

## EXECUTIVE SUMMARY

Indonesians use mineral water in plastic cup for daily consumption, events and for welcoming guest at home. Demand for mineral water in plastic cup, nationally is 4% growth per year, with around 5-10% growth in Nusa Tenggara Barat (NTB). With this growth percentage, supply of plastic cup is needed accordingly.

While mineral water producers are distributed in all islands in Indonesia, plastic cup manufacturers are located in Java and Sumatera. This situation causes all mineral water producers located outside of those islands to source their material from either Java or Sumatera. In the case of NTB, the producers need to source their plastic cup from East Java. Based on our initial survey and later followed up by interviews with mineral water producers in NTB and plastic cup manufacturer in East Java, we see a huge opportunity to establish a plastic cup manufacturing facility in NTB, to solve customers' job to be done.

By producing locally, we will be able to reduce Delivery Leadtime from 14 days to 1 day, reduce packaging inventory at client from 1 month to 1 day, reduce quality risk due to delivery from 3% to 0%, and give lower cost as the additional benefit. To achieve this objective, and to ensure existing suppliers not able to cut our business, we have decided to introduce a new business model: *In-Plant Manufacturing*; by *putting our plastic cup machine inside our customer factory*, with a long-term supply agreement.

In-Plant manufacturing is our core value-chain, where we combine: *Inbound Logistic, Production, and Outbound Logistic* in one location, at our customer factory. Based on the economic situation and financial assumption, we have calculated the financial projection from all variables and our expected payback period is in 4.28 years. The feasibility calculation also results in IRR of 23.41%.

In summary, this business idea is feasible and promising for investor and customers since PT. Packaging Indonesia provides a win-win solution for local people in terms of income and to the government.