

# ANALYSIS OF PT TELEKOMUNIKASI INDONESIA'S DIGITAL ENTERTAINMENT PRODUCT CO-CREATION STRATEGY FOR B2B2X SEGMENT

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## Abstract

Significant changes in telecommunications consumer behavior, especially in the B2B2X segment, where conventional communication services such as landlines, mobile phones, and SMS have decreased considerably. This study aims to analyze the co-creation strategy of digital entertainment products implemented by PT Telkom Indonesia for the B2B2X segment. The method researcher's use in this study is a qualitative approach, with a qualitative descriptive approach and a case study research strategy, also known as CSR (Case Study Research). The results of this study show that implementing the Co-Creation strategy can be an effective model for telecommunications companies such as PT Telkom to face changes in the industry and increase revenue through mutually beneficial cooperation with various related parties. In addition, a better understanding of market needs and potential collaborations with other actors can help companies to develop relevant product and service innovations and improve customer satisfaction.

**Keywords:** Strategy, Co-Creation, B2B2X, Digital Service, Digital Entertainment.

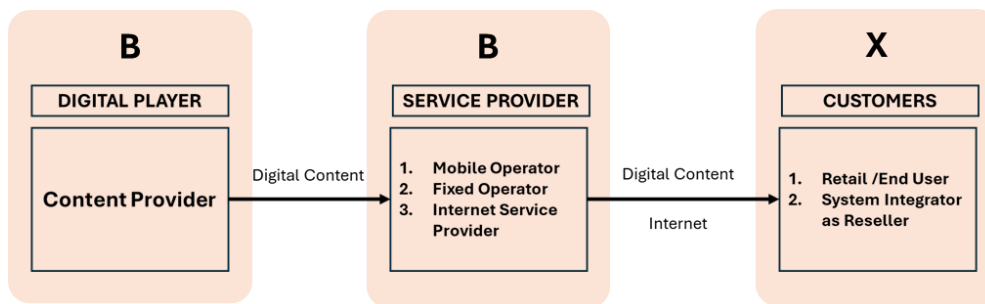
## INTRODUCTION

The shift in lifestyle from retail customers to telecommunications operators significantly impacts a telecommunications service or product lifecycle (Orcik et al., 2013). Conventional communication services such as home telephones, mobile phones and SMS are rapidly shifting to a declining position. Sub Dit Wholesale Product & Service (WPS) is mandated by PT Telekomunikasi Indonesia, Tbk, to manage these conventional communication services. (Aristiawan et al., 2022) (Saleh & Alotaibi, 2018)

Sub Directorate Wholesale Product & Service (WPS)'s strategies are to defend against the decline of the conventional communication service business. On the other hand, a new business is needed to compensate for the decline in the conventional communication service business. Digital Service is one of the business streams expected to become a new revenue engine within the scope of the Business Unit Division to compensate for the decline in the conventional communication service business.

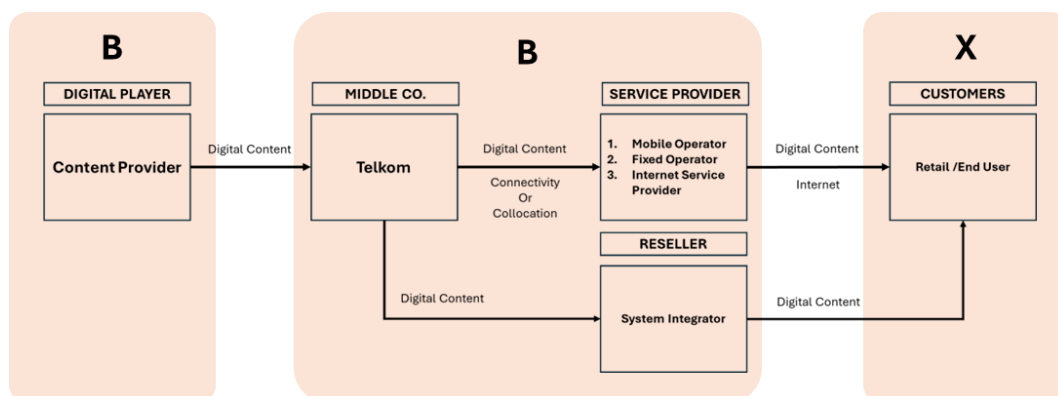
Judging from internal business performance data until Q3 2023, the achievement of Digital Service revenue has not been significant to the Company's Work Plan and Budget or the targets set by the Business Unit Division for the 2023 period. Some digital service products the business unit division has commercialized have not been used to market massively and programmatically. The initiation of Digital Entertainment Product commercialization is expected to become a new revenue engine for the Business Unit Division in 2024 and beyond so that in the near future, it can answer management's expectations by achieving the Company's Work Plan and Budget or predetermined targets. (Gonçalves, 2019) (Hamidi et al., 2019)

Looking at this reality, reflecting the capabilities owned by PT Telekomunikasi Indonesia, Tbk is very limited because fundamentally, the main capabilities of PT Telekomunikasi Indonesia, Tbk in Legacy Business, Infrastructure and Connectivity. This needs to be watched out by PT Telekomunikasi Indonesia, Tbk because Digital Players or Content Providers have started offering their digital services to service providers (Mobile Operator & Internet Service Providers) with a bundling scheme for existing service providers, which will be offered to end users/retailers with the concept of B2B2X. (Hamidi et al., 2019)



**Figure 1: B2B2X Concept by PT Telekomunikasi Indonesia, Tbk.**

To close the capability gap of PT Telekomunikasi Indonesia, Tbk in terms of Digital Service, according to researchers, a co-creation strategy is needed with the aim of creating a digital service product that has a unique value proposition that is not owned by competitors. The Co-Creation can be offered by PT Telekomunikasi Indonesia, Tbk to Digital Players, Others Service Providers and Resellers. (Baehaqi, 2020) (Firmansyah, 2015)



**Figure 2: Co-Creation of B2B2X Concept by Researchers.**

In this study, researchers will map Co-Creation Design through 6 indicator dimensions using the Pennie Frow model. The mapping results will later illustrate the completeness of indicators for forming an optimal Co-Creation Strategy between several related actors. (Frow et al., 2015)

Based on the results of observation and analysis of supporting documents during the researcher being part of the Sub Directorate of Wholesale Product & Service (WPS), the potential or level of success in product sales is through Resellers, in this case System Integrator because researchers see the benefits of selling through System Integrator is the existence of an exclusive Captive Market that can only be accessed by System Integrator, the second is the retail segment, end user or eyeball

is agnostic who is not dependent / affiliated with one particular service provider. Co-creation has become a widely used term to describe a shift in thinking from organizations as determinants of value to more participatory processes in which people and organizations jointly generate and develop meaning. In business, this informs approaches to insight, development and marketing of new products and services (Alex Maulana, 2019). (Firmansyah, 2015)

Innovation strategy is a guide to decision-making and is related to how to use resources to match company goals so that the company can provide value and build its competitive advantage. Co-creation is an innovation model where value is offered by working with consumers and using their views to create greater satisfaction due to increased product performance (Kuncorosidi, 2017). (Firmansyah, 2015) (Frooghi & Rashidi, 2019)

This research aims to formulate the right Co-Creation Strategy and provide benefits in product development and Digital Entertainment sales for the B2B2X segment at PT Telkom Indonesia.

## METHODS

The method researchers use in this study is a qualitative approach because it is a case study of a particular object, namely a corporation. This research uses a qualitative descriptive approach with a case study strategy called CSR (Case Study Research). Qualitative methods allow researchers to explore and describe specific phenomena in depth. In contrast, case study approaches allow researchers to understand the context, process, and impact of a business decision within a corporation. The quality of this research is determined by the ability of researchers to make observations as a whole because researchers are participants and dig deep into data so that the results become more qualified and informative.

### Stages of Research

The research stage consists of five stages, namely conduct direct observation-analyze supporting documents stage, identification of problems stage, problem analysis stage, determining focus or priorities stage and provide recommendations (Researcher).

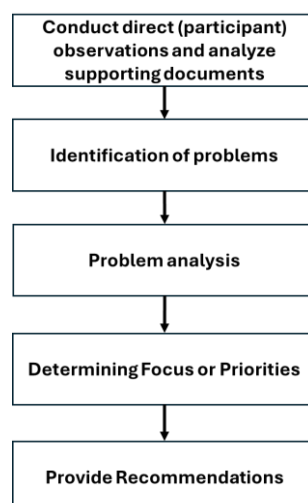


Figure 3: Research Stages

### Stage 1: Conducting Direct Observations and Analyzing Supporting Documents

The research begins by conducting direct observations on each process. Observation is done through direct observation, where the researcher participates and analyzes supporting documents to obtain information gradually and comprehensively.

### Stage 2: Identification of Problems

After conducting observations and analyzing supporting documents, the researcher identifies the problems occurring within a corporate business activity based on the primary parameter of the business's failure to meet the expectations set by the management outlined in the company's Work Plan and budget.

### Stage 3: Problem Analysis

Before making improvements and finding solutions to the problems, it is necessary to determine whether the data collected falls within the company's control limits. This aims to provide information about the processes involved. Repairs are needed if there are specific causes (special causes). Special causes occur due to various factors in the process.

### Stage 4: Determining Focus or Priorities

Making improvements requires a long time and significant effort if addressing the entire set of issues. The ongoing research has limited time and resources, so it is necessary to prioritize improvements to provide effective solutions.

### Stage-5: Providing Recommendations

Improvement is a crucial topic in company management. Companies expect improvements in business processes that need enhancement. Researchers are expected to assist companies in recommending improvements that can be implemented and used continuously.

## **Data Collection and Data Sources**

The author collects data with several techniques, including Observation and Documentation.

### **Observation Techniques**

Observation is one of the techniques in data collection that is very common in qualitative research methods. Observation is part of data collection. Observation means collecting data directly from the field (Semiawan, 2010).

In this study, the author will use the type of observation to participate, namely the author participates in the activities of the observed subject (Safithy, 2018).

### **Documentation Techniques**

Documentation comes from the word document, which means written goods, documentation method means procedures for collecting data by recording existing data. A documentation method is a data collection method used to trace historical data. Documents about people or groups of people, events, or occurrences in social situations are very useful in qualitative research (Yusuf, 2014).

In this study, documentation will be made in the form of photos of researchers involved as participants in formal corporate activities and in the preparation of strategic documents related to the object of research.

## Data Sources

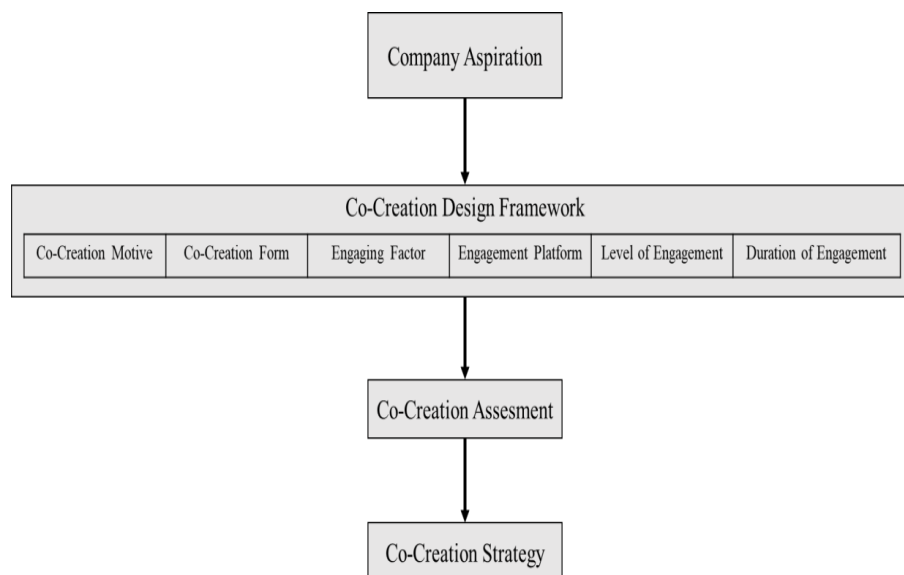
Based on the data collection technique that the author will do, namely by Observation & Documentation, it shows the source of the data to be used or obtained is Primary Data. Primary data is a data source that directly provides data to data collectors (Sugiyono, 2019).

## Qualitative Research Validity Test

At the qualitative research validity test stage, researchers asked directly to the informant persons according to their position function in the Sub Directorate of Wholesale Product & Service (WPS).

## Frame of Mind

This research originated from the aspiration of PT Telekomunikasi Indonesia, Tbk, especially Sub Directorate Wholesale Product & Service (WPS), to innovate digital products, especially digital entertainment, to find suitable and profitable business models through the right co-creation strategy (Mihardjo & Alamsjah, 2019). This process involves determining the motive of co-creation, the design of a framework that includes the idea of motives and attributes of the product or service, and the identification of the entities or actors involved, the platform used, the duration, and the type of co-creation relationship. The next stage assesses whether these steps can form a unique value proposition to win industry competition and benefit actors. The assessment results are the basis for designing a co-creation strategy that will be offered to the Sub Directorate of Wholesale Product & Service (WPS). (Chen, 2020)



**Figure 4: Frame of Mind**

## RESULTS AND DISCUSSION

This research is descriptive and uses qualitative data based on the results of researcher observations on an activity or activity, interrelated supporting documents, and the involvement of researchers as participants in the period Q12019 – Q3 2023. In the study, the researcher provided a strategy proposal that can be considered and applied to one of PT Telekomunikasi Indonesia, Tbk's customer segmentations in running its

business. The proposed strategy is compiled into a framework called Co-Creation Design Framework. In the framework, researchers make observations based on 6 dimensions of the forming framework of the Co-Creation Strategy, namely Co-Creation Motive, Co-Creation Form, Engaging Actor, Engagement Platform, Level of Engagement, & Duration of Engagement.

### 1. Co-Creation Motive

To expose a company's perspective motives in initiating or proposing the need for co-creation, there are nine goal motives: access to resources, enhancement of customer experience, creation of customer commitment, Enabling of self-service, creation of more competitive offerings, Decrease of cost, Faster time to market, Emerging strategy, and building of brand awareness.(Gonçalves, 2019)

**Table 1: Co-Creation Motive**

No	Actor	Co-Creation Motive
1	PT Telkom	a) Access to resources: Requires resources from Suppliers in the form of developers, technical, product management & pre-sales to be able to offer Digital Entertainment to Resellers. From the Reseller side, PT Telkom needs resources in the form of Sales to be able to sell Digital Entertainment to end users. b) Decrease Cost: By getting finished products in the form of Digital Entertainment, PT Telkom automatically does not need product development costs because they are borne by the Supplier, and promotion costs because they are borne by the Reseller. c) Faster time to market: PT Telkom can utilize the captive market owned by Resellers so that Digital Entertainment can be sold directly. d) Create customer commitment: PT Telkom hopes that with the captive market, Resellers will get recurring revenue in a sustainable period from end-users
2	Content Provider	a) Create customer commitment: Suppliers can take advantage of the large number of resellers who collaborate with PT Telkom, so that they can generate recurring revenue from end-users. b) Build Brand Awareness: Suppliers can take advantage of promotions carried out by resellers in captive/non-captive markets with the aim of introducing digital entertainment products to the broader market. c) Decrease Cost: Suppliers can take advantage of promotions carried out by resellers, so they can reduce promotional costs for digital entertainment products.
3	System Integrator	a) Create customer commitment: Resellers are expected to take advantage of their captive market to provide sustainable recurring revenue. b) Faster time to market: Resellers are expected to be able to take advantage of digital entertainment products from suppliers so that they can quickly respond to end-user needs and behavior.

### 2. Co-Creation Form

As a framework for the purpose of co-creation, among others, for ideas, design, production, promotion, pricing, distribution, consumption, maintenance, outsourcing, disposal, experience and meaning creation.

**Table 2: Co-Creation Form**

No	Actor	Co-Creation Form
1	PT Telkom	a) Co-Pricing: PT Telkom hopes to get attractive or profitable pricing because it will later need to provide reseller fees to resellers. b) Co-Distribution: PT Telkom hopes that Suppliers will be ready to distribute and run complete digital entertainment products to resellers with good SLAs. c) Co-Maintenance: PT Telkom hopes that the Supplier will be ready to resolve application problems if there is a disruption in access by end-users to digital entertainment.
2	Content Provider	a) Co-Promotion: Suppliers are expected to get the benefits of promotional activities carried out by Resellers.
3	System Integrator	a) Co-Distribution: Resellers are expected to receive distribution services from the Supplier in accordance with the agreed SLA b) Co-Maintenance: Resellers are expected to receive maintenance services from the Supplier if there are obstacles or problems with digital entertainment.

### 3. Engaging Actor

Identify the role of actors involved in the initiation of co-creation with choices such as Focal Firm, Customer, Supplier, Partner, Competitor and Influencer. (Rurianto et al., 2021) (Ryu, 2018)

**Table 3: Engaging Actor**

No	Actor	Engaging Actor
1	PT Telkom	As a Focal Firm or Middle Company that brings suppliers and customers together.
2	Content Provider	As a supplier from PT Telkom in providing Digital Entertainment services/products.
3	System Integrator	As a Reseller/Customer from PT Telkom in selling Digital Entertainment services/products to end-users/market.

### 4. Engagement Platform

Platform involvement that allows sharing resources according to the required process and in collaboration this platform is led by the main actors. The resources that can be collaborated include Digital Application, Tool or product, Physical resources / spaces / events, Joint Processes and Group personnel.

**Table 4: Engagement Platform**

No	Actor	Engagement Platform
1	PT Telkom	a) Digital Application: Platform owned by the Supplier to support digital entertainment services/products. b) Tool or product: Transaction platform provided by the Supplier for end-users purchasing subscriptions. c) Physical resources: Space/Events utilized by Suppliers & Resellers in promoting Digital Entertainment services/products. d) Joint processes: Market validation process carried out by the Supplier and PT Telkom so that it is suitable to be offered to Resellers. e) Group personnel: Collaboration between Supplier personnel in supporting Resellers in selling Digital entertainment services/products.
2	Content Provider	
3	System Integrator	

## 5. Level of Engagement

The level of involvement between actors is influenced by social, cultural and political contexts, in addition to the intensity of interaction, namely Cognitive Agreement, Emotional Agreement and Behavior Agreement. (Mihardjo, 2020)

**Table 5: Engagement Level**

No	Actor	Engagement Level
1	PT Telkom	Researchers propose Cognitive Level / Agreement: The actors consciously provide their own resources or platforms to the main actor (PT Telkom). In this agreement there is no obligation to make investments or force changes in each other's roles.
2	Content Provider	
3	System Integrator	

## 6. Duration of Engagement

Co-creation varies in terms of duration, including the duration of interactions and collaborative relationships. The three categories of time or duration include One-off interactions, recurring interactions and continuous interactions.

**Table 6: Duration of Engagement**

No	Actor	Duration of Engagement
1	PT Telkom	Researchers propose Continuous interactions: The duration is long-term, during this period it is hoped that there will be improvements in various aspects.
2	Content Provider	
3	System Integrator	

## 7. Co-Creation Design Framework

Based on the six dimensions that researchers have observed based on reality and object conditions in the Q3 2024 period, the mapping of each dimension is as follows:

		Dimensions					
		Co-creation motive	Co-creation form	Engaging actor	Engagement platform	Level of engagement	Duration of engagement
Categories	Access to resources	Co-conception of ideas	Focal firm	Digital application	Cognitive	One-off	
	Enhance customer experience	Co-design	Customer	Tool or product	Emotional	Recurring	
	Create customer commitment	Co-production	Supplier	Physical resources, spaces/events	Behavioural	Continuous	
	Enable self-service	Co-promotion	Partner	Joint processes			
	Create more competitive offerings	Co-pricing	Competitor	Personnel groups			
	Decrease cost	Co-distribution	Influencer				
	Faster time to market	Co-consumption					
	Emergent strategy	Co-maintenance					
	Build brand awareness	Co-outsourcing					
		Co-disposal					
	Co-experience						
	Co-meaning creation						

**Figure 5: Co-Creation Design Framework**



## CONCLUSION

Based on the results of observations and analysis in the discussion that has been described, it can be concluded that the proposed Co-Creation Strategy formed according to the Co-Creation Design Framework has benefits for each actor as follows:

### 1. PT Telekomunikasi Indonesia, Tbk as a Focal Firm or Middle Company.

As participants in the study, researchers argue that the benefits obtained through implementing the Co-Creation Strategy for PT Telkom complement capabilities that are not ready to run a digital business, especially digital entertainment. In collaboration with Suppliers, PT Telkom will get a Digital Entertainment service/product ready to be offered to the market/end-user through resellers at competitive prices. On the other hand, selecting resellers in the form of system integrators is expected to quickly generate economic value/revenue through existing captive markets that are inaccessible to competitors. (Chen, 2020)

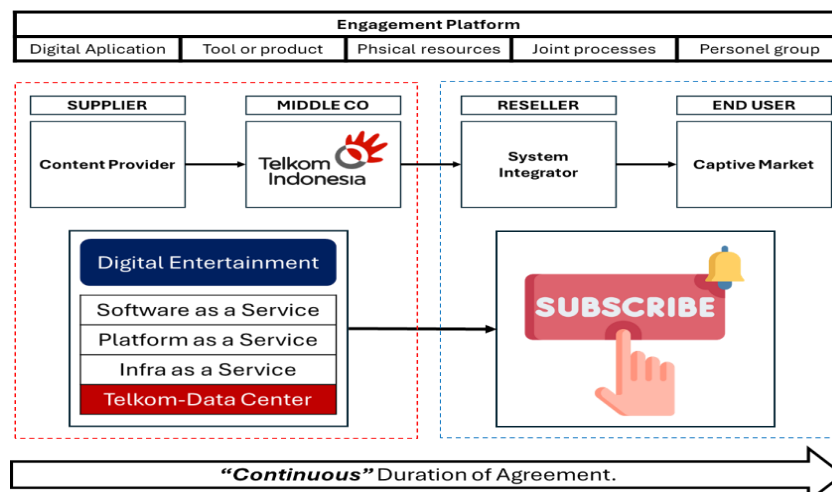
### 2. Content Provider as Supplier

Researchers as participants in the study argue that the benefits obtained if Content Providers are willing to cooperate with PT Telkom through the implementation of the Co-Creation Strategy is to get new sources of revenue and increase product brand awareness in the market without spending promotional costs because promotion is carried out by System Integrators as Resellers. (Gonçalves, 2019)

### 3. System Integrator as Reseller

Researchers, as participants in the study, argue that the benefits obtained if the System Integrator is willing to cooperate with PT Telkom through the implementation of the Co-Creation Strategy is to get new sources of revenue without the cost of developing a product.

In implementing the Co-Creation Strategy, the level of engagement that can be chosen is Cognitive Engagement, where actors consciously provide access to PT Telkom using existing resources without the need for initial investment and without changing each actor's role. The implementation of cooperation is expected to be continuous so that there is an improvement mechanism that can improve the quality of services/products so that resellers continue to increase sales to end-users. Unique Value Propositions are formed from the Co-Creation Strategy that researchers offer to Sub Dit Wholesale Products Service (WPS) as follows:



### 1. Double Sided Revenue.

Business reciprocity can be offered to Content Providers in using the neuCentrIX data center ecosystem to develop a digital product, in this case digital entertainment. Every month, PT Telkom will regularly get colocation revenue or with a revenue sharing mechanism.

On the other hand, of course, with the increase in the number of digital entertainment subscriptions through resellers, PT Telkom gets a fee for each subscribe.

### 2. Aqnostic users as New Eyeball.

End users in the captive market of System Integrators are aqnostic, namely the use of types of internet providers to access digital entertainment unaffiliated with certain operators. As an eyeball, the captive market has indirectly accessed digital supplier content in neuCentrIX.

### 3. Additional Revenue for Connectivity Product.

There is the potential for Resellers to offer Specific Content Connectivity for digital content suppliers located in neuCentrIX to one operator who represents the majority of end users in the Captive Market.

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