

CHAPTER I

INTRODUCTION

This chapter will present the research background, problem formulation, research objectives, research scopes, and outline of reports.

1.1 Background

Nowadays internet has become one of the primary needs of people in the world. Internet technology is highly helpful in the process of delivering, and receiving informations. It ranges from enterprises, government agencies, schools, universities, and other organizations which have used the internet technology. Therefore, today there are so many supporting technologies which lead to many ways of internet connection. At the beginning, internet is known as dial-up connection, then followed by the other technologies such as leased line, cable, and wireless.

Wireless networks allow a device (computer, laptop, PDA, etc.) to be connected with the network without using any network cable. Wireless technology is a right choice to replace the network technology that consists of many of wires and a solution due to the distance between the network which may not be connected via cables. The advantage of wireless systems is that users are not restricted its movement, but is limited by the distance range of the transmitter. WiFi (Wireless Fidelity) uses radio waves at public frequencies property which ia freely used by all people with certain restrictions. The communication signal is naturally openly available and propagate through the air. Each WiFi has limited coverage area depending on the power and the antenna used.

PT Telekomunikasi Indonesia or commonly known as PT Telkom is also aware to this condition. In order to meet the customer needs to a stable, fast, and

affordable wireless internet connection and can be used in a variety of gadgets, PT Telkom innovates and provides a public internet service based WiFi (Wireless Fidelity) called WiFi Indonesia or abbreviated as WiFi.id. This WiFi.id facilitates the gadget user either a cell phone or a portable computer that can be browsed in cyber in a public space (park, schools, halls, campuses, etc.) with the support of Access Point WiFi.id spread in various public areas around Indonesia.

Indonesia WiFi (WiFi.id) is a public service of WiFi technology-based internet (hotspot) provided by Telkom Group and the operator in cooperation with PT Telkom. With the support of network infrastructure of PT Telkom, Indonesia WiFi network is widespread throughout Indonesia. In order to provide the convenience to its users, Indonesia WiFi guarantees unbroken connection across the network (Budianto, 2015).

In accordance with the vision of PT Telkom, i.e. "To Become a leading Telecommunication, Information, Media, Edutainment and Services ("TIMES") player in the region", The Regional Division of Sumatera Area was determined to be Excellent Company in providing information services and high quality communication and continually improve the corporate performance by applying TELKOM Quality Management System (TQMS) and corporate culture of the Telkom Way 135, in order to achieve satisfaction to customers, employees, competitors, partners, regulators, and the public, so that Telkom Division I become the leading provider of information and communication services in Sumatera.

Indonesia WiFi (WiFi.id) is a network of broadband access which becomes a media to enjoy a high speed internet service. It is using the newest technology of Wireless Fidelity (WiFi) based on the IEEE 802.11 specification that popularly used to connect between computers, smartphones, laptops, and other devices, as well as connecting computers and other devices to the Internet or to a wired network (Ethernet) LAN. This technology has equipped with the

integrated control and monitoring system. It makes the Indonesia WiFi can distributes more than one broadband service with the guaranteed level of each.

Currently, Indonesia WiFi has set up million network points of wireless internet (WiFi / Hotspot) at various locations to support the people needs of digital information. As a reliable network and widespreads in all regions of Indonesia, WiFi.id will provide comfortnity and guarantee of high quality connections to all of its users. PT Telkom also shares WiFi with some programs in order to be limited and differences in its usage such as indischool for school, indicampus for universities, indipublic for public area such as airport, offices, indiguest for hotel, indishopper for mall, and also WiFi Corner with range 100 m.

As a company in general, PT Telkom in Regional Division I has the revenue target to support the revenue of PT Telkom Indonesia. The revenue can reach the target if the revenue, itself, can reach the determined revenue target. PT Telkom West Sumatera based on the interview cannot reach the determined revenue targets. PT Telkom West Sumatera is still in the low revenue thus, it is contributed in making PT Telkom in Regional Division I unable to reach the target revenue. One of sources of revenue is the sale of WiFi.id vouchers. Table 1.1 shows the amount of WiFi.id venue and productivity venue categorized as no user, low, medium, high, and very high. No user is amount of the venue which there are no productivity activities. Low user is amount of the usage of venue which has low productivity in using WiFi.id, because it is rarely used by people in the venue. Medium user is amount of the usage of venue which has average productivity in a month. High user is amount of the usage of venue which have high productivity, because people using the WiFi.id frequently, and very high user is amount of the usage of venue which has very high productivity, in which people use more oftenly using WiFi.id.

Table 1.1 Amount of Venue of PT Telkom West Sumatera

West Sumatera										
Month	Amount of Venue	VENUE PRODUCTIVITY								
		NO USER	LOW	%	MEDIUM	%	HIGH	%	VERY HIGH	%
July	206	0	18	8,7	20	9,7	30	15	138	66,6
August	236	0	32	13,5	24	10	27	11,4	153	64,8
September	258	0	38	14,7	27	10,4	36	13,9	157	66,5
October	271	0	36	13,2	33	12,2	43	15,8	159	58,6
November	293	0	42	14,3	38	12,9	52	17,7	161	54,9
December	327	0	57	17,4	41	12,5	53	16,2	176	53,8

It can be seen from the Table 1.1, PT Telkom West Sumatera still has a low user which contributes in low revenue. Low user is one of the factors that contributes in making the revenue target becomes unreachable. Figure 1.1 shows the detail explanation about venue information on July until December 2016.

From the Figure 1.1, it is known that the using of WiFi.id in WiFi Corner is more than indicampus, indischool, indipublic, and indiguest. WiFi Corner is WiFi service innovation which is a form of internet education and penetration at a very high speed of 100 Mbps. In WiFi Corner, there is internet connection that is provided by PT Telkom, and people can connect it by using WiFi.id vouchers that are sold in the market. Table 1.2 will show the description of scattered area of low productivity of WiFi Corner.





Description of Average WiFi.id Usage Rate From July 2016 - December 2016

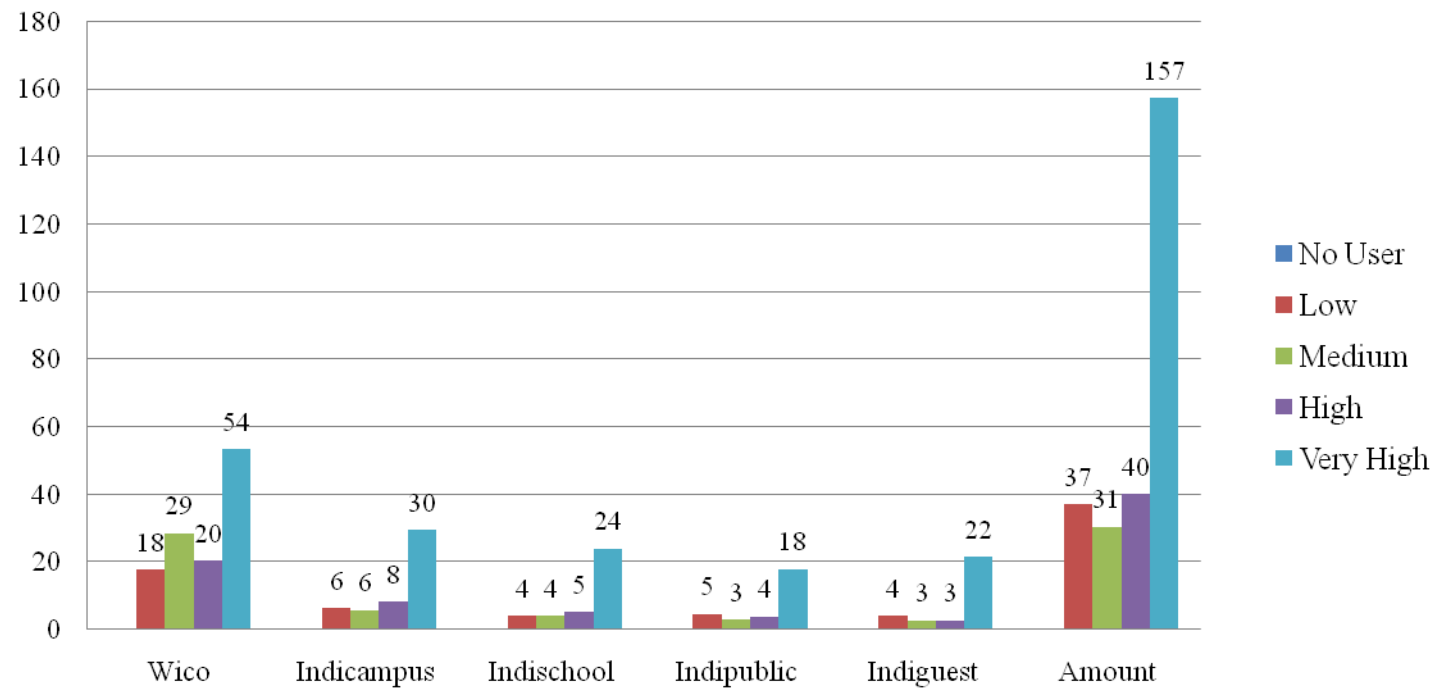


Figure 1.1 Description of Average WiFi.id Usage Rate From July 2016 – December 2016



Table 1.2 Description of Low Venue

Month	LOW	Description				
		Wico	Indicampus	Indischool	Indipublic	Indiguest
July	18	10	2	2	3	1
August	32	15	8	1	6	2
September	38	18	6	5	3	6
October	36	15	5	3	7	6
November	42	21	7	6	4	4
December	57	28	10	8	5	6

The Table 1.2 shows the number of customers who use the WiFi.id in the low productivity venue. From Table 1.2, it can be known the symptom of the problem in PT Telkom West Sumatera which is the WiFi Corner that has the larger number of customers than indicampus, indischool, indipublic, and indiguest in making low productivity. It can be said that WiFi Corner has more contribution than indicampus, indischool, indipublic, and indiguest in making the productivity becomes lower. The cause of the large number of customers in low productivity makes the number of low productivity of the WiFi.id becomes larger too.

According to the preliminary study, using of WiFi.id in WiFi Corner is still in the low stage. People choose to use the data packet in SIM Card form or using free WiFi hotspot. In West Sumatera, there are many kinds of data packet in SIM Card form that has existed and fit with the people necessity. The most using data packet in SIM Card in West Sumatera that can be the competitors of WiFi.id are XL AXIATA and INDOSAT. Those two brands have marketted their products well with good quality internet connection and also priceable.

Generally, using WiFi.id in WiFi Corner has some strengthness, such as WiFi.id has unlimited quota, the speed of the internet is not divided to users, and it can be found in the strategic place. Yet also it has some weaknesses such as the WiFi Corner place sometime cannot reach some home communities, the unstable speed of internet and also sometime the facilities of WiFi Corner cannot support

the necessities of the users. The growth of technologies and the necessity of informations can become the opportunities of WiFi Corner while there are many competitors which provide the internet with high speed and competitive advertising competition will be the threatness of the WiFi Corner.

Strategy is a joint with long-term goals to be achieved by the company. Strategy is a managerial process to develop and maintain harmony between goals of companies, corporate resources, and changing market opportunities with the goal to shape and adapt the business of the company and the resulting product, so can achieve profits and favorable growth rates (David,2009).

According Wheelen (2013), the multidivisional business enterprise usually have three levels of strategy, they are corporate, business and functional. Functional strategies emphasize primarily to maximize productive resources. Functional departments develop strategies to collect their various activities and competencies to improve performance. Functional strategies more concentrate to the strategy that relate to the functional activities of the companies such as marketing, financial, and human resources.

Experts generally agree that type of approach as an instrument to assess the various factors by the organization which is important in conducting a general strategic. Generally the analysis uses SWOT as the analysis tool. Lundberg (1997), explains that the projects of organizations must be implemented after goal is defined. A strategy is a plan that is designed to complete a mission. The mission must be planned within parameters such as strengthness (S, strength) and weakness (W, weakness) of the organization, opportunities (O, opportunities) and threats (T, threats) in the environment.

This analysis is based on logic which can maximize strengths, and opportunities, but simultaneously can minimize weaknesses and threats. SWOT matrix is a machine tool that helps the managers develop four types of strategies.

This matrix is considered capable to describe clearly how external opportunities and threats faced must be adapted to its strength and weaknesses.

Based on the above description, it is interesting to study about strategy of WiFi.id in WiFi Corner at West Sumatera to face the competition in the internet provider industry, and the marketing strategy as the focus. The designated strategy should be reviewed and developed based on the market environment and the company's resources. A strategy should be able to provide a clear and directional picture of what the company will do in using opportunities on target markets and using the strengths that exist in the company. Marketing strategy is a set of goals and objectives, policies, and rules that give direction to the company's marketing efforts from time to time, at each level and reference and allocation, especially as the company responds to the environment and change circumstances of competition. Therefore, in determining the marketing strategy required environmental / external analysis and internal analysis of the company through analysis of corporate strengths and weaknesses as well as analysis of opportunities and threats that are faced by companies from their environment

It can be seen that it is necessary the appropriate development the strategy to reduce the low productivity and increase the amount of productivity in the medium, high, and very high user. Thus, PT Telkom West Sumatera can maximize efforts to increase of using WiFi.id in WiFi Corner more than competitors, to reach the revenue target, and also to be the most internet service providers using in West Sumatera.

1.2 Problem Formulation

Based on the background described previously, the problems formulated in this research are:

1. What is the current position of WiFi Corner of PT Telkom West Sumatera as an internet service provider?

2. What is the proposed strategy formulation for WiFi Corner of PT Telkom West Sumatera?

1.3 Research Objectives

The objectives of this study are to :

1. Determine the current position of WiFi Corner of PT Telkom West Sumatera as the internet service providers.
2. Propose the strategy formulation of WiFi Corner of PT Telkom West Sumatera.

1.4 Research Scopes

The research scopes are as follows :

1. This research is focused on the usage of the WiFi.id in WiFi.id Corner.
2. The research is conducted at the WiFi Corner in West Sumatera.

1.5 Outline of Report

Outline of Report used in this study is as follows:

CHAPTER I INTRODUCTION

This chapter explains the research background, problem formulation, research objectives, research scopes, and outline of report.

CHAPTER II LITERATURE REVIEW

This chapter explains the theories of the literature related to problems in this study. It will explain about strategic planning,

SWOT, External Factors Evaluation (EFE), Internal Factors Evaluation (IFE), Internal External Matrix, SWOT Matrix, and Quantitative Strategies Planning Matrix (QSPM).

CHAPTER III RESEARCH METHODOLOGY

This chapter describes the steps undertaken in the research from the beginning to the end of the study. They are preliminary study, data collections, and stage research which consists of SWOT and strategy formulations.

CHAPTER IV SWOT ANALYSIS

This chapter describes the SWOT analysis of external and internal environment of WiFi Corner PT Telkom West Sumatera.

CHAPTER V STRATEGY FORMULATION

This chapter describes the strategy formulation of marketing strategy of WiFi Corner PT Telkom West Sumatera.

CHAPTER VI CONCLUSIONS

This chapter consists of conclusion which provides the answer of the problem formulation and suggestion for the further research.

