IDCloudHost Digital Business Strategy for Digitalizing MSMEs in Indonesia

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ABSTRACT: MSMEs are a segment of entrepreneurs with the largest number in Indonesia. MSMEs are the backbone of the Indonesian economy today. During the Covid-19 pandemic, MSMEs were affected by the pandemic so that the Indonesian economy weakened until a recession occurred. The government sees a solution based on this condition to restore and recover the economy, by restoring MSME players so they can boost the Indonesian economy again. The government considers that MSMEs need to digitize to restore trade conditions, as well as so that MSMEs can upgrade and survive in uncertain conditions. The Ministry of Cooperatives and SMEs encourages MSME businesses to digitize by asking IDCloudHost as a cloud and hosting service provider in Indonesia to help the government digitize MSMEs. The purpose of this study is to explain IDCloudHost's internal and external factors and explain IDCloudHost's business strategy in digitizing MSMEs in Indonesia. The method used is descriptive qualitative research method. The results show that IDCloudHost's external and internal factors are summarized into strengths, weaknesses, threats and opportunities. IDCloudHost is currently carrying out a cost leadership strategy in reaching the MSME segment. Recommendations and action plans for IDCloudHost include developing knowledge and understanding in strengthening the management structure, innovating and developing special products for MSMEs that are affordable, and conducting digital literacy education for MSMEs for digitalization.

KEYWORDS: IDCloudHost, strategy, digitalization, MSMEs.

INTRODUCTION

Based on an article on the website (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2022) currently the world economy is experiencing a challenge called The Perfect Storm or what is currently called 5C which consists of Covid-19, Russia-Ukraine Conflict, Climate Change, Commodity Price, and Cost of Living. Under these conditions the Indonesian government issued a policy to restore the Indonesian economy, which was written in an article by the Ministry of Finance of the Republic of Indonesia (Pratiwi, 2022) stated that the government cooperates with all components of the nation in an optimistic and consistent manner. Regional governments also have a strategic role in accelerating the country's economic 2 recovery. Communities also have a strategic role by doing business. These things were done so that the Indonesian economy could recover after the Covid19 pandemic. MSME (Micro, Small and Medium Enterprises) is one of the sectors affected by the Covid-19 pandemic. In the article, the Ministry of Finance of the Republic of Indonesia (Sasongko, 2020) explains that the impact of MSMEs on the pandemic has greatly impacted the national economy because MSMEs have made a large contribution to the national economy. In 2018 the number of MSMEs in Indonesia was 64.2 million or 99.99% of the number of business actors in Indonesia. The contribution of MSMEs to the national economy is 61.1%. Indonesia is considered to have the potential for a strong national economic base due to the very large number of MSMEs and the very large absorption of labor from the MSME sector. The absorption capacity of the MSME sector is recorded at 117 million workers or around 97% of the absorption capacity of the workforce in the business world. The President of the Republic of Indonesia responded to these conditions by giving directions so that MSMEs can develop following modern and digital developments. In an article on the Coordinating Ministry for Economic Affairs of the Republic of Indonesia (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2022) the President of the Republic of Indonesia targets at least 30 million MSMEs in Indonesia to go digital by 2024. This target was set with the aim that MSMEs can enter digital platforms and become players. export-oriented global. So, the challenges that need to be overcome together in digitizing MSMEs are regarding innovation and technology, digital literacy, productivity, legality or licensing, financing, branding and marketing, human resources, standardization and certification, equitable development, training, facilities, and a single database. Prof. Sri Adiningsih, M.Sc., Ph.D., as Professor of the Department of Economics, Faculty of Economics and Business UGM, on the Gadjah Mada University website, Faculty of Economics and Business (Kirana, 2022) states that currently people have switched to using gadgets as a means

of connecting especially during the Covid-19 pandemic. This rapidly changing behavior further encourages and accelerates the digital transformation. It can be said that Covid-19 has become an accelerator in digital transformation in Indonesia. On the Online Tax website (Sandi, 2023) mentions the problems and challenges that occur in the digitalization of MSMEs, namely that many business actors are still technologically illiterate. Even though in practice digitization has many benefits for MSME players such as marketing and business 3 productivity in general. The use of market places and social media opens up great opportunities for MSMEs. In short, digitization can help business people to develop, compete and excel. Currently there are many digital startups engaged in technology, which can help businesses and organizations to develop their digital potential. One such startup is IDCloudHost, which is a company operating in the cloud service industry. Services provided by IDCloudHost can be from agencies and organizations that need services for digitizing their companies. IDCloudHost has received many awards such as the UKM Award held by the Ministry of Cooperatives and SMEs in 2020 and the winner of the Bangga Made Indonesia Award which was carried out based on President Joko Widodo's direction in 2020. The Minister of Cooperatives and SMEs hopes that IDCloudHost can help digitize MSMEs in Indonesia. These challenges are opportunities for IDCloudHost to maximize its services in the MSME segment. According to Alfian Pamungkas Sakawiguna as CEO said that IDCloudHost will be committed to supporting the growth of MSMEs in Indonesia by developing various cloud services to help business people carry out digitalization, which will thereby increase business volume in the domestic and export markets, as well as be able to make efficiencies in various business operational system. The services provided by IDCloudHost include products such as Cloud VPS and Object Storage for MSME players and startup companies. These services will be supported by quality infrastructure, technology, human resources, and affordable prices for the MSME segment. However, behind the opportunities there are problems and obstacles that need to be faced by IDCloudHost. According to Rinaldy Agustian as HR & GA manager, these problems and obstacles are business actors who have not been able to maximize features and services, the minimum cost owned by MSME entrepreneurs and the desire for more features, difficulties in conveying information about digital infrastructure when there are problems, and a lack of technicians. IT understands the problem. So, with the background that has been mentioned, and to answer the problems and obstacles experienced by the industry, this study aims to determine internal and external factors, as well as IDCloudHost's digital business strategy in digitizing MSMEs in Indonesia.

LITERATURE REVIEW
A. Strategic Management
David (2015: 39) states that 4 strategic management is defined as an art and science that formulates, implements, and evaluates cross-functional decisions for an organization to achieve its goals. In short, the stages in the strategic management process consist of three stages, namely formulation, implementation, and strategy evaluation

B. E-Business
This research was conducted on e-business, Explanation and Martinez-Lopez (2020:4) state that e-business is an internal and external business activity that uses electronic technology. The activities carried out are production, development, maintenance of IT infrastructure, aftersales service, and product management. Chaffey (2015: 185) states that digital business strategy is an approach that uses internal and external electronic communications that support and influence business strategy

C. Cloud Computing
Cloud computing services are one of the types of digital business activities. According to Chaffey (2015: 98) cloud computing is an activity that uses distributed storage media and is processed on servers connected to the internet. Cloud has the meaning of a combination of network and data storage, which is generally distributed and divided between several parties who can access it via the internet network. Velte (2010: 4) adds that cloud computing is a construct that makes it possible to access applications in different locations from other internet devices, which are centered in data centers

METHODOLOGY
The method used in this study is a qualitative method. According to Sugiono (2017: 26) a qualitative research method is a research method that is based on natural object conditions. In qualitative research, the researcher acts as a key instrument, data collection is carried out in a triangulation or combined manner, data is analyzed inductively/qualitatively, then the results of qualitative research emphasize understanding the meaning and process of constructing phenomena from generalizations. Data obtained in qualitative

research can be in the form of interview transcripts, field notes, documents, and visual materials such as photos, videos, the internet, and other documents regarding human life individually or in groups. According to Indrawati (2018: 2) qualitative research usually aims to understand the experiences, attitudes, and opinions of a person or group of people. The purpose of this research is descriptive research, which according to Sugiono (2017: 19) is research that does not compare several variables in other samples, and does not seek comparisons of these variables with other variables. Business research is generally descriptive in nature. The unit of analysis in this study is organizational research, the organization that is the object of this research is PT. Cloud Hosting Indonesia with the brand name IDCloudHost. According to Sugiono (2017: 445) determination of data sources in qualitative research is carried out by means of purposive sampling by choosing to use considerations based on certain objectives. Certain considerations mean the selection of people as sources or informants based on one's understanding and capability in the matter to be researched or as a person who has the power to facilitate research. Indrawati (2018: 207) adds that sample selection in qualitative research is not done randomly. The sample chosen is usually people who have opinions and experience regarding the object of research, so they are called informants or informants. In this study, data were collected using interview techniques and documents from primary data sources directly from predetermined informants or sources. Sugiono (2017: 452- 453) explains that in qualitative research, the researcher himself becomes a research instrument or research tool. Researchers as human instruments have the function of determining the focus of research, choosing informants as data sources, collecting data, assessing data quality, analyzing, interpreting, and making conclusions from their findings. 7 Data analysis in qualitative research according to Miles and Huberman (in Sugiono, 2017: 484) is carried out in an interactive way and continues continuously until complete, until the data is saturated. Data analysis activities carried out are data reduction, data presentation, and drawing conclusions and verification.

RESULT AND DISCUSSION

This study conducted interviews with key informants from IDCloudHost to analyze the company's internal and external factors in digitizing MSMEs (Micro, Small, and Medium Enterprises) in Indonesia. The study used SWOT analysis, identifying strengths like strong team solidarity, skilled employees, fast customer support, and low prices, which benefit the MSME segment. However, weaknesses include a shortage of skilled human resources, lack of managerial experience, and dependence on superiors. Externally, IDCloudHost faces threats from global competitors, strong client bargaining power, and rapid technological advancements. Opportunities include the growing MSME sector, increasing demand for digitalization, and the rising importance of cybersecurity. IDCloudHost's current strategy focuses on cost leadership, offering affordable prices to MSMEs while also aiming to balance cost with quality service. The company is gradually shifting from purely cost leadership to differentiation to avoid price wars and enhance service quality.

This study examines the internal and external factors affecting IDCloudHost's efforts to digitize MSMEs in Indonesia and explores the company's digital business strategy. The research is driven by the economic downturn caused by the COVID-19 pandemic, which highlighted the need for MSMEs, as key economic players, to embrace digitalization. As a company appointed by the Indonesian government to assist in this process, IDCloudHost must navigate various internal and external challenges. To do so, it employs a cost leadership strategy tailored to the needs of MSMEs. The study also highlights the limitations of focusing on specific products and services for MSMEs, suggesting that future research could explore other companies or target markets to broaden business and management knowledge.

CONCLUSION AND RECOMMENDATION

The study concludes IDCloudHost's internal and external conditions relevant to its goal of digitizing MSMEs in Indonesia. Internally, the company's strengths include strong team solidarity, high-quality human resources, fast customer support, and lowpriced products and services. However, weaknesses are noted in the shortage of human resources, lack of managerial experience, and dependence on superiors due to insufficient delegation and SOPs.

Externally, IDCloudHost faces threats such as competition from global companies, high client bargaining power, and rapidly changing technology. Despite these challenges, there are opportunities, including the growing number of MSMEs, the push for digitalization by the government, and the increasing demand for cybersecurity services. IDCloudHost employs a cost leadership strategy to cater to the financial limitations of MSMEs, helping them digitize their business processes affordably. The study suggests

that future research should explore business strategies of other companies in broader market segments. It also recommends that IDCloudHost remain agile and adaptive to external changes like competition, technological advancements, and user needs.

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