic of Indonesia of 1992 concerning Cooperatives, whose organizational structure includes Meetings of Members, Management, Supervisors and equipment with administrators (managers and employees). The organizational structure of Kisel is also related to Telkomsel's Articles of Association, as in the minutes of the general meeting there are actually several numbers, namely 92-93, dated April 22, 2019, by Rosida Rajaguguk Siregar, SH., M.Kn. notary in Jakarta, fulfilling 3 main

elements, namely meetings of members, supervisors and administrators, according to article 25 of law 25 of 1992, Article 21, Article 25 and the statue of Kisel.

The results of the IE matrix divide three parts or divisions that have a strategic impact on the company. First is the intensive strategy (product development, market penetration and market development) or integrative strategy included in cells 1, 2, and 4. The second is the maintain and maintain strategy found in cells 3, 5, and 7 of the IE matrix. The latter is a divestment or harvesting strategy located in cells 6, 8, and 9 (Rangkuti 2015). From the results of EFE analysis and IFE analysis, Kisel's EFE matrix has a total score of 3.33 while Kisel's IFE matrix has a total score of 3.28. According to the IE matrix, then Kisel's position is in quadrant I, that is, the strategy of growing and building. This indicates that the most appropriate grand strategy carried out by Kisel is *grow* and *build* strategy, and the strategy that can be developed is market *penetration*, *market* development and product *development*.

Based on the SWOT matrix, there are various choices of strategies that can be used by Kisel. However, seeing the condition of Kisel who has a strong internal position and is able to take advantage of opportunities, it is better for Kisel to carry out an SO (Strengths Opportunities) strategy by using strengths to take advantage of existing opportunities through expanding the market by increasing sales of existing products as well as sales of new products and the WT (Weaknesses Threats) strategy to correct weaknesses that can minimize threats by making improvements in Kisel's internals.

	STRENGTHS (S)	WEAKNESSES (W)
	Meet customer needs SIM Card Production Target achieved Easy to get Resources Good Employee Performance High wages of employees Office facilities such as workspaces, places of worship are good Good SIM card product quality control Well-done maintenance of equipment and machinery The welfare package for employees is quite good Self-owned production premises (non-rental buildings)	Rental fees for SIM card machines are expensive Evaluation of partner performance on internal performance is not carried out periodically Evaluation of Inefficient Work System Doesn't have a machine for a SIM card Some employees are not young so performance tends to decline

<p>OPPORTUNITIES (O) Delivery of raw materials by Partners / Suppliers on schedule SIM Card Competition for Indonesian People's Behavior that can increase income Kisel can procure SIM cards because it partners with Telkomsel Customer transfer from competitors (other operators) to Telkomsel cards or vice versa Telkomsel's extensive network Facilities and convenience in services such as customer complaints Vit-vitur Telkomsel SIM card that is very attractive and helps customers Easy SIM Card product Distribution Channel Customers are close to the production site Technological changes in the field of telecommunication</p>	<p>STRATEGIES (SO) cooperation with competent partners for more reliable and efficient development of technology and expertise (S2, S3, S4, O3, O4) Using the status of a company that only runs a SIM card business and the number of natural resources to attract investors and cooperation from similar and non-similar companies to complement each other (S1, S2, O1, O2) Conducting product/service development strategies (S1, S2, S3, S4, O1, O2)</p>	<p>STRATEGIES (WO) Increasing the excellence of HR management, especially for supply chain needs (W2, W4, O1, O3) Attracting competitive partners as suppliers of raw materials, in the production of SIM cards (W1, W2, O1, O2) Implementation of an integrated management system and the existence of ISO certification (W1, W2, W3, W4, O1, O2, O3, O4) Improving facilities and facilities for employees (W2, W4, O4, O5)</p>
<p>THREATS (T) Supply Chips from Telkomsel smoothly / not smoothly Government rules/regulations on SIM card restrictions The birth of Internet of Thing (IoT) technology embedded in Esim Rising demand for Esim can reduce SIM card demand Delays in material delivery Delivery of old return materials Fluctuating raw material prices</p>	<p>STRATEGIES (ST) Adding relationships with new vendors/suppliers (S1, S4, S5, T1, T4) Improving adaptive work culture with new lifestyle habits (S3, T3) Improving standardized service quality assurance (S1, S4, S5, T4, T5) Conducting intensive coordination with new partners to negotiate the fulfillment of raw material needs (S1, S2, T1) Implementing <i>total quality management</i> to improve the efficiency and quality of operational activities (S4, T1, T4)</p>	<p>STRATEGIES (WT) Conducting an IPO for capital strengthening (W1, W2, W4, W5, T2, T5) Increase promotion and popularity through social media (W3, T4) Procurement of ideal machines and targeting for faster delivery (W4, W5)</p>

Figure 2 SWOT Matrix Kisel

Assessment of strategy priorities of the QSPM method by multiplying the weights on the IFE and EFE matrices, multiplying them by the attractiveness of the strategy (attractive score) to produce a Total Attractive Score (TAS). The total TAS of each of these strategies determines the priority of the strategy, determination of attractive score (AS) in QSPM and

processing of total attractive score (TAS) of QSPM. Based on the results of the QSPM Table, each alternative strategy has a different total attractive score (TAS). From these results, an alternate sequence of results can be made with the highest to lowest TAS values. Here is Table 1 of the results of the QSPM analysis on the Kisel development strategy.

Table 1 QSPM Analysis. Results on Kisel Development Strategy

No	Alternative Kisel Strategy	Values of TAS
1	Conducting intensive coordination with new partners to negotiate the fulfillment of raw material needs	12.002
2	Increase promotion and popularity through social media	10.94
3	Improving an adaptive work culture with new lifestyle habits	7.11
4	Procurement of ideal machines and targeting for faster delivery	6.97
5	Cooperation with competent partners for more reliable and efficient development of technology and expertise	6.82
6	Adding relationships with new vendors/suppliers	6.79
7	Implementation of an integrated management system and iso certification	6.768
8	Conducting an IPO to strengthen capital	6.75
9	Improving the excellence of HR management, especially for supply chain needs	6.708
10	Conducting intensive coordination with new partners to negotiate the fulfillment of raw material needs	6.546
11	Implementing total quality management to improve the efficiency and quality of operational activities	6.477
12	Using the status of a company that only runs a SIM card business and the number of natural resources to attract investors and cooperation from similar and non-similar companies to complement each other	6.45
13	Attracting competitive partners as suppliers of raw materials, in the production of SIM cards	6.379
14	Conducting a product/service development strategy	6.317
15	Improving standardized service quality assurance	6.224

Strategy prioritization is carried out by the QSPM method which is one of the methods commonly used in making a priority order of various choices that can then be used to make a decision. The results of the calculation using the QSPM method obtained the priority of Kisel's strategy as follows:

1. Conducting intensive coordination with new partners to negotiate the fulfillment of raw material needs with a *Total Attractiveness Score* of 12.002.
2. Increase promotion and popularity through social media with a *Total Attractiveness Score* of 10.94.
3. Improving an adaptive work culture with new lifestyle habits with a *Total Attractiveness Score* of 7.11.
4. Procurement of ideal machines and targeting for faster delivery with a *Total Attractiveness Score* of 6.97.
5. Cooperation with competent partners for more reliable and efficient technology and expertise development with a *Total Attractiveness Score* of 6.82.

The challenge of cooperative management in the era of globalization and industry 4.0 is that the proximity factor encourages managers now to work in much better proximity compared to before in dealing with far more and much more diverse customers, competitors, suppliers and governments. With existing technology, it is possible for people all over the world to transmit voice, video, data and information in just a few minutes or even seconds (Fahmi, 2013). The increasing technological and managerial capabilities encourage managers to compete with each other and even work with new global business players in order to maintain their business existence. Thus, it is necessary to conduct an analysis of the internal and external environment of the Kisel cooperative to create alternative and priority strategies that can be implemented to increase sales again and survive the competition in the telecommunications industry (Hairani, 2020). Therefore, the author provides advice in the form of managerial implications,

namely Intensive coordination with new partners to negotiate the fulfillment of raw material needs, this is to minimize the out-of-stock of raw materials even though there is a minimum standard for the number of raw material stocks, but if there is a high enough demand, Kisel is safe with the option of new partners to supply raw materials at least more than two. Likewise, in terms of cost, it is more efficient because of price competition from several partners so that revenue increases (Amandani, 2014). Furthermore, the need to increase promotion and popularity through social media as a process of brand awareness to the public that Kisel is a company engaged in SIM cards, with promotion and popularity it is not impossible that Kisel will procure its own SIM cards. Meanwhile, the next managerial implication is to improve an adaptive work culture with new lifestyle habits, here the author suggests that new lifestyle habits where the processes have all been digitized so that the work culture must adapt to the existing environment both from internal and external organizational aspects, which will have an impact on business processes and the number of requests, so Kisel is required to continue to be adaptive in these digitalization changes. Furthermore, the fourth priority is the procurement of SIM card machines and the ideal targeting for a faster delivery process. Kisel's main process is the SIM process with a fluctuating number of requests, so kisel, especially the operational division, must be on standby. However, because the absence of machines has an impact on the operational process or lead time and affects the distribution process, therefore the procurement of machines needs to be carried out (Andreas, 2020). Likewise, for targeting in meeting demand must be systemized and automated so that the operational process adapts by itself, it has an impact on the optimal operational process flow, it can be seen from the performance report from Kisel in 2021 where the actualization of Kisel is greatly increased followed by increased revenue as well, according to the director of operations

Kisel can be projected that in the next five years the target will increase. Finally, collaborating with competent partners for technology development and upgrading expertise more reliably and efficiently is one of the priority strategies that must be carried out by Kisel, considering that the times continue to advance as well as the innovations carried out must be different and better. Therefore, cooperation can improve the existing system with reliable and competent partners in their fields which can be an increase in both scale and business revenue (Duriyanto, 2001; Dwiastuti, 2008).

CONCLUSION

Based on the identification of internal factors from Kisel, 15 internal factors were produced and 17 external factors were produced. The main strength that kisel has is that the welfare package for employees is quite good, while the main weakness in Kisel is that it takes a machine for a SIM card. The main opportunity of Kisel is the distribution of customers from competitors (other operators) to Telkomsel cards or vice versa and facilities and convenience in service such as customer complaints, while the main threats that need to be considered by Kisel are Supply Chips from Telkomsel smoothly / not smoothly and the birth of Internet of Thing (IoT) technology embedded in Esim. In the External Internal Matrix, Kisel's position is in quadrant I, which is a grow and build strategy.

The results of the analysis of the preparation of alternative strategies using the SWOT matrix method on Kisel produced fifteen alternative strategies. Based on the results of the analysis with the Quantitative Strategic Planning Matrix (QSPM) method, which is the priority of Kisel's strategy, including: first is to carry out intensive coordination with new partners to negotiate the fulfillment of raw material needs, Increase promotion and popularity through social media, the third is to improve an adaptive work culture with new lifestyle habits, fourth is the procurement of machines and ideal targeting so that the delivery process is

more fast and the last is cooperation with competent partners for more reliable and efficient development of technology and expertise.

Declaration by Authors

Acknowledgement: None

Source of Funding: None

Conflict of Interest: The authors declare no conflict of interest.

REFERENCES

1. Acker O, Celette JT, Bergtholdt T, Krugger. 2016. How the "disappearing" SIM card will liberate the consumer and scramble telco roles. PwC
2. Amandani SH, Firman S. 2014. Analysis of External and Internal Factors to determine Marketing Strategy on CV Certowin Multi Trading Indonesia. JIMAFE. 2(1):32-44
3. Andreas D, Nurrochmat DR, Djohar S. 2020. Strategy of business development at Pinto Jaya all-business cooperative. Journal of Business and Management Applications. 6(2):313
4. [BPS] Central Bureau of Statistics. 2020. Economic Indicators July 2020. [downloaded 2020 Oct10]. <https://www.bps.go.id/publication.html?Publikasi%5Btahun%5D=2020&Publication%5BkataKunci%5D=indicator+economy&Publi%5BcekJudul%5D=0&Publication%5BcekJudul%5D=1&yt0=Show>
5. David FR, David FR. 2015. Strategic Management (a competitive advantage approach). Ed 15th. Jakarta (US): Salemba Empat
6. Duriyanto D, Sugiarto, Sitingjak T. 2001. The strategy of conquering the market through equity research and brand behavior. Jakarta: PT Gramedia Pustaka Utama.
7. Dwiastuti I. 2008. Management analysis of alternative industrial strategies (Biofuel Case Study). Journal of Economics and Development. 16(1):21-33
8. Ermaya SK, 2019. Cooperative development strategy with SWOT analysis (case study in KSU Maju Jaya). Journal of Economics and Business. 6(1):86-100
9. Fahmi I. 2013. Strategic Management: Theory and Applications. Bandung (ID): Alfabeta Hadipermana O. 2009. The cooperative entrepreneurship model and its

implications for entrepreneurship training programs. Journal of Out-of-School Education. 4(2): ISSN:1411-688X

10. Hairani T. 2020. The effect of leadership, work discipline and compensation on employee performance at PT. Kisel (Telkomsel Cooperative) Bandar Lampung. Journal of Management and Business. 11(1):19-34

How to cite this article: Indra Permana, Lukman M. Baga, Amzul Rifin. Formulation strategy of Kisel SIM card's facing business digitalization in telecommunications industry. *International Journal of Research and Review*. 2023; 10(1): 498-504.

DOI: <https://doi.org/10.52403/ijrr.20230157>
