

Executive Summary

Indonesia is one of the countries that has biggest sales in the automotive sector. The demand for passenger vehicles in Indonesia has always been increased since year 1949. Among the countries in Southeast Asia, Indonesia car sales was placed the highest in year 2017. Although the sales number is high, the car ownership ratio is considered low in Indonesia. From 1000 people in Indonesia, only 87 of them own their personal car.

According to the internal survey, the most significant problem of owning a car in Indonesia are big down payment, also time and money spent for car treatment. Seeing this painful experience in the current conventional car users, PT Arma Drive Indonesia came with car subscription solution. ArmaDrive car subscription service will offer hassle free with no down payment car ownership. Since Indonesia's biggest car sales proportion came from Jabodetabek, the company will start the business here in this area.

The main headquarters of ArmaDrive will be located in Tangerang, which is very strategic and has good access. Moreover, the location has more possibility to offer wider space with cheaper rate and labour wage compared to other location in Jabodetabek. The company will run most of its operation in this headquarters. Marketing and sales activities will also be supported in several point of sales in shopping centers and automotive events.

After doing some qualitative and quantitative analysis, the market segments for this business model in Indonesia are divided into 4 segments, which are young enthusiast, general economics, mature established, and mature luxury. ArmaDrive will be targeting on young enthusiast segment since they have the most similar value and usage profile with the value that can be possibly created by car subscription service. By partnering up with some car dealers from various brands and financing companies, Armadrive is aiming to run a business that can create value which is expected by the potential customer.

Since the offered business model is considered new in Indonesia, the customer demand growth is expected to increase exponentially, especially after the third year of the business. In the earlier years, the company will be focusing its activities to increase brand awareness and customer education. According to the most likely analysis, ArmaDrive's NPV is expected to be approximately 816 billion Rupiah after 5 years running the business. Moreover, the financial analysis is also supported by other positive valuation, such as IRR at 182% and Payback period at 2.06 years. Based on financial above, the business is most likely feasible to be realized.