

CHAPTER 1 INTRODUCTION

1.1 Background

Based on the data published by the Ministry of Cooperatives and SME of the Republic of Indonesia, there were 64,194,057 SMEs in 2018. This made up to 99 percent of the total business population and has employed over 116 million people, or more than 95 percent of the total workforce across the country. These businesses should be the primary engines of economic growth. However, they generate only around 56 per cent of the Gross Domestic Product (GDP) in Indonesia.

The United Nations (UN) defines a micro-enterprise as having fewer than 10 employees; small businesses as having fewer than 50 employees; and medium sized businesses, with fewer than 250 employees. In Indonesia, the majority of businesses are micro enterprises. Indonesian Micro, Small, Medium Enterprises (MSME) have historically been excluded from regional and global value chains — and even marginalized within local markets — due to the lack of connectivity with markets, access to finance and knowledge networks, as well as a dearth of human capital (the right skill sets), particularly when it comes to the fundamentals of starting and running a successful digital business. Today, the harnessing of digital technology combined with proactive policymaking has the potential to empower MSMEs and “level them up” into new value chains.

Policy-makers in Jakarta and stakeholders throughout the country have recognized this. In 2016, Indonesian President Joko Widodo launched a technology development plan to make Indonesia the largest digital economy in Asia by 2020, with a target of US\$130 billion in digital revenues. As part of this initiative, the 1000 Digital Start-up National Movement Initiative was launched and has made tremendous progress. Investment in Indonesian start-ups in 2016 has reached US\$1.4 billion and then jumped to US\$3 Billion in the first eight months of 2017.

In 2017, Indonesia’s Commission for the Supervision of Business Competition (KPPU) issued a report which concluded that 3.7 million new jobs would be created within the digital economy by 2025 and that MSMEs could leverage technology to achieve an 80 percent increase in revenue growth.

Technology is creating new opportunities and lowering the barriers to entry for MSMEs. The digital platform economy is enabling the development of human capital by connecting small enterprises to the digital global commons. This means access to new markets and resources such as cloud-based tools, e-commerce platforms, and mobile apps that can facilitate an infinite amount of economic and social activities.

According to Statistica, smartphone penetration in Indonesia has reached 43.2 percent of its population and is rising rapidly. Indonesians spend an average of eight hours and 51 minutes per day on the internet and the country is currently ranked fourth in the world in this category, behind Thailand, the Philippines, and Brazil. In this regard, digital technology should be regarded as a power multiplier or a “levelling up” mechanism for MSMEs. At the same time, governments in emerging markets are striving to embrace strategies that create an environment of “inclusive capitalism” for small business owners.

According to a report by the Foundation for Economic Education (FEE), as much as 60 percent of Indonesia's economy is already in the informal sector. Large foreign tech companies have been investing heavily in Indonesia's digital landscape. For example, Tokopedia, one of Indonesia's largest e-commerce platforms, recently secured US\$1.1 billion from China's Alibaba investor group. Similarly, Gojek, Indonesia's first unicorn — a privately held start-up company valued at more than US\$1 billion — has been rapidly diversifying its revenue stream from ride-sharing to digital payment and last mile logistics apps. It has relied on Chinese tech giants Tencent Holdings Ltd. and JD.com Inc. to secure crucial funding. Most recently, Google, Singapore's Temasek Holdings, and China's Meituan Dianping teamed up for a \$1.2-billion fundraising campaign on behalf of Gojek.

The presence of Indonesia's digital economy advancement presents a tremendous positive impact that technology can play to integrate MSMEs into markets, and, most importantly, how to develop and promote human capital through training programs and partnerships to maximize the economic participation of MSMEs in local, regional, and even global value chains. The advance of digital mobile technology will fuel growth of the informal economy in Indonesia.

PT Moka Teknologi Indonesia (Moka) is a technology startup company based in Jakarta (Indonesia) providing cloud-based Point-of-Sale and payment solutions that empowers small and medium-sized businesses to better sell and grow. Moka aims to revolutionize the traditional Point-of-Sale (ie: Cashier) system by providing simple hardware purchase options and a Software-as-a-Service B2B business model where business owners subscribe for the cloud system on a monthly or annual basis (starting from IDR 299,000/month). The system consists of an Android and iOS mobile application used by cashiers and a web-based back office to enable SMEs to access real-time data on sales report, inventory, table management, loyalty, and customer feedback. The strategic issue that Moka is currently facing is how to retain the merchants that subscribe to Moka services.

Despite the hyper growth in getting a new number of subscribers, Moka is facing serious challenges in how to manage them from “churning”, a term used when an existing customer, user, player, subscriber, or any kind of return client stops doing business or ends the relationship with a company. Currently, the churn percentage is at a rate that is still not considered ideal by the company. Especially since the main revenue contributors for Moka is the VIP Clients. This paper aims to outline what strategy can be done by Moka to reduce the churn rate and retain its subscribers on a business and corporate level.

1.2 Company Profile

1.2.1 Company Overview

In 2014, realizing the potential market size of MSME businesses in Indonesia, two diaspora Indonesian citizens in the United States, Haryanto Tanjo (former McKinsey consultant) and Grady Laksmono (former software engineer in Silicon Valley) have a vision to empower merchants to sell and grow. The founders see that there are still many businesses that use manual methods to operate their business, one of which is the matter of transaction recapitulation at the

cashier. This activity is quite time-consuming, requires accuracy too, especially if the shop or restaurant already has many branches, that would cause it to be more complex. With technology, there will be a lot of time saved which then can be used to develop the business and provide innovations in the products and services of the business being undertaken.

Moka is currently present across 100+ cities in Indonesia with over 40,000 merchants and to date has received more than \$30 million in funding from world-class investors such as Sequoia Capital (Apple, Instagram investor), SoftBank (Grab investor), and East Ventures, after initially supported by Mandiri Capital (technology venture capital investment arm of Bank Mandiri Group).

In 2020, Indonesia's ride-hailing and food-delivery giant, Gojek, has acquired Moka for about \$130 million. This acquisition of Moka as a part of Gojek group is intended to boost the digital operations of MSMEs, especially during the pandemic. Gojek CEO, Andre Soelistyo, said online businesses had better resilience than their offline counterparts during the COVID-19 pandemic as offline stores were highly dependent on the physical arrival of consumers. With Moka's strong offline base of customers (such as brick-and-mortar stores & restaurants), Gojek wants to help more offline businesses go online through this collaboration with Moka, where the MSMEs are helped to grow and be better equipped to face competition in the digital era.

Moka CEO, Haryanto Tanjo, said that, through the acquisition, the two companies could combine their services by using Moka's point-of-sales system, for example to accept food delivery orders from GoFood. Being a part of Gojek's ecosystem gives Moka access to its user networks and helps its merchant users to become successful in both online and offline business as it is an important survival and recovery aspect in times of a pandemic.

Moka services merchant partners across three industries, namely F&B, service and retail, and have successfully processed more than 100 million transactions, with a transaction volume of up to US \$ 1 billion per year. Although the main user base of Moka is SME businesses, it has branched out to acquiring bigger enterprise merchants.

Moka adapts quickly in the market due to it being a solution for business people. The application is not only very helpful to automatically recap the sales results every day, it also simplifies the control of each branch, especially those that are far away. If merchants want to create an activity, campaign, promo, or new regulations, it can be sent to all branches simultaneously via Moka. In addition to these advantages, merchants also choose to use Moka due to it being an intuitive interface which is directly integrated with electronic payment platforms, and the minimal costs required to operate the system.

1.2.2 Company Products

Moka offers three main products that consist of Moka Point of Sale Application, Moka Payment, and Moka Capital.



Figure 1.1 User

Display of Moka POS Cloud Application

The *first* and main product of the company is Moka Point-of-Sale (POS), which is seen in Figure 1.1. Moka provides a Point-of-Sale software that is cloud or online based for businesses of all types and sizes. The point-of-sales system is specially designed to simply help businesses run and provide the best customer experience through Android & iOS devices. Moka's Cloud-based system enables merchants to access sales data from everywhere and monitor income as well as stock availability very transparently. Moka also provides an online store that sells recommended hardware that is compatible with the software, from a simple tab device to dedicated bill printer and cashier machine.

The features that are offered in Moka software consists of 7 features, namely: the Sales Report feature, the Promo feature, the Loyalty Program, Order Management, Employee Management, Table Management, and Ingredient Inventory feature.

The Sales Report Feature is where Moka's clients receive a complete sales overview with excellent visibility to improve business performance at all times. The following Figure 1.2 shows the dashboard of this sales report feature.

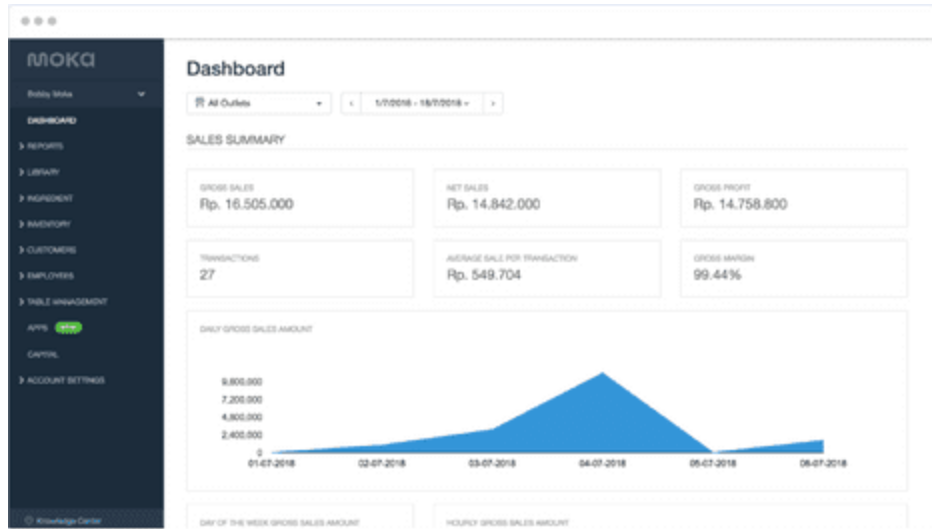


Figure 1.2 Moka's Sales Report Feature Dashboard

While the Promo feature is a tool to create engaging promotion programs to attract more customers and keep them coming back to store. This tool simplifies sellers to run and note promotion programs in their transaction history. Figure 1.3 shows the seamless and clean user interface of the promo feature in Moka.

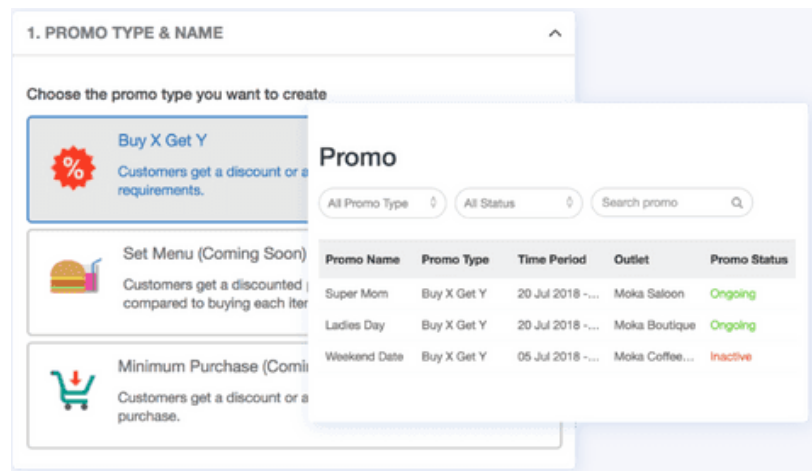


Figure 1.3 Promo Feature in Moka

Next, is the Loyalty Program feature which is a tool to create a loyalty program to reward their customers and turn them into loyal customers without the need of a physical membership card. This tool automates Customer Relationship Management by enabling sellers to build a customer contact database and reach them through email or text message broadcast. Figure 1.4 shows this loyalty program feature.

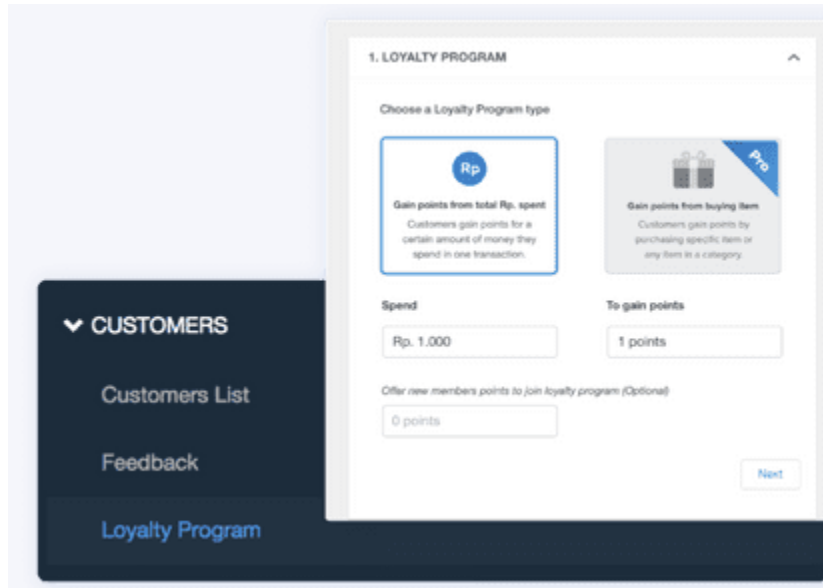


Figure 1.4 Moka's Loyalty Program Feature

The Moka POS product also provides an Order Management Feature where it enables businesses with high frequency of transaction to manage multiple orders at the same time while fully accessing the bill input. This can be seen in the following figure (Figure 1.5) below:

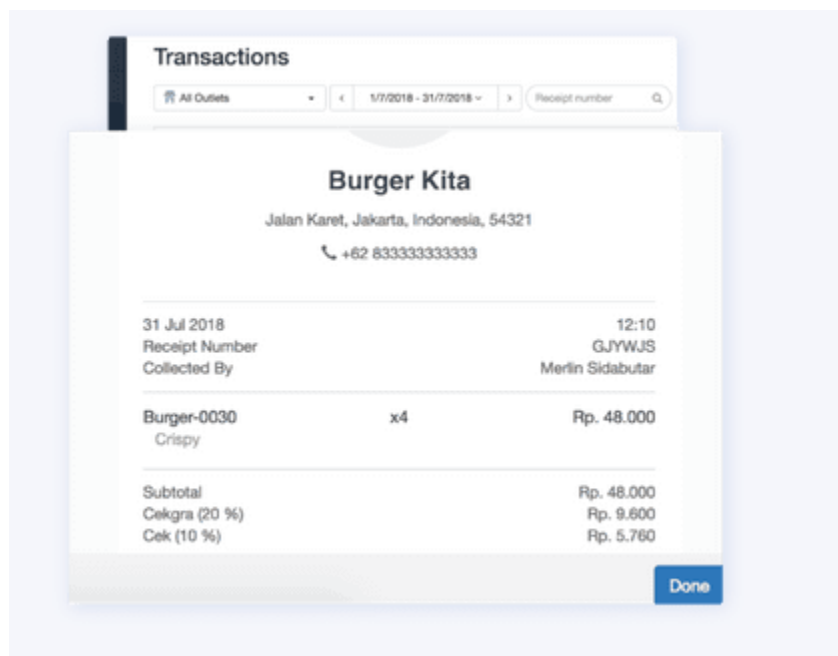


Figure 1.5 Moka's Order Management Feature

One other very helpful feature is Moka's Employee Management Feature. This feature enables assigning different roles to different employees. For example, employees with the role of Admin or Manager can access and edit more back-end transaction data than employees with the role of the Cashier. Access is limited with a 4-digit authorization code to avoid fraud and increase security. We can see the possibility of seamless access and process of Moka's employee management feature in Figure 1.6 below.

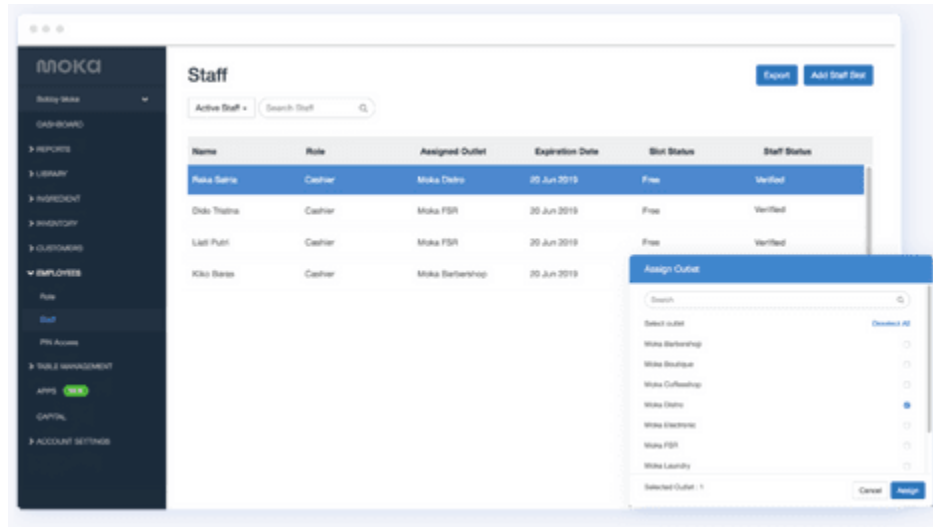


Figure 1.6 Moka's Employee Management Feature

Another feature of Moka's POS product is the Table Management Feature that enables efficient allocation of tables to keep customers satisfied by delivering the right orders. It also provides analytics such as the ability to monitor tables that are currently being served, the duration of customer's visit, and vacant tables, as seen in Figure 1.7 below.



Figure 1.7 Moka's Table Management Feature

The last helpful feature in this main product of Moka is the Ingredient Inventory Feature. Businesses can manage their Ingredient Inventory on the Inventory Page that connects real-time with current transactions to see what ingredients are running out. Here, sellers can also easily create Purchase Orders to suppliers (see Figure 1.8).

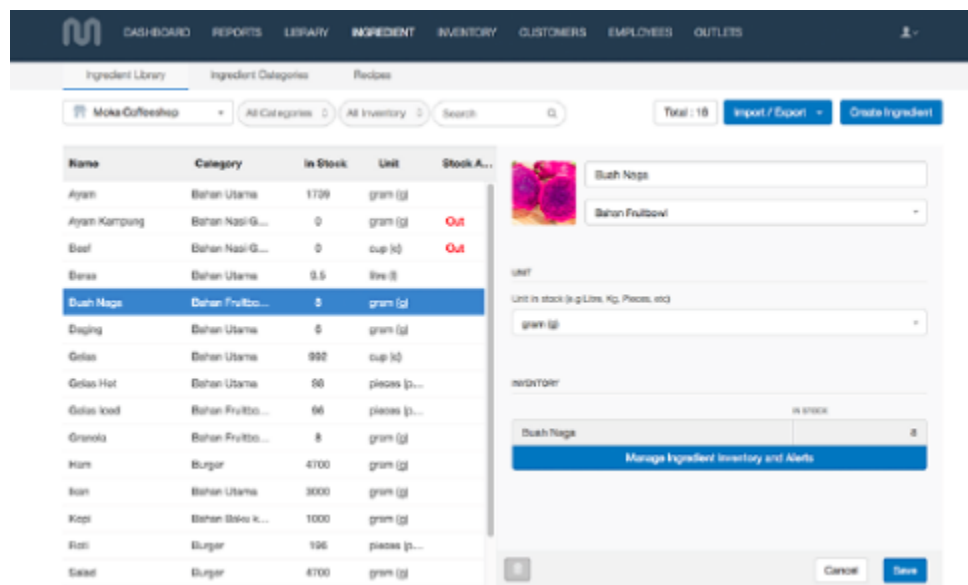


Figure 1.8 Moka's Ingredient Inventory Feature

The *second* product that Moka offers is called Moka Payments. The fast growth of mobile payments forces businesses to keep up with the trend. Moka Payment is a software that provides the solution to enable businesses accept the most mobile payments easily and securely with just

one app and one device. Merchants can use this product as one simplified payment gateway aggregator regardless of what is used by customers to pay for their purchase (for example: E-money such as Gopay and Ovo, or bank transfers such as BCA or Mandiri). This can be seen in Figure 1.9 below.

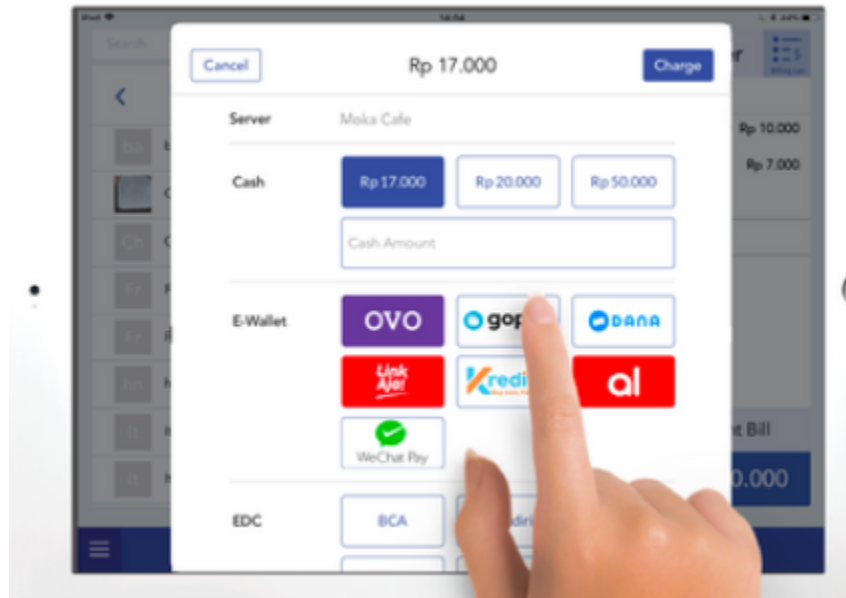


Figure 1.9 User Interface of Moka Payments Product

Through Moka Payments, Merchants don't need to deal with multiple payment partners. Simply activate all payment options from the Moka POS BackOffice and start accepting mobile payments in 2-3 days. Merchants can also use the same tablet that they use for Moka POS and accept mobile payments in the same app, without the hassle of multiple EDC devices that clog the cashier counter. Moka also promises that payments that go through the Moka Payments system will get exciting benefits from its partners to increase the number of transactions happening through Moka Payments.

Unlike Moka POS, Moka Payments is a product that is free to activate, regardless if the customer is an existing customer of Moka POS or not. Moka aims to distribute Moka Payments for free as an attraction to merchants to upgrade to the paid subscription of Moka POS.

The *third* main product of Moka is called Moka Capital. Moka offers trusted lending options for existing merchants that subscribe to the POS system. Through this product, merchants can get loans up to IDR 2 billion to support their growth. To secure it all, Moka partnered with the most secure funding platforms which are strictly monitored by OJK. With the assistance of Moka financing partners, such as investors that provide Capital through equity crowdfunding, peer-to-peer lending startups, or traditional banks for businesses that prefer safer risks, merchants can grow their business with fresh capital. The user interface of Moka Capital Product can be seen below in Figure 1.10.

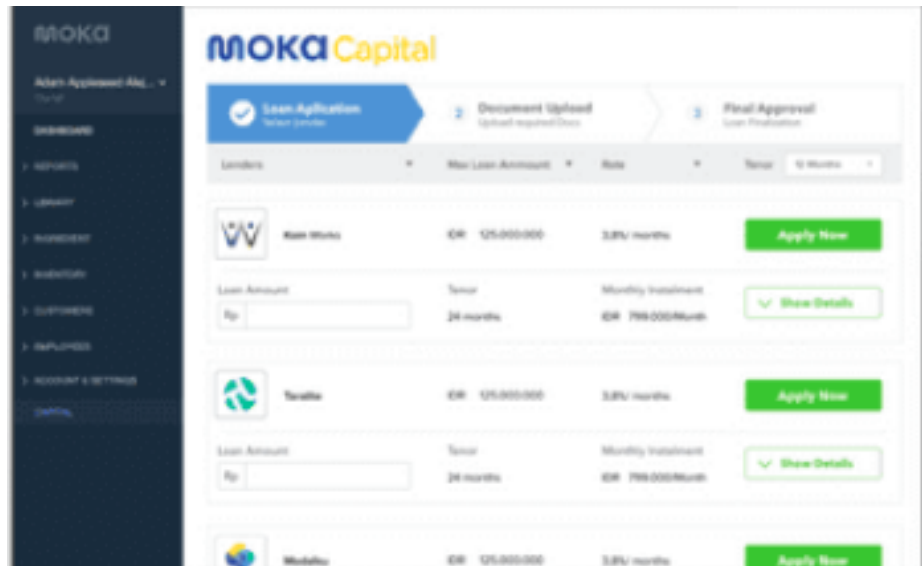


Figure 1.10 User Interface of Moka Capital Product

The application process itself is fast, easy, and convenient. No financial statement is needed because all sales data is integrated through Moka POS system. Moka Capital also does not require collateral. The business simply just needs to fulfil the general requirements to apply for funding, such as being a Moka POS user for at least three months consecutively, having minimum sales of IDR 5 million, and being the owner of the business.

1.2.3 Company Clients

Moka has served more than 40,000 businesses across Indonesia, and in multiple types of businesses with goals to eventually branch to other countries. Most Moka clients are Small and Medium Enterprises, but Moka also have well-known Merchant Partners that subscribe to their service.

Among these clients are Bakmi GM Express, a fast food restaurant chain known as an iconic Bakmi restaurant in Jakarta; Eatlah, a street food stall well known for their legendary salted-egg chicken rice bowl; Ayam Keprabon Express, Xing Fu Tang Boba Tea, the widely trending Kopi Janji Jiwa, Kedai Kopi Kulo which is popular among the young generation, Hijup, a leading local muslimah wear company, and popular makeup brand By Lizzie Parra, along with Royal Enfield Motorbike.

1.2.4 Company Vision, Mission, and Core Values

The company's vision is "making point-of-sale accessible for everyone". The company's mission is to be a world-class team to empower merchants to sell and grow. Whereas Moka's Core Values consist of: Take ownership and outcomes, Move Fast, It's not done until it ships, Build open and honest relationships, and Be part of the solution.

The company believes in values, not rules. The company culture believes that it's not about these formal suits, or the time check-ins, but it's about delivering on company promises. Moka believes in taking ownership and challenging ideas.

1.2.5 Company Structure

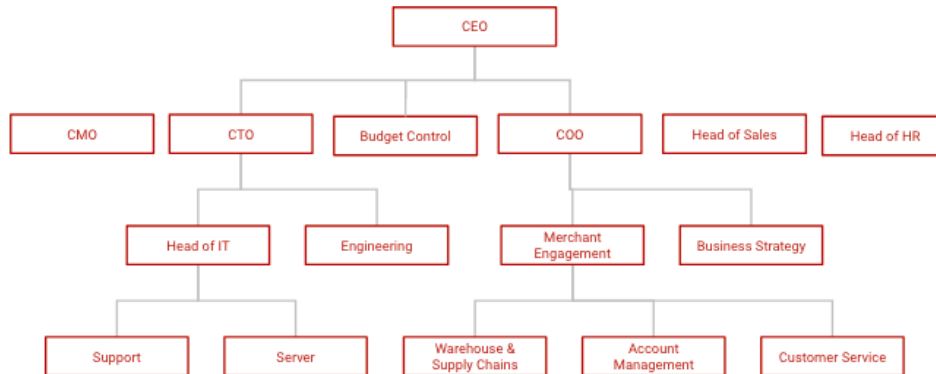


Figure 1.11 Moka Company Structure (General Overview)

Due to confidentiality and continuously fast-changing company structure, Figure 1.11 shows the main divisions in Moka. The Account Management team is overseen directly by the Chief Operations Officer (COO) and operates under the Merchant Engagement after-sale service division.

The Account Management team coordinates regularly to the Warehouse and Supply Chain team to ensure that all the outlets of VIP Merchant are already provided at the start with Moka software and hardware, and also coordinating with Customer Service team to ensure priority Problem Solving solutions for VIP Merchants.

1.2.6 Overview of Account Management Team

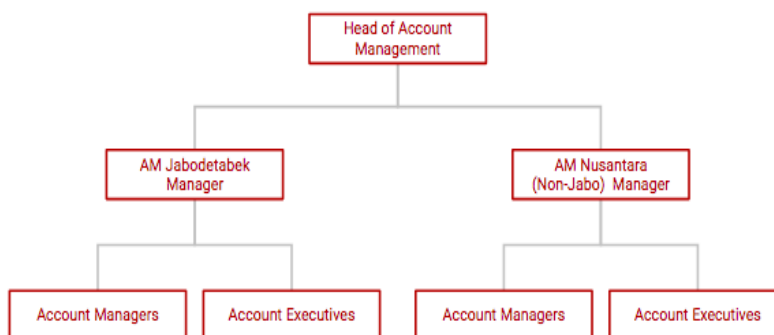


Figure 1.12 Account Management Team Structure

Moka's account management team is a dedicated team under the Operations Department. In Figure 1.12 above, we can see the structure of Moka's account management team. It is a part of the customer success sub-department which is responsible for the after-sales service, exclusively for the VIP clients. The VIP clients are described as enterprise brands with multiple outlets and a well-known brand name. The details of the minimum threshold to be categorized as a VIP clients as follows:

The Merchant Coverage to be considered as a VIP client in both Jabodetabek and Nusantara has to be with a minimum of 5 outlets, 300 million GTV, and a merchant who bought an Enterprise Plan (this is a special customized deal).

Currently by the time of writing, VIP Clients account for 17% of the total customer base of Moka, the exact number of revenue is unavailable to disclose, but VIP clients provides a safety net for the company cash flow, as the number of outlets that sign a contract with Moka can exceed 100 Outlets, and usually onboards on a long-term contract.

Furthermore the existence of well-known brand gives exposure to Moka in attempting to capture more of the VIP big merchants market. The existence of the account management team also provide possibility of grooming existing standard Merchants that are potential to grow enough to eventually be considered as a VIP client.

The job description of the account manager is as follows:

- Engage with key merchants (VIP Clients) and help resolve issues and inquiries to prevent churn (stop subscribing to services)
- Collecting merchants feedback to improve customer experience
- Convince VIP clients to renew their subscription with Moka
- Upselling for premium features
- Maintain and report on renewal and upselling results on a regular basis and suggest improvements
- Organize meetings with the sales team to help prevent merchant from churning

The basic requirements to be an account manager in the team are:

- Have working experience in e-commerce industry is a must
- Fluency in English
- Strong analytical and planning skills
- Good communication and presentation skills
- Excellent problem-solving skills

It can be concluded that the team are educated, aware of technology, intelligent, and have a good social skill as a basic to communicate and persuade clients.

The account manager role will be responsible for multiple VIP clients. Their roles are to conduct a 360 engagement journey during the entire customer lifecycle of the VIP clients all while they are subscribed to Moka services. The stages of their role are as follows:

During Month 0 (M0), the onboarding process would be conducted. After the sales deal is closed, a client that is identified by the salesperson as a VIP client will be directed to receive a message from one of Moka's account managers. During this Handover, the account manager will approach the VIP client and explain to the client that they will be the dedicated person in charge for VIP clients during the entirety of their subscription time with Moka. At this stage, the merchant will be a newly-joined member where all their needs related with the onboarding process would be catered by the assigned account manager.

The account manager has to make sure that the transition from Sales to Account Management is smooth and without hassle, along with making sure that merchants have their devices and the Moka software is ready to use for transactions. The Account Manager will also be responsible to personally guide and teach the new client on how to operate Moka.

In the stage of Early Engagement in Month 0 to Month 3, this is where the client's whole engagement with Moka is usually in effect. This is due to them still freshly introduced to Moka and would need a lot of attention and guidance. If the client does not reach Moka first, the Account Manager will need to reach them to at least ensure that everything is going smoothly, both for the business and their usage of Moka.

By Month 3 and Month 6, it would be considered as the stage of Later Engagement. In this stage, the Account Manager needs to periodically monitor their own status and also their interaction with Customer Support. They would also need to follow up with the client if there are several issues reported. If they don't have any recorded issues, the Account Manager would still need to follow-up with them for a matter of customer relationship engagement.

This stage of Renewal at Month 9 to Month 12, is where the extending of the VIP clients' subscription with Moka occurs. The effort of engagement from the Account Managers for almost a year will be counted as a result, whereas a bad engagement will lead to churn and a great engagement will lead to merchant renewal. The renewal payment for AM merchants is the responsibility of the Account Managers. Account Managers will then create renewal sales orders and follow up with the payment and activation. Success in renewing a client's subscription will be counted as a bonus for account managers. However, failure to renew will have a negative impact on their performance assessment. This is the reason why account managers really put a huge effort in following up to their clients regularly and building a good relationship with their assigned VIP clients.

1.3 Problem Statement

Based on the interview with management, the main problem the company is facing can be synthesized to this issue:

1. We have a high rate of VIP Clients stop subscribing to Moka service. How do we improve the Account Management team to better retain Moka's VIP Clients or Subscribers?

There are a lot of sides in the operations of Account Management team, however the strongest weakness is in the service/relationship aspect that is directly correlated with the performance of

the human capital. Technology-wise, the team has been quipped with a team of engineers ready to solve software bugs, and financially, Moka is steadily growing. As Moka VIP Clients provide large amount of revenue and brand exposure with the high number of outlets, it is crucial to have good performance management in place for the Account Management team who are the dedicated customer relationship agents for priority clients.

At the time this research has started, the account management team has only been formed 1 (one) year ago, which means they are still trying to find and build the structure for the team. At this time also, it has no Performance Management System, no regular assessment system, and the SOP is still being modified.

As it is a very new team that experiences a lot of business changes and no settled system, combined with the fast growth of the company, this has caused all layers of the team to be overwhelmed with the daily work tasks and its high amount of churn (clients that stopped subscribing to Moka). This amount of uncertainty with the work goal and work load has led to rapid turnover. As a result, the team is constantly in fire fighting mode for external client-facing matters only. Therefore, the internal Performance Management and human capital development has not been able to be a priority. Due to this fact, there has not been a research to find and to prove the correlation between high client churn to the lack of performance management of the account management team.

1.4 Research Objective and Limitation

The objective of this final project is to design a performance management system, namely Integrated Performance Management System (IPMS), to be implemented for the Account Management team of Moka. The research is limited with the data available to be disclosed, and proposal level to the Company.

1.5 Research Question

The purpose of this research is to propose a performance management system that is expected to improve the Account Management team performance. The main research question is: what are the main issues facing the team, and what can be done to improve its operations performance?

1.6 Scope of Research

The research would have the scope as follows:

- The scope is focusing only on the Account Management in Moka
- Conducting interview to representatives from the Account Management
- Analyze historical data, literature data (for example: memo, weekly review, SOP) from internal office and other references

1.7 Research methodology

Qualitative research is used by the researcher for the data collection of this research. Qualitative research itself is an approach where the data is not in the form of numbers and calculation, but in the form of classification (Silalahi, 2012). This aligns with the definition of qualitative research

from Sugiyono (2013) that states that this approach is where data collection is combined and triangulated.

In a more in-depth definition, qualitative research is an approach that helps us explore and understand the meaning of individuals or groups to a social or human problem according to Creswell (2014). Questions and certain procedures are included in the research process. The collection of data is conducted directly from the participants, then analyzed and grouped into particular themes and is then interpreted by the researcher to find the meaning of the data. The structure of this certain approach is more flexible.