

EXECUTIVE SUMMARY

The increase of consumption per-capita in average 2% per year and Indonesian population growth rate from 2010 to 2020 around 1.3% causing the increment consumption of beef from year to year. The demand for beef consumption for 2014 to 2019 predicted to increase by an average of 6.01% per year. Meanwhile, the fulfillment of beef needs that can be fulfilled by local cattle breeders is still 60.9% of what needed. Reason being is Indonesia doesn't have sustainable agribusiness system resulting in expensive cow feed prices, difficulties in capitalization and access to the calves market. Nearly 98% of beef cattle breeders in Indonesia are smallholder breeders, where around 81% of MSMEs are not unbankable so that capital is difficult to obtain from banks. Funding needed to meet the difference in beef supply is 40% or almost to equivalent of IDR 10 Trillion. Meanwhile, the financing capacity of the traditional financial industry is only able to answer the needs of 40%, this shows that there is an opportunity that the need for funds to be met is IDR 6 trillion.

On the other hand, the growth of credit disbursed by banks increased by 8.60% in 2019 and funds loaned through fintech in the same year increased by 68.53% compared to the previous year. This shows that more and more people want to increase their money value through investment. Considering the need for farmer funds and the increase in the number of investors, a common ground is needed to accommodate the needs of breeders and those who provide investment.

PT Investasi Ternak Indonesia (Yo'Ternak) as one of the peer-to-peer lenders is here to connect the needs of breeders as borrowers and investors as lenders. In addition, to provide answers to capital issues, Yo'Ternak has compile comprehensive company strategy such as an operational strategy that will help breeders get easy access related to supply of calves, supply of cattle feed, knowledge to raise cattle to meet the market needs and to found potential buyer. Combines the concept of peer-to-peer lending and facilitate the networking process to increase the farmer productivity. Forming the breeder group and supply chain networking makes the breeders more productive in running their cattle management business and improves the breeder's ability as borrower to pay back their loan capital. In the other side the operational strategy also focuses to easy access to lender in term channeling their funds through the Yo'Ternak application that integrate with monitoring system of cattle fattening in the field.

Marketing strategy will focus on promotion to consumer breeders and investor through channels that have been tailored for each target market using various media such as digital marketing, event promotion, customer gatherings and various loyalty program that targeting to increase of productivity and long-term cooperation. To carry out the company strategy, a competent human resource is needed in running the business. Through competency-based

human resource strategy, Yo'Ternak developed an integrated resource management system starting from the recruitment process, training, development, performance appraisal and performance-based remuneration to strengthen the employee motivation and capability to give their best performance in serving the customer and to achieve the company goals.

With comprehensive and integrated strategy in terms of operations, marketing and human resources, will strengthen Yo'Ternak to be able to provide service quality for their breeders so they will be more productive and also ensures the liquidity of the funds from the lenders.

The initial investment required to build this project is estimated at IDR 12,893,291,600. - with the need for CAPEX of Rp. 3,740,100,000.-. and funds for operations of IDR 9,153,191,600.-. The income generated from this peer-to-peer lending is IDR 9,895,050,000.- in 1st year with an estimated 5-year NPV and IRR of IDR 32,554,686,123. - and 53.01%, respectively. It is estimated that the payback period is 4 years 4 months after starting production.

Based on a comprehensive and integrated company strategy, Yo'Ternak has long-term and sustainable business prospects and has promising growth potential so that the beef cattle financing business is feasible to be implemented.

