ANALISIS DALAM MENGHADAPI INOVASI DISRUPSI OLEH PERUSAHAAN PETAHANA UNTUK MENGURANGI KERUGIAN PASCA DISRUPSI DENGAN KEMITRAAN BERSAMA PERUSAHAAN DISRUPTOR (STUDI KASUS: KEMITRAAN BLUE BIRD DAN GO-JEK)

ANALYSIS ON CONFRONTING DISRUPTIVE INNOVATION OF AN INCUMBENT COMPANY TO MITIGATE ITS LOSSES POST DISRUPTION BY PARTNERSHIP WITH A DISRUPTOR COMPANY (CASE STUDY: BLUE BIRD AND GO-JEK PARTNERSHIP)

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Surabaya 2019

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AFFIRMATION

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UNDERGRADUATE THESIS
Created in Order to Meet One of the Conditions
to Obtain the Degree of *Sarjana Komputer*
(Bachelor of Computer Science)
on
Department of Information Systems
Faculty of Information Technology and Communications
Institut Teknologi Sepuluh Nopember

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Surabaya, 23rd January 2019

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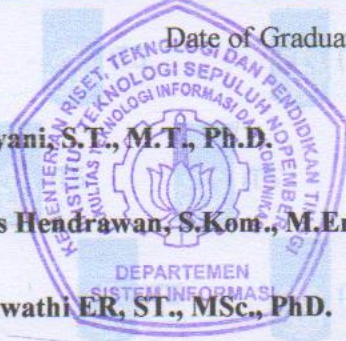
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ABSTRAK

Inovasi disruptif menjelaskan suatu proses di mana perusahaan yang lebih kecil dengan sumber daya yang lebih sedikit berhasil menantang bisnis lama yang sudah mapan. Secara khusus, karena petahana fokus pada peningkatan produk dan layanan mereka untuk pelanggan yang paling menuntut (dan biasanya paling menguntungkan), umumnya mereka melebihi kebutuhan beberapa segmen dan mengabaikan kebutuhan segmen yang lain. Perusahaan baru yang terbukti disruptif umumnya di mulai dengan keberhasilannya menargetkan segmen-segmen yang diabaikan tersebut, memijak dengan cara memberikan fungsionalitas yang lebih sesuai, seringkali dengan harga lebih rendah. Diyakini bahwa fenomena ekonomi berbagi memungkinkan menjadi penyebab disrupsi di pasar konvensional. Salah satu bentuknya adalah perusahaan jaringan transportasi yang telah menyebabkan gangguan pada industri taksi konvensional, dengan jumlah pesanan taksi konvensional turun hanya dalam waktu satu tahun. Dengan Blue Bird bermitra dengan Go-Jek pada tahun 2016, orang dapat berargumen bahwa ini adalah cara Blue Bird dalam

menghadapi gangguan yang disebabkan oleh perusahaan jaringan transportasi di Indonesia.

Penelitian ini menggunakan laporan keuangan dan pergerakan saham milik Blue Bird untuk mengukur kinerjanya secara finansial selama awal kemunculan perusahaan jaringan transportasi dan manfaat secara finansial dari kemitraan. Wawancara dilakukan untuk menemukan alasan kemitraan antara Blue Bird dan Go-Jek.

Penelitian ini telah mengidentifikasi bahwa kemunculan perusahaan jaringan transportasi telah membawa dampak buruk bagi Blue Bird pada operasi taksinya. Walaupun disrupsi yang di bawa oleh perusahaan jaringan transportasi sesuai dengan proses bisnis Blue Bird, namun tidak sesuai dengan nilai-nilai intinya. Blue Bird memutuskan untuk bermitra dengan Go-Jek karena dapat menghadapi disrupsi tanpa perlu membuat perusahaan spin off. Kemitraan telah menciptakan normalisasi dalam kerugiannya.

Kata Kunci: disruption innovation, transportation network company, blue bird, go-jek, financial statement

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ABSTRACT

Disruptive innovation describes a process whereby a smaller company with fewer resources can successfully challenge established incumbent businesses. Specifically, as incumbents focus on improving their products and services for their most demanding (and usually most profitable) customers, they exceed the needs of some segments and ignore the needs of others. Entrants that prove disruptive begin by successfully targeting those overlooked segments, gaining a foothold by delivering more-suitable functionality, frequently at a lower price. It is believed that sharing economy most likely would cause a disruption in the conventional market. One of the forms of it is transportation network company which has caused a disruption in the conventional taxi industry, with numbers of orders of conventional taxis plummet in just a year. With Blue Bird partnering with Go-Jek in 2016, one could argue that it is Blue Bird's way on confronting the disruption caused by transportation network companies in Indonesia.

This research utilises Blue Bird's financial statement and stock price to measure its performance financially during the

inception of transportation network companies and the financial benefit from the partnership. Interviews were conducted to find the reasons on the partnership between Blue Bird and Go-Jek

This research has identified the inception of transportation network companies had badly affected Blue Bird on its taxi operation. While the disruption created by the transportation network companies fits Blue Bird's business process, it did not fit with its core values. Blue Bird decided to partner with Go-Jek as it could confronted the disruption without needing to create a spin off. The partnership has created a normalisation in its losses

Keywords: disruption innovation, transportation network company, blue bird, go-jek, financial statement

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CHAPTER I
INTRODUCTION

This chapter presents the background on the creation of this research, its problems, its scope, the objective of the research, the merit of the research, and the relevance of this research to the realm of research in the System Enterprise laboratory division.

1.1. Background

The world has been changing dramatically after the world wars. The market's needs of both services and products are changing in every period and entering the new millennials, the dynamic changes turns from decades to yearly. Companies tend to continue the improvement of their products or services to meet some of the needs in the market. Undoubtedly, innovation played a crucial role in companies to secure their place in the industry and to stay ahead of their competitors. However, some companies have neglected an emerging force, and at times a disruptive one [1]. These forces might cause a great turbulence in the industry, and for some companies, once the giant in the market, died down as history has shown with examples such as Kodak and Xerox [2]. These forces are known as "disruptive innovation".

Disruptive innovation is a theory created by Christensen "describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses" [3]. Products or services based on disruptive innovation are typically cheaper, simpler, smaller, and, usually, more convenient to use [4]. It is believed that sharing economy, currently emerging in today's market, most likely would cause a disruption in the conventional market [5]. One of the forms of sharing economy is transportation network company, which will be primarily discussed in this paper. Transportation network company has caused a disruption in the

conventional taxi industry, with numbers of orders of conventional taxis plummet in just a year [6].

Technological changes bring upon extraordinary consequences, it is a two-sided coin, one could facilitate and the other could impede existing business processes, these includes disruptive innovation and sustaining innovation. Transportation network companies caused controversy in the national transportation service as it was argued "operated illegally in the light of the fact the operated vehicles have not fulfilled the requirements of public transportation by the government" [7]. The Transportation Ministry of Indonesia insists on ride-hailing services are illegal, in spite of the fact that *ojek* has not been regulated even before the establishment of such transportation network company in Indonesia [8]. In 22th of March 2016, thousands of conventional taxi drivers, including auto-rickshaw drivers, raised their voice in demonstration in front of the MPR/DPR Building in Jakarta, to oppose every transportation network companies in Indonesia such as Grab, Go-Jek, and Uber, it later turned into a riot targeting any transportation network company drivers and taxi drivers that did not participate in the demonstration [9]. The Transportation Ministry of Indonesia later created regulations for transportation network companies in order to operate legally in Indonesia and under the umbrella of the abiding laws of Indonesia [10]. However, it created a strong resistance from the transportation network company drivers as it "could damage their businesses and pose a threat to their cars' ownership status" [11]. It was later revised in order to satisfy each respecting transportation network companies while maintaining a fair competition with existing conventional transportation companies [12].

PT Blue Bird Tbk, a subsidiary of Blue Bird Group, is an Indonesian company engaged in the transportation industry since 1972. It was once known as the king of the Indonesian taxi industry [13]. "If New York is well known with the yellow taxi and London with the black cab, then Jakarta is Blue Bird: armada of blue taxis that decorates the streets of the ever-busy

capital" [14]. PT Blue Bird Tbk has several categories in its services, from regular taxis (Blue Bird and Pusaka), executive taxi (Silver Bird), limousine and car rental (Golden Bird), and charter bus (Big Bird). This paper will mainly focus on its regular taxi service.

Go-Jek is an Indonesian company engaged in the mobility service provider since 2010. It started as a motorcycle ride-hailing phone service, commonly known as *ojek* in Indonesia, albeit the customer commonly hailed them in places where *ojek* drivers hangs out. It then converts itself into an on-demand motorcycle transportation network company in 2014. It grew quite significantly, it started with 1.000 drivers in Q1 2015 into 10.000 drivers in Q2 2015 [15]. It expanded to many cities and even to other countries such as Singapore, Vietnam, Philippines, and Thailand. It also expands its services to others as well, ranging from ride hailing (in the form of both motorcycle and car named Go-Ride and Go-Car respectively), shopping service (Go-Mart, Go-Food, and Go-Shop), in-city courier (Go-Send and Go-Box), online chemists (Go-Med), online ticket marketplace (Go-Tix), lifestyle and facilities services (under its subsidiary, Go-Life), and electronic payment (under its subsidiary, Go-Pay). This paper will mainly focus on Go-Car.

Disruptions are critical moments for incumbent firms simply it challenges the firm's ability to adapt and survive. However, it could provide an opportunity to reconsider their strategies in the industry. With Blue Bird partnering with Go-Jek in 2016, one could argue that it is Blue Bird's way on confronting the disruption caused by transportation network companies in Indonesia such as Grab, Go-Jek, and Uber. This paper will mainly focus on how Blue Bird manages to confront and overcome the changes of market patterns from the side of its user and its existing business processes, including its service deliverance from the aftermath of the disruption.

1.2. Research Problems

This research aims to investigate the following key research questions:

a. How did disruptive innovation affect Blue Bird in its financial operations?
b. What was the rationale and strategic choice for Blue Bird to partner with a disruptor?
c. How did the partnership support Blue Bird in its financial operations?

1.3. Research Scope

This research limits its investigation with the following limitations:

a. The transportation network companies discussed are focused only on those uses cars
b. The transportation network company is focused on Go-Car
c. The conventional taxi is focused on Blue Bird's regular taxis, Blue Bird and Pusaka
d. The data period that were used ranged from 2014 to 2018 for Blue Bird
e. Operational revenue, stock price, earning before tax, net revenue, and gross profit will be used to measure Blue Bird's past and current position and its method's success on countering disruptive innovation
f. The data that were used are data that are collected and documented by the respective companies and any third parties

1.4. Research Objective

This research significance with the following purposes:

a. To identify Blue Bird's confrontation against disruption innovation
b. Investigate, identify, and asses Blue Bird's effort to confront disruption innovation

1.5. Merit

This research could see its merit for the following persons or groups:

a. For the researcher, obtaining such knowledges and experience regarding on how companies handle disruptions. Moreover, to explore, but not limited to, the subject of disruption innovation even further.
b. For the companies, as an evaluation of the partnership between the two respecting companies, understand any potential problems both internally and externally. Finally, as a reference for strategy making decision for such problems.
c. For persons or groups, any persons or groups, not limited to the *civitas academia* of the Department of Information Systems of ITS, could obtain this information for knowledge, research, and considerations that could help on creating decisions regarding on disruption innovation.

1.6. Relevance

This final assignment research utilises the knowledge of managerial assessment on emerging new technologies that was learned in the course of Digital Business that was enrolled by the researcher. This proposed final assignment is also relevant to the realm of research in the System Enterprise laboratory division located in the Department of Information Systems of Institut Teknologi Sepuluh Nopember, Surabaya. In accordance with the courses in the realm of the mentioned laboratory division, this proposed final assignment is a suitable topic for the System Enterprise laboratory division.

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CHAPTER II
LITERATURE REVIEW

This chapter presents theory and past researches that are utilised to construct a theoretical framework to be used in this paper.

2.1. Previous Researches

This sub-section presents the previous research that had relevance to the topic of this research that were used as the basis and guidance of this research.

Table 2.1 Previous Researches

Research 1	
Title	Confronting Disruptive Innovations – A case study of Statoil's business unit New Energy Solutions
Writer	Hanne Vabø Sæle and Marit Eggen, 2017
Research Description	This research has been an explorative study of Statoil's business unit New Energy Solutions (NES) in the context of the energy transition towards a low carbon future, which new energy designated by the writer as a disruptive innovation for Statoil. Statoil created NES to combat this disruptive, however the writer found this creation is ineffective to combat it due to lack of autonomy from Statoil and cultural barriers.
Research Relevance	This research introduces the theory, especially regarding to the concept and various understanding of disruptive innovation and the options on strategic choices to confront the disruption. However, this research mainly focused on the evaluation of the efficiency of the case

Research 1
study's spinoff company, New Energy Solution, to confront disruptive innovation. Therefore, this research mainly focusses on the theory reviewed by the writer.

Research 2	
Title	The Role of Market Orientation in Incumbent Firm's Defence Against Disruptive Innovations
Writer	Ossi Heiskala, 2017
Research Description	This research has been a literature and qualitative analysis research on how market orientation could help incumbent companies to defend against disruptive innovations. The writer identified four components which are crucial to incumbent's defence against disruptive innovations: (1) early recognition of potential disruptions, (2) response strategy formulation, (3) response strategy implementation, (4) innovation ability.
Research Relevance	This research introduces one of the strategic options when confronting disruptive innovation. However, this research mainly discusses the market orientation as a defence against disruptive innovation, which to maintain its existing customer, it does not bring the innovation within the product or services.

Research 3

Title	Is Financial Performance Reflected in Stock Prices?
Writer	Zarah Puspitaningtyas, 2017
Research Description	This research has been an experimental research to determine the effect of financial performance in stock price. Financial performance is measured using the variables of liquidity, profitability, growth, and market valuation. The results indicate that the share price reflects the market valuation of the company's shares.
Research Relevance	This research introduces the effect on market valuation as factor on a company's stock price. Market valuations act as an indicator of the investor's interest in buying a company stock.

Research 4	
Title	Analisis Kinerja Keuangan PT. Garuda Indonesia Tbk
Writer	Muhammad Rizal, 2017
Research Description	This research has been a descriptive research on PT Garuda Indonesia TBK's financial performance using financial ration analysis and comparative horizontal analysis. Financial ratios analysed include Current Ratio (CR), Quick Ratio (QR), Debt Ratio (DR), Debt To equity Ratio (DER), Gross Profit Margin (GPM), Net Profit Margin (NPM), Return on Investment (ROI) and Return on equity (ROE).

Research 4	
Research Relevance	This research introduces on determining a company's financial performance by observing and analysing the company's balance sheet, income statement, and cash flow statement using financial ratios.

2.2. Theory Review

This sub-section presents the theoretical review of the topic of this research.

2.2.1. Disruptive Innovation

The concept of disruptive innovation has been debated by numerous researchers and experts. Christensen [3], the creator of the disruption innovation theory, "describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses. Specifically, as incumbents focus on improving their products and services for their most demanding (and usually most profitable) customers, they exceed the needs of some segments and ignore the needs of others. Entrants that prove disruptive begin by successfully targeting those overlooked segments, gaining a foothold by delivering more-suitable functionality—frequently at a lower price.".

In his book "Innovator's Dilemma", Christensen [4] explains there are two types of innovations, sustaining and disruption. The former explains that this innovation only gives added value, usually incrementally, to any established product or services and along the existing customers that viewed its value historically. While the latter, innovations that results in worse product performance. Disruption innovations are ordinarily inferior and would not outperform an established product in the mainstream market during its inception, but few customers, usually new ones, seen its value such as being cheaper, simpler, smaller, and, frequently more convenient to use. Disruptive

Innovation then later crawled into the mainstream market after developing a more appealing product with higher quality than its inception which will they start to become appealing [1].

Figure 2.1 depicts the disruptive innovation model, the red lines represent product performance trajectories, the improvement of products or services. The blue lines represent customer demand trajectories, customers' willingness to pay for performance, it is divided into market segments. The process that leads to disrupted markets starts when incumbent companies introduce their higher-quality products or services, leading their products' performance to rise upwards toward the high-end market where it is the most profitable, while simultaneously overshooting the needs of the mainstream and the low end of the market. This creates an opening for challengers to find and gain footholds at the less profitable segments, which the incumbents are neglecting. The more they improve their products' performance, the more they start to win the mainstream customers, ultimately challenging the incumbents.
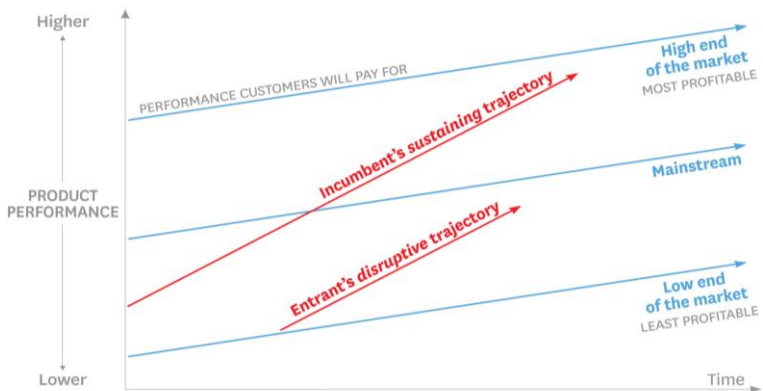
Figure 2.1 The Disruptive Innovation Model

Based on the explanation above, Christensen [4] could see the rationale of managers in incumbents' failure to respond the disruption which he explains it in his *failure framework*: first, the disruptive products or services are, as previously mentioned

simpler, cheaper, and they generally promise lower margins, not greater profits. Second, disruptive innovations are typically first commercialised in emerging or insignificant markets. Third, leading firms' most profitable customers generally do not want, and often cannot use, products based on disruptive technologies. These issues make it difficult for managers and decision makers to predict how big the markets for the disruptive technology will become in the long term. As Reed Hastings, CEO of Netflix, pointed out "most companies that are great at something do not become great at new things people want because they are afraid to hurt their initial business. Eventually these companies realise their error of not focusing enough on the new thing, and then the company fights desperately and hopelessly to recover. Companies rarely die from moving too fast, and they frequently die from moving too slowly" [16].

As mentioned, the concept of disruptive innovation has been considerably debated, criticised, and broadened by a number of researchers and expert, even up to this day. Christensen [3] mentions as often falsely associated with all kinds of innovations that lead to radical changes in the industry. Some argued the title of the theory itself is misleading, particularly when people for the first-time heard thought of it as an innovation that *are disruptive* [17]. Christensen recognises that disruptive innovation has been improved by other researchers and experts and sees the building of theory on disruptive innovation as an ongoing process [1].

a. Meeting the Challenge

Disruptive changes have caused a great turbulence in the industry, and for some companies, once the giant in the market, died down as history has shown with examples such as Kodak and Xerox [2]. In his research, Heiskala [17] identified four components which are crucial to an incumbent's defence against disruptive innovations: (1) early recognition of potential disruptions, (2) response strategy formulation, (3) response strategy implementation, (4) innovation ability. Before

companies rush into action to address such disruptions, managers must understand what types of change the company is capable and incapable of handling. Christensen [18] suggests that three factors affect what an organisation can and cannot do: its resources, its processes, and its values. After understanding its capabilities, Christensen suggests creating a new organisational space where those capabilities can be developed, there are three possible ways:

1. Create new organisational structures within corporate boundaries in which new processes can be developed
2. Spin out an independent organisation from the existing organisation and develop within it the new processes and values required to solve the new problem
3. Acquire a different organisation whose processes and values closely match the requirements of the new task

	Good (Fit with organisation's values)	Poor
Poor (Fit with organisation's processes)	**Region B** — Use a heavyweight team within the existing company	**Region C** — Use a heavyweight team in a spinoff
Good	**Region A** — Use a lightweight team or a functional team within the existing company	**Region D** — Use a heavyweight team that may develop in-house, but commercialisation require a spinout

Figure 2.2 Capabilities Matrix

Figure 2.2 above, depicts a matrix for the actions above that are recommended with regards to the company's capabilities to combat such disruption. The vertical axis represents the company's existing processes that are suited to get the new project run effectively. The horizontal axis represents if the company's values permits the company to allocate the resources

the new initiative needs. Region A represents the project is a good fit with company's processes and values, so no new capabilities are needed, a functional or a lightweight team can tackle the project within the existing company's structure. A functional team works on function specific issues, then passes the project on to the next function. A lightweight team is cross-functional, but team members stay under the control of their respective functional managers. Region B represents the project is a good fit with the company's values but not with its processes. It presents the company with new types of problems and therefore requires new types of interactions and coordination among groups and individuals. The team, like the team in region A, is working on a sustaining innovation. In this case, a heavyweight team is needed, but the project can be executed within the mainstream company. A heavyweight team which the members work solely on the project. Region C represents a project that doesn't fit the organisation's existing processes or values, the project is working on a disruptive innovation. To ensure success, the company should create a spinout organisation and assign a heavyweight development team to tackle the challenge. Region D represents a project that fits the company's current processes but doesn't fit its values. Similar to region C, region D is working on a disruptive innovation. To ensure success, assign a heavyweight development team to work in a spinout. Development may occasionally happen successfully in-house, but successful commercialisation will require a spinout.

2.2.2. Collaboration

To remain relevant in the market, businesses must constantly innovate and improve their products or services. But business innovation and continuous improvement are not solo sports; they require partnership, cooperation, collaboration, and engagement [19].

This research would like to emphasise the definition of collaboration, as the term are found to be interchangeably with partnership in some journal [20]. Partnership is a shared

commitment, where all partners have a right and an obligation to participate and will be affected equally by the benefits and disadvantages arising from the partnership [21]. The definition of collaboration is a mutually beneficial and well-develop relationship entered by two or more organisations to achieve common goals. Judging from these two definitions above, it has a close proximity to these two concepts. Carnwell and Carson [21] simply define them as 'partnership' (who we are) and 'collaboration' (what we do).

Griffin notes, "Organisations are starting to realise that they do not have the time, resources, capabilities, agility, and risk appetite in-house to create and launch new models. Collaboration has several benefits. It enhances innovation and stimulates experimentation because it leverages the strengths of each party. The pace may well be faster, and costs can be lower than going it alone. Collaborations are easier to unwind, and multiple collaborations create strategic and operational optionality." [22]. A study from the KPMG in the UK [22] with more than 80 incumbents faced with disruption found that partnership was the most commonly pursued route, followed by four patterns:

1. To fend off competition from new players in other sectors
2. To improve customer service and loyalty
3. To reach new markets or demographics groups
4. To develop new capabilities quickly by incorporating their distinctive technology or expertise

In her study, Gudzeheva [23] have discovered various results regarding to partnership both intra- and inter-industry. She found that there is not a significant difference in the process of choosing, including the criteria, a partner from the same industry as opposed to a different one. There are unique factors which need to be taken into consideration when dealing with an inter-industry partner, but they are highly dependent on the industry in question. However, organisational and operational fit has to be present, same is true to culture on both organisational and individual level. Trust also plays a key role,

companies, regardless of their industry, must show its willing on the possibility sharing its knowledge. Furthermore, same-industry partnerships are developed in order to achieve greater market coverage, while inter-industry strive for market access. Size is not relevant when choosing a partner as long as companies are sure that their partner able to deliver what was promised. Communication also has a higher relevance for inter-industry partnerships.

Some researcher has found partnerships to be a possible response for incumbents in confronting disruptive innovation. These researchers argue that companies that are proficient with partnership would likely to survive and drive the disruption innovation [19], while some argue that companies could combine externally and internally developed technologies with the aim of developing new businesses, usually called open innovation [24]. In their study, Chesbrough and Crowther [24] found that some companies tend to collaborate with open innovation as a way to monitor potential disruptive innovation that could affect their existing business. Singh [22] found that partnership between incumbents and entrants could increase sales levels during its entry and after the partnership initiation, however that can only be said true for the entrants, large incumbents does not receive much sales growth, however, receive its greatest benefit from marketing alliances and R&D.

2.2.3. Financial Statement

One of the tools in evaluating the performance of a company from the outside is to interpret its financial statements, which are the most available data open to public for a public company [25]. Financial statement are created to provide information regarding financial position, performance, and changes on the company's financial position to aid analyst outside of the company to make economic decisions [26]. Usually, financial statements are created under the guideline by a specific commission according to the company's location.

According to Helfert [25], financial statement consists of balance sheet, income statement, cash flow statement, and

statement of changes in shareholder's equity. Balance sheet displays assets and liabilities at a specific point in time as economic value of assets can change. Income statement reflects the company's operation and business performance during a specified period with the results of profit of loss in the company, it also presents the company's costs and expenses that charged against its revenues. Cash flow presents how the company profitability generation on its operations. Finally, income statement presents any changes to the shareholder's equity such as changes in ownerships.

a. Comparative Horizontal Analysis

Analysis and interpretation of financial statements aims on looking at the various parts of the financial statements, relating the parts to another, describe the picture, and determine if any meaningful and useful interpretation can be made out of from the analysis. One method to analyse financial statement is by comparting at least two consecutive periods of information to find and identify changes that have occurred over the period [27]. These are the statements showing the profitability and financial position of a firm for different periods of time [28].

b. Gross Margin

One of the most common ratios in financial analysis is the calculation of gross margin which indicate the "raw profit" operations [25]. The narrower the margin, the greater is the danger of a modest decline in selling prices or cost increase will produce losses [29]. According to Helfert [25], gross margin reflects the relationship of prices, volume, and costs. The formula of gross margin is presented in figure 2.3 below.

$$Gross\ Margin = \frac{Gross\ Profit}{Net\ Revenue} \times 100\%$$

Figure 2.3 Gross Margin Formula

c. Net Profit Margin

The relationship of reported net profit after taxes to sales indicate a success in the operation by also leaving a margin of

reasonable compensation to the owners [25]. Net profit margin illustrates how much cash were collected by a company as revenue translates into profit [30]. The formula of net profit margin is presented in figure 2.4 below.

$$Net\ Profit\ Margin = \frac{Net\ Profit}{Net\ Revenue} \times 100\%$$

Figure 2.4 Net Profit Margin

2.2.4. Stock Market

Stock market serves as a bridge between the stock seller and stock purchase or commonly known as investor. The stock is one type of securities traded in the capital market, investing in stocks, particularly in companies, offers a high rate of return but it also contains a high level of risk due to the high degree of uncertainty [31]. Patrick and Wai [32] argued that stock markets are markets where companies sell stocks in order to generate long term capital that can be included into their profitable options as people would rather invest in winners than losers meaning buyers hold on to their stocks for future dividend pay-outs. Puspitaningtyas [31] argued that a company's stock price should reflect the company's financial performance. If the financial performance increases, then the tendency of shares of the company will be favoured by investors, thus encouraging the increase in stock prices. In other words, the higher the financial performance the higher the stock price, and vice versa. A low company stock price compared to its composite index may reflect investor reaction to recent company problems, such as disappointing earnings, negative publicity, or legal problems, all of which may raise doubts about the companies' long-term prospects [33].

The movement of trades in the stock market are indicated with the composite index which provides a statistical measure of overall market or sector performance over time [34]. Markets that are active, will present a rising composite, and vice versa [35]. Volatility of composite index can also be correlated to other factors outside of market activities. Mukhlis et al. [36]

explains factors for the volatility of composite index can be contributed with both external and internal factors. External factors can be found in the economic turbulence in outside regions, especially in well-developed ones, such as The United States of America, Europe, Asia, and the Middle East. Internal factors can be found on the country's political condition, legal, and events.

2.2.5. Pearson Correlation Coefficient

Pearson correlation coefficient is a measure of the strength of a linear association best fit through the data of two variables, and the Pearson correlation coefficient, r, indicates how far away all these data points are to this line of best fit [37]. The formula of Pearson correlation coefficient is presented in figure 2.5 below.

$$r = \sum_{i=1}^{n} \frac{(X_i - \bar{X})(Y_i - \bar{Y})}{(n-1)\,S_y}$$

Figure 2.5 Pearson Correlation Coefficient Formula

Where:

$\bar{X}$: Sample mean for first variable

S_x : Standard deviation for the first variable

$\bar{Y}$: Sample mean for the second variable

S_y : Standard deviation for the second variable

n   : Column length

The correlation coefficient assumes a value between -1 and $+1$, if one variable tends to increase as the other decreases, the correlation coefficient is negative [38]. Conversely, if the two variables tend to increase together the correlation coefficient is positive.

To determine whether the correlation between variables is significant, P-values are often used in hypothesis tests to determine whether to reject or fail to reject the null hypothesis [38]. Usually, a significance level (denoted as α or alpha) of

0.05 works well [39]. The formula of p-value for Pearson correlation coefficient is presented in figure below

$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

Figure 2.6 P-value for Pearson's Correlation Coefficient Formula

Where:

r : Correlation coefficient

n : Number of observations

P-value ≤ α: The correlation is statistically significant

If the p-value is less than or equal to the significance level, then you can conclude that the correlation is different from 0.

P-value > α: The correlation is not statistically significant

If the p-value is greater than the significance level, then you cannot conclude that the correlation is different from 0.

2.2.6. Blue Bird

Figure 2.7 Blue Bird Taxi Logo

PT Blue Bird Tbk, a subsidiary of Blue Bird Group, is an Indonesian company engaged in the transportation industry since 1972. It was once known as the king of the Indonesian taxi industry [13]. "If New York is well known with the yellow taxi and London with the black cab, then Jakarta is Blue Bird: armada of blue taxis that decorates the streets of the ever-busy capital" [14]. Before establishing itself as a taxi company, Blue Bird started as an informal transport industry in the form of

auto-rickshaw shared taxis, it later became an illegally operated taxi company [40]. Blue Bird popularised the use of taximeter in Indonesia, before then many of the taxi that operated in Indonesia used "negotiation based" fare [41]. It started with 25 taxis in 1972, and currently operates 22.411 regular taxis scattered in Indonesia [42]. PT Blue Bird Tbk has several categories in its services, from regular taxis (Blue Bird and Pusaka), executive taxi (Silver Bird), limousine and car rental (Golden Bird), and charter bus (Big Bird). Blue Bird conducted an initial public offering (IPO) and listed shares on the Indonesia Stock Exchange with ticker symbol "BIRD" on the 5th of November 2014 and obtained the effective statement on the 29th October 2014 by the Financial Services Authority by offering 376.500.000 shares with a nominal value of Rp100,- per share and offering price of Rp6.500,- per share [42].

2.2.7. Go-Jek

Figure 2.8 Go-Jek Logo

Go-Jek is an Indonesian company engaged in the mobility service provider since 2010. It started as a motorcycle ride-hailing phone service, commonly known as *ojek* in Indonesia, albeit the customer commonly hailed them in places where *ojek* drivers hangs out. It then converts itself into an on-demand motorcycle transportation network company in 2014. It grew quite significantly, it started with 1.000 drivers in Q1 2015 into 10.000 drivers in Q2 2015 [15]. It expanded to many cities and even to other countries such as Singapore, Vietnam, Philippines, and Thailand. It also expands its services to others as well, ranging from ride hailing (in the form of both motorcycle and car named Go-Ride and Go-Car respectively),

shopping service (Go-Mart, Go-Food, and Go-Shop), in-city courier (Go-Send and Go-Box), online chemists (Go-Med), online ticket marketplace (Go-Tix), lifestyle and facilities services (under its subsidiary, Go-Life), and electronic payment (under its subsidiary, Go-Pay).

Go-Jek champions itself as a social company, mainly to improve welfare and subsistence of workers in various informal sectors in Indonesia. Their mission is "strive to spread positive social impact through technology, increasing GO-JEK drivers' incomes and ensuring a better standard of living for themselves and their families." [43].

CHAPTER III
METHODOLOGY

3.1. Stages of Research

This section presents on how the stages of the research systematically were conducted. The following stages is displayed in figure 3.1 below.

```
          ┌─────────────────┐
          │      Start       │
          └─────────────────┘
                   │
                   ▼
          ┌─────────────────┐
          │   Literature    │
          │     Review      │
          └─────────────────┘
                   │
                   ▼
          ┌─────────────────┐
          │ Data Collection │
          └─────────────────┘
                   │
                   ▼
          ┌─────────────────┐
          │  Data Analysis  │
          └─────────────────┘
                   │
                   ▼
          ┌─────────────────┐
          │ Creation of Final│
          │   Assignment    │
          └─────────────────┘
                   │
                   ▼
          ┌─────────────────┐
          │       End        │
          └─────────────────┘
```
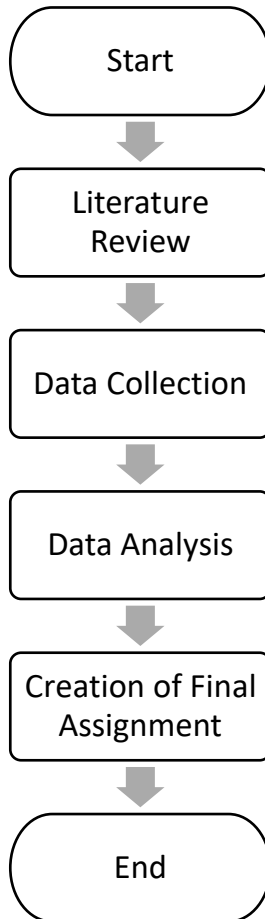
Figure 3.1 Stages of Research Diagram

3.2. Methodology Summary

This section will present the summary of the previous stages of research while presenting each stage with its activity, goal, input, output, and method which are presented in table 3.1

Table 3.1 Methodology Summary

Activity	Goal	Input	Output	Method
Literature Review	Extract a theoretical framework of the topic	Previous Research	Theoretical Framework	CLR
Data Collection	Collection of data that are required for analysis of the research	Theoretical Framework	1. Interview transcript 2. Collection of data	Interview, Record Collection, and Document Collection
Data Analysis	Analysis of data to investigate and create a conclusion	1. Interview transcript 2. Collection of data	1. Financial performance 2. Statements 3. Stock movement 4. Findings	1. Profitability ratio 2. Correlation test
Creation of Final Assignment	Any information, results, and conclusion are recorded into a written statement	1. Financial performance 2. Statements 3. Stock movement 4. Findings	Final Assignment	Written

3.2.1. Literature Review

In this stage, there were an extensive literature review iteratively to extract a theoretical framework, which afterwards build the understanding of disruption innovation, its various understanding, and the companies that will be used as the case study. The literatures were taken from various researchers and experts in forms of various tangible media. The literature is not limited to past research papers and books.

3.2.2. Data Collection

Collection of data is a crucial part of the research as it will dictate the conclusion of the research. In this research, three type of data were collected: interviews, documentation, and records. The research had conducted an interview from both companies to have an insight on the partnership's inception and its operation. The interview was conducted from one of Blue Bird's employee (the interviewee wishes not to be mentioned nor referenced) and their drivers from Blue Bird's perspective. As for the Go-Jek's perspective, it would also interview any Go-Jek's personnel, particularly the one who negotiated and/or manage the partnership to gain any insights on the partnership. The interviews that were conducted are in the form of a semi-structured interview, which would be a set of questions for the interviewees, however, would ask any additional questions or skipped certain questions if it had deemed has been answered or irrelevant during the interview's conditions. The documents that were collected are mainly from news and articles that are available in the mass media. Moreover, any analysis from any third-party sources were also collected. Finally, this research had collected records that are available to the public and from the archival of the respecting companies upon request. However, there is a concern on collection of some data, namely number of orders. Such data are highly confidential and will be highly scrutinised should the data be provided. Should the data be not provided, it would highly rely on the interviewee's best judgement on the case as it still is a reliable source.

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3.2.3. Data Analysis

Once all available data that are required were collected, an analysis was conducted as there was a high chance of differentiation from both companies. Therefore, it created a middle ground or a judgement on which is more highly plausible. In this step, the analysis had used the obtained data and the theory that were mentioned in the second chapter to try to answer the research problems mentioned in the first chapter.
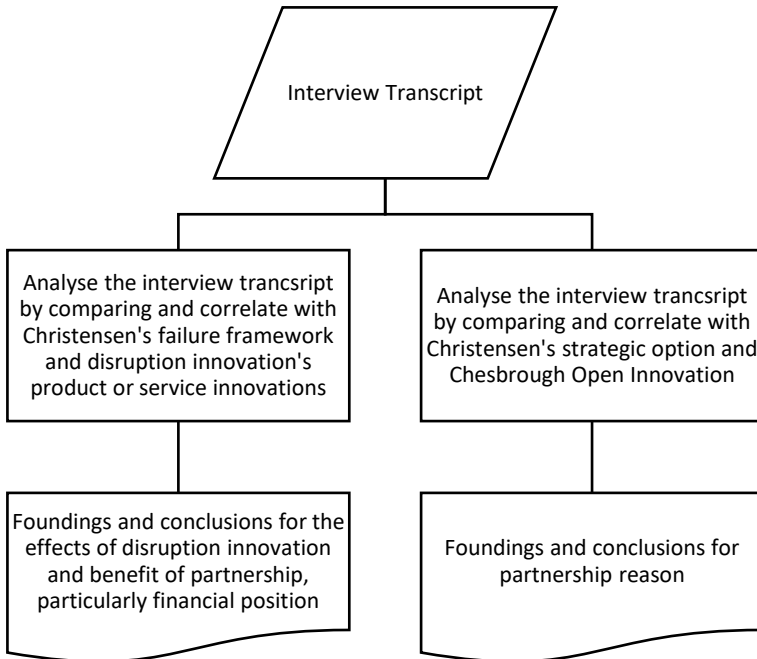
Figure 3.2 Interview Analysis

As presented in figure 3.2 above, using the interview conducted, an analysis was conducted and try to answer the question on how disruptive innovation affected Blue Bird, what exactly its base and its reason to choose partnership instead of other strategic decisions, how did its partnership could mitigate its losses, and finally, if and how the partnership helped Blue Bird in anyway by, first this research had correlated the interview

with Christensen's failure framework and product and service innovations to find the effects of disruptive innovation for Blue Bird. Second, by corelate the strategic options created by Christensen and Chesbrough's open innovation to find the reason for partnership.
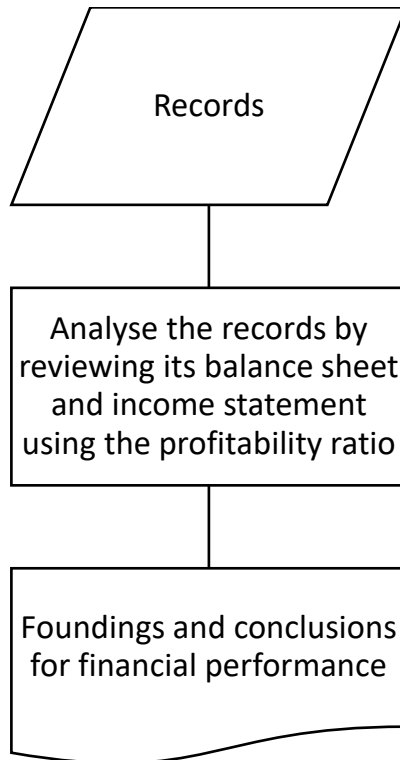
Figure 3.3 Record Analysis

With the records that were obtained, presented in figure 3.3 above, an analysis was conducted in a way to answer the question on if and how the partnership helped Blue Bird by analysing its financial statement using the profitability ratio to find Blue Bird's position in the market.

As for the documentation, mainly will act as a supporting data for both the interview and records obtained either by

supplementing or adding values to the respective data during its analysis mentioned above.

Finally, created visualisations, not limited to diagrams, in order to provide an ease of understanding for any persons who views this research.

3.2.4. Creation of Final Assignment

Any information, assessments, and conclusion that were found during the research will be recorded in the form of a written medium, an undergraduate thesis. The process of the creation of the assignment is highly scrutinised under the institution in order to satisfy the institution requirements and format, and any other medium that the supervisor wish to publish.

3.3. Final Assignment Structure

This section will explain the structure of the final assignment according to the institution's standard for any documented scientific paper published from the institution. The structure is as follows.

3.3.1. Chapter I Introduction

The first chapter will explain the background of the research, the research problems, the research scope, the research limitation, the merits, and the research's relevance to the discipline in the major.

3.3.2. Chapter II Literature Review

The second chapter will present any past research that were relevant to this research and the theoretical framework of this research.

3.3.3. Chapter III Methodology

The third chapter will present the methodology of this research, the stages of the research that will help the creation of this undergraduate thesis.

3.3.4. Chapter IV Analysis and Research Results

The fourth chapter will present the analysis of the study, its findings, and discuss them

3.3.5. Chapter V Conclusion and Recommendation

The fifth chapter will present a conclusion of the research and create recommendations for both companies and its partnership.

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CHAPTER IV
ANALYSIS AND RESEARCH RESULTS

This chapter presents how this research had collected the required data to be analysed which also will be presented in this chapter.

4.1. Data Collection

Data collection is a necessity for an explorative study to identify the decision process that were made. It also served as evidences if and how disruptive innovation affected Blue Bird. As mentioned in the previous chapter, three sources of data were collected: interviews, documentation, and records.

4.1.1. Interview

Interviews were originally meant to be conducted in both companies in order to have an insight from both perspectives. Interviews brings out the knowledge and perspective of the study according with their positions in the company. However, interviewees might bring out their opinions and views, hence could potentially bias their response, for example: an executive might have different or backlash on an employee's, or in this case the partner's, response. Therefore, it is important to understand this condition and review it accordingly. It is also important to create an interview protocol that is best suited for the interviewees position and knowledge on the company. The interview protocols were created under the deductive logic of research in qualitative studies by Creswell [44]. After numerous information gathering from various sources, such as news and articles, and with observation, notes several keywords, such as: **penetration effects**, **losing market**, **partnership with Go-Jek**, and **Go-Car integration**. Then created the interview protocols around those keywords.

Table 4.1 represents the code of the question that symbolises from the keywords notes with its description for the interview

protocol. These interview protocols are available in Appendix A and Appendix C.

Table 4.1 Interview Questions Code

Code	Keyword	Description
PE*an*	Penetration Effect	Questions regarding on how the penetration brought by car-based transportation network companies had affected the taxi industry.
L*an*	Losing Market	Questions regarding on how the penetration brought by car-based transportation network companies had affected the taxi's revenue and financial position.
PG*an*	Partnership with Go-Jek	Questions regarding on the reasoning, process, and benefit from the partnership with Go-Jek for Blue Bird.
G*an*	Go-Car Integration	Questions regarding on the process, operational, and benefit from the integration of Blue Bird's armada into Go-Car's service.
n: Number *a*: Interview Protocol Type (A: Executive, B: Drivers)		

The participant from Blue Bird wishes to remain anonymous with its name and current and/or past position(s). The interview was conducted by meeting it personally, it was recorded with a voice recorder application in a smartphone, the transcript of the interview is available in Appendix B. The interviewee explains how badly transportation network companies that used cars affected the transportation industry. Most legally operated taxi besides Blue Bird and Express are practically dead in Jakarta due to the disruption caused by transportation network company. The interviewee believed transportation network

companies could set their fare as they please, while legally operated taxi had to bind with the transportation regulation. The interviewee gave Blue Bird's reason to partner with Go-Jek and its pattern of deal. How Go-Jek wanted to have all of Blue Bird's customer data, which Blue Bird declined. How Blue Bird suggested a cross ownership with Go-Jek, which Go-Jek also declined. The interviewee also mentioned the benefits with its partnership and integration with Go-Car helped their number of orders and its technology. The interviewee mentions how the partnership managed to help Blue Bird to achieve number of orders, which in hindsight, obtained Go-Car's customer base.

There were also an interview with five Blue Bird's drivers based in Jakarta who has experienced the emergence of transportation network companies, especially to those who began their operation with cars. These drivers gave insights and their best knowledge on how it affected their operations and orders during the launch of transportation network companies in Jakarta. They also brought their experience in terms of operations with the partnership of the companies. The main purpose on selecting Blue Bird's driver only on those who operates in Jakarta was due to the fact that the rift created by the transportation network companies started in Jakarta. This research had managed to collect all five Blue Bird regular taxi drivers that were stationed in The FoodHall Vila Delima, Jakarta. However, all five drivers wish to remain anonymous due to the nature of the question, a wish which the writer's colleague found after requesting 12 different drivers. The transcript of the interview is available in Appendix D to H for each five drivers.

Unfortunately, this research could not interview from Go-Jek's perspectives in terms of the partnership and the operation. The person in charge denied the request of interview due to the outstanding demand for requests from other parties which has fulfilled the quota and could not obtain the permission of the stakeholders due to lack of manpower, according to the person in charge. The letter from the person in charge is available in Appendix I.

In order to refer any of the interviewee further of this writing, the interview will be sorted in codes which is presented in the table 4.2 below.

Table 4.2 Interview Code

Interview Code	Interviewee
BE1	Anonymous Executive of Blue Bird Group
BD1	Anonymous Blue Bird Regular Taxi 1
BD2	Anonymous Blue Bird Regular Taxi 2
BD3	Anonymous Blue Bird Regular Taxi 3
BD4	Anonymous Blue Bird Regular Taxi 4
BD5	Anonymous Blue Bird Regular Taxi 5

After conducting the interview, continuing Creswell's deductive logic of research in qualitative studies, this research notes keywords mentioned by the interviewees which would later be examined with other data in order to validate.

4.1.2. Records

Similar with the previous data collection method, records collection originally meant to be collected from both companies as there might be a difference or contrast from the other, there might also be a statement or an insight with their conditions on their specific time and needs in their records.

Records that were collected mainly comes from Blue Bird's annual report ranging from 2014 to 2017 as it already provided sufficient evidence especially towards the company's financial position. The consolidated financial statement of every quarter from 2014 to 2018 were also collected, however these financial statements have not been audited. The 2018 consolidated financial statement were only collected up until the 30th of October due to, at the time of the writing, the December consolidated financial statement, nor the annual report of 2018

has not been released by Blue Bird. There were, however, other supporting documents that were under scrutinise due to the nature of the highly sensitive and confidential of the information provided by either Blue Bird or by the anonymous interviewee. Such information will not be presented with the request of the respective provider however was used for the analysis and/or mentioned in the results. The official announcement documents of the Blue Bird and Go-Jek partnership created by Blue Bird were also collected, this provided the insight of any implication that might have happened in its inception.

Unfortunately, the condition of collecting records from Go-Jek shared the same fate as the request for interview. The person in charge denied the request due to the inability to obtain the permission of the stakeholders. As mentioned, the letter from the person in charge is also available in Appendix D.

In order to simplify, organise, and refer or mention further of this writing on any of the ample amount of documents had been collected, the documents will be sorted in codes which are presented in the table 4.3 below.

Table 4.3 Document Code

Document Code	Document Title
AR14	Blue Bird Annual Report 2014
AR15	Blue Bird Annual Report 2015
AR16	Blue Bird Annual Report 2016
AR17	Blue Bird Annual Report 2017
FP16	Financial Performance 2016
FQ15	Consolidated Financial Report March 2015
FQ25	Consolidated Financial Report June 2015

Document Code	Document Title
FQ35	Consolidated Financial Report September 2015
FQ45	Consolidated Financial Report December 2015
FQ16	Consolidated Financial Report March 2016
FQ26	Consolidated Financial Report June 2016
FQ36	Consolidated Financial Report September 2016
FQ46	Consolidated Financial Report December 2016
FQ17	Consolidated Financial Report March 2017
FQ27	Consolidated Financial Report June 2017
FQ37	Consolidated Financial Report September 2017
FQ47	Consolidated Financial Report December 2017
FQ18	Consolidated Financial Report March 2018
FQ28	Consolidated Financial Report June 2018
FQ38	Consolidated Financial Report September 2018
PR16	Partnership between PT Blue Bird Tbk (the "Company") and GO-JEK
PR17	Implementation of Partnership between PT Blue Bird Tbk (the "Company") and GO-JEK

Document Code	Document Title
PR27	Further Implementation of Partnership between PT Blue Bird Tbk (the "Company") and GO-JEK

The financial statement that are analysed are those who has relevance on presenting profitability ratio. Similar with Rizal [45], analysed its gross profit margin and net profit margin and compare each timeline using the comparative horizontal analysis.

4.1.3. Documents

Documents were collected mainly originate from news articles and other third party's analyst and/or investigator. These documents acted as the first step on Creswell's [44] deductive logic of research in qualitative studies, which is information gathering on the topic. It also acts as a supporting statement or as an aid for on creating links for any missing connections that the previous data collection method had not brought the light out.

As mentioned, information gathering was conducted from various sources, such as news and articles and later the notes the keywords after the gathering, the list of the keywords and its description are presented in table 4.4 below.

Table 4.4 Description of Keywords

Keyword	Description
Penetration Effect	The penetration brought by car-based transportation network companies had affected the taxi industry.
Losing Market	The penetration brought by car-based transportation network companies had

Keyword	Description
	affected the taxi's revenue and financial position.
Partnership with Go-Jek	The reasoning, process, and benefit from the partnership with Go-Jek for Blue Bird.
Go-Car Integration	The process, operations, and benefit from the integration of Blue Bird's armada into Go-Car's service.

This research heavily relies on Yahoo Finance's stock history for both Blue Bird (BIRD) and Jakarta Composite Index Infrastructure, Utility & Transportation (IHSG) stock price, respectively. This research presents BIRD stock prices in order to present the market value of the company as it has been researched by Puspitaningtyas to have a correlation with the stock movement [31]. While the composite presents the movement of the market activity.

4.2. Analysis

The introduction of this undergraduate thesis presented two objectives of this research:

1. To identify Blue Bird's confrontation against disruption innovation
2. Investigate, identify, and asses Blue Bird's effort to counter disruption innovation

These objectives were carefully selected and created in regards with the research problems. To fulfil these objectives, the analysis will be divided into 3 segments:

1. The financial effects of the disruptive innovations presented by the transportation network companies
2. The rationale and strategic choice behind Blue Bird's decision to partner with a disruptive company, particularly with Go-Jek

3. The financial benefits from the partnership brought into Blue Bird

In this section, it will present the analysis of the research's objective and is structured into sub-section with the segments above.

4.2.1. The Financial Effects of the Disruptive Innovations Presented by the Transportation Network Companies

Blue Bird was once known as the king of the Indonesian taxi industry [13]. In 2015, Blue Bird obtained a net revenue of IDR 5.5 trillion, about 140% difference with Indonesia's second largest taxi company, Express Taxi. Go-Jek itself has already established its position in the market since 2014 as an on-demand motorcycle transportation network company, however Blue Bird did not pay much attention to it as they felt that they did not compete with Blue Bird nor the taxi industry directly.

> "Go-Jek's **bike had not affected us**, the market segment is different. Go-Ride's market segment are worlds apart from us (taxi industry). The ones that Go-Jek affected were those *angkot* (shared taxi) and MetroMini (low-cost bus transportation)." -BE1, question PGA4

> "When Go-Ride entered, **it had not affected much**, but some of my friends are interested in joining" -BD1, question PEB2

> "**The bikes** (Go-Ride) **only affected to those angkot** (shared taxi) **and MetroMini** (low-cost bus transportation), but friends of mine were interested" -BD3, question PEB2

> "...like the others**, when Go-Ride entered, the one who was hit were those angkot** (shared taxi) **and MetroMini** (low-cost bus transportation) -BD4, question PEB2

> "...**bikes didn't affect much**, but was interested to be honest" -BD5, question PEB2

Most of the interviewee expressed the same voice regarding Go-Jek when it only consists of motorcycle-based services before the penetration of car-based transportation network company, that it only affected the lower cost transportation and had not affected the taxi industry. Presented in table 4.5 below, Q2 has gained in increase of taxi operational revenue and its net profit from Q1. However, its gross profit margin had a small drop of 1%. Bear in mind that during this time, Go-Jek still consists of motorcycle-based services.

Table 4.5 Q1 and Q2 2015 Operational Financial Performance

Financial Performance (In Billion IDR)	Q1	Q2
Operational Revenue	1,127	1,209
Gross Profit (Taxi)	347	360
Gross Profit Margin	30.83%	29.81%
Net Profit (Taxi)	183	284
Net Profit Margin	16.28%	23.47%

Uber has operated since mid-2014 in Indonesia, however it could not operate effectively with its low number of drivers, crackdowns from law enforcements on its drivers due to Indonesia's taxi regulation, and users could only pay its service with credit cards, something that most Indonesian does not have. However, in the mid-2015, GrabTaxi, later known as Grab, launched its Grab Car service in Jakarta, Indonesia. During its emergence, it provided a much cheaper and fixed fare than the metered taxi in Jakarta. Unlike Uber, Grab Car offered a higher number of drivers and able to pay in cash, which Uber later followed.

Blue Bird could not compete with both transportation network companies' aggressive pricing. Blue Bird being a legally operated Taxi, had to pay regulation fee and abide to the regulation pricing.

Table 4.6 News Article With "Penetration Effect" Keyword

Publisher	News Article	Summary
Detik	Online Taxi Boom, this is The Impact for Blue Bird and Express	Article presents the impact of taxi operations from transportation network companies.
Tempo	Sharing Economy, Online Taxi, does it Benefit the Nation?	Article presents the benefit and loss brought by transportation network companies.
Tirto.id	Gojek and The Revolution of Public Transportation	Article presents the poor quality of public transportation and how Gojek changes its users.
Kompas	When Ministers Passes the Legality of Application Based Transportation	Article presents the lack of integrity of regulations for transportation network companies.
DW	Taxi Demonstration Immobilises Jakarta	Article presents the reason of demonstration by taxi drivers: transportation network companies
Liputan6	Because of Online Transportation, 2 Taxi Operators Closed	Article presents the closure of taxi operators due to unable to confront

Publisher	News Article	Summary
		the transportation network company
Kompas	Benefit and Loss from The Appearance of Application Based Transportation Service	Article presents the transportation network companies' benefit for its users and loss for taxi companies
Merdeka	Violation of Constitution, Ministry of Transport Writes to Ministry of Communications and Information to Block Uber and Grab Car	Article presents the illegal operations of transportation network companies
Kompas	Do Online Application Threatens Conventional Taxi?	Article presents the threat brought by transportation network companies to taxi companies' operations
Republika	Venting of a Taxi Driver During Ied	Article presents the view from a taxi driver on a slow day during Ied due to transportation network companies

Table 4.6 above presented news articles from the information gathering stage that consists of the penetration effects from car-based transportation network companies. It then verifies the articles above with the interviews from BE1 and the driver samples.

"…as if we are told to compete with our hands tied on our backs while the other's (transportation network companies) hands are free to do anything! ***They want to lower their price, they can lower their price as they wish, while we can't do anything!***" -BE1, question PEA2

"...***we have to follow regulations***, fares with this and that! Meanwhile ***they*** (car-based transportation network companies) ***can do anything they want!***" -BD1, question PEB5

"They're (car-based transportation network companies) illegal! ***We taxis are legal as we must abide to the rules***" -BD2, question PEB5

Transportation network companies had broken the regulation set by the *Kementerian Perhubungan Republik Indonesia* (Ministry of Transportation of The Republic of Indonesia), namely its fare settings [46].

Table 4.7 News Article with "Losing Market" Keyword

Publisher	News Article	Summary
Detik	Because of *Ojek* Online, Taxi Orders are Dull	Article presents the decrease of taxi driver's earning due to transportation network companies
Bareksa	BIRD dan TAXI Income Eroded by *Ojek* and Online Taxi?	Article presents the drop of profit and stock price of Blue Bird and Express
Katadata	Express' Operational Revenue Shrinks Since 2015	Article presents the drop of operational revenue of Express due to transportation network companies

Publisher	News Article	Summary
Kompas	Vent from a Blue Bird Driver About His Daily Earnings	Article presents Blue Bird's driver view on his drop of daily earnings
Pro Kaltim	"Now, Finding IDR 100 Thousand is Hard"	Article presents taxi driver's difficulty to earn 80% of last year's daily earnings
Tempo	Earnings Dropped 50 Percent, this is The Voice from an Express Driver	Article presents drop on operational revenue due to transportation network companies
Bareksa	Compete With "*Ojek* Online", TAXI income Drops 90%?	Article presents Express 90% drop on operational revenue due to confronting transportation network companies
Kontan	Quarter III, Express Transindo Utama (TAXI) records clean loss of IDR 537 billion	Article presents the clean loss of Express
Katadata	Online Transportation Presence Puts Pressure on Conventional Taxi Earnings	Article presents the pressure from transportation network company on Blue Bird and Express' operational revenue statistically

Publisher	News Article	Summary
Surya	Blue Bird Drivers Earning Decreases and This is Their Opinion	Article presents Blue Bird Surabaya's drop on daily earnings
Detik	Drivers Complains Decrease on Earning, Blue Bird: We use Commission	Article presents Blue Bird's driver view on earnings

Table 4.7 above presented news articles from the information gathering stage that consists the losing market and financial effect perceived by taxi companies from car-based transportation network companies. It then verifies the articles above with the interviews and records.

Blue Bird lost a significant margin on its revenue in 2015's Q3. Many of its drivers lost with a rough estimation of 40%-60% of orders.

> "*Their* (taxi drivers) *income dropped*. We could see it in the Blue Bird Quarterly Report. Look at it from December 2015..." -BE1, question PEA2

> "*About a half* I've lost (orders)" -BD1, question PEB1

> "...*40 to 50% maybe*" -BD2, question PEB1

> "...*a half per day*"-BD3, question PEB1

> "*Around 50-60%*" -BD4, question PEB1

> "*A half maybe?*" -BD5, question PEB1

Table 4.8 Q2 and Q3 2015 Operational Financial Performance

Financial Performance (In Billion IDR)	Q2	Q3
Operational Revenue	1,209	1,189
Gross Profit (Taxi)	360	340
Gross Profit Margin	29.81%	28.55%
Net Profit (Taxi)	283	150
Net Profit Margin	23.47%	12.55%

Table 4.8 presented a decline on Q3 from Q2. Blue Bird had lost IDR 27 billion of its operational revenue from Q2 to Q3. Its gross profit lost IDR 20 billion with a 1.26% decline on its Gross Profit Margin. Net profit lost IDR 134 million with an 11% lost margin.

Table 4.9 presented some increase on Q4 of its operational revenue and gross profit from Q3. However, a small decrease on its gross profit margin, net profit, and its margin.

Table 4.9 Q3 and Q4 2015 Operational Financial Performance

Financial Performance (In Billion IDR)	Q3	Q4
Operational Revenue	1,189	1,236
Gross Profit (Taxi)	340	346
Gross Profit Margin	28.55%	28.02%
Net Profit (Taxi)	149	149
Net Profit Margin	12.55%	12.04%

Figure 4.1 below presented Blue Bird's operational revenue in 2015 on its regular taxi in the JADETABEK (Jakarta, Depok, Tangerang, and Bekasi) area. JADETABEK was the first area

where the rift created by the transportation company began in Indonesia. Q4 regained IDR 18 billion from Q3 thanks to the part of Indonesia's regulation on banning transportation network companies, only to be lifted by The President of Indonesia days later of its announcement of the ban.
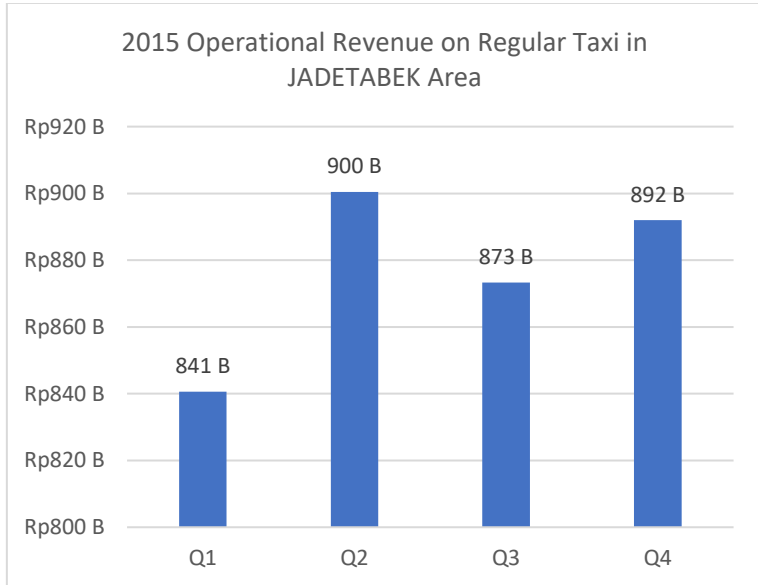
Figure 4.1 2015 Operational Revenue on Regular Taxi in JADETABEK Area

As presented in figure 4.2 below, BIRD has reached its peak closing share on IDR 12,100 in the 16th of January 2015, a number which Blue Bird has not reached to this date. However, the sudden drop from that number in January might be the consequences from a lawsuit from Gamya, a former sister company of Blue Bird. In the mid-2015, the boom from transportation network companies started and taxi companies started to suffer. BIRD's stock prices drop gradually as transportation network companies penetrated the transportation market. However, the cause of the drop may also be related with the composite gradually decline due to the uncertainty on the global market.
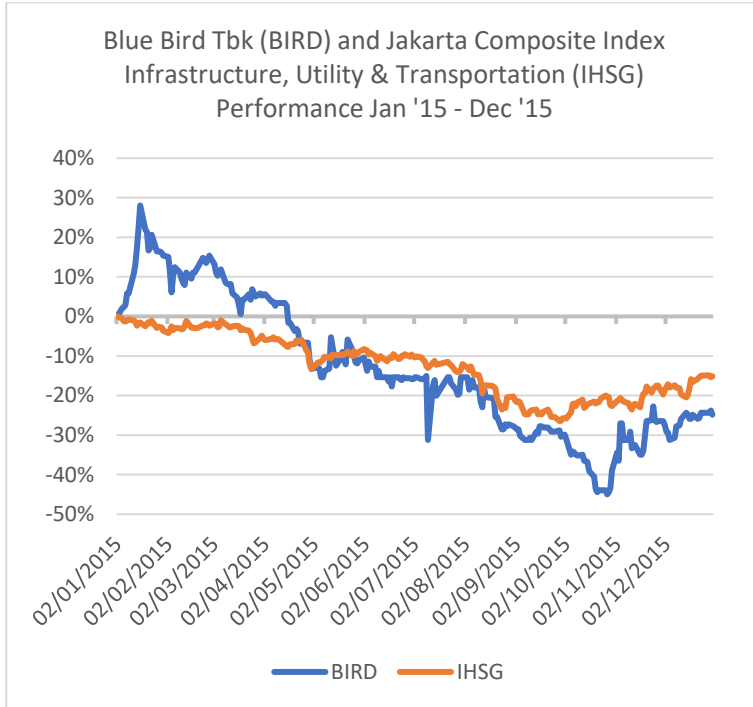
Figure 4.2 Blue Bird Tbk (BIRD) and Jakarta Composite Index (IHSG) Performance Jan '15 - Dec '15

According to BE1, the first half of 2016 was by far the worst time for Blue Bird during the penetration by transportation network company.

> In ***January, February, March, April, May, and June in 2016. It really shows*** (the losses) ...” -BE1, question PGA4

As presented in table 4.10, their operational revenue dropped from IDR 4.8 trillion in 2015 to IDR 4 trillion or lost 16.7% in operational revenue growth. Gross Profit dropped significantly from IDR 1.4 trillion in 2015 to IDR 1 trillion in 2016 or lost 28.6%, with a margin loss of 3.3%. Net Profit dropped significantly from 765 trillion in 2015 to 520 million in 2016 or lost 32%, with a margin loss of 3.15%.

Table 4.10 2015 and 2016 Operational Financial Comparison

Financial Performance (In Billion IDR)	2015	2016
Operational Revenue	4,761	4,025
Gross Profit (Taxi)	1,394	1,044
Gross Profit Margin	29.27%	25.94%
Net Profit (Taxi)	765	520
Net Profit Margin	16.08%	12.93%

As presented in figure 4.3 below, Blue Bird failed to reach their last year's operational revenue in every quarter with Q4 being the worst, with a -27.7% margin.
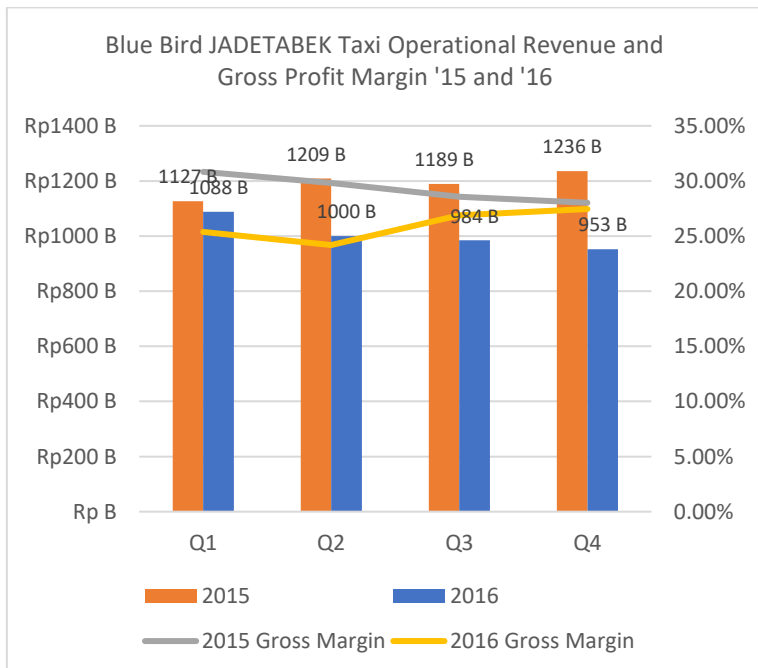
Figure 4.3 Blue Bird JADETABEK Taxi Operational Revenue '15 and '16

However, Blue Bird managed to soften their loses from Q2. Their profitability improved in the second half of 2016, Blue Bird significantly reduce its assets as much as IDR 201 billion to soften its losses

BIRD stock price weakened in 2016 especially during the demonstration of conventional taxi drivers to raise their voice in front of the MPR/DPR Building in Jakarta, to oppose every transportation network companies in Indonesia, which later turned into a riot on its day and continues to plummet for the rest of the year, as presented in figure 4.4 below. While the composite remained relatively stable throughout the year, Blue Bird however, did not. It plummeted to 60% since the start of the year and achieved *Bursa Efek Indonesia* (Indonesia Stock Exchange)'s "Top Losers" at the time [47],
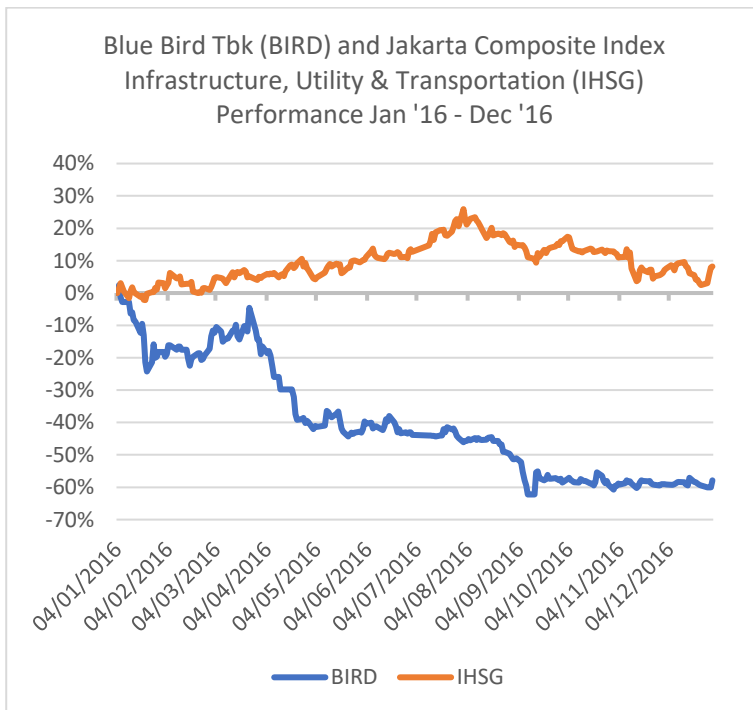
Figure 4.4 Blue Bird Tbk (BIRD) and Jakarta Composite Index (IHSG) Performance Jan '16 - Dec '16

Blue Bird's other operation segment that does not include taxi remains relatively stable. BE1 stated the ones that are disrupted in the Blue Bird Group are the taxi business, other segments remain "business as usual".

> "...the **revenue drops are pure from taxis!**" -BE1, question LA1

From Blue Bird's own records, it mentioned that its non-taxi segment improved in 2016.

> "Non-taxi segment of the Company still showed a fine growth in 2016 where revenue from rental business still grew by 10.3% in 2016 (Rp 518.2 billion) compared with 2015 (Rp 469.9 billion). Bus business also showed positive revenue growth from Rp 241.5 billion in 2015 to Rp 252.8 billion in 2016, up by 4.7%" -FP16

> "The Company felt the impact of the unhealthy competition as it adversely affected regular and executive taxi segments" -AR16

> "However, the Company's non-taxi and bus charter business segments booked admirable growth in 2016 compared with 2015... This also shows that the competition with online taxis does not affect non-taxi segment." -AR16

Transportation network companies has indeed fulfilled the requisite of a disruptive innovation. During its inception, it started in the low end of market where regular taxi customers would not use the motorcycle-based transportation hence it only entered the lower end market where customers would pay lower in sacrifice of comfort. However, it slowly regained its traction to enter the mainstream market with an added boost from the addition of cars in transportation network companies which adds comfort to customers. Additionally, the transportation network companies allowed drivers to enter the tightly regulated transportation industry without the need of a license

or special knowledge. These findings are very consistent with Christensen's theory on disruptive innovation.

4.2.2. The Rationale and Strategic Choice Behind Blue Bird's Decision to Partner with A Disruptive Company, Particularly with Go-Jek

As mentioned, transportation network companies penetrated and disrupted the transportation industry with its very aggressive pricing. To confront the disruption in the industry, Blue Bird made several changes on its strategic policies, particularly on its technology and quality enhancement of its services to customers. Blue Bird has formulated a transformation strategy that will be implemented gradually from 2017 through 2022.

> "This transformation will open up new business opportunities for the Company to adapt the technology more rapidly so as to respond to the demands of the existing competition" -AR16

However, to confront or at least slow the decline and losses from the disrupted market, Blue Bird needs to act bigger. As stated in chapter 2, Christensen has created a matrix to confront disruptive innovation with regards to the companies' own value, processes, and resources. Indeed, the business processes are quite the same with the only difference Blue Bird uses a meter for its fare while transportation network companies uses a fixed fare per kilometres. Blue Bird also has the resources of its taxi resources and its application since 2011, before the inception of transportation network companies, Blue Bird launched a mobile reservation application for smartphone where user could mark their pickup point, however they cannot see the driver's position. With the disruption caused by transportation network companies, Blue Bird relaunched its application in 2015 which changed its name into "MyBlueBird".

> "Board of Commissioners assessed the Company's effort in rebranding its Taxi Mobile Reservation (TMR) mobile app into My Blue Bird mobile app (My

Blue Bird) in August 2015 as an initial strategic step to reach and service its customers as well as to assist its drivers"-AR15

Blue Bird added numerous features such as driver's location, a competitive discount from promotions, and other features that could help their drivers. Blue Bird had no resources to develop such application and had to outsource in order to design, create, develop, and maintain. However, most of their outsource were either acquisitioned by Go-Jek or Grab, according to BE1.

"Blue Bird used to outsource its application development to Vietnam, which later the company were acquisitioned by Grab, all of them, to the point we no longer had any contractor. Go-Jek also acquire companies in India, Singapore, for their talent." -BE1,

However, Blue Bird decided not to fall into the price war between the transportation network companies as it would compromise their core values: Safety, Security, and Comfort.

"To be honest, Blue Bird focuses on its service orientation in transportation. As a result: *the car has to be clean, has to be fit*, the selling price must also be considered, the driver has to be prosperous (by Blue Bird) in order to continue to operate." -BE1, question PGA5

"The *brand image that we have created are safety and secure*" -BE1, question PGA3

"As a transportation provider with motto of safe, comfortable, easy, and personalized..." -AR15

"...trust in Blue Bird to provide them with comfortable, reliable, and safe public land transportation." -AR16

Which puts Blue Bird in Region D in Christensen's matrix, as presented in figure 4.5. It puts Blue Bird in the position to create a spin off that can challenge the disruptor without completely changing their core values. In order to do that, Blue Bird must

completely change its mindset on how they operate their business. However, it would be problematic for the shareholders and would have completely changed its brand image, something that Blue Bird can't afford as they're losing revenues and shareholders.

> "… and if Blue Bird wants to create its own (ride-sharing or ride-hailing service) then they have to think like peoples in Go-Car or Grab. They cannot think 'how is my driver's condition? Don't have to think about what services the people need." -BE1, question PGA10
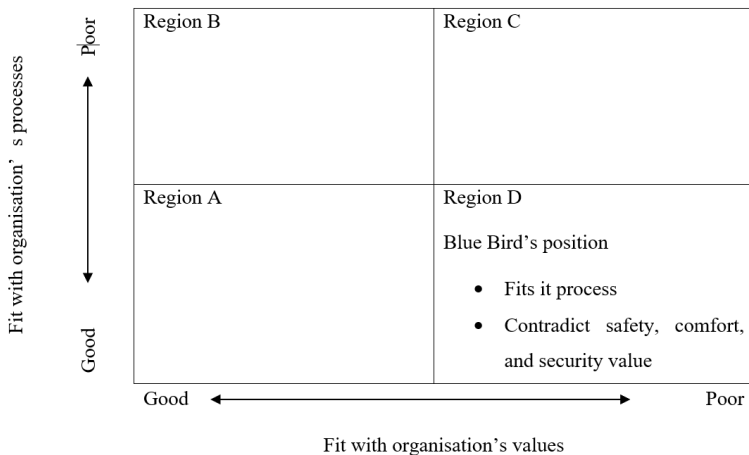
Figure 4.5 Blue Bird in Christensen's Matrix

In mid-2015, Blue Bird had made discussion with Go-Jek, however at the time, Go-Jek used only motorcycles for their services including transportation, which are not safe and lacks comfort, which partly is the reason why people chose taxis at the time.

> "Well if we are talking about motorcycles, *they're not safe. While the brand image that we're oriented is safety*." -BE1, question PGA3

"Some people ***don't like riding bikes simply because it's not comfortable, and it's not safe either***" -BD2, question PEB2

With Go-Car planning to launch its Go-Car service, which uses cars, Blue Bird pushes on the discussion with Go-Jek.

Table 4.11 News Articles With "Partnership with Go-Jek" Keyword

Publisher	News Article	Summary
Tirto.id	Go-Jek and Blue Bird Partnership Launched Go-Bluebird	Article presents the beneficiary of the partnership in the form of added channel for Blue Bird
Kumparan	The Reason Why Blue Bird Choose to Partner with Go-Jek	Article presents the reason of the partnership: nationalism and added channel
CNN	Go-Blue Bird, Form of a New Intimacy Between Go-Jek and Blue Bird	Article presents Go-Jek's CEO reason to partner: boost order and armada
Kompas	What is The Form of The Partnership Between Blue Bird and Go-Jek?	Article presents the reason of the partnership of Blue Bird and Go-Jek
Bareksa	What's with Go-Jek and Blue Bird?	Article presents its analysis on the partnership reason
Republika	Gojek and Blue Bird Collaborate on Apps	Article presents the beneficiary of the partnership in the

Publisher	News Article	Summary
		form of apps for Blue Bird
Detik	This is The Reason Why Blue Bird Partner with Go-Jek	Article presents the reason of the partnership: technology sharing
Tempo	Widen its Area of Operations with its Partner Go-Jek, This is The Hopes of Blue Bird.	Article presents Blue Bird's reason and hopes to partner with Go-Jek
Katadata	Increasing its Collaboration, Order Blue Bird Taxi is Available via Go-Jek	Article presents Blue Bird's ordering via Go-Jek's app
Kompas	Order via Go-Jek's app, Blue Bird's Fare are Much Cheaper	Article presents the beneficiary of the partnership in the form of payment for Blue Bird

Table 4.11 above presented news articles from the researcher's information gathering that consists the partnership with Go-Jek reasons and benefits. The researcher then verifies the articles above with the interviews from BE1 and records of public relations statement of the partnership.

At first, Go-Jek requested all of Blue Bird's fleet and customer data, which Blue Bird declined. Blue Bird also express its reluctance on having to bear Go-Jek's price difference especially on its discount, as the price difference are quite high according to BE1. Blue Bird proposes a cross-ownership, which Go-Jek declines. It would later reach an agreement.

"Blue Bird's omnichannel are via phone, exclusive outlets, My Blue Bird, and now *we see Go-Jek as an added omnichannel with hopes of increased order*" -BE1, question PGA3

"...and also *make use of their technology* (from the partnership)" -BE1, question PGA5

From Blue Bird, they will provide some of its fleet while they continue to operate as a regular taxi. Blue Bird sees this as an added channel for orders. From Go-Jek, they will integrate Blue Bird's fleet into their Go-Car service which will follow Go-Car's fare, they will also create "Go-Blue Bird" which users of Go-Jek could order Blue Bird, with Blue Bird's fare, from Go-Jek's application and could use Go-Jek's own payment system, Go-Pay. Go-Jek will also subsidies the price difference when Blue Bird receives orders via Go-Car.

> "The partnership of the Company and GO-JEK will stretch across technology, payments, and promotions" -PR16

> "GO-CAR customers riding BLUE BIRD Taxis as part of GOCAR fleets will be able to enjoy the same tariffs and promos as other GO-CARs. Customers still can pay for their BLUE BIRD Taxis using GO-PAY" -PR17

> "By this measure, the Company has added a booking facility that could be used by customers to easily access regular taxi services provided by the Company" -AR17

With the partnership, Blue Bird had not only added another channel to order their taxi, but also combine externally and internally developed technologies, which is consistent with Chesbrough theory in open innovation.

According to all of the announcement of the partnership (PR16, PR17, and PR27), there has been no implication nor impact in the legality nor its financial.

4.2.3. The Financial Benefits from The Partnership Brought into Blue Bird

Table 4.12 below presented news articles from the information gathering stage that consists the integration with Go-Car and the financial benefits it had brought. It then verifies the articles below with the interviews and records.

Table 4.12 News Articles With "Go-Car Integration" Keyword

Publisher	News Article	Summary
Liputan6	Partner Go-Jek, Blue Bird's Income Rose	Article presents the interview with Blue Bird's Independent Director on how the partnership contributed the profit increase
Tirto.id	How are Blue Bird and Express After Partner with Go-Jek and Uber?	Article presents the true benefit for the partnership of Blue Bird and Go-Jek
Merdeka	Blue Bird's Performance Boosted Thanks to Collaboration with Go-Jek	Article presents the financial benefits for Blue Bird brought by the partnership
Kumparan	Partnership with Go-Jek Starts to Present Results, Blue Bird's Income Improves	Article presents the financial benefits for Blue Bird brought by the partnership
Kompas	"Duet" with Go-Jek, Blue Bird' Stock Rose 4.32%	Article presents the rise of Blue Bird's stock by the partnership

Publisher	News Article	Summary
Tempo	Partner Go-Jek, Blue Bird's Treasury Starts to Rise	Article presents an increase on Blue Bird's operational earning brought by the partnership
Liputan6	Blue Bird's Partnership with Gojek Doesn't Harm Driver's Income	Article presents the partnership did not harm Blue Bird's driver's daily income
Detik	The Fate of Taxi Operators' Stock Post-Online Collaboration	Article presents Blue Bird's stock and financial increase from the partnership in comparison with Express
Sindo	Partner Go-Jek, Analysts Predicts Blue Bird's Stock Increase	Article presents the analysis on the forecast on Blue Bird's stock from the partnership
CNN	Benefit and Loss for Duet of Taxi Companies with apps	Article presents the comparison with Blue Bird's partnership and Express' effort

With the partnership's announcement in the 1st of February 2017, Blue Bird's stock price jumps significantly, a 12.84% from 8th of February to 9th of February 2017. As presented in figure 4.6, it continues to rise during the first half. It even listed 8th place of *Bursa Efek Indonesia* (Indonesia Stock Exchange)'s "Top Gainers" [48].
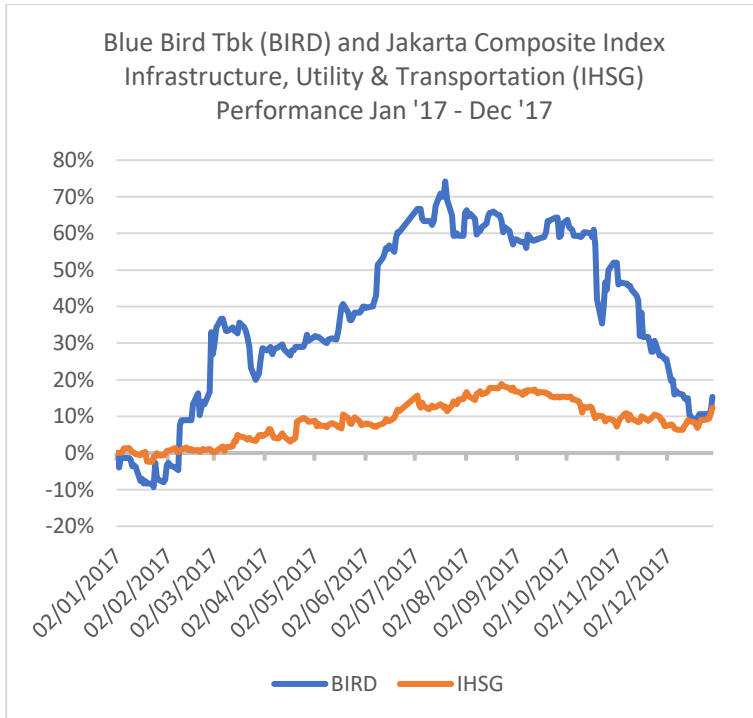
Figure 4.6 Blue Bird Tbk (BIRD) and Jakarta Composite Index (IHSG) Performance Jan '17 - Dec '17

However, it stocks then dropped in the last quarter as low as 10% in year to year percentage. It was due to Blue Bird's release of its Q3 consolidated financial report and the ongoing lawsuit battle with Gamya, which continues as of this writing [49].

"The short-term objectives are completed, for us (Blue Bird) *is an increase on orders*" -BE1, question GA3

"Oh yes, I used to not get any orders at all *but now I get orders from people who originally ordered Go-Car*"-BD1, question GB1

"...I sometimes *receive orders from people who ordered Go-Car*" -BD2, question GB1

Yes, ***my orders are increasing*** (from Go-Car), but were also helped by Blue Bird's app" -BD3, question GB1

"Not bad, ***sometimes I get orders from them*** (Go-Car) and Blue Bird apps" -BD4, question GB1

Both BE1 and the drivers voiced the benefit of orders from the partnership. In order to verify this, one must conduct a correlation on Blue Bird's taxi operation revenue and its armada due to the added channel, stock movement in order to perceive the value of the company, and gross profit due to the increase on marketing activity.

The correlation tests were conducted three times using a statistics package software Minitab, first test is to find the correlation from the operational revenue and armada, this test was conducted in order to discover the possibility of the benefit from the added channel. The second test is to find the correlation from the operational revenue and stock price, this test was conducted in order to discover the connection between the value of the company with the partnership. Finally, the final test is to find the correlation from operational revenue and gross profit, this test was conducted in order to perceive the increase on the marketing activity after the partnership.

All tests were conducted in two sets with different time variables for each set, from 2015 to 2016 and 2017 to 2018 respectively, however due to as of this writing Blue Bird had not released the 2018 annual report, the armada size for 2018 are estimated with a decrease of 5%. The formula for this correlation test is presented in figure 4.7 below

$$r = \sum_{i=1}^{n} \frac{(X_i - \bar{X})(Y_i - \bar{Y})}{(n-1)\, S_y}$$

Figure 4.7 Pearson Correlation Coefficient Formula

The correlation coefficient assumes a value between -1 and $+1$, if one variable tends to increase as the other decreases, the

correlation coefficient is negative [38]. Conversely, if the two variables tend to increase together the correlation coefficient is positive.

To determine whether the correlation between variables is significant, P-values are used to determine whether to reject or fail to reject the null hypothesis (no correlation). The formula for p-value is presented in figure 4.8 below

$$t = \frac{r \sqrt{n-2}}{\sqrt{1-r^2}}$$

Figure 4.8 P-value for Pearson's Correlation Coefficient Formula

a.   Pre-Partnership Correlation Test

This test will identify the correlation between Blue Bird armada and its taxi operational revenue before the partnership with the added channel from Go-Car and Go-Blue Bird, where one could only order Blue Bird taxis from street hailing, exclusive taxi outlet, phone service, and My Blue Bird app. The total data are 8 for each variable.

Correlation: Op Revenue, Armada

Correlations

Pearson correlation	0.897
P-value	0.003

Figure 4.9 Correlation Test Pre-Partnership Operational Revenue and Armada

As presented in figure 4.9, the correlation between operational revenue and armada resulted a 0.897 with a P-value of 0.003 which indicates that there is a correlation and a strong positive correlation before the start of partnership. This indicates the operational revenue rely on armada size before the partnership with the added channel.

This next test will identify the correlation between Blue Bird stock price and its taxi operational revenue before the partnership. The total data are 491 for each variable.

Correlation: Op Rev, Stock

Correlations

Pearson correlation	0.728
P-value	0.000

Figure 4.10 Correlation Test Pre-Partnership Operational Revenue and Stock Price

As presented in figure 4.10, the correlation between operational revenue and stock price resulted a 0.728 with a P-value of 0 which indicates that there is a correlation and a strong positive correlation before the start of partnership. This indicates the movement of the value of the company was reflected with the operational revenue. However, bear in mind that the market activity in 2015 were unstable.

This next test will identify the correlation between Blue Bird gross profit and its taxi operational revenue before the partnership where Blue Bird had conducted a cost-saving strategy. The total data are 8 for each variable.

Correlation: Op Revenue, Gross Profit

Correlations

Pearson correlation	0.912
P-value	0.002

Figure 4.11 Correlation Test Pre-Partnership Operational Revenue and Gross Profit

As presented in figure 4.11, the correlation between operational revenue and gross profit resulted a 0.912 with a P-value of 0.002 which indicates that there is a correlation and a strong positive correlation before the start of partnership. This indicates the cost-saving strategy that were conducted during the penetration of car-based transportation network company had reflected with the operational revenue.

b. Post-Partnership Correlation Test

This test will identify the correlation between Blue Bird armada and its taxi operational revenue after the partnership with the added channel from Go-Car and Go-Blue Bird.

As presented in figure 4.12, the correlation between operational revenue and armada resulted a 0.325 with a P-value of 0.477 which indicates that there is no correlation after the partnership.

Correlation: Op Revenue, Armada

Correlations

Pearson correlation	0.325
P-value	0.477

Figure 4.12 Correlation Test Post-Partnership Operational Revenue and Armada

This might indicate that Blue Bird does not need to continue to add their armada in order to affect their operational revenue due to the added channel. Nevertheless, this test must be recommenced in the future for additional data as the partnership's age is still young as of this writing.

This next test will identify the correlation between Blue Bird stock price and its taxi operational revenue after the partnership. Due to the unavailability of Q4's operational revenue, Q4's stock movement were not tested, the total data are 436 for each variable.

Correlation: Op Revenue, Stock

Correlations

Pearson correlation	0.089
P-value	0.065

**Figure 4.13 Correlation Test Post-Partnership Operational Revenue
and Stock Price**

As presented in figure 4.13, the correlation between operational revenue and stock price resulted a 0.089 with a P-value of 0.065 which indicates that there no correlation after the start of partnership. This indicates the movement of the value of the company had not reflected with the operational revenue. However, bear in mind that the market activity in 2018 were unstable. Similar with the previous test, this test must be recommended in the future for additional data especially on how close the result of the P-values is.

This final test will identify the correlation between Blue Bird gross profit and its taxi operational revenue after the partnership where Blue Bird had conducted increase on its marketing strategy. Due to the unavailability of Q4's operational revenue and gross profit, the total data are 7 for each variable.

Correlation: Op Revenue, Gross Profit

Correlations

Pearson correlation	0.794
P-value	0.033

**Figure 4.14 Correlation Test Post-Partnership Operational Revenue
and Gross Profit**

As presented in figure 4.14, the correlation between operational revenue and gross profit resulted a 0.794 with a P-value of 0.033 which indicates that there is a correlation after the start of partnership. This indicates the increase on Blue Bird's marketing strategy after the partnership had reflected with the operational revenue.

With it however, Blue Bird presented signs of gradual improvements in 2017.

> "This quarterly growth was also evident from the average taxi revenues per day per unit that grew consistently every month throughout 2017" -AR17

As presented in figure 4.15 below, it presented the growth of revenue per cars in 2017. Blue Bird argues the decline of its operational revenue in the JADETABEK area were also caused due to the number of long weekends in Indonesia which its biggest market, Jakarta, were mostly empty.
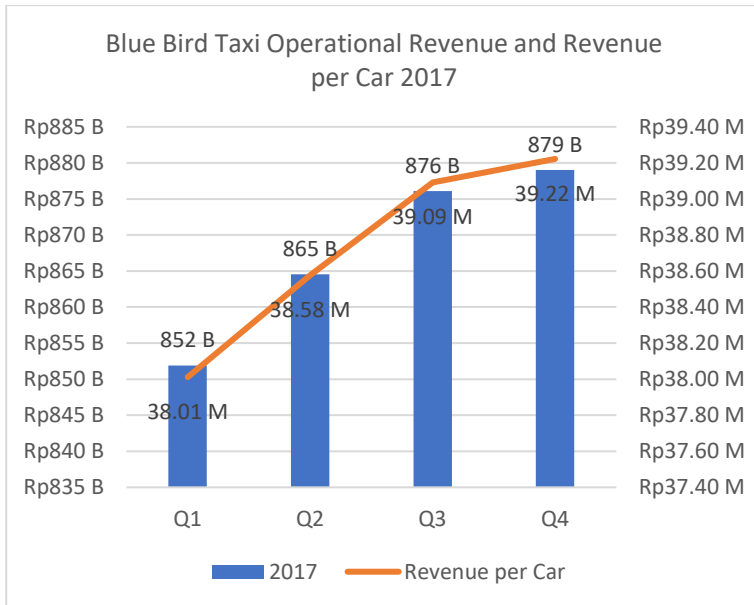
Figure 4.15 Blue Bird Taxi Operational Revenue and Revenue per Cars 2017

However, even with the increase of taxi operational revenue, it presented a decline on Q1 to Q2 as presented in table 4.13. Blue Bird had lost IDR 29 billion of its gross profit taxi with a 3.76% decline on its gross profit margin. Although, their net profit gained IDR 90 billion with a 10.29% increase in net profit margin. Moving to Q3, they managed to increase their gross profit to IDR 13 billion with a 1.23% increase in gross profit margin. Their net profit however, lost IDR 94.4 billion with an 11.09% decrease in net profit margin. In Q4, Blue Bird lost IDR 12 billion with a 1.44% decrease in gross profit margin. However, their net profit stays relatively the same.

Table 4.13 Quarterly 2017 Operational Financial Performance

Financial Performance (In Billion IDR)	Q1	Q2	Q3	Q4
Operational Revenue	852	864	876	879
Gross Profit (Taxi)	228	199	212	200
Gross Profit Margin	26.77%	23.01%	24.24%	22.8%
Net Profit (Taxi)	82	172	77.6	77.7
Net Profit Margin	9.66%	19.95%	8.86%	8.85%

"The increase in operating expenses was primarily due to an increase in marketing expenses in line with increased promotional and branding activities compared to 2016" -AR17

The decline of profit in 2017 was partly caused with the increase of cost due to the increase of marketing expenses in line with increased promotional and branding activities compared to 2016, an example of such promotions flat fee of IDR 20,000 to any destination.

One would argue that Blue Bird's revenue kept dropping and one would be correct, but if one argues that Go-Jek's

partnership did not helped Blue Bird in any form then one must look Blue Bird's regular taxi revenue timeline since 2015.

BE1 voiced the partnership might not mitigate its position in the transportation industry, but it did help on mitigating Blue Bird's losses.

> "...from the context *as you were about to lose a lot into losing not as much*, but you do lose your position. What you're supposed to lose a 100, but because of the partnership you lost 75." -BE1, question PGA10

If one views its revenue changes, as presented in figure 4.16, Blue Bird's revenue made a very high upstart in Q1 2017 only with a single pullback in Q1 2018.
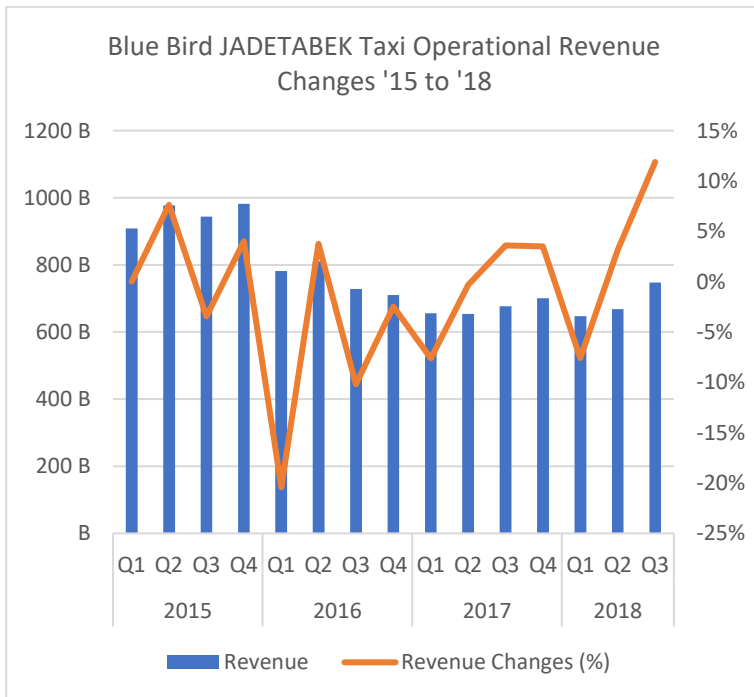
Figure 4.16 Blue Bird JADETABEK Taxi Operational Revenue Changes '15 to '18

The driver samples interviewed also shares consistent voice as they receive a higher number of orders from either MyBlueBird application or via Go-Car.

> "Not bad, *it may not be as high as it once*, but I could still feed my family some rice without worrying" - BD1, question GB1

> "...I sometimes *receive orders from people who ordered Go-Car*" -BD2, question GB1

> "Yes, *my orders are increasing* (from Go-Car), but were also helped by Blue Bird's app" -BD3, question GB1

> "Not bad, *sometimes I get orders from them* (Go-Car) and Blue Bird apps" -BD4, question GB1

In comparison with Express which hardly done anything to confront the disruption innovation created by the transportation network company, as of this writing they are on the verge of bankruptcy. Express did collaborate with Uber similar with how the partnership between Blue Bird and Go-Jek, however Uber closed all South East Asian operations in April 2017.

As presented in figure 4.17 and figure 4.18, Express is in loss of both revenue and earnings, respectively. In 2018, Express had it stock prices suspended twice for failing to pay its coupon for the 16th time. Express is the second largest taxi company in Indonesia, one can only wonders with the other taxi companies. In 2016, there were 34 taxis that were registered in Jakarta. As of this writing, only 4 remains including Blue Bird of operational taxis in Jakarta.
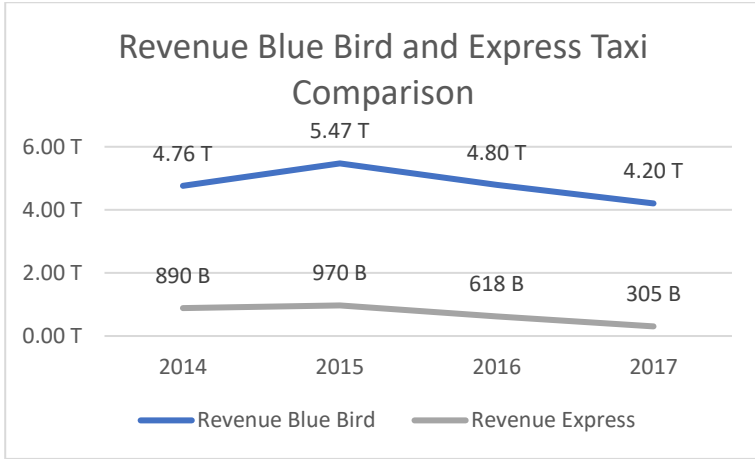
Figure 4.17 Revenue Blue Bird and Express Taxi Comparison
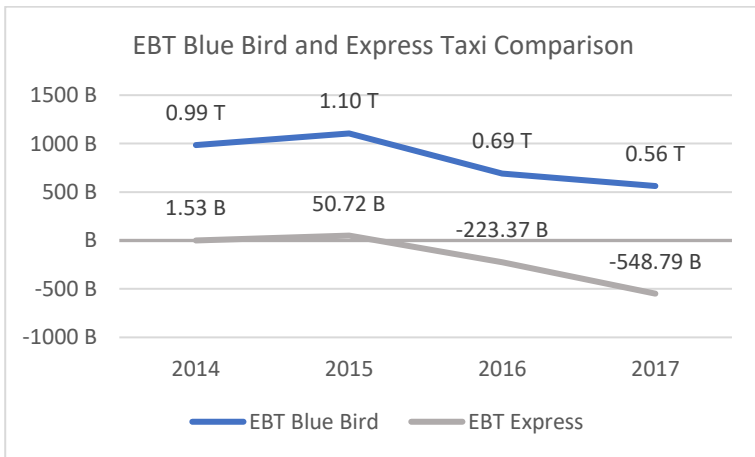
Figure 4.18 EBT Blue Bird and Express Taxi Comparison

CHAPTER V
CONCLUSION AND SUGGESTIONS

This chapter presents the summary and conclusion of this research from the beginning to the end. This chapter also explains any implications or impediment in the creation of this thesis or what cannot be analysed nor explained further. Finally, this chapter will also suggest recommendations should this research be conducted further or as a reference.

5.1. Conclusion

This research main aim was to investigate the effect of disruption innovation in Indonesia's taxi industry and investigate the motives of how one incumbent, Blue Bird, confronted the disruption by partnering with a disruptor, Go-Jek. This research also investigates the financial benefit of the partnership. Below are the following conclusion:

1. It was very clear the effects of disruption innovation affected even the biggest incumbent in the taxi industry. With the lack of a strong regulation and a fast and strong penetration in just under a year, transportation network company had managed successfully challenged and win the mainstream market. Many smaller taxi companies in Jakarta, where the disruption started, had to shut down their operations due to the heavy losses. Even the largest incumbents had to cut down their assets in order to reduce its losses and some are in the verge of bankruptcy such as Express Taxi. The largest incumbent in the taxi industry, was not left out by the disruptor. Blue Bird's revenue lost significantly in just one year, its stock price drops, and losing their orders per day.

2. Blue Bird made some changes to its assets by reducing them and had to efficient their business processes. Blue Bird however cannot rely on the changes of regulations by the government and needed to confront the disruption in order

to continue to at least mitigate its losses. Blue Bird's has the resources to confront the disruptors and its business process fits well. However, its values are vastly different with its values of safety, secure, and comfort, entities that transportation network companies does not have.

3. This puts Blue Bird in region D of Christensen's matrix to meet the challenge of disruption innovation, it puts Blue Bird in the position to create a spin off that can challenge the disruptor without completely changing their core values. However, creating a spin off at the time, is not a preferable choice as Blue Bird were losing shareholders and creating them would be problematic for the shareholders and would have completely changed its brand image. Blue Bird has made talks with Go-Jek, a disruptor but at the time Go-Jek only uses motorcycle-based services which Blue Bird could not do as it would collide with its own core value: safety. But as Go-Jek were planning to release a car-based transportation service, Blue Bird quickly made talks and negotiate that would benefit for both companies. Both companies agreed to conduct a partnership where Blue Bird shared some of its armada to Go-Jek and Go-Jek integrates Blue Bird's armada into its Go-Car service while also creates a service that could order Blue Bird taxis via its application named Go-Blue Bird.

4. The announcement of the partnership brought Blue Bird stocks to rise significantly in 2017 and Blue Bird managed to increase its taxi operational revenue. There is no correlation between the operational revenue and armada after the partnership, thus, this might indicate that Blue Bird does not need to continue to add their armada in order to affect their operational revenue due to the added channel. Nevertheless, this test must be recommended in the future for additional data as the partnership's age is still young as of this writing. Same could be said to its percentage of changes per quarter of its operational revenue, it had a significant increase in a year and might possibly start an upstart.

5. Had Blue Bird not follow this path, it might share the same fate as the other taxi companies, albeit much longer due to the size of the company.

5.2. Suggestion

Due to the current age of the partnership and the very few researches of confronting disruption innovation, especially in Indonesia, this research would suggest the following should this research be continued or as a reference:

1. Recommence this research for at least 2 years ahead. Due to the partnership's age of less than 2 years of the writing of this research, this research would suggest the recommence of this research for at least 2 years ahead. As mentioned, there is a possibility of an upstart in Blue Bird's revenue. There is also a probability of changes or introduction of regulations by the government or events that might affect the partnership or Blue Bird's revenues. As of this writing, there is a possibility of the introduction of regulations in Jakarta to limit the number of car-based transportation network company armada which might be beneficial for Blue Bird if Go-Car requests more armada from them.

2. Improvement on the financial analysis method. This research has focused on profitability ratio and comparative horizontal analysis method and stock price. Improvement on the financial analysis with other methods would create a concise and definite finding.

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APPENDIX

Appendix A - Interview Protocol for BE1

Topic	**Code**	**Question**	**Sub-Question**
Personal Experience		Can you please tell us a little about your previous professional experience in Blue-Bird?	
Penetration Effect		In 2016, there was a mass demonstration by taxi drivers, including Blue Bird drivers, in Jakarta	
	PEA1	What was your main concern when this event happened?	
	PEA2	At the time, do you support their voice or against it?	
	PEA3	Any remarks which are related to this eventful day would you like to add?	
Losing Market		When transportation network companies entered the market, taxi companies such as Blue Bird starts to lose their orders. With it, their revenue and stocks plummeted	
	LA1	How much did Blue Bird lost its market share when this happened?	
	LA2	Before this, how much did Blue Bird have in the market share?	

Topic	Code	Question	Sub-Question
	LA3	What is the current estimate market share now? (both online and conventional)	
Losing Market	LA4	In your opinion, will the partnership regain its lost market share?	Could it also gain the market share in the transportation network industry?
	In 2017, Go-Jek partnered with Blue-Bird		
	PGA1	Were you in Blue-Bird when this happened?	Where/what position were you?
	PGA2	In your opinion, what were the most significant events in Blue-Bird's surroundings that made Blue-Bird initiate the partnership?	
Partnership with Go-Jek	PGA3	In your opinion, what was the mandate or purpose of partnering with Go-Jek?	Why Go-Jek and not other transportation network company?
	In 2016, there was a mass demonstration by taxi drivers, including Blue Bird drivers, in Jakarta		

Topic	Code	Question	Sub-Question
Partnership with Go-Jek	PGA4	Was this the reason on why Blue Bird partnered with Go-Jek?	Were there any pressure for the partnership?
	The partnering of Go-Jek and Blue Bird has received much attention in the Indonesian media, it then integrated into Go-Car and created Go-Bluebird		
	PGA5	Were there any involvement from Blue Bird for the decision of the integration?	
	PGA6	How are you working to solve these challenges?	Are there specific aspects that are prioritised?
	PGA7	What strategic decisions has been made in Blue Bird after the partnership?	Are there any strategic decisions that has been made in Blue Bird after the partnership?
	PGA8	In your opinion, did Blue Bird growth become scattered or hampered as it must carry an external resource from a completely different company as well?	
	PGA9	In your opinion, what is the synergy benefit in this partnership?	

Topic	Code	Question	Sub-Question
	PGA10	In your opinion, who benefited the most in this partnership?	Would you agree with this partnership, Blue Bird could penetrate the transportation network companies' market without much resource allocation?
	PGA11	What in your work today do you find most challenging considering the future strategy of this partnership?	
	PGA13	Any remarks which are related to the partnership would you like to add?	
Go-Car Integration		The partnering of Go-Jek and Blue Bird has received much attention in the Indonesian media, it then integrated into Go-Car and created Go-Bluebird	
	GA1	What is the main purpose of having Blue Bird as an integrated part of Go-Car?	
	GA2	What do you see as the main challenges in integrating Blue Bird in Go-Car?	How different are the two types (Blue Bird and Go-Car)?
	GA3	Did Blue Bird receive any hindrance after the integration?	Did Blue Bird sacrifice anything after the integration?

Topic	Code	Question	Sub-Question
Final Remarks		If you should try to predict the future - where do you see this partnership headed in 5 years?	
		Any remarks would you like to add?	

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Appendix B - BE1 Interview Transcript

Interviewee = S

Interviewer = W

3rd Party = 3

-START-	
W	Jadi pertama mau *nanya* dulu ketika di Blue Bird bapak *ngapain*? Selama di Blue Bird tugasnya apa?
S	*OFF THE RECORD*
W	2017 partner sama Go-Jek dan Blue Bird?
S	Ngga kita dari 2016
W	Oh, Soalnya dari artikel berita dari Januari 2017
S	Kalo dari MOU kita 2016, barangkali lanching-nya baru 2017
W	Sewaktu lanching-nya apakah bapak masih menjadi *OFF THE RECORD*?
S	Ngga saya hanya menjadi *OFF THE RECORD* saja
W	Tujuan dari partnership dari gojek?
S	Kita lihat dari Blue Bird, Blue Bird itu omnichannel via telepon, outlet yang eksklusif, aplikasi, dan kita lihat Go-Jek sebagai omnichannel kita dengan harapan tambahan order
W	Kenapa pilih Gojek?
S	Satu sebagai perusahaan Indonesia, one of the reason, tapi sebelumnya kita punya hubungan cukup dekat dengan Grab. Namanya founder-nya, siapa yang udah bukan dirutnya? Si Nadiem, Nadiem hubungannya sangat baik, jadi hubungannya udah dekat
S	Dan the other reason (kenapa ga milih Go-Jek dulu), memang kalo kita ngomong transportasi motor kan itu

	gak safety, padahal pedomannya kita punya brand itu adalah safety, brand image yang kita create dalam Blue Bird itu adalah safety dan secure. Waktu itu kita lihat secara pragmatisnya waktu mereka mulai kembangin Go-Car, yaudah kita pikir itu mobil ya kenapa ngga.
3	Toh dia yang bayar subsidi kan?
S	Waktu itu mereka kan ngga mau ngaku ada subsidi, tapi ya kita bilang ya kalo kalian kasih diskon ya kita ga bisa bayar diskonnya. Karena kita kalo kita diskon pasti kita dimarahin sama shareholders, dan itu banyak. Tapi itu kenikmatan sampingan lah
W	Tahun 2016 ada demonstrasi taksi, termasuk Blue Bird di Jakarta. Saat itu concern bapak selama demonstrasi itu apa?
S	ga ada kita, demo-demo aja. Cuman concern-nya waktu itu adalah siapa yang gunain dan saya ga tahu siapa yang gunain. Itu digunakan adalah kerjaan dari Blue Bird, ampe di WA angkatan gw aja gw males jawabnya, dicaci maki gw, inget tuh semuanya. Tapi gw liatnya gini legend itu kalo ada serangan pasti itu ada yang omongin, brand legend.
W	Waktu pas demonstrasi itu, kalo boleh tanya mendukung omongan para driver ato ga?
S	Omongan para driver maksudnya gimana?
W	Maksudnya kayak kalo itu ilegal, gitu-gitu
S	Itu ilegal, mereka ilegal. Kita tuh jangan selalu menganggap enteng yang namanya regulasi, saya itu orang ekonom dan saya itu pro-deregulasi tapi bukan berarti regulasi itu ga penting, regulasi itu selalu ada esensinya. Kenapa taksi itu perlu license? Safety ama security, itu ada itu license taksi musti dapetin, untuk apa? Supaya mereka bisa kontrol, kenapa musti di KIR mobil? Untuk dilihat mobilnya bener ato ga. Kenapa

	kita musti punya depo? Taksi tuh bener-bener demanding banget, karena pemerintah mengharapkan mobilnya dipelihara dengan baik. ga keleleran di luaran.
S	Sebenarnya bukan karena itu mereka murah karena mereka efisien, mereka murah selain karena tidak efisien, tapi karena di subsidi. Saya kasih tahu, biaya regulasi itu bagi Blue Bird berapa itu? Kecil sekali kan? ga sampai 1% dari revenue, nothing. Ya karena kita ini gede juga ya. It's nothing, bukan biaya regulasi yang besar itu pajak. Sopir kita aja bayar pajak income tax, mereka ngga. Tapi yang paling jahat itu adalah subsidinya itu. Nah dengan subsidinya itu sopir kita ga bisa ini. Daya kita punya tarif diatur, jadi seolah-olah kita disuruh compete dengan tangan kita diiket yang satu bebas ngapain, mau turunin harga dia boleh turunin harga, kita ga bisa. Jadi sebenarnya itu karena, level of playing field-nya ga sama. Dan yang paling kena di kita itu justru driver, income-nya mereka justru turun, kita bisa lihat di Quarterly Report Blue Bird. Liat aja dari Desember 2015, Maret, Juni, Juli. Bagaimana itu hit, dan sopir itu partner, bukan employee dan mereka bukan rental. Jadi revenue sharing, jadi split di atas. Kalo revenue kita turun per mobil, ya mereka kena hit, income-nya mereka menurun bukan perusahaannya aja. Tapi kalo itu lagi naik, ya mereka juga nikmatin.
3	Turunnya bisa berapa tuh kira-kira?
S	Oh, bisa gede! 30%! Perorangan! 20-30% Jadi ya bener-bener karena yang kena itu supir.
3	Ini sampe kapan?
S	Sampe investornya bilang "eh lu udah musti ini". Tapi, in my opinion lu mesti lihat 2-3 tahun lagi. Yang namanya Uber ini lagi setengah mati, lihat deh, mereka ada fundraising ga dalam setahun akhir ini? ga ada

	kan? Fundraising terakhir mereka yang masuk adalah si Softbank. With what? With 30% discount of the market value by that time. Begitu Uber mulai ga not the valuation-nya not a 60 Billion Dollar Company waktu dia Go Public, mereka juga mati.
W	Balik lagi ke yang demo itu, ini alasannya partner sama gojek?
S	Ngga
W	Tapi ada pressure untuk parnter?
S	Ngga, karena gini. Gojek itu pertama kali itu kapan?
W	2014
S	2015? Yang pertama naik itu 2015?
W	14, tapi yang mulai naik banget itu akhir 2014
S	Kita di pertengahan tahun 2015 itu kita udah ngobrol sama Gojek. Tapi bukan Gojek yang kita lawan waktu itu, yang paling waktu itu paling berat itu Grab sama Uber. Orang pikir, karena mereka pikir itu trips itu, number of ride-nya, turun karena motor Gojek, ngga. Motor gojek sih ga ada pengaruhnya, market segment-nya beda. Go-Ride itu market segment-nya ga sama ama kita. Yang kena dari Go-Ride itu adalah angkot, metro mini itu. Karena beda antara 6rb sama 10rb itu beda kalo kita, 10rb ama 40rb itu beda customer. The reason orang naik taksi karena mau ada kenyamanan mobil, ga ada sama sekali kita kena hit gara2 itu. Cuma waktu itu kena hit waktu itu, banyak driver Blue Bird jadi Gojek, karena subsidinya, cm balik mereka itu karena ga tahan bawa motor. Tapi kita dalam competition ga ada.
3	Dulu demo ama gojek ato ama…?
S	Ngga dulu demo karena masalah Grab, kalo mau baca history gitu. Jadi waktu tahun 2015 waktu Uber

	pertama kalo penetrate itu agresif bener! Jebret! Jebret! Jebret! tapi dia ga lama. Karena Indonesia bukan fokusnya dia, dia cm subsidi 3-4 bulan, kita santai aja tuh. Karena yang kena sama Express. Di bulan November, masuklah Grab. Agresif banget Grab, luar biasa agresifnya. Kalo dibilang, dia punya tarif itu barangkali only 30% dari kita, dari bulan November, Desember, itu kita bisa liat angka kita. Pas bulan Januari, Februari, Maret, April, Mei, Juni di tahun 2015, eh 2016. Itu bener2 keliatan, dan itu bener2 correlation sama si itu yang kita punya itu. Jadi waktu itu biang keroknya bener2 Grab. Bukan Go-Jek, waktu itu belum main mobil, masih motor.
W	Ada yang mau ditambahin lagi untuk kejadian di tahun 2016 itu?
S	Kenapa emang sama kejadian itu?
W	Mungkin siapa tahu ada. Mungkin nanya ke partnering Gojek sama Blue Bird itu kan, involvement untuk Blue Bird mau partner sama Gojek itu apa?
S	Itu tadi, omni-channel, terus memanfaatkan teknologinya mereka. Fokus mereka tuh bener2 perlu orang yang sebenarnya perlu mikirin what is the future business gitu. Terus terang Blue Bird fokusnya di orientasi pelayanan di transportasi, akibatnya mobilnya mesti bersih, mobilnya mesti kondisinya fit, harga jualnya kita mesti pikirin, supirnya mesti makmur supaya mereka mau kerja. Lain, kalo ini mikir-nya experience apa karena mereka ga mikir duitnya, mereka bisa bakar duitnya dari atas, kalo cm hanya compete aja dengan uang ya gw tinggal bakar aja duit.
W	Tujuan utama Blue Bird buat integrasi sama Go-Car itu apa?
S	Terintegrasi dalam hal apa?

W	Kalo misal order Go-Car, bisa dapat Blue Bird nah itu tujuannya apa? Kenapa ga Go-Blue Bird aja gitu?
S	Emang dari awal kita bilang mesti buatin kita aplikasi juga kayak Go- Blue Bird segala macem
3	Jadi Go-Blue Bird yang buatin mereka?
S	Mereka
3	Trus mereka poinnya apa?
S	Emang itu the pattern of the deal, tapi dari situ kita bisa liat kalo Go-Blue Bird itu pendapatannya kecil karena masalah subsidi. jadi orang ga akan pesen masuk ke Go-Blue Bird, the reason orang masuk Go-Blue Bird barangkali dari segi ordering dan dari segi dispatchement lebih bagus dari myBlue Bird. Tapi kalo orang kalo cost conscious pasti dia akan masuk, karena kalo lu masuk ke Go-Car 50% chance dapet Blue Bird.
3	Dulu? Sekarang masih?
S	Sekarang masih, ya dapet lu subsidi aja
3	Jadi kesimpulannya, satu channeling, kedua teknologi, ketiga nebeng teknologi?
S	Ya nebeng teknologi, tapi maksud gw kan kita liat, it's not the technology yang orang mau beli, it's the subsidy yang orang mau beli
W	Terus challeng-nya yang diharepin pas baru mulai sama Blue Bird
S	Challenge-nya? Paling gede adalah kepercayaan, kan masalahnya karena masalah data
3	Lu dapet keuntungan ga dari data itu?
S	Justru mereka mau ambil data kita
3	Sebaliknya ga ada? Kan data dia lebih banyak?

S	Data dia ga lebih banyak, karena number of rides kita lebih banyak, karena yang penting kan total numbers of rides itu, nah waktu itu yang dipermasalahkan itu kepercayaan
3	Maksudnya kepercayaan itu apa ni?
S	Kepercayaan itu adalah, gw ga bisa sharing, akhirnya kita "pirit", yang bisa kerja sama cm beberapa ribu mobil, yang kedua integrasi platform data, itu setengah mati itu ampe sekarang belom kelar.
W	Untuk menyelesaikan kepercayaan itu gimana?
S	Ya kalo yang namanya kepercayaan itu kita kan, waktu kan ya? Sebenarnya yang terbaik waktu itu adalah cross ownership, tuker saham.
W	Ada decision strategy dari Blue Bird ketika integrasi, ada perubahan dari proses strategi ato proses bisnisnya?
S	kalo dalam hal operasi ngga
W	Kalo selain hal operasi ada? Seperti resource allocation?
S	Ngga ada, kita nambahin investment, ga nambahin apa2
W	Ada halangan ketika integrasi?
S	Ya itu, kepercayaan
3	Sekarang, itu mobil online itu kira2 berapa sih?
S	Nobody knows, karena ga teregister
3	Sebelum ada online, ada berapa taksi di Jakarta?
S	Gini deh, sebelum ada online, Blue Bird itu di Jakarta sekitar 16000. Next-nya itu, Express 1/3 dari kita, next-nya itu Taxiku, Taxiku itu 1/3nya Express, abis itu kecil-kecil. Jadi ya itu, ga banyak kan. Market share

	aja Jakarta waktu itu itungan sendiri, rides ya, itungan kita 60%. Yang pasti 40% yang sekarang liat dong udah ga liat lagi mobil putih kan. Express udah hampir ga liat, Taxiku apa lagi, Gamya juga jarang, practically mereka mati lah.
W	Ngerasa terbebani bawa resource dari Gojek pas integrasi?
S	Terbebani setelah kerja sama, ga ada sih. Sebenarnya ya, gini, short term objective-nya dua-duanya terpenuhin, pertambahan kalo dari kita adalah ada pertambahan order, dari mereka melalui peningkatan itu, mereka ada subsidi kan tapi buat mereka subsidi is not an issue for them gitu, dan mereka bisa claim sebagai number of rides, buat jualan juga. Tapi kalo sekarang kita ga penting dimata gojek, karena mereka punya business not just transportation.
3	Nah kalo dari Blue Bird, berapa persen dari yang lewat Go-Car, kira-kira
S	Gw rasa sekarang sekitar 12-15%
3	Itu menutup keturunan yang dulu?
S	Ngga, yang tough competitor kita bukan dari Go-Car lagi, di Grab. Grab tuh gila subsidinya.
W	Waktu Grab masuk kan market share-nya plummet, kalo boleh tahu, market share-nya turunnya berapa ya?
S	Sebetulnya data market share itu, number of rides itu ga ada yang tahu, mungkin kalo market share, mungkin kehilangan sekitar 15-20% aja ada. Sebetulnya kamu bisa liat dari laporan keuangan, revenue turunnya itu pure dari taksi doang. Jadi kamu bisa kira2, dan itu sebanding dari number of rides.
W	Estimasi market share sekarang?

S	Mungkin kalo bisa ngomong, sekarang Blue Bird sekitar 30%
W	Itu di taksi biasa ato online?
S	Ngga, jadi gini jangan kamu masuk di tutomi taksi biasa ama taksi online, konsepnya itu harus selalu liat yang rides. Menurut saya Blue Bird itu sekarang itu 30-45%, sebelum ada Grab itu
W	Menurut anda sendiri, partnership-nya bisa regain market share yang ilang?
S	Ga bisa karena ilang-nya market share ini karena masalah subsidi. Jadi selama Grab itu masih di subsidi, Grab itu subsidinya gila itu, Grab subsidinya lebih agresif dari Gojek. Selama itu masih ada masih susah. Jadi itu pertanyaan kapan mereka bisa kembali ke market price.
W	Menurut anda sendiri, kira2 dari partnership ini-nya ada benefit bersama?
S	Ada dong, paling mereka dapat channel order dengan experience yang cukup baik, karena Go-Car itu secara technology wise lebih bagus itu dari pada punya Blue Bird.
W	Ada benefit lain ato hanya channel aja?
S	Benefit lain ga ada karena ga mungkin Go-Jek mau share technology capability-nya kan? Jadi Blue Bird mau bangun sendiri kalo mau, dan kalo Blue Bird mau bangun sendiri harus berpikir kaya cara orang bawa Go-Car ato Grab. ga boleh mikirin, aduh gimana ya sopir saya ya? Ngga harus mikir, layanan apa yang harus dibutuhkan masyarakat? Typical dari perusahaan yang kena disrupt, jadi kalo dia pengen ngelawan itu dia harus bener-bener merubah cara berpikirnya dia.

3	Bisa ga Blue Bird …
S	Menurut gw ga ada yang bisa kayak gitu, perusahaan kayak gitu susah, lebih karena culture bukan karena lo bisa berpikir rational. Itu ga bisa disalahkan dari cara berpikir mereka memang mereka memikirkan pelayanan apa yang menurut mereka bisnisnya mereka, tapi apakah mereka akan mati? belum tentu, kalo mereka ga di smash abis, ampe mereka nol, dan subsidinya berenti tapi mereka belum mati, mereka ga akan mati. Karena mereka baru mati, sampe mereka bener2 mati bener, sampe ada subsidi. Dan mereka bisa kembali kalo subsidi ilang, ga seperti awalnya tapi mereka ga mati.
W	Menurut anda sendiri, siapa yang paling benefit? Blue Bird ato Gojek?
S	Jangan dilihat dari konteks pertumbuhan ya, sama-sama untung, dari konteks lu ga kehilangan banyak, jadi tidak kehilangan lebih banyak, tapi banyak kehilangan posisinya. Mustinya lu kehilangan 100, cm gara2 lu kerja sama jadi kehilangan 75 gitu. Karena yang di, kalo lu mau kerja sama ama semuanya, tapi mereka pasti g mau, pastinya mereka mintanya eksklusif.
3	Kalo boleh milih, milih mana? Di luar nasionalisme lah
S	Kalo lu ngomong pure komersial, gw sih pilih, tapi Grab waktu itu ga deketin kita sih, dia baru belakangan. Teknologi wise ama subsidi wise lebih gede, pasti lu menangnya lebih jauh. Gini loh, yang sebenarnya the biggest, yang bener-bener makan market share lebih banyak tuh Grab, dari pada Gojek. Gojek kan waktu itu Go-Car-nya belum ada.
3	Tapi karena mereka sama-sama baru, nego-nya lebih gampang?

S	Iya, tapi waktu itu sebenernya kalo waktu itu Grab mau, dia kan subsidinya lebih agresif. Tapi by the time it's not the option.
3	Buat siapa nih?
S	Buat Blue Bird
3	Karena?
S	Karena dia ngerasa tersaingin. Si Gojek lagi merintis, dan by the time Grab lagi ngacak-ngacak market dan dia bener-bener ngacak. Yang diacak bukan hanya kita aja, yang diacak juga termasuk Uber. Karena Uber, nah itu juga di Uber harus ngeliatan namanya operating profit. Jadi dia musti kurangin pasar-pasar yang ga perlu subsidi lagi, di Cina g mau, yang masih dia belum nyerah di India aja jadi dia cm mau pegang di Europe dan di Amerika.
W	Dan di sini om sebagai *OFF THE RECORD* aja di Blue Bird …
S	Udah g lagi
W	Oh, berarti bisa skip pertanyaan ini, jadi kira-kira kalo om bisa prediksi kira-kira partnership Blue Bird sama Gojek ini lima tahun bisa gimana?
S	Saya lihat sih mungkin-mungkin aja, tapi context market sekarang bener-bener beda, kita ga pernah tau. Yang masalah itu kalo Grab tau-tau dapet funding lagi gede lagi, celaka itu. Yang kaing-kaing itu bukan hanya Blue Bird, Gojek juga. Karena dia, lu bayangin motornya mereka, lu kalo ketemu ama orang-orang gojek si Andre sekarang yang jalanin tuh orang-orang, komplain mulu, gila tarif motornya mereka rendah banget, gw dalam hati lu tarif mobilnya juga rendah! Tapi Grab memang gila, bener.
3	Di belakang dia siapa sih?

S	Oh, ada Softbank, Softbank masuk juga di Grab. Yang masukin Softbank, dia investornya bener-bener gila, Temasek, Softbank, Didi Kuaidi, gila punya investor base-nya, ga ada ininya apanya, deep pocket banget. Tapi si ininya juga impressive, siapa namanya, lupa lagi. Gw sangat impress, sama si founder-nya.
W	Ada hal yang lain yang om ingin tambahin mungkin?
S	Ga ada
-END-	

Appendix D - Interview Protocol for Blue Bird Driver

Topic	Code	Question	Sub-Question
		In 2015, TNC companies with cars entered the market	
	PEB1	How much had it affected your daily orders?	How much were lost?
	PEB2	Which of these TNC companies affected you the most? Motorcycle or Car?	
	PEB3	Any remarks which are related to the penetration would you like to add?	
Penetration Effect		In 2016, there was a mass demonstration by taxi drivers, including Blue Bird drivers, in Jakarta	
	PEB4	Did you attend the event?	
	PEB5	If not, where were you? Did anyone were mad/attacked you?	At the time, do you support their voice or against it?
	PEB6	Any remarks which are related to this eventful day would you like to add?	
Go-Car Integration		The partnering of Go-Jek and Blue Bird has received much attention in the Indonesian media, it then integrated into Go-Car and created Go-Bluebird	

	GB1	Had the integration helped your number of orders daily?	How much were gained?
	GB2	Any remarks which are related to the integration would you like to add?	
Final Remarks		If you should try to predict the future - where do you see this partnership headed in 5 years?	
		Any remarks would you like to add?	

Appendix E - BD1 Interview Transcript

Interviewee = S

Interviewer = W

-START-	
W	Dulu pas Grab ama Uber masuk, terpengaruh ga sama bapak?
S	Oh jelas terpengaruh! Dulu saya sampe pusing mikirin mending keluar cari pekerjaan lain aja
W	Kira-kira per hari ilang berapa?
S	Bisa setengah kali mas
W	Yang paling ngefek itu yang mobil ato motor pak?
S	Dulu pas Go-Jek-Go-Jek yang motor baru masuk gak ngefek banget sih, cuma ada beberapa temen saya tergiur ikut.
W	Dulu pas demo bapak ikut?
S	Ngga sih, cuma ya saya gak setuju ama Uber ama Grab! Itu kan ga legal, kita mesti ngikut pemerintah, tarif gini itu, eh mereka seenak aja!
W	Ada yang marah ato ampe nyerang bapak?
S	Itu saya ga mau jawab. Kalo yang ada demo saya ga mau jawab deh
W	Oh oke, kalo gitu kita skip ke pas Blue Bird gabung sama Go-Jek itu bantu bapak?
S	Oh iya, tadinya ga dapet orderan sekarang malah dapet yang tadinya mau pesen Go-Car
W	Kira-kira berapa banyak pak?

S	Lumayan, mungkin ga sebanyak dulu tapi lumayan lah bisa ngasih sesuap nasi ke keluarga ga perlu pusing lagi
W	Ada yang mau ditambahin lagi tentang kerja sama ini?
S	Ngga kayaknya
W	Kira-kira kerja sama ini kalo menurut bapak, lima tahun lagi gimana?
S	Wah saya ga tau ya haha, saya cuma supir disini
W	Ada yang mau ditambahkan lagi pak?
S	Ngga
-END-	

Appendix F - BD2 Interview Transcript

Interviewee = S

Interviewer = W

-START-	
W	Dulu pas Grab ama Uber masuk, ngaruh ke bapak?
S	Ga Cuma saya, taksi-taksi lain juga pastinya
W	Per hari ilang berapa?
S	Uh.. Bisa 40%-50% kali
W	Yang ngefek itu mobil ato motor?
S	Mobil pastinya, kalo motor kan ada beberapa orang yang males naik motor karena ga enak lah, ga aman pula kan kalo motor?
W	Dulu pas demo bapak ikut?
S	Ngga
W	Ada yang marah ato ampe nyerang bapak?
S	Ngga, aman-aman aja
W	Bapak setuju ato ngga sama yang di demoin?
S	Pastinya, mereka kan ilegal, kita mah taxi legal ngikutin aturan
W	Pas Blue Bird gandeng sama Go-Jek itu bantu bapak?
S	Lumayan lah, suka dapet orderan dari orang yang order Go-Car
W	Kira-kira berapa banyak pak?
S	Hampir setengahnya kali kalo dulu
W	Ada yang mau ditambahin lagi tentang kerja sama ini?

S	Hmmm... Dulu pas ada rumor mereka mau kerja sama, saya seneng kepalang tuh. Dulu sempet mikir ini kayakya bakal jadi setan nih hahaha
W	Menurut bapak, kerja samanya lima tahun lagi gimana?
S	Saya sih sendiri cuma ngarep bisa lanjut, dua perusahaan Indonesia bisa gandeng ngelawan kayak Grab yang luar
W	Ada yang mau ditambahkan lagi pak?
S	Ga ada
-END-	

Appendix G - BD3 Interview Transcript

Interviewee = S

Interviewer = W

Third Party = 3

	-START-
W	Pas Grab ama Uber masuk, bapak kena?
S	Oh tentu!
W	Per hari ilang berapa?
S	Uh.. setengah per hari bisa kali
W	Yang ngefek itu mobil ato motor?
S	Mobil! Motor mah Cuma ngefek ke angkot ama metro mini, tapi dulu temen saya banyak yang tertarik si
W	Dulu pas demo bapak ikut?
S	Ngga
W	Ada yang marah ato ampe nyerang bapak?
S	Aman. Saya ga tau aja siapa yang mulai, tiba-tiba muncul di FB saya. Temen saya ada sih yang kena pas lagi anter penumpang
W	Bapak setuju ngga sama yang di demo?
S	Pasti! Sak mereka ini ilegal kok!
W	Pas Blue Bird pegang sama Go-Jek itu bantu bapak?
S	Iya, order saya lumayan naik, tapi di dongkrak juga sama apa namanya? Aplikasinya Blue Bird?
3	MyBlueBird mas!
S	Oh iya itu! Itu juga lumayan bantu
W	Kira-kira berapa banyak pak?

S	Lumayan... Berapa ya? Seperempat kali?
W	Itu Go-Car ato...
S	Go-Car itu! Kalo aplikasinya... sama kali?
W	Ada yang mau ditambahin lagi sama kerja sama ini?
S	Ngga kayaknya
W	Menurut bapak, kerja samanya lima tahun lagi gimana?
S	Mudah-mudahan bisa lanjut terus
W	Ada yang mau ditambahkan lagi pak?
S	Suka kasihan ama si putih
-END-	

Appendix H - BD4 Interview Transcript

Interviewee = S

Interviewer = W

-START-	
W	Grab sama Uber masuk, bapak gimana?
S	Sepi mas, pada pindah ke situ semua
W	Per hari ilang berapa?
S	Umm... 50%-60% kalo
W	Yang parah itu mobil ato motor?
S	Mobil pastinya, ya sama, pas Go-Jek motor masuk yang kena ya si angkot metro mini gitu
W	Pas demo bapak ikut?
S	Ngga
W	Ada yang marah ato nyerang bapak?
S	Aman
W	Bapak setuju ato ngga sama yang di demoin?
S	Oh pasti! Pemerintah juga kurang keras gitu!
W	Pas Blue Bird kerja sama ama Go-Jek itu bantu bapak?
S	Yaa... lumayan suka dapet dari dia sama aplikasinya Blue Bird
W	Kira-kira berapa banyak pak?
S	Seperempat kali ya kalo Go-Car
W	Ada yang mau ditambahin lagi tentang kerja sama ini?
S	Ngga kayaknya
W	Menurut bapak, kerja samanya lima tahun lagi gimana?

S	Mudah-mudahan bisa lanjut, tapi itu tangan diatas yang tahu
W	Ada yang mau ditambahkan lagi pak?
S	Ga ada
-END-	

Appendix I - BD5 Interview Transcript

Interviewee = S

Interviewer = W

	-START-
W	Grab ama Uber masuk, ngaruh ke bapak?
S	Sama aja kayak yang lain ini
W	Per hari ilang berapa?
S	Setengah kali ya?
W	Yang ngefek itu mobil ato motor?
S	Mobil pastinya, motor mah ga ngaruh amat, cuma tergiur aja sih
W	Demo bapak ikut?
S	Ngga lah, ngapain? Mending kerja
W	Ada yang marah ato ampe nyerang bapak?
S	Ngga, paling ada temen kena
W	Bapak setuju ato ga sama yang demo?
S	Maksudnya masalah yang di demoin?
W	Iya
S	Oh pastinya! Ini yang mereka mobil-mobil ilegal seenak jidat!
W	Waktu Blue Bird kerja sama ama Go-Jek itu bantu bapak?
S	Lumayan, suka dapet order dari yang order Go-Car
W	Berapa banyak pak?
S	Ya... Setengah kali?
W	Ada yang mau ditambahin tentang kerja sama ini?

S	Ngga sih, Cuma semoga mereka bertahan aja
W	Menurut bapak, kerja samanya lima tahun lagi gimana?
S	Sama kayak tadi, ngarep bertahan
W	Ada yang mau ditambahkan lagi pak?
S	Ga ada
-END-	

Appendix J - Go-Jek's Letter of Interview Rejection

Vicario Reinaldo <██████@go-jek.com>   Mon, Oct 29, 11:47 AM   ☆   ↩   ⋮
to me ▾

Hey Arian

I have checked with the research PIC. After some discussion, we decided that at this time, we are not entertaining any research request.

This is mainly because of limited bandwidth we have. in most research we have to identify which data that is good or not good to share. In order to do this, we need to talk to many stakeholders. Unfortunately, we don't have that capacity at the moment. Hope you understand. Good luck for your research. Thanks!

Regards

Vicario Reinaldo
Head of GO-ACADEMY
https://www.go-jek.com/go-academy/

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BIODATA

Born in Jakarta 27th June 1996, the researcher is the youngest of the two children of the Winanto family. Arian Junio Winanto had completed his high school education in Al-Izhar Pondok Labu, Jakarta in 2014. He continued his education in the Department of Information Systems in Institut Teknologi Sepuluh Nopember, Surabaya.

During his academic years, is active in the field of Model United Nations, achieving Honourable Mention in ESSGA Jogja Intenational Model United Nations 2016, participating in SOCHUM London International Model United Nations 2017, and Best Delegate in VESTMUN 2017. He also contributed in the student council of both the department and faculty level, *Himpunan Mahasiswa Sistem Informasi* and *Badan Eksekutif Mahasiswa* FTIf respectively. He had completed his internship in Go-Jek as a project manager in Tech department, Stan Marsh division.