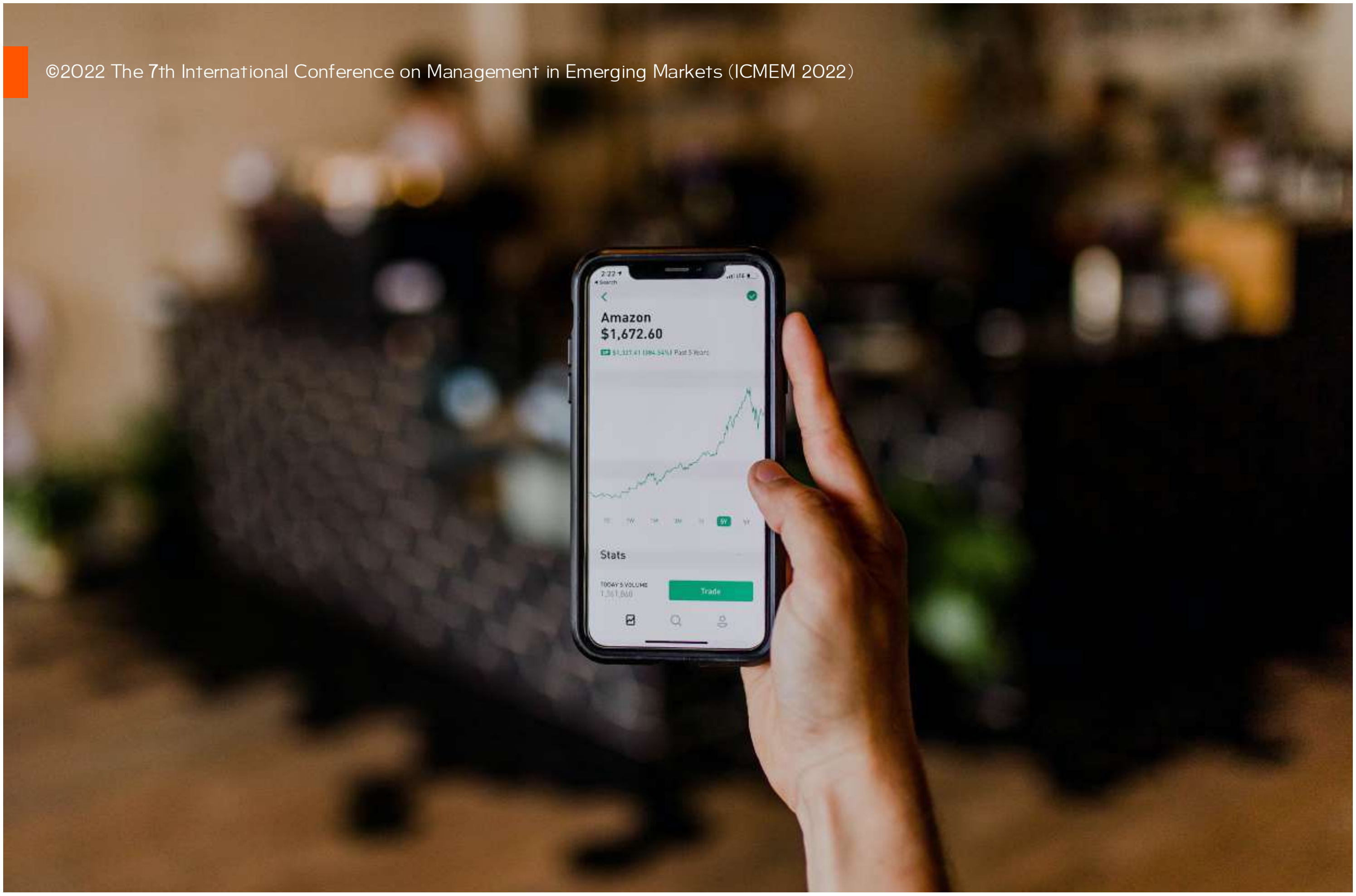

Paper 31

Improving Business Performance Using Financial Planning towards Application Based Business: Study Case of Antri.in

Dzaky Rahman and Atika Irawan

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Abstract - Indonesia is ranked as the fifth country with the greatest number of startups in the world (Yudistira), more than 80% of those startups were an application-based business. The problem arises that startup failure rates are around 90% (Neil, 2015). In fact, the financial aspect is the second most contributing factor that causes a startup to fail (Angelucci). In addition, we found that Antri.in also faced the same problem as most startups, which is financial problems. Antri.in is an application-based startup company that provides an integrated system to do online queueing. Antri.in implements the system of subscription fee as the company's main revenue stream and advertisement as company's secondary revenue stream. The researchers use financial modeling projection to project the company's finance. In 5 years, antri.in is projected to lose 7 billion rupiah as we are still in the developing / early stage. From the discussion and root cause finding, the reason for Antri.in loss is because Antri.in cash flow is bad, it needs a huge cost to operate while the company revenue and income is still limited. As the result, there are 4 solutions to prevent Antri.in's lost, which are cost priority, human resource plan, business model expansion, and exit strategy.

Keywords – Application, Financial Modeling and Planning, Business Technology, Internet of Things.

I. INTRODUCTION

The COVID-19 crisis has forced everyone to interact with and adapt to digital technology. All activities that were previously done manually, such as meetings, face-to-face meetings, and cash transactions, are now done online. Because it requires people to keep their distance and communicate online, both for shopping needs and online payments, the use of digital technology has risen dramatically during the pandemic. Based on data collected by Antaranews, the online service users for health consultation applications have increased by 600%. During the pandemic, not only the consumers moved towards online channels. But also, the companies in all sectors accelerated the digitization of their customer and supply-chain interactions and the internal operation by three to four years.

Antri.in is a startup company that provides an integrated system to do online queueing. Antri.in becomes an innovation to make it easier for customers who queue by using the platform web-mobile application based, which allows the queuing process for a point of service to be done at anywhere. However, according to data, startup failure rates are around 90% (Neil, 2015). In addition, the financial aspect is the second most contributing factor that causes a startup to fail (Angelucci).

Based on company internal and external analysis, Antri.in already has a promising market and technology feasibility. However, from the perspective of finance, our founders have not calculated and predicted thoroughly. Antri.in did not have financial cash flow and financial planning. This situation makes Antri.in not running well and not having a clear vision towards business strategy. Because of that, Antri.in wants to prevent the failures by doing financial projection towards our business feasibility. By knowing the company's financial projection, we can determine the and the most suitable strategy for the company, whether it is an exit strategy or a growth strategy.

II. METHODOLOGY & LITERATURE REVIEW

The problem-solving method used for this research. The first researcher wants to know deeply about business analysis. In this stage, the researcher analyses the financial, marketing, operation, and human resources fields of business conditions. The researcher gets the financial condition of Antri.in is best not well because the internal business of Antri.in still has not generated revenue. To acknowledge and understand the topic that we want to discuss, the researcher will conduct a study about financial projection of cash flow, income statement, and planning for improving business performance. Researcher also using PESTLE Analysis, Porter's Five Forces, and Root Cause Analysis to analyzing the external and internal issues.

In a way to evaluate the alternative solution to financial planning for improving the financial business. This step also answers about a plan that is suitable for the company. The last step of this research is the implementation plan. This research discusses financial management with a business point of view only as delivered in the limitation of the research. While on every business, the financial plan needs to improve some factors in every business department. So, in this step, the researcher will evaluate the alternative of the financing to implement the project from solution formulation.

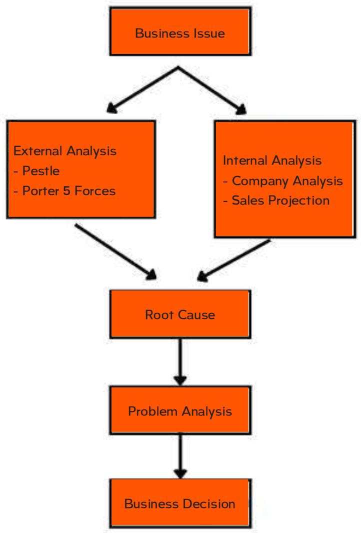


Fig 1.1 Research Framework

This research will use the conceptual framework above as a guideline and flow. It starts from a business issue related to the current condition of Antri.in. The second step is to break down the condition of the company into 2 stand points, which are external and internal perspectives. After knowing the condition of the company, this research will convey it into SWOT and root cause analysis. Lastly, business decisions can be made based on the root cause of the problems.

Furthermore, the researcher will use literature review from Keerativutisest (2021) about 6 steps of approach of financial feasibility.

1. Investment Rationale
2. Capital Investment
3. Assumption
4. Cash flow
5. Financial Returns
6. Entrepreneurial Decision

This literature review is used to determine the feasibility and condition of finance in Antri.in

III. RESULTS AND DISCUSSION

A. External Analysis

To deep dive the problem, we need to analyze the internal and external condition of the company. The researcher uses PESTEL Analysis to analyze the external condition

Political: The political situation in Indonesia based on digital startup laws can have a positive effect on the industry we will enter in the future, where our innovations will be aligned with the law. This will help our innovation achieve the law's goal of improving the country's economy and people's lives.

Economical: Researchers conclude unstable economic factors might have a long-term impact in Indonesia, so we do not charge our users to use our service. We charge businesses for our service.

Social: Due to social distancing conventions and statewide lockdowns, the Covid-19 epidemic has increased digital technology use, according to Elsevier Public Health Emergency Collection. Pandemic made people reliant on technology. Daily activities show this behavior. Online application traffic is high and many activities are done online.

Technological: Businesses and schools are adopting work-from-home policies due to digitization (WFH). Design and governance of blockchain technology will become more important. Job allocation, cooperation, motivation, and work overload and presenteeism are expected to increase as the gig economy and gig workers grow. With increased digital presence comes increased workplace monitoring and technostress. Online fraud and security management research will grow. After the epidemic, internet regulation is crucial.

Environmental: Since May 2020, the Coronavirus pandemic had spread to 200 countries. This included most urban and rural areas. Coronavirus (Covid-19) has been a 2-year problem in Indonesia. This changed the market's behavior.

Legal: The World Health Organization (WHO) has asked everyone to stay away 6 feet to prevent the spread of COVID-19.

Researchers also use Porter's Five Forces economy in order to better understand industry competitiveness and to increase a company's long-term profitability. From Porter's Five Forces Analysis, the researchers concluded that Antri.in would face stiff competition as the industry showed mid- to high-level competition.

Table 1.1 - Porter's Five Forces Analysis

Porter Forces Analysis	Type	Explanation
Rivalry Among Existing Competitors	High	The number of competitors is considered high and the printing industry also has high growth.
Bargaining Power of Buyers	Medium	The buyers may influence the printing industry. Especially for those who really want to customize their shirts in small order. Most printing companies still give a high price for small orders, meanwhile there are more people who want to order small amount than who order large amount
Bargaining Power of Supplies	Small	There are lots of suppliers in this industry, so there is no outstanding relation between business owners and the suppliers. So business owners in this industry can easily change their supplier.
Threat of Substitutes	Medium	There are several ways to put a picture on a shirt like printing, coloring, etc. So there are no significant difference that cannot be substituted
Threat of New Entrants	Low	In this industry, printing technology can easily be imitated by others. Everyone can also learn and make a similar business. So the threat of new entrants is considered high

B. Internal Analysis

Researcher using 6 steps of approach of financial feasibility analysis by Keerativutisest (2021) including investment rationale, capital investment, assumption, cashflow, financial return and entrepreneurial decision.

Table 1.2 - Sales Projection of Antri.in

		Month	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue							
	Revenue from sales		12,750,000	43,000,000	123,900,000	234,000,000	378,000,000
expense							
	less:	wages	672,000,000	1,003,200,000	1,068,000,000	1,128,000,000	1,188,000,000
		Platform Development	100,000,000	20,000,000	20,000,000	20,000,000	150,000,000
		marketing expense	120,000,000	180,000,000	180,000,000	200,000,000	200,000,000
		asset expense	0	6,000,000	7,200,000	7,200,000	8,400,000
	total expense		892,000,000	1,209,200,000	1,275,200,000	1,355,200,000	1,546,400,000
operating profit			-879,250,000	-1,166,200,000	-1,151,300,000	-1,121,200,000	-1,168,400,000
	other income (ads)		7,700,000	22,850,000	42,000,000	43,400,000	42,000,000
income (exclude Tax)			-871,550,000	-1,143,350,000	-1,109,300,000	-1,077,800,000	-1,126,400,000
	income tax		0				
net profit			-871,550,000	-1,143,350,000	-1,109,300,000	-1,077,800,000	-1,126,400,000

Antri.in is projected to gain revenue from subscriptions fee 12,750,000 in the first year, assuming we have successfully gained 45 branches in the first year. The sales revenue is also projected to be increasing every year. On the other hand, the cost will also increase. 80% of the total expense goes to wages/salaries for the employees. Antri.in follows the projected inflation rate and average industry salary to determine the salary of the employees.

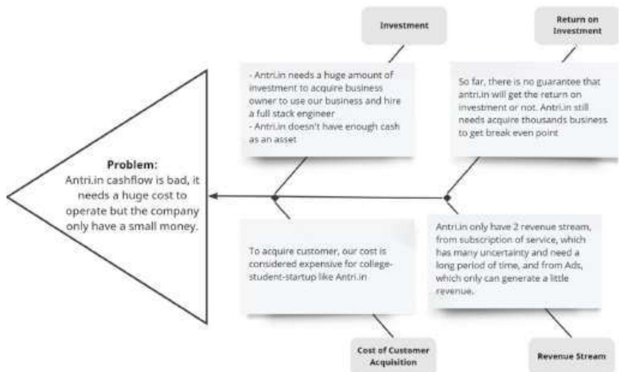
To specify and elaborate more where the projection sales is made, the researcher has made several assumptions towards it, as put in the table below.

Table 1.3 - Financial Assumption of Antri.in

	Year 1	Year 2	Year 3	Year 4	Year 5
Subscription Fee/month/branch	50K IDR	50K IDR	70K IDR	75K	80K
Market Growth	First Month: 5 2-6 month: +2/month 7-12 month: +5/month	Year 2= +20 branch	Year 3 = + 50 branch	Year 4= +100 branch	Year 5= +100 branch
Platform Development Cost	Fee to make the platform 300M IDR	50M IDR for developing the product	50M IDR for developing the product	100M IDR for developing the product	150M IDR for developing the product
Wages	Founders: 10M IDR x 4 people	10.5M IDR x 4 people	11M IDR x 4 people	11,5M IDR x 4 People	12M IDR x 4 people
	Tech people: 8M IDR x 2 people	8,4M IDR x 4 People	9M IDR x 4 people	9,5M IDR x 6 people	10M IDR x 6 people
	Marketing team : 0	4M IDR x 2 people	4,5M IDR x 3 people	5M IDR x 4 people	5,5M IDR x 5 people
Marketing Expense	Social Media: 10M IDR /Month	15M IDR	15M IDR	15M IDR	15M IDR
Asset Expense	Spare 500K every mmonth to service the laptop/hardware	Spare 500K every mmonth to service the laptop/hardware	Spare 600K	Spare 600K	Spare 700K
Other Income	from ads: 50K / month	from ads: 50K / month	From ads: 70K/month	From ads: 70K/month	From ads: 70K/month
Ads	25 businesses	50 businesses	50 business	60 business	50 business

E. Root Cause

To define the problem even more, the researched use root cause analysis fishbone diagram to determine the core problem. This tool was picked of its simplicity in elaborating the problem and finding the root cause of problems.



F 1.2 - Fishbone Diagram

This analysis shows that Antri.in has a bad cashflow, which the income is small while it needs a huge amount of money to operate.

F. Recommendation

Seeing from sales projection and current condition of Antri.in, the researcher can conclude that Antri.in has a promising market and technology feasibility but not promising finance. Furthermore, the researcher proposes at least 4 recommendations to Antri.in.

1. Expand the business model, from only providing online queue system to Point of Sales. Therefore, the market will also be wider, and it will be easier for Antri.in to generate more revenue

2. Make a priority cost, understanding that Antri.in still has limited money and resources, it is mandatory for the stakeholders to create the priority list for their budgeting.

3. Plan a human resource strategy, knowing that more than 70% of the yearly cost comes from wages & salary, Antri.in must make a budgeting plan for human

resources by making it more effective and efficient. For instance, use the outsource service instead of hiring the permanent employee

4. Plan an exit strategy, According to the sales projection of Antri.in, in 5 years of projection there is no sign that the company will be gaining revenue in the near future. Seeing this, the stakeholders of Antri.in need to start thinking about the possible exit strategy. The researcher proposes 2 possible strategies:

   a. Merge with another bigger competitor

   b. Sell the business

IV. CONCLUSION

Antri.in has a promising market with technology feasibility, but the financial aspect of Antri.in with this particular revenue stream is not promising for the future life of the company. According to sales projection, the company is not worth to be continued by its own. So the best possible solution is to find the exit strategy of the company, whether it is to sell the business to another existing related-core-business company or merge with other company.

In addition, The first thing that Antri.in must do is to create a plan for exit strategy. While creating a plan for exit strategy, Antri.in can expand the market and try to surpass the target of sales and at the same time try to be decreasing the cost. Seeing that more than 80% of cost goes to human resources, so perhaps, Antri.in can use outsource human resources, instead of hiring new employee.

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