

## Executive Summary

To meet the needs of transportation for its employees, every company faces variety of options. The common chosen solution is usually to rent or buy a vehicle with or without a driver with a monthly or annual rental scheme. The benefits of the former option is that the company will not be preoccupied with problems hassle of operation and maintenance of the vehicle so that it can focus more on its core business. However, for companies that do not use their vehicles intensively, this solution becomes inefficient due to the significant amount of time in which the vehicle is not in use.

*Car Sharing* service attempts to answer the above problems by offering complete vehicle rental services along with driver and fuel with Rp. 95.000 / hour as rental price. Companies signing up for the service may book a vehicle 1-2 hours in advance before using through a highly efficient booking system similar to the taxi booking system. Every month, client will get a bill of last month usage including a detailed report containing the location of every pick-up and drop-off. With this service, cost effectiveness will be realized from the client point of view because they will only pay based on their real usage. In addition, efficiency can also be achieved because much of fixed costs associated with permanently owning/leasing a vehicle such as the depreciation and driver salary expenses can be shared with other clients. Detailed usage reports will also help to assure the use of service in accordance with the company's interests. Above all, clients will also get a guaranteed level of vehicle availability as high as 94%. In short, the value propositions that can be offered to clients are efficiency and effectiveness, guaranteed availability of the vehicle and greater usage control.

The main target market of the *Car Sharing* service are the corporations who require operational vehicles in the Greater Jakarta area, especially in the industrial districts, with low to moderate vehicle utilization. The analysis shows that the use of *Car Sharing* service will offer efficiency to corporations with utilization of less than 5 hours/day per vehicle. Concentration of the target market in the industrial area will further increase efficiency because of the concentration of companies and industries area. Moreover, the needs of transportation solutions in the industrial area are

relatively higher due to the lack of alternative public transportation such as taxi. In the first stage of *Car Sharing* business, the industrial district of Cibitung-Cikarang is chosen. Currently there are more than 2.382 companies and industries with limited alternative transportation solution for their employees in the area.

In terms of competitors, currently there is no single company that offers exactly the same businesses model with the *Car Sharing* service. The closest competitors are the major vehicle leasing company that offers car pooling service, but the service is only suitable and efficient to use by companies with very high utilization (an average of 7 hours/day per vehicle) due to minimum usage requirement. Other competitors are the car rental companies which offers daily or 4-6 hourly rental schemes. This service is also less efficient for utilization of under 4 hours/day when compared to the *Car Sharing* service. In order to deliver efficiency and effectiveness to client, the cost-leadership generic strategy is executed in the *Car Sharing* business.

The main source of income for *Car Sharing* business is the rental fee payments from clients. In addition, sales of vehicle in order to modernizes the fleet every 5 years is a second source of income. In financial plan, the business is assumed to start with 210 vehicles in the first year with the location of the office and fleet *pool* in Cibitung. The business would target 334 enterprise clients in the area during the first year of operation. In 10 years the fleet and the number of clients will increase gradually in accordance with the growth of industries in the area. According to the financial projections, profit margin target will be above 15% and can be achieved on 5<sup>th</sup> year. After second year the rate of Return on Equity (ROE) can exceed the target of 20% and the rate of Return on Assets (ROA) may exceed the target of 15% after the second year. From the feasibility analysis, the business would contribute Internal Rate of Return (IRR) of 36% per annum with Net Present Value (NPV) of Rp. 12,7 billion.

From the financial calculations and analysis, we can conclude that the *Car Sharing* service is definitely viable and therefore feasible to be realized.