

FIT ANALYSIS OF INDOSAT DOMPETKU BUSINESS MODEL USING A STRATEGIC DIAGNOSIS APPROACH

Fauzi Ridwansyah^{*)1}, Rina Oktaviani^{**)}, and Imam Teguh Saptono^{***)}

^{*)} PT. Indosat, Tbk

Jl. Medan Merdeka Barat No. 21, Gambir, Jakarta Pusat 10110

^{**)} Department of Economics, Faculty of Economics and Management, Bogor Agricultural University

Jl. Kamper, Wing 4 Level 5 Kampus IPB Darmaga, Bogor 16680

^{***)} PT. Bank BNI Syariah

Jl. Menteng Raya No.29 Jakarta Pusat

ABSTRACT

Mobile payment is an industry's response to global and regional technological-driven, as well as national social-economical driven in less cash society development. The purposes of this study were 1) identifying positioning of PT. Indosat in providing a response to Indonesian mobile payment market, 2) analyzing Indosat's internal capabilities and business model fit with environment turbulence, and 3) formulating the optimum mobile payment business model development design for Indosat. The method used in this study was a combination of qualitative and quantitative analysis through in-depth interviews with purposive judgment sampling. The analysis tools used in this study were Business Model Canvas (MBC) and Ansoff's Strategic Diagnosis. The interviewees were the representatives of PT. Indosat internal management and mobile payment business value chain stakeholders. Based on BMC mapping which is then analyzed by strategic diagnosis model, a considerable gap (>1) between the current market environment and Indosat strategy of aggressiveness with the expected future of environment turbulence level was obtained. Therefore, changes in the competitive strategy that need to be conducted include 1) developing a new customer segment, 2) shifting the value proposition that leads to the extensification of mobile payment, 3) monetizing effective value proposition, and 4) integrating effective collaboration for harmonizing company's objective with the government's vision.

Keywords: business model canvas, indosat, mobile payment, less cash society, strategic diagnosis

ABSTRAK

Mobile payment adalah sebuah respon industri terhadap dorongan teknologi global maupun regional, serta dorongan ekonomi nasional berupa pembentukan Masyarakat Non Tunai. Tujuan penelitian ini adalah 1) mengidentifikasi positioning PT. Indosat dalam memberikan respon terhadap pasar mobile payment di Indonesia, 2) menganalisis kesesuaian kapabilitas internal dan model bisnis mobile payment Indosat dengan turbulensi lingkungan, 3) memberikan rancangan pengembangan model bisnis mobile payment yang optimal bagi Indosat. Metode yang digunakan dalam penelitian ini adalah kombinasi analisis kualitatif dan kuantitatif melalui wawancara mendalam kepada narasumber ahli yang ditentukan secara purposive judgement sampling. Alat analisis yang digunakan dalam penelitian ini adalah Model Bisnis Kanvas (MBK) dan Strategic Diagnosis Ansoff. Narasumber penelitian adalah perwakilan manajemen internal PT. Indosat dan pihak-pihak pemangku kepentingan di dalam rantai nilai dasar bisnis mobile payment. Berdasarkan pemetaan MBK yang kemudian dianalisis dengan model strategic diagnosis menghasilkan adanya gap yang cukup jauh (>1) antara lingkungan pasar saat ini dan agresifitas strategi Indosat dengan tingkat turbulensi lingkungan masa depan yang diharapkan. Oleh karena itu, perubahan strategi kompetitif yang perlu dilakukan adalah 1) membentuk segmen pelanggan baru, 2) melakukan pergeseran proposisi nilai yang mengarah kepada ekstensifikasi mobile payment, 3) monetisasi proposisi nilai yang efektif, dan 4) kolaborasi terpadu yang efektif untuk menyelaraskan tujuan perusahaan dengan visi pemerintah.

Kata kunci: model bisnis kanvas, mobile payment, Indosat, masyarakat non tunai, strategic diagnosis

¹ Corresponding author:

Email: fauzi.ridwansyah@gmail.com

INTRODUCTION

The rapid progress of Information and Technology (IT) and globalization have a considerable influence on the economic system, including the non-cash payment system. Indonesia is still lagging behind in access to the financial products or services where only 20% of Indonesian adults have access to formal financial services from the financial institutions. In order to increase non-cash micro payment instruments, which are designed to serve small-value payments with high frequency usage and very-fast payment process, e-money is the most appropriate instrument to use today (Hidayat et al, 2006). According to International Telecommunication Union (ITU, 2014), the statistical data of Indonesia's mobile subscribers grew from 2000 to 2013 and had reached 121% of the 250 million population, far above the Indonesian financial inclusion. The mobile service growth is potential to be synergized with the expansion of financial inclusion access solution-based cellular technology through mobile payment services. On the other hand, there are opportunities and challenges of the Indonesia's financial services market structure that are likely to be monopolistic with interest-competition-based and has not fully prioritized the sources of revenue from service charge (Sutardjo, 2013).

Indosat has launched its electronic money services, namely Dompotku since November 21, 2008; however, Dompotku had just only recorded one million users, or about 2% of 54,2 million total subscribers until 2014, thus having the least active subscribers among other operators. Meanwhile, the result of global research conducted by Ernst & Young (EY, 2014) showed that to date innovations in mobile payment worldwide had been conducted only to meet the specific local needs. Since 2000, with the introduction of Smart in Philippines, mobile payment service has obtained attention in a number of emerging markets, such as Kenya and Pakistan. The low achievement of e-money transactions and slow growth of Indosat Dompotku users compared with the other mobile payment providers and mobile subscribers' penetration ratio become an important issue to be studied.

For the last seven-year period, there have been four main issues in mobile payment business that need to be studied systematically and deeply because of their implications on the strategy fit, business sustainability, and responses to market changes. Therefore, this

research was conducted to answer the following issues:

1. The potential of e-money transactions from mobile business is very large; moreover, the government has launched a similar program such as Less Cash Society since 2007, but why its usage is still low up to now?
2. What are the causes of the low market penetration of Indosat Dompotku in Indonesia compared to other operators?
3. How is the fit of internal capabilities and business model of Indosat Dompotku with Less Cash Society to be an environment turbulence change?
4. How is the development of an optimal business model for Indosat Dompotku?

In order to answer these problems, the objectives of this study were 1) identifying the position of PT. Indosat as part of the industry in providing a response to Indonesian mobile payment market, and identifying how big is the difference between the position of PT. Indosat to market when there is one. This objective will answer the first and second subject matter; 2) analyzing Indosat's internal capabilities and business model fit with the environment turbulence, 3) formulating the optimum mobile payment business model development design for Indosat.

The scope of this study was an assessment of business model strategy which was conducted by Dompotku as one of PT. Indosat business units; therefore, the factors occurring outside PT. Indosat were regarded as environmental factors. This study was expected to be a systematic approach for PT. Indosat in managing its strategic change and exploration of mobile payment business environment in Indonesia. In addition, this study also aimed to identify PT. Indosat's posture and position as one part of the mobile payment industry in providing a response to the Indonesian market. In the end, it can provide strategic direction produced as recommendations to the unit of Dompotku PT. Indosat, including: a breakthrough in establishing new customer segments; new entrepreneurial opportunities; diversification of new products new markets; mobile payment business paradigm shifting with a long-term value proposition; as well as the establishment of collaboration with all providers regarding the goals aligned with the National vision. The definition of mobile payment in this study is the payment held by mobile telecommunications company as a microfinance system convergence with mobile communications

systems, with a cash deposit solution to the publisher through an agent outside the bank. Mobile payment business has been well developed in many developing countries in the world and encouraged policy makers and regulators in each developing country to formulate rules in the era of electronic money by adapting the banking regulations with mobile banking (Klein and Mayer, 2011).

In general, the study of mobile payment business model was conducted to see the internal portrait of a company or industry in facing the competition (Narayan, 2013; Johansson *et al.* 2012). In Achsani *et al.* (2006), consumer acceptance of mobile payment showed significant directions on perceptions and preferences of consumers to use it.

METHODS

Data used in this study included primary and secondary data where the primary data were obtained from in-depth interviews and the secondary data were obtained from the study of relevant literature sources. The collection of data and information was done by in-depth interviews and questionnaires, as well as literature studies.

This case study was conducted with a qualitative approach, combined with a quantitative approach in quantification of experts' assessment interpretation. The respondents were selected by purposive judgment sampling, with a consideration that each respondent has expertise and perspectives to represent every part of the whole mobile payment business value chain. Interviews were conducted to all stakeholders including the Indosat's internal management of product development area, Indosat's Internal Mobile Financial Services Experts, Indosat Internal Management of Regulatory Planning and Analysis, academic experts of Information, Computer and Telecommunication (ICT), policy makers of Indonesian telecommunications, Indonesian financial system and payment, and Indonesian consumer protection, Cooperative as one of the primary distribution channels, as well as individuals of the communities.

The method chosen was determined to answer the research questions that would evaluate the problems with the procedures to capture and assess the questions. It is presented in two steps:

1. Business model canvas (BMC) was used to answer

the first issue that is the analysis of the strategy of service business model of Indosat Dompotku as mobile payment service. Furthermore, this business model canvas is helpful in identifying the attributes of strategic aggressiveness (SA) and Capabilities Responsiveness (CR). Among the concept of the existing business model, the BMC was chosen as the simplest model used in designing, evaluating and managing a more modern business model. The preparation of BMC approach starts from customer segment, value proposition, channel, customer relationship, revenue streams, key resources, key activities, and key partnerships, to cost structure (Osterwalder and Pigneur, 2010).

2. Ansoff's strategic diagnosis approach was used to map and examine the strategies and internal capabilities of Indosat mobile payment business environment. The basic conception of Ansoff's strategic diagnosis is the profitability of a company that can be optimized when strategic behavior is in line with the environment in accordance with Ansoff's empirical research (see Kiple, Lewis, 2012; Gianos, 2013; and Ansoff and Sullivan, 1993). This step was used to answer the second issue i.e. the fit analysis of internal capabilities and strategy of Indosat Dompotku business model with the environment turbulence. In addition, it was also used to answer the third issue i.e. developing the optimal business model design of mobile payment services for Indosat Dompotku. Strategic diagnosis is one of tools to ensure the competitive position of the business that can help companies ensure the gap in capabilities. According to Ansoff (1993), strategic diagnosis is a systematic approach to determine the changes that should be made on the strategies and capabilities internally in order to ensure the company can successfully cope with the environment in the future. Ansoff model theory can help companies to improve their business performance through the analysis of the level of turbulence relative to the aggressive industrial environment strategy in response to the capability of the company or the Strategic Success Paradigm (SSP) which states that; 1) the aggressiveness of the strategic behavior of companies must comply with the environment turbulence, 2) the capability responsiveness of company must comply with the strategic aggressiveness, and 3) the company's capability components must support each other. Ansoff SSP formulation is based on three key variables, namely, the environment turbulence,

strategic aggressiveness, and responsiveness of management capability. In summary, the concept model of Ansoff can be seen in Table 1.

The situation and level of the expected future environmental changes refer to the Report of Ernst & Young Research (EY, 2014) entitled "Mobile Money-the next wave of growth" with the relevance of the issues and research methodologies appropriate to mobile payment context in developing countries, with a predictive occurrence in 2017. Hypotheses of this study stated that there were a gap between market and industry environment in readiness to accept the presence of mobile payment systems, a gap between internal capabilities and strategy of Indosat Dompetku business model with market demand, and gaps in technological developments, core competencies and regulations in Indonesia as the environment turbulence.

Figure 1 depicts the research framework that was built from the government's driver of a less cash society. The environmental change phenomenon was analyzed as the environment turbulence for Indosat. Indosat's mobile payment business was then captured using BMC, and the elements were decomposed into two parts,

namely, strategic aggressiveness and responsiveness of management capabilities. Capturing business model as a first step to identify company's strengths and weaknesses is needed in business optimization study. Then by using strategic diagnosis, the two elements groups were analyzed to find out the gap with the environment turbulence.

RESULTS

The definition of non-cash payments or e-money referred to the definition issued by Bank for International Settlements (BIS, 1996) is the stored-value or prepaid product in which an amount of value of money stored in an electronic media owned by individuals. In general, e-money has characteristics as follows; (a) the value of money has been recorded in the e-money instrument, or often referred to as stored value, (b) fund recorded in the e-money is entirely within the control of the owner, (c) at the time of e-money card transaction, a transfer of fund in the form of electronic value from the e-money card of consumer to the merchant terminal can be done off-line (Darmawan *et al.* 2006).

Table 1. Matrix of Ansoff's environment turbulence

TURBULENCE LEVEL	1	2	3	4	5
Environmental Turbulence (includes: available resources, market demand, competitors, regulatory frameworks, sociopolitical climate)	REPETITIVE	EXPANDING	CHANGING Planned Obsolescence	DISCONTINUOUS Unplanned Obsolescence	SURPRISEFUL System Shock (e.g. financial crisis) Natural Disaster Disruptive Innovation/ Unforeseen New Player (e.g. competitor announces unforeseen & gamechanging breakthrough)
Levels of capability:	CUSTODIAL	PRODUCTION	MARKETING	STRATEGIC	FLEXIBLE
TYPE OF RESPONSE	REACTIVE		PROACTIVE		
Strategic Aggressiveness	STABLE	REACTIVE	ANTICIPATORY	ENTREPRENEURIAL	CREATIVE
Management Responsiveness	STABILITY SEEKING	EFFICIENCY DRIVEN	MARKET DRIVEN	ENVIRONMENT DRIVEN	ENVIRONMENT CREATING
Market/Product Position	MARKET PENETRATION (Existing products w/ Existing Markets)	PRODUCT DEVELOPMENT (New Products w/ Existing Markets)	MARKET DEVELOPMENT (Existing Products w/New Markets)	DIVERSIFICATION (New Products w/ New Markets)	UNKNOWN Hybrid Strategy

Source: Gianos, 2013.

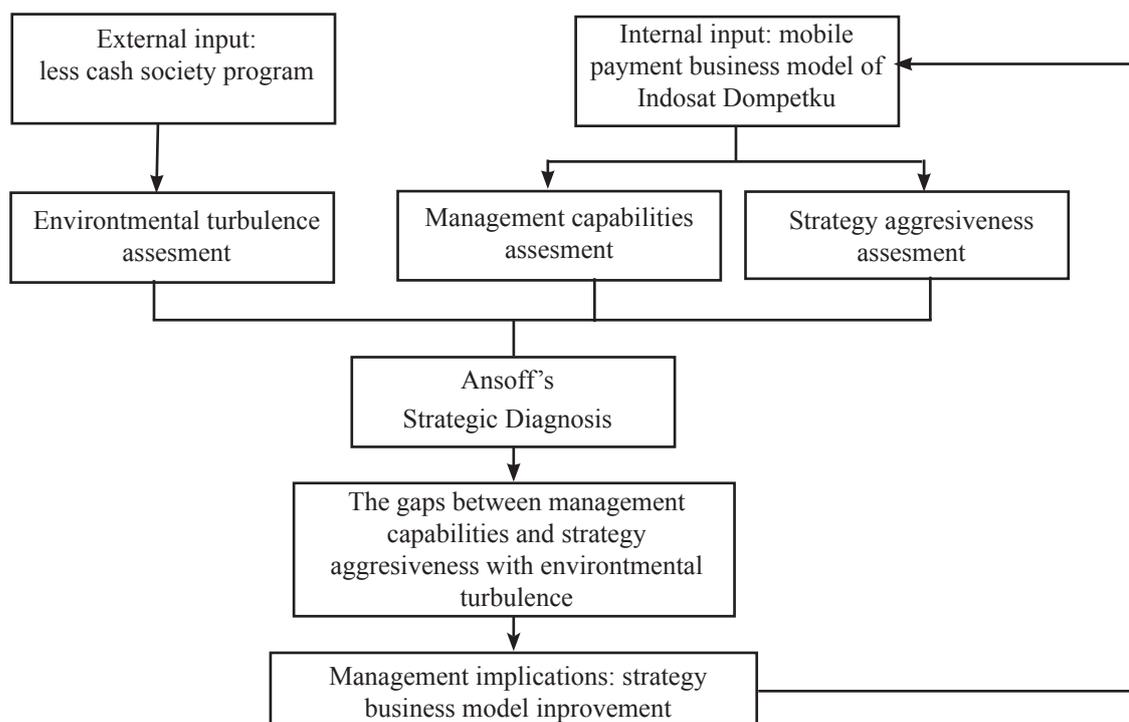


Figure 1. Conceptual research framework

Indosat Dompetku Business Model

The processes and concepts of Indosat Dompetku were composed by using business model canvas. BMC, as the initial step in this research, is the identification of customer segments derived from two market segments, namely, the mass market and niche market, which are based on the ownership of bank accounts, mobile phones and smartphones, employment, and household consumption. Dompetku is targeted to customers from the urban formal and informal sectors with low income or below the minimum wage, to people who have income from natural resource processing products that do not use formal banking services, to social communities, and to corporations as a potential niche market. The value proposition that was given becomes a combined easy, fast and safe value. The channels that are used to provide the value proposition of Indosat Dompetku are through multiple channels such as mobile network infrastructure and applications that can be installed in the customer's mobile phone, point of sales named Gallery Indosat, direct sales force, as well as modern channels that already have a partnership.

Intensive customer relationships were built through three relationships, i.e. automated service, self-service system, and unbundling cellular business. Today, Indosat Dompetku is not the core business, yet it was

built to be a source of new revenue streams by providing value to each customer segment so that they will have the willingness to pay. There are several ways of how Indosat builds its revenue streams through Dompetku, such as the cost of using the service or transaction fees (contributing to 47%), commission fees (contributing to 26%), and floating funds interest (contributing to 28%).

Indosat has at least three key resources in implementing Dompetku, namely, financial guarantee or liquidity to manage customers' cash-in/cash-out, platform technology and creativity in creating an application of intellectual resources, and human resources with competence in financial services. In addition, some of the activities are key activities such as electronic money license compliance, customer registration procedure (Know Your Customer), liquidity management up to agent level, guarantee for the safety of floating funds, distribution and communication channel management to reach customers, as well as creativity and innovation in microfinance management features. Indosat performs its key activities through three channels i.e. investment in internal and startup developers, establishment of a special unit of digital partnership, and venture. Indosat has no plan to become a telco-lead mobile payment provider in the near future since it still focuses on its core business. In other situations, the ecosystem of

electronic money is not currently well-established; therefore, partnership is the basis and precondition for Indosat to run its present mobile payment business, and it has teamed up with various parties in key partnerships, and its partners include mobile payment providers, banks, agencies, traders, public service corporations, micro-insurances, and the government. In the end, Dompetku mobile payment service relies heavily on its main mobile telecommunication network infrastructure. Therefore, it is necessary to understand the cost structure of mobile telecommunication services in general, where the largest component of cost structure is the cost of telecommunication services itself. Figure 3 on the next page will describe the business model canvas comprehensively on the current situation and after being optimized by Ansoff's strategic diagnosis approach.

Ansoff's Strategic Diagnosis of Indosat Dompetku

According Sutadi (2012), some of the challenges faced by mobile payment system at present include access to technology, investment, business models, security, and more particularly regulations. Therefore, this study used four factors as the environmental indicators, namely, culture, technology, ecosystem, and regulation. These four factors were then measured by using turbulence level of Ansoff's strategic diagnosis approach.

1. Environment turbulence level

The first step in strategic diagnosis was used to identify and evaluate the environment turbulence of mobile payment business. Turbulence measurements of environmental changes were made by combining two aspects, i.e. (1) Changeability that is measured from the complexity of the corporate environment and novelty that has relatively become a challenge for the company, and (2) Predictability that is measured from the speed of the process of change or the ratio between speed of environmental change with that of company response, and measurement of the visibility of future or information adequacy on the future environment.

The current changes of the Indonesian society culture in addressing the mobile payment have not yet reached the level of turbulence because the complexity still influenced by the national economy where future information is still predictable and the absence of a national event that can cause a discontinuous information. The speed of social

change is still comparable to the company's response. In the technology aspect, a variety of technological innovations quickly spread globally and gave impact to all sectors of life. The telecommunication industry itself has created a new driver where most of technologies have leapt beyond the usability experience. However, on the market side, the speed of public response to telecommunication technology's innovation has not been evenly distributed. However, the middle-upper class society and city dwellers are able to respond the changes in technology well and comparably, while the lower-middle class society has the opposite situation, especially for the people living in rural areas.

The ecosystem phenomenon showed that mobile payment has a complexity affected by the national and regional economy; nevertheless, the progress so far is still ordinary and normal. The speed of ecosystem's development is still comparable and can be followed. Similarly, the complexity influencing the regulatory changes is still dominated by the national economic conditions, especially businesses directly related to microfinance stability and any type of risks for the national interest.

Table 2 describes the strategic diagnosis complete results of current environmental changes and their comparison with the results of the mobile payment future environmental study. In the future mobile payment environment, all aspects of the environment will be strongly influenced by global complexity that has passed through various novelty with normal discontinuities. The speed of system evolution and mobile payment market is driven and accelerated by the emergence of new technologies, and customers' needs have exceeded the speed of the company's response since future information can only be partially predicted so that in the comparison between the current environment changes and the future changes, turbulence occurs with a gap of 1,75.

2. Strategic aggressiveness

Ansoff's strategic aggressiveness can be explained through two characteristics, namely: (1) the discontinuity degree of products or services in the past, competitive environment, and marketing strategies, and (2) timeline of the presence of new products or services produced by a company is compared relatively to new products or services existing in the market. Of the nine elements

of business model canvas, five elements of Dompetku business model canvas are grouped as indicators of strategic aggressiveness, such as value proposition, customer segments, customer relationships, channels and revenue flows.

Based on the business model of Indosat Dompetku, the strategic aggressiveness level is currently at the level of "Reactive" with turbulence level of 2,3, as shown in Table 3. The gap that exists between the current strategic aggressiveness and future environment turbulence is 1,83 (gap > 1).

Indosat Dompetku by far still offers a common value proposition, and there is no authentic differentiation compared to other providers in spite of the various initiatives and development discourse. Customer segmentation that is conducted so far is still reactive against competitors and follows the common market players, no creativity and breakthroughs that distinguish it from other operators. In customer relationships development, Indosat Dompetku has undergone a number of changes and differentiation from the simple relationship model owned by the

competitors and developed a loyalty by offering free premium (freemium) for the complementary products in a bundling and innovative way, such as insurance.

3. Responsiveness of management capability

The capacity of Indosat management in running Dompetku is measured based on five Ansoff's scales with 52 management capacity indicators or attributes which are grouped into six components, namely, manager, corporate culture, organizational structure, systems or business processes, technology, and capacity. The indicator level of Ansoff's quantification is made up of five types, i.e. custodial, production, marketing, strategic, and flexible.

Table 4 shows the assessment results of Indosat's internal capabilities. Based on the results of closed questions by questionnaire, it indicates that the types of responsiveness of Indosat management capabilities are still at the level of "Marketing" with the average score of CR = 3,82. The existing gap between responsiveness of management capabilities and future environment turbulence is 0,33.

Table 2. Environment Turbulence Level (ETL) assessment result

Category	Current ETL	Future ETL
Average score of culture change	2,25	4,75
Average score of technology change	3	4
Average score of ecosystem change	1,75	3,25
Average score of regulation change	2,5	4,5
Environment Turbulence Level (ETL)	2,38	4,125

Table 3. Strategic Aggressiveness (SA) assessment result

Category	SA score	Future ETL				Gap
		C	T	ES	R	
Average score of value proposition level	2	4,75	-	-	-	2,75
Average score of customer segments level	1,5	4,75	-	-	-	3,25
Average score of customer relationship level	3	4,75	-	-	-	1,75
Average score of channels level	2,5	-	-	-	4,5	2
Average score of revenue streams level	2,5	-	-	3,3	-	0,75
Strategic Aggressiveness Level	2,30 (Reaktif)					
Strategic Aggressiveness Gap	1,83					

Notes: C = Culture, T = Technology, ES = Ecosystem, R = Regulation

Table 4. Strategic Aggressiveness (SA) assessment result

Category	CR score	Future ETL				Gap
		C	T	ES	R	
Manager attribute	3,47	4,8	-	-	-	1,08
Culture attribute	3,82		-	-	-	
Structure attribute	3,71		-	-	-	
System attribute	4	-	-	3,3	-	0,75
Technology attribute	3,8	-	4	-	-	0,1
Capacity attribute	4	-		-	-	
Responsiveness of management capability level	3,82 (Marketing)					
Responsiveness of management capability gap	0,33					

Notes: C = Culture, T = Technology, ES = Ecosystem, R = Regulation

In figure 2, each gap of three key succeeding factors based Ansoff's strategic diagnosis, can be seen. The gap between current environmental change level and turbulence of the expected future environmental change is still considerable far i.e. 1,75 (gap > 1) with present ETL of 2,38 and Future ETL of 4,13. According to Ansoff's diagnosis, the present mobile payment business environment is still at the level of "expansion", whereas in the future, it has to be full of surprises (surprising).

The level of strategic aggressiveness of Indosat Dometku is still at the level of "Reactive" with future environmental turbulence level of 1,83. The assessment results of strategic responsiveness indicates that Indosat's strategic aggressiveness attributes have a reasonably big gap with the expected future environmental changes, including:

- The society cultural factor in the future environment which is compared with the customer segments will produce the biggest gap (3,25).
- The society cultural factor in the future environment which is compared with the value proposition will produce a gap of 2,75.
- The Regulatory factor in the future environment which is compared with channels closely associated with the regulation will produce a gap of 2.
- The ecosystem factor in the future environment which is compared with revenue flow closely related to ecosystem will have a gap of 0,75.
- The society cultural factor in the future environment is compared with customer relationship that becomes part of the formation of the society, and this factor has a gap of 1,75.

The responsiveness of management capability is still at the level of "Marketing", as indicated by the gap which is still fairly close (0,33). In general, responsiveness of Indosat management capability has been able to respond well to the expected future environmental changes, and the factors include:

- Manager, culture and structure factors produce a drive for the society cultural change coming from the internal corporate culture to external corporate culture, or they can become agents of change. These factors have gap of 1,08.
- Indosat management system factor as part of the mobile payment ecosystem in Indonesia has exceeded the level of turbulence in the expected future ecosystem, with gap of 0,75.
- Technology and capacity factors are the most important management capabilities that prepare Indosat in responding to the speed of technological changes in the expected future. A gap of 0,1 indicates that Indosat technology is in accordance with the needs of the expected future mobile payment technology.

The development of management capability is also needed in key partnerships and key activities; therefore the developmental design of the business model of Dometku will be like the canvas described in figure 3.

Managerial Implications

This study provides recommendations of managerial implications in a draft of strategy and business model development work program which include activities, objectives, implementation, and parties involved in each program generated as described follows:

1. Reviewing a new customer segment as wide as possible, including the central and local government levels and establishing mutual cooperation with the banking community to minimize the culture gap with customer segments.
2. Establishing campaign programs for consumers to disseminate information that mobile payment is a new solution that works effectively and is safe for adoption. Besides offering a solution for financial transactions more securely, efficiently and conveniently, it also is widely available with interoperability among all providers. The program is to overcome the culture gap with a value proposition.
3. Conducting intensification the standard operation procedure (SOP) and training held for the agency channels in an international standard and open for all channels, and establishing cooperation with legal entities and being close to consumers such as PT. Pos Indonesia, PT. Pegadaian, cooperatives, rural banks, BPD, and BMT. This is to provide assurance for the regulators in the adoption of legislation to address the regulatory gap with the channel.
4. Creating new entrepreneurial revenue streams, with the commercialization of excess capacity of technology platforms as well as accelerating the development of mobile payment ecosystem in Indonesia. This step is to answer the revenue streams' gap with the current ecosystem.

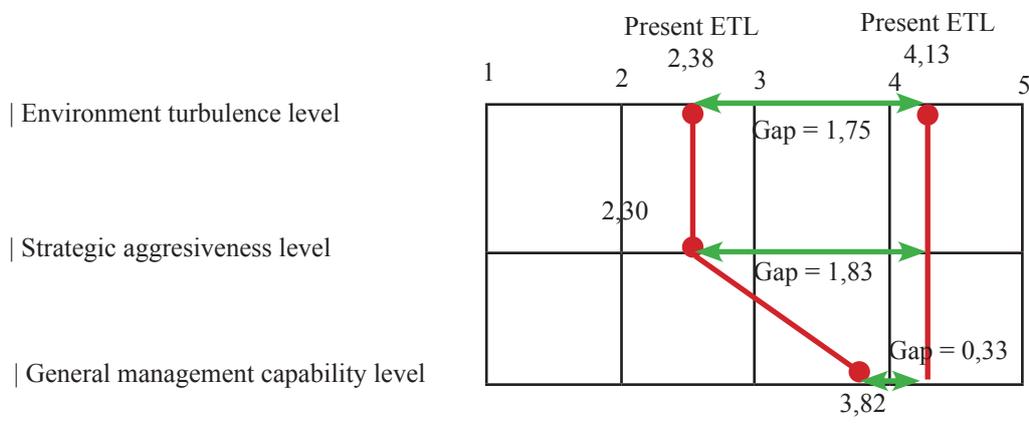


Figure 2. The strategic diagnosis diagram of Indosat Dompetku

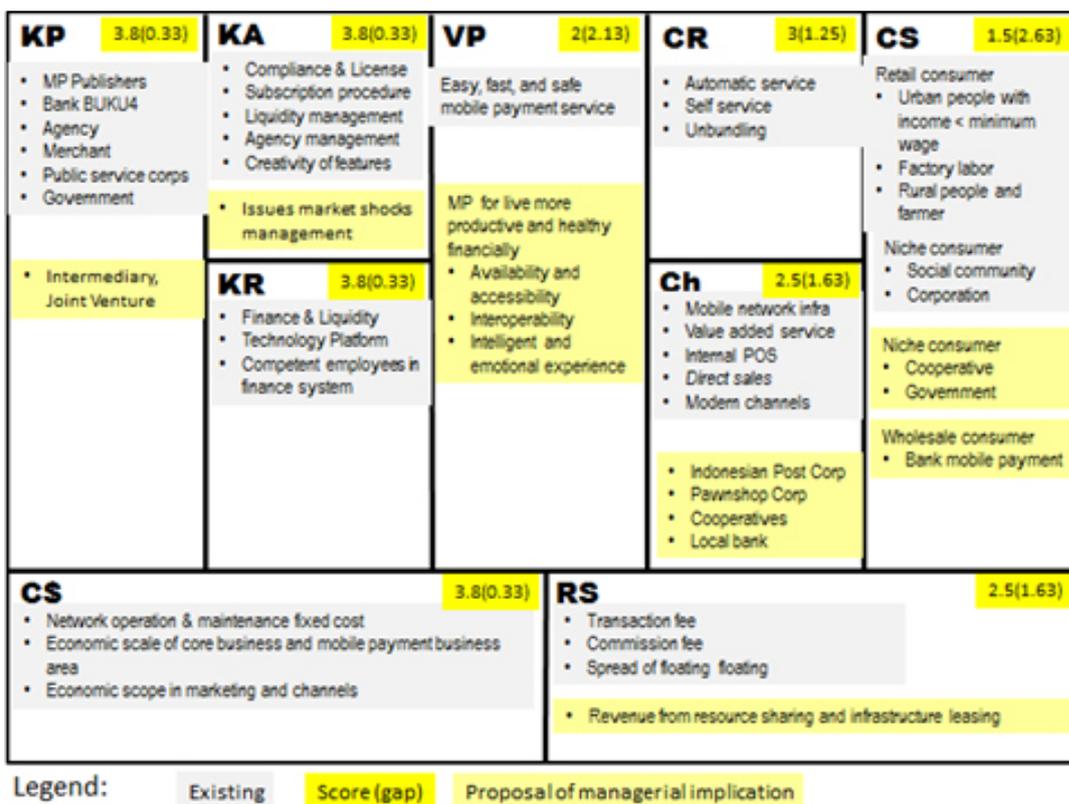


Figure 3. Business model canvas design of Indosat Dompetku

The implementation period is determined using the basic priority of strategy and alignment of business objectives with corporate objectives so that it becomes effective in the allocation of corporate resources.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study has a positive impact in opening up a space to constructively question the fit of an established strategy and to strategically study the environment of a business model, which is synthesized from the interpretations and strategy diagnosis. The nine elements of the canvas business model of Dompetku that have been identified and defined are assessed to see their fit with the expected future environment turbulence.

This study can be essentially summarized as follows:

1) the diagnosis shows that the Indonesian market environment is not ready yet to accept the changes or the presence of products and technology services for mobile payment systems as part of the solution to the problem of non-cash payments in the future, especially in culture and regulation factors that regulate the convergence of telecommunications and financial businesses. This is appropriate in answering the fit of the study results with the hypothesis which in accordance with the research results of Narayan (2013), which demonstrates the need for a synergistic collaboration of stakeholders in building a mobile payment ecosystem; 2) low penetration of Indosat Dompetku in Indonesian mobile payment industry is caused by the persistence of the gap between Dompetku's strategic aggressiveness with the future environment turbulence; 3) the gap also shows that Indosat's strategic business environment is not ready yet to face the future mobile payment, and must change its competitive strategy in order to be aligned with the expected future environment; 4) for the development of optimal Dompetku business model, the seven elements of current business model require developmental strategies including value proposition, customer segments, customer relationships, channels and revenue streams.

Recommendations

Based on the strategic diagnosis results, the recommendations given to Indosat's management for its optimal development strategy of Dompetku business model include the requirements to review customer segmentation, to allow opportunities for new customer segment creation, and to strengthen the channels towards intensification of Dompetku agency, focusing on quality not just quantity. In addition, braveness is required to shift the business paradigm by offering a value proposition with longer term, leading to the extensification of the value of mobile payment service; moreover, strategic planning and analysis of regulation with the basis of issue management and market surprise are also necessary to do. For further research, it is recommended to look further on market readiness in accepting the mobile payment turbulence in every level, especially on the perceptions and preferences of consumers in meeting their needs.

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