

## EXECUTIVE SUMMARY

### Introduction

PT. Digital Solusindo Pratama is a company formed to leverage digital technology in improving the efficiency of equipment rental industry. Our products, Equiprent, are targeted for project owners and equipment owners. Equiprent provides real-time data which allows users and renters to understand the rental supply chain information and efficiently plan/execute their sourcing activities. Integration of real-time data and digital technology unleashes potential for reducing sourcing cost, time and resources for all stakeholders and therefore cost optimization.

Our products will be offered at a competitive price range. Although the customers are not as price sensitive, the benchmark ceiling price is limited by off-line renters in the current market. Our competitive strategy is overall cost leadership which will be achieved through staggering the development (minimum viable product approach) while observing market acceptance; leverage third party infrastructure for digital system support and fit-for-purpose organization size.

### Our Company and Company Culture

PT. Digital Solusindo Pratama will use Rukan Eksklusif at Pantai Indah Kapuk, Jakarta Utara as its base. Our business model does not require exclusive office. The main selection criteria are the infrastructure availability and its cost competitiveness. Our philosophy for human resources lies on its simplicity in HR process and the organization structure; we pay for higher rate to attract experienced-level professional to keep the organization small. Our company applies flexible working hours' policy to stimulate high performance organization and balance employee personal's needs.

### Market Potentials

Based on RAPBN, Biro Pusat Statistik and BMI Research, the construction industry is one of the highest contributors to Indonesia's GDP (10-11%) with a real-growth of 6-7% annually. Government expects to continue focusing on infrastructure development. Equipment spending for construction sector is predicted at Rp.100 trillion (2024) and Rp.128 trillion (2029), with 20-30% of the market served through rental mechanism. Our product aligns with current digitalization philosophy most companies expected. Business players in technology-based rental system is not much observed yet with some products still in the development stage or used for different purpose. Digital application will enable small and mid-size companies (99% of the industry) to expand competitiveness as the equipment user or rental suppliers. This makes Equiprent has enormous potential for growth.

## **Competitive Advantages**

Our competitors are equipment manufacturers and off-line renters. While most equipment manufacturers focus on selling equipment, some are also engaged in rental business but for their own equipment brands. The off-line renters relied on relationships to obtain their business therefore they have limited visibility on the overall market condition. Our product offers a solution that provide real-time data for varieties of equipment with an ease of use digital application and growing features. With free-mium model, it provides free access to all stakeholders to view the database but charge annual application and transaction fee only to those engaged in transaction. Our transaction fee is 50-75% of typical fee charged by off-line renters. The offered benefit is not limited only to low transaction cost. The equipment user, construction companies and project owners can leverage Equiptrent data for planning purpose. The equipment owner can reduce the marketing resources and increase market potential for nation-wide projects. Common benefit for both stakeholders includes computerized time-sheet to support invoice process. Pre-agreed contract draft will be made available for preview to shorten contracting process.

## **Financial Projections**

Company requires funding of Rp.7.5 billion sourced mainly through founders and angel investors contribution in the form of common shares. This business is expected to provide IRR of 30% with WACC of 15% (probabilistic based on 3 scenarios).

In the first 3 years, company will experience negative profit due to spending on digital application development, marketing and hiring campaign. In year 4, company predicts to achieve its first net profit. Significant profit increase will be seen in year 5 when the construction market penetration stabilizes and expansion into agrobusiness and mining sector initiated. We predict that there will be new players intend to capitalize this opportunity and therefore our “most likely” scenario assumption is flattened since year 4.

Our projection shows that revenue will grow with 49.34% for the first 10 years. At the same period, operating expense will grow at 14.62% with a flattened profile from year 5-10. Cumulatively, this will contribute to a net profit growth of 16.92% annually despite net loss in the first 3 years. The business proposal will yield a probabilistic NPV of ~Rp.6 billion with 2% chance of negative NPV