

## **CHAPTER 2**

# **VALUE PROPOSITION**

In this chapter we will discuss about the market and industry analysis; online learning industry analysis SWOT Matrix in online learning; idea generations; value propositions of online learning and the consideration of online learning business.

### **2.1. Market and Industry Analysis**

The market and industry analysis consist of Global and Indonesia's condition this current year.

#### **2.1.1 Macro-environment in Education Industry 2012**

By using PESTEL analysis we try to understand the macro-environment in Global and Indonesia.

**Politic.** DIKTI (2012) announcement that in 2013, Indonesia government give 20% of their budget dedicated for education. The total amount is Rp. 331 trillion. The government regulation is to expand the compulsory education program from 9 years to 12 years. The education budget in 2013 will be allocated to:

- Developing the School Operational Assistance program for free education in the context of normal completion of 9 years;
- Provide assistance to students who are not able to continue their education and provide scholarships for outstanding students;
- Providing more benefits for the teaching profession to get an improving the quality of education.

**Economic view.** Globally, the macro economy in 2012 is still in recession. IMF (2012) stated that the world's forecast GDP in 2012 is about 3,5% and will increase to 4% in 2013. From the global market's perspective, Indonesia's economy has performed well, although the world's economic and political is still in crisis. This achievement shown by Indonesia's Gross Domestic Product that reached Rp.1.732 trillion and grew by 6,5% in 2011 compared to the same quarter in 2010.

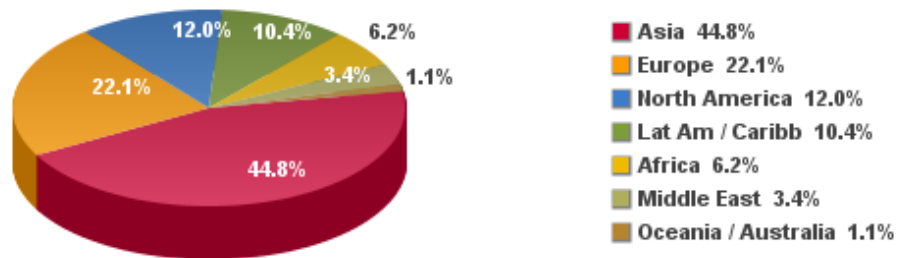
According to Market Research (2012), the education industry is one of the biggest revenues and employment generating in the world. The demand of education is always increasing every year and has a large potential growth. In year 2007-2008, the US has contributed 60% of the global market and Europe 15%. The global

education industry became the second-largest industry after healthcare in 2012. In China, there are 6.1 million graduated students in the year 2009. In South Korea, the private's education has grown 30 trillion USD.

**Social.** Globally, internet users in the world is dominated by Asia with 44,8%.

**Figure 2.1**

**Internet Users in The World Distribution by World Regions – 2011**



Source: Internet World Stats (2012)

Meanwhile the growth of internet usage in the world is huge (528,1%), compare to the internet population 32,7% in the period of 2010 to 2011.

**Table 2.1****World Internet Usage and Population Statistics**

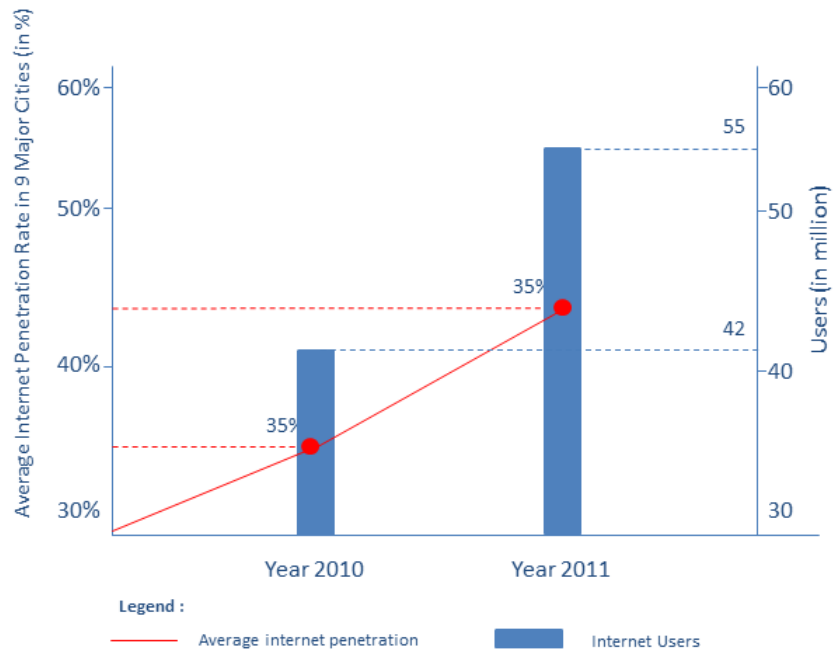
World Regions	Population ( 2011 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2011	Users % of Table
<a href="#">Africa</a>	1,037,524,058	4,514,400	139,875,242	13.5 %	2,988.4 %	6.2 %
<a href="#">Asia</a>	3,879,740,877	114,304,000	1,016,799,076	26.2 %	789.6 %	44.8 %
<a href="#">Europe</a>	816,426,346	105,096,093	500,723,686	61.3 %	376.4 %	22.1 %
<a href="#">Middle East</a>	216,258,843	3,284,800	77,020,995	35.6 %	2,244.8 %	3.4 %
<a href="#">North America</a>	347,394,870	108,096,800	273,067,546	78.6 %	152.6 %	12.0 %
<a href="#">Latin America / Carib.</a>	597,283,165	18,068,919	235,819,740	39.5 %	1,205.1 %	10.4 %
<a href="#">Oceania / Australia</a>	35,426,995	7,620,480	23,927,457	67.5 %	214.0 %	1.1 %
<b>WORLD TOTAL</b>	<b>6,930,055,154</b>	<b>360,985,492</b>	<b>2,267,233,742</b>	<b>32.7 %</b>	<b>528.1 %</b>	<b>100.0 %</b>

Source: Internet World Stats (2011)

In Indonesia, the awareness of the internet is increasing. According to the research from MarkPlus Insight (2011), the growth of Internet use in Indonesia continues to increase. The figure below describes the growth of Indonesia's internet penetration in year 2010 and 2011.

Figure 2.2

## Internet Penetrations in Indonesia



Source: Mark Plus Insight (2011)

**Technology.** The emergence of technologies in the world is creating new improvement in all sectors of industry. In education, the transformation from traditional education to online education is one of the impacts of technologies. Nowadays, students can learn anything through various devices. This situation also impacts the education development in Indonesia, where universities are trying to compete in the market by developing e-learning not only for their students but also for lecturers to create efficiency.

**Environment.** Online Learning programs can reduce the usage of paper. All of the activities are done through the internet.

**Legal.** The Regulation by Indonesian Ministry of Education dated September 24, 2001 stated that the government encourages traditional universities to deliver dual mode programs. With this conducive situation, universities are preparing themselves, such as giving instruction to lecturers to:

- Take courses about e-learning teaching development;
- Identify and explore the e-learning teaching platforms;
- Explore the utility in how to use e-learning platforms.

Law of the Republic of Indonesia No. 20 Year 2012 about The National Education System stated that Distance education is the teaching and learning process is done remotely through a variety of communication media.

Law of the Republic of Indonesia No. 12 Year 2003 about Higher Education describe about :

- Chapter I General Provisions Article 1 No.15. Long distance education learners are separated from educators and learning, using a variety of learning resources through communication technology, information, and other medias;
- Article 35 Paragraph 1. The standard educational facilities include classrooms, a gym, a place of worship, libraries, laboratories, workshops, playground, where

creativity and recreation, and other learning resources needed to support the learning process, including the use of information and communication technologies.

One of the concerns in distance learning is the Law of the Republic of Indonesia No. 24 Year 2012 about the implementation of distance education in higher education in chapter 7 stated that the evaluation of the final learning outcomes should reflect the level of maturity and ability of learners through the mechanism of a comprehensive examination in person, remotely, or use of information and communication technology centrally with direct supervision.

### **2.1.2 Online Learning Industry**

As one of the fast growing sector, education generates a large scale of revenues and employment. Because of the globalization, the demand for getting a better education is increasing.

Nowadays the trend of education is online learning. Below are the types of online learning:

- **Distance Education** is instructional delivery that does not constrain the student to be physically present in the same location as the instructor (Ornager, 2003).
- **Distance Learning** is a type of education where students on their own at home or at the office and communicates with faculty and other students via e-mail,

electronic forums, videoconferencing and other forms of computer-based communication (Webopedia, 2003).

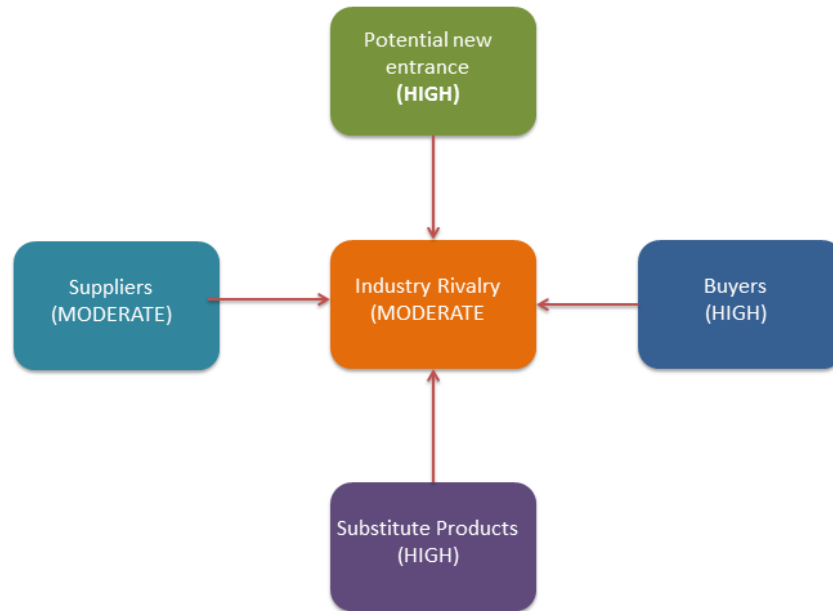
- **Collaborative Learning** (CL) is a learning method with mutual engagement of participants in a coordinated effort to solve a problem together.
- **Problem-Based Learning** (PBL) is a learning method based on the principle of using problems as a starting point for the acquisition and integration of knowledge.
- **Web-based courses**: courses available in the Web that can be accessed anytime, anywhere via internet and web browser (Sympson, 2003).
- **E-Learning** is learning facilitated and supported through the use of information and communications technology (ICT) (Jenkins and Hanson, 2003).

To analyze the online learning industry in Global, we use Porter's 5 Forces (Porter, 1979) to describe the situation.



**Figure 2.3**

**Porter's 5 Forces : Online Learning Industry in Global, Year 2012**



**Industry Rivalry** in the online learning is Moderate. Education industry is one of the biggest revenues and employment generating in the world. The demand of education is always increasing every each year and has a potential growth. In the years 2007-2008, the US have contributed 60% of the global market and Europe 15%. Business Week (2011) stated that the intakes of full-time MBA programs are slowing. Universities are looking for innovative ways to reverse the trend and keep tuition revenue growing. Top universities in the world are starting to open an online program in order to keep up with the trend and gaining new intake. For example: The University of North Carolina's Kenan-Flagler Business School open a new online program, named MBA@UNC in 2011. Top-Ranked business school including

Wharton School of the University of Pennsylvania, University of California at Berkeley and Harvard University are opening online programs.

**Potential New Entrants** in the online learning is high. Nowadays, traditional education institution is aware of the technologies implementation, so for the long term plan, they are developing the technologies to their education institutions to go online. The purpose of those universities in providing online learning is that learners appeals to people just about everywhere. Many existing universities opened new ways of learning, through the existences of technologies.

**Buyers.** The number of students is also high. Student found themselves busy in their jobs, traffic jam situation, and their time is limited. Based on those background, students choose online as their education system to meet their needs. Based on Sloan (2011), 6 million students in US are taking online courses, nearly one third of all those enrolled in higher education. In years 2010 and 2011, online enrollment in the US has increased 10%.

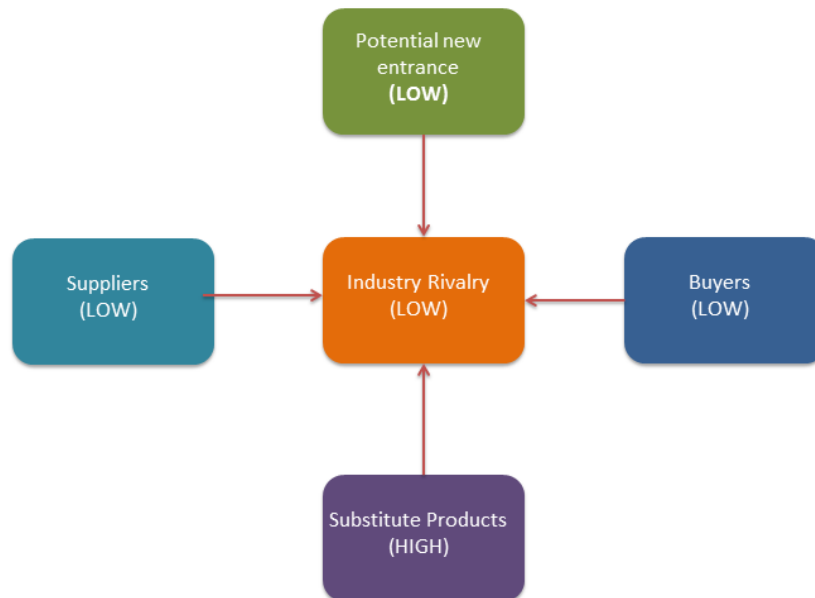
**Substitute Products.** The numbers of substitute products is high. Besides competing with a traditional education, short courses are also tempting. Only in a few months, students can get a professional certification. Example: UC Berkeley's Extension in Accounting program, students who complete the course will get professional certification.

**Suppliers.** The numbers of suppliers are moderate. Universities must have people who have the competencies in developing online system and infrastructure. Besides their lecturer must also have competencies in using online teaching platforms.

Meanwhile in Indonesia, the Porter 5 Forces (Porter, 1979) is described below.

**Figure 2.4**

**Porter's 5 Forces : Online Learning Industry in Indonesia, Year 2012**



**Industry Rivalry** in the online learning is low. Even though the market of online learning is growing, but the players in the online learning in Indonesia currently are only BINUS Graduate Program, Trisakti e-Learning and Universitas Terbuka.

**Potential New Entrance** in the online learning is low. Universities in the world are starting to aim Indonesia as their potential students. Those universities are using English as their main language. People in Indonesia mostly prefer Indonesia Language. Example, Edinburgh Business School Heriot-Watt University offers MBA program for Indonesia's students. They also have a local representative in Indonesia.

**Substitute Products.** The numbers of substitute products is high. Besides competing with a traditional education, short courses are also tempting. Only in a few month courses, students can get certificates. Example: IDM, Digital Marketing Certificate is an online course within 1 year. Students who took this course will get a certificate after they complete 16 modules. Meanwhile in Indonesia, there is Employee Class Program (*Kelas Karyawan*) held by Indonusa Esa Unggul named Esa Unggul Hybrid Learning.

**Buyer.** The numbers of students are low. Based on a survey by Marketing magazine (2011), one of the reasons people choose a school for MM is because locations closer to the work activity. Jakarta, with the condition of bad traffic jams to be weak and very time-consuming. From the geographic of Indonesia, stretching from Sabang to Merauke, would also be an obstacle for students in reaching educational institution MM which are majority located in the capital city. Under these circumstances, this would be an attractive proposition to be able to meet these needs by creating a competitive innovation that can be utilized into business opportunities. Opportunities

include the implementation of online education for professionals, but are not constrained by space, time and distance.

**Suppliers.** The number of suppliers is low. Universities must have people who have the competencies in developing online system and infrastructure. The lecturer must also have competencies in using online teaching platforms.

### **2.1.3 Market Profile and Opportunity**

Companies cannot connect with all customers in large, broad, or diverse markets. To build a solid foundation business, we must first identify your typical customer. According to Porter (1985), there are three generic strategies that a company can undertake to attain competitive advantage: cost leadership, differentiation, and focus.

Companies employ this strategy by focusing on the areas in a market where there is the least amount of competition (Pearson, 1999). Organizations' can make use of the focus strategy by focusing on a specific niche in the market and offering specialized products for that niche. This is why the focus strategy is also sometimes referred to as the niche strategy (Lynch, 2003). Therefore, competitive advantage can be achieved only in the company's target segments by employing the focus strategy.

In this study, the market segment of online learning is the professional segment. The market profile aims those professionals who have working experience at least 2 years

and their positions at least are supervisors. The table below describes the market profile of online learning students.

**Table 2.2**

**Market Profile of e-MM Learning Students**

No	Criteria	Characteristic
1	Geographic	Urban
	Demographic :	
	Gender	Female & Male
	Age	25-40
	Life Stage	Worker
	Marital Status	Single and Married
2	Socioeconomic :	
	Income	SES A & B+
	Education	Min. Undergraduate
	Occupation	Supervisor, Managerial and Entrepreneurs
3	Psychographic :	
	Personality	Ambitious, Mature, Commit
	Values	Achievers, Experiencers
	Lifestyle	Knowledge Seeker, Technology minded

Based on DIKTI data, the numbers of new students for undergraduate in Indonesia in year 2010 are 786 million. Below are the details of number of students by level of program, gender and province in Indonesia.

Table 2.3

## Number of Students by Level of Program, Gender and Province

No.	Provinsi Province	S0 / Diploma Program			S-1 / Graduate Program			S-2 / Master Program		
		L / M	P / F	Subjml. Sub-total	L / M	P / F	Subjml. Sub-total	L / M	P / F	Subjml. Sub-total
1	DKI Jakarta	25,311	25,686	50,997	77,349	67,781	145,130	5,824	5,047	10,871
2	Jawa Barat	23,873	19,748	43,621	87,929	66,713	154,642	2,667	1,481	4,148
3	Banten	1,911	2,530	4,441	2,452	1,948	4,400	21	11	32
4	Jawa Tengah	12,847	15,677	28,524	30,916	30,740	61,656	1,768	1,887	3,655
5	DI Yogyakarta	4,203	4,943	9,146	36,530	26,820	63,350	758	545	1,303
6	Jawa Timur	9,568	12,219	21,787	63,279	53,940	117,219	2,817	3,269	6,086
7	Aceh	3,143	3,651	6,794	12,042	16,542	28,584	-	-	-
8	Sumatera Utara	10,775	16,991	27,766	26,981	28,502	55,483	731	959	1,690
9	Sumatera Barat	2,490	3,522	6,012	4,748	5,385	10,133	105	69	174
10	R i a u	1,636	2,472	4,108	3,827	3,080	6,907	50	14	64
11	Kepulauan Riau	964	1,551	2,515	1,247	948	2,195	54	85	139
12	Jambi	769	1,538	2,307	2,765	2,209	4,974	44	35	79
13	Sumatera Selatan	4,148	5,544	9,692	14,462	14,361	28,823	717	544	1,261
14	Bangka Belitung	642	517	1,159	1,562	1,036	2,598	-	-	-
15	Bengkulu	1,351	1,273	2,624	3,990	3,871	7,861	20	10	30
16	Lampung	2,964	4,209	7,173	8,681	9,035	17,716	205	155	360
17	Kalimantan Barat	1,645	1,625	3,270	3,601	3,909	7,510	-	-	-
18	Kalimantan Tengah	257	432	689	2,216	1,361	3,577	-	-	-
19	Kalimantan Selatan	1,420	1,753	3,173	5,506	5,099	10,605	208	193	401
20	Kalimantan Timur	2,015	2,172	4,187	4,325	3,267	7,592	28	13	41
21	Sulawesi Utara	578	1,563	2,141	2,819	2,619	5,438	10	16	26
22	Gorontalo	72	102	174	2,143	1,847	3,990	-	-	-
23	Sulawesi Tengah	5	7	12	6,475	4,367	10,842	7	6	13
24	Sulawesi Selatan	6,259	13,010	19,269	21,857	24,946	46,803	1,578	1,388	2,966
25	Sulawesi Barat	529	845	1,374	1,482	1,735	3,217	-	-	-
26	Sulawesi Tenggara	1,114	1,307	2,421	4,525	4,779	9,304	14	11	25
27	Maluku	174	112	286	3,793	2,860	6,653	-	-	-
28	Maluku Utara	260	310	570	1,322	2,050	3,372	-	-	-
29	Bali	1,094	1,064	2,158	7,570	5,994	13,564	294	233	527
30	Nusa Tenggara B.	2,119	1,566	3,685	12,302	10,687	22,989	-	-	-
31	Nusa Tenggara T.	830	677	1,507	6,829	7,006	13,835	28	28	56
32	Papua	988	488	1,476	6,064	4,156	10,220	39	26	65
33	Papua Barat	204	143	347	1,576	1,118	2,694	-	-	-
<b>Indonesia</b>		<b>126,158</b>	<b>149,247</b>	<b>275,405</b>	<b>473,165</b>	<b>420,711</b>	<b>893,876</b>	<b>17,987</b>	<b>16,025</b>	<b>34,012</b>

Source : DIKTI (2010)

Based on our research of 15 local public companies in Indonesia, there are 61 thousand employees who are currently under graduate. The table below describes the

detail of the company's employee's profile. This is the potential market of e-MM Learning.

**Table 2.4**

**Detail of the Company's Employees Profile Based from Their Annual Report  
in Year 2011**

No	Company Name	Total Employee	Industry	Education Level			
				d2/d3/d1	S1	S2	S3
1	Bakrie Sumatera Plantations	24,257	Plantation	398	919	35	3
2	Sampoerna Agro	14,383	Plantation	18	407	11	1
3	Pertamina	15,010	Oil and Gas	318	4,757	1,132	19
4	Antam	2,690	Plantation	144	638	-	-
5	Jasa Marga	5,154	Transportation	22	472	6	-
6	Medco Energi		Oil and Gas	-	1,420	-	-
7	XL	2,390	Telecommunication	-	1,683	168	-
8	Astra International	168,703	Holding company of plantation, automotive, banking industry	17,964	26,649	779	-
9	BNI	23,639	Bank	2,814	17,493	2,250	4
10	Bumi Resources		Plantation	469	1,019	61	-
11	Indosat	2,848	Telecommunication	17	61	9	-
12	Kalbe Farma		Pharmacy	1,723	3,454	593	11
13	Krakatau Steel	8,066	Construction	1,215	598	166	-
14	Bukit Asam	3,100	Plantation	212	338	16	-
15	United Tractor	23,219	Heavy equipment	1,467	1,954	64	-
	<b>TOTAL</b>	<b>293,459</b>		<b>26,781</b>	<b>61,862</b>	<b>5,290</b>	<b>38</b>

Source: Company's Annual Report, year 2011



## 2.2 Online Learning Industry Analysis

According to the FT Ranking (2012), there are 57 leading online programs in the world, mostly from UK and USA. Below are the comparison of 6 leading online program based on their accreditation, study method, investments (education fee until finish), scholarships and student loan program.

**Table 2.5**

### List of Online Learning in UK and USA

No	University	Abbrev	Location	Accreditation	Study Method	Study program (year)	Investments (IDR in millions)	Scholarships	Student Loan	No. of active students
1	Warwick Business School	WBS	UK	AACSB, Amba, Equis	Combination	Min. 2,5; Max. 5	304	Have	Don't Have	N.A
2	University of North Carolina: Kenan-Flagler	UNC	USA	AACSB	100% online	Min. 1,5; Max. 3	872	Have	Have	N.A
3	Northeastern University	NU	USA	AACSB	100% online	Min. 2; Max. 5	621	Have	Have	2,229
4	Imperial College Business School	ICBC	UK	Amba, Equis	Combination	N.A	298	Have	Have	N.A
5	Bradford University School of Management	BUSM	UK	Amba, Equis	Combination	Min. 2; Max. 6	199	Have	Don't Have	N.A
6	Edinburgh Business School, Heriot-Watt University	EBS	UK	Not accredited	100% online	Average 4	207	Have	Don't Have	N.A

Source: Universities websites

In Asia, there is an association for online learning, named Asian Association of Open Universities (AAOU). AAOU is a non-profit organization of higher learning institutions that are primarily concerned with education at a distance, namely,

education in which the systematic teaching and the communication between student and teacher or institution take place mainly by a variety of media. Based on AAOU membership, here are the 5 online education institutions in Asia who have Magister Management programs:

**Table 2.6**  
**List of Online Learning in ASIA**

No	University	Abbrev	Location	Accreditation	Study Method	Study program (year)	Investments (IDR in millions)	Scholarships	Student Loan	No. of active students
1	Asia e University	AEU	Malaysia	ACD Islamabad Declaration No. 6, ACD DOHA Declaration No 1.5	Combination	Min. 2	N.A	Have	Don't Have	N.A
2	Hanyang Cyber University Korea	HCUR	South Korea	Not accredited	100% online	Min. 4	11	Have	Don't Have	N.A
3	Korea National Open University	KNOU	South Korea	Not accredited	100% online	Min. 4	10	Don't Have	Don't Have	N.A
4	Open University of Japan	OUJ	Japan	Not accredited	100% online	Min. 2	N.A	Have	Have	5.551

Source: Universities websites

Meanwhile in Indonesia, the online learning program players are BINUS Graduate Program, Universitas Terbuka and Trisakti Electronic Learning.

**Table 2.7****List of Online Learning in Indonesia**

No	University	Abbrev	Location	Accreditati on	Study Method	Study program (year)	Investments (IDR in millions)	Scholars hips	Student Loan	No. of active students
1	BINUS GRADUATE PROGRAM	BGP	West Jakarta	Not accredited	Combination	Min. 1,5	34	Don't Have	Don't Have	N.A
2	Universitas Terbuka	UT	Tangerang	Not accredited	Combination	Min. 2.5	32	Don't Have	Don't Have	1.912
3	Trisakti Electronic Learning	TEL	West Jakarta	Not accredited	Combination	Min. 2	25	Don't Have	Don't Have	N.A

Source: Universities websites

### 2.2.1 Competitor Analysis

To analyze the competitor within an industry with similar business model or similar strategies, we use Porter (1980) Strategic Group Analysis. Below is the Strategic Group Mapping of Online Learning Industry.

Figure 2.5

### Strategic Group Mapping Online Learning Industry in year 2012

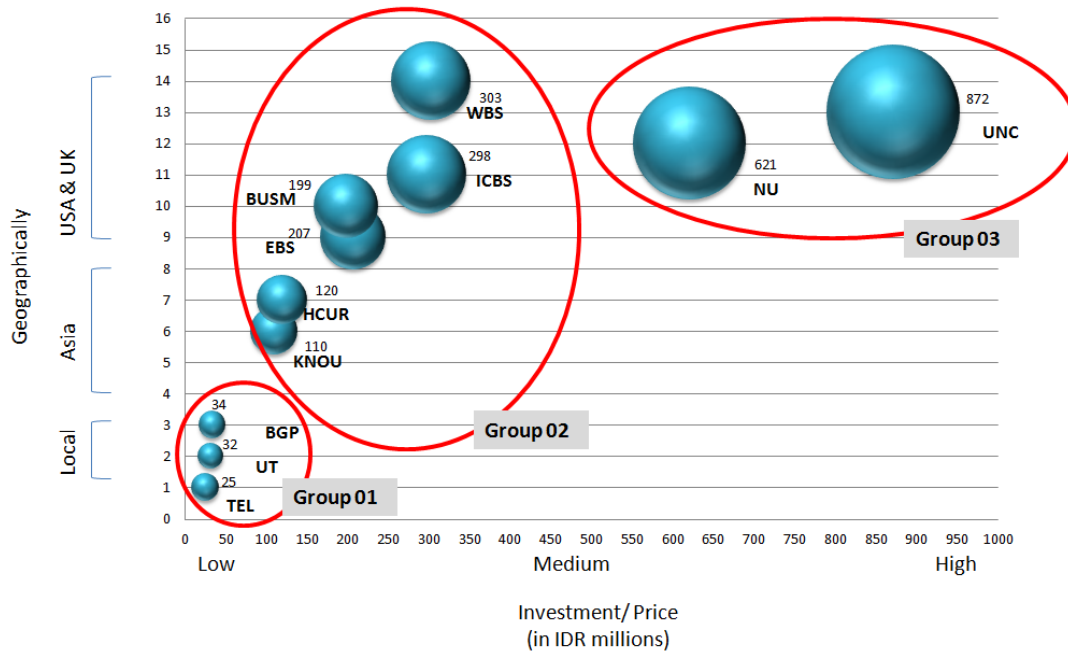


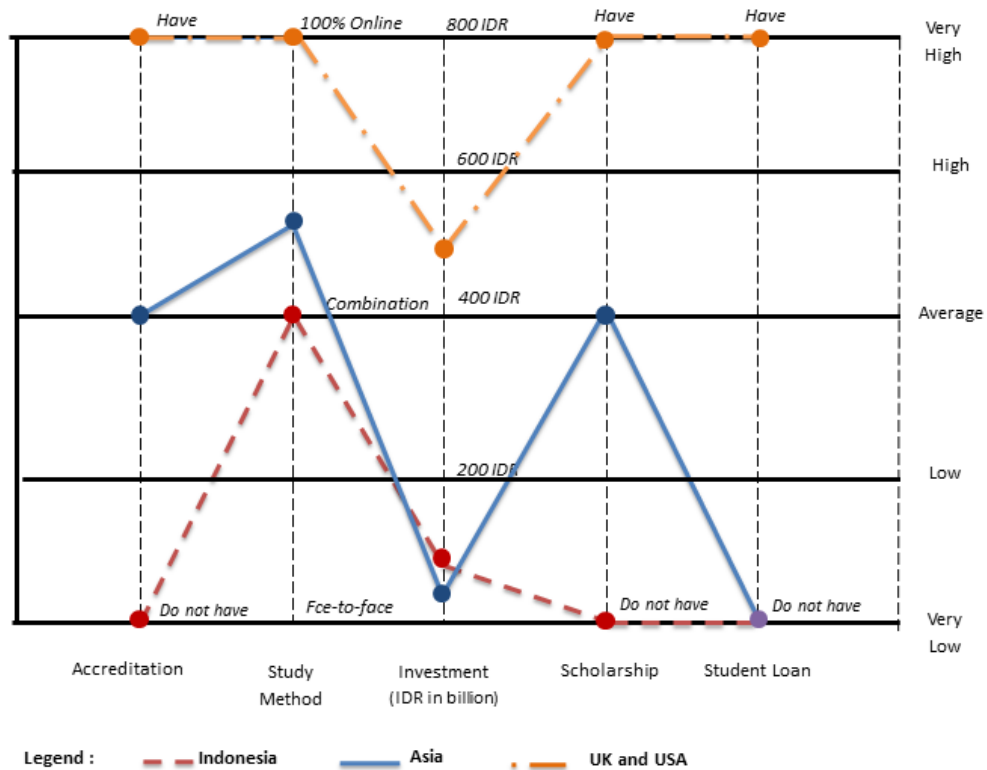
Figure 2.5 describes how the competitive landscape in Online Learning Industry. Group 01 is shown how the three main players, namely BGP, UT and TEL rivalry strategy by providing competitive prices from 25-34 million for a whole study. These groups use a combination learning system; online and face to face.

In Group 02, looks very competitive, competition happen between universities in Asia and UK (WBS, BUSM and EBS). The prices are very competitive. In this group, they offer a diverse system of learning methods such as Asia e-University, BUSM and WBS is held in combination with the methods of online and face to face. Other players such as KNOU, OUI and EBS offer 100% online learning methods.

Group 3 as the premium brands, offers 100% online learning. Price given by NU and UNC is between 600-800 million for the whole study. The Group has international accreditation from the AACSB to maintain the quality of learning. For the student prospective, these groups have a student loan program. NU and UNC also provides scholarships facilities that can be utilized.

To capture the current products, services and delivery from each competitor, we use The Strategy Canvas Theory (Kim & Mauborgne, 2005) to understand the competition. The vertical axis captures the range of universities in Europe, USA, Asia and Indonesia. The horizontal axis captures the products and services offered by the universities.

**Figure 2.6**  
**The Strategy Canvas Model of Online Learning**  
**in UK & USA, Asia and Indonesia**



From the Strategy Canvas Model of Online Learning in UK and USA, we can see by average the online learning university already have an accreditation. The online learning are conducted in 100% online. For the investment, they offer a higher price compare to Asia and Indonesia. Universities in UK and USA offer scholarship programs and student loan for their student financing.

In Asia, not all online learning universities are accredited. Their study method is 100% online. Their investment is low, compare to the UK and USA. The universities also offer scholarship programs but they do not have a student loan program.

While in Indonesia, the online learning universities are not accredited and their study method is combination (face-to-face and online). The universities do not offer both scholarship and student loan program.

### **2.3 SWOT Matrix in Online Learning**

For the internal industry capabilities, the approach will be seen through the SWOT Analysis, capturing the internal strength and weakness also the opportunities threats from outside.

**Table 2.9****SWOT Matrix of Online Learning Industry in Indonesia, Year 2012**

	<b>Strengths</b> <ul style="list-style-type: none"> <li>Fast growing technology</li> <li>Market internet penetration is growing</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>The commitment of the students</li> <li>Internet connectivity is not stable and not distributed well</li> </ul>
<b>Opportunity</b> <ul style="list-style-type: none"> <li>Develop new system in education area</li> <li>Time and Distance became no problem</li> </ul>	<b>SO Strategies</b> <ul style="list-style-type: none"> <li>Creating online learning in education</li> </ul>	<b>WO Strategies</b> <ul style="list-style-type: none"> <li>Build a system to make sure the student learn</li> </ul>
<b>Threats</b> <ul style="list-style-type: none"> <li>People perception in online learning</li> <li>The originality of the students work</li> </ul>	<b>ST Strategies</b> <ul style="list-style-type: none"> <li>Accredited online learning</li> </ul>	<b>WT Strategies</b> <ul style="list-style-type: none"> <li>Educate the market</li> </ul>

**2.4 Online Learning Business Model Canvas**

By the development of technology and the rapid communication and innovation, it also impacted the education sectors. Nowadays online learning is becoming a phenomenon especially in the higher education, by combining the latest technology and academic sector. Based on Brainard & Richards (2010) the online learning is a part of student's expectations for technology usage in their courses, and also the part of faculty members' recognition that online instruction is the "Wave of the Future". Below is the business model generic of online learning:



Figure 2.7

## Business Model Canvas for Online Learning Program

<b>Key Partners</b> <ul style="list-style-type: none"> <li>IT Services in hardware and software</li> <li>Accreditation association</li> <li>Research company</li> <li>Government</li> <li>Company or non profit organization</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>Designing &amp; Developing courses and programs</li> <li>Trainings for staffs</li> <li>Provide technical support for faculty, students and advisors</li> <li>Marketing</li> <li>Market the online courses and programs</li> </ul>	<b>Value Proposition</b> <ul style="list-style-type: none"> <li>Access and Quality</li> <li>100% e-learning</li> <li>Blended learning</li> <li>High-quality e-learning courses</li> <li>Learners could follow their own personalized learning paths</li> <li>Flexibility of time, place and pace</li> <li>Exam options</li> <li>International career possibilities</li> </ul>	<b>Customer Relationships</b> <ul style="list-style-type: none"> <li>Customer services</li> <li>One student one mentor</li> </ul>	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>Lecturer</li> <li>Employee</li> <li>Professionals</li> </ul>
<b>Key Resources</b> <ul style="list-style-type: none"> <li>staff, equipment, technology, and facilitates</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>Website</li> <li>Live chats</li> <li>E-books</li> </ul>		
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>Development Cost</li> <li>Delivery Cost</li> <li>The costs related to online course and program administration</li> <li>The share of the cost of financial, purchasing, and management systems used by the institution</li> </ul>		<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>Tuition Fee</li> <li>Admission Fee</li> <li>extra tutoring time</li> <li>Remedial teaching</li> <li>Extra exam options</li> <li>Grand &amp; Endowment</li> </ul>		

One of the Value Proposition of online learning is the Access and Quality. Access means the easy access to gain information and the quality itself means even though the learning process is using online, the quality is still good. Besides of that, online learning offers high-quality e-learning courses with rich in content and context. It also allows students to follow their own personalized learning paths. Online learning provides flexibility of time, place and pace.

For the Customer Segment is proposed for lecturers, employee, professionals, and stewardess. The students are aimed to professionals with working experiences. For the customer relationship, the online program has dedicated one mentor for one student. The relationship is focus for individual learner.

In the online learning system, the revenue streams could be gain from the admission and tuition fees and extra tutoring time, if students need more guidance in their study.

The key partners to help the online learning systems are IT Producers (Hardware & Software, Human Resources Accredited association, Research Company, Certification company, Government. Meanwhile the Key Activities are determine which courses and program should be offered in an online format; Design courses and develop course materials; Provide training and support to university advisors and admissions counselors to ensure an extraordinary online learning experience; Hire and train (adjunct) faculty; Assess online faculty performance; Provide technical support to

faculty students, and advisors; Market the online courses and programs; Student recruitment and support; Marketing.

The resources to help the process are staff, equipment, technology, and facilitates and for the cost structure. This consists of 3 types of costs:

- **Development costs;** Materials, Staffing, Equipment for staff, Copyright clearance, Materials production (including staff, supplies and consumables) and annual revision (including staff and expenses), Course Testing (including staff and expenses), Media.
- **Delivery costs;** Materials delivery (mailing or posting materials to the user), Equipment (including hardware, networks, computers, printers, software), Expenses (Internet Service Provider access, insurance on equipment, equipment repair, calls to help desk), Faculty and staff costs (for instruction, helpdesk, technical support).
- **The costs related to online course and program administration;** High-level decision making (time for consultants and studies), Institutional evaluation, Web site development (staffing, hardware, software, repair, maintenance, implementation), Course management system (acquisition, fees, upgrade costs, network server, support staff, Internet access), Capital (buildings, utilities, insurance repairs, maintenance, security, servers, software, staff, furniture, training); replacement/maintenance of equipment,

Technical support staff, Marketing, The share of the cost of financial, purchasing, and management systems used by the institution.

## 2.5 Idea Generation

The demand of Master in Management graduates in the companies is increasing. MBA became one of the considerations when companies want to hire employees to be placed in several strategic positions. Below is the percentage of companies in hiring MBA and Master in Management graduates in Asia Pacific:

**Figure 2.8**  
**Percentage of Companies that Hired or Plan to Hire,**  
**by Candidate Type and World Region in 2011 and 2012**



Source: GMAC (2012, 7)

To meet the needs of industry and the problems of employees who want to upgrade their knowledge and skills but have limited time and access in geographical issues, we propose to create an e-MM Learning Program for Professionals.

### Why e-MM Learning Program?

- The demand of MBA is increasing. Based on 2012 Corporate Recruiters Survey by GMAC (2012) big companies in the world are planning hiring MBA's employees (increased to 79% from 72% in 2011). Meanwhile, small companies (fewer than 1,000 employees) are also increasing their demand for MBAs employee recruitment, especially Master in Managements graduates;
- e-MM Learning Program has more flexible time in studying, so professionals could study while working;
- e-MM Learning Program investments is more cheaper than traditional MM program.

## **2.6 Value Proposition of Online Learning**

Miller and Schiffman (2006) found universities typically create online learning initiatives for one of two reasons such as how to extend access to students and how to improve the quality of teaching. In other words, there are two basic value propositions for online learning: access or quality.

To provide easy access from the side, time and affordability, the professionals will enhance their competencies through e-MM Learning Program. The uniqueness or differentiations of e-MM Learning Program are:

- **Flexibility.** In e-MM Learning Program, students have the flexibility to choose their own time to study.
- **Requirements of application.** e-MM Learning Programs are more selective in their admission procedures than the traditional one. The students who take online learning program must take it seriously and be highly committed.
- **Class.** Because of the e-MM Learning Program is 100% online, permanent class is not necessary. But for the exam, physical classes is needed to hold the examination.
- **Education Investments.** The investment in online learning is cheaper than the traditional one.
- **Teaching.** The variety of programs available e-MM Learning Program means that students are able to choose a learning and evaluation format that works for them.
- **Networking.** e-MM Learning Programs connect students with top-notch professors and guest lecturers from around the world.

### 2.6.1 Program Design

The demand of MBA program (based on the 2012 application trends survey), students study in part-time self-paced, flexible, and online distance MBA and specialized in master degrees. This e-MM Learning Program offers students a strong foundation in management and business skills. It also prepares students

with critical thinking skills on a variety of business model in a global scale. The e-MM Learning Program is developed to meet the needs and expectations of employees and also the industry.

### **1. The Brand**

The brand name for the Online Learning program is “e-MM Learning Program”. The name we are taking to provide convenience in interpreting the programs offered. The program is also relatively new in Indonesia, so we have to educate the market gradually. The e-MM Learning Program is an online site for learning which adapt the professionals need in a flexible way of learning.

### **2. Price**

The price offered by e-MM Learning Program will be cheaper than regular MM program. It captures the needs of education in developing countries, including in Indonesia, especially those offered by the virtual schools cut the cost to as much as half of a traditional MM program. Most of the costs charged by a reputed institution are traditional for the reputation you can get by enrolling in their program. Example, Trisakti Electronic Learning education fee is 34% cheaper than Trisakti Pasca Sarjana Regular Program and BGP Online is 9% cheaper than BGP Regular Program.

**Table 2.10**  
**Price Comparison between Regular Program and Online Learning**  
**in 2012 (in millions of IDR)**

No	University	Regular Program	Online Program
1	Trisakti*	38	25
2	BINUS**	37,5	34

Source: BINUS' website and Trisakti's website

- Trisakti : regular program (Trisakti Pasca Sarjana), online program (TEL)
- BINUS : regular program (BGP), online program (BGP Online)

### 3. Accessibility

e-MM Learning Program provide the convenience of access to services such as Open Scheduling: e-MM Learning Program allows professionals to continue their careers while working towards a degree:

- **Savings.** e-MM Learning Program investment is less than the traditional program.
- **Connections.** e-MM Learning Program connect students with top Professors and Lecturers from around the world.
- **Teaching & Testing Options.** The variety of programs available in e-MM Learning Program means that students are able to choose their learning method.



## 2.7 Competitive Strategic Movements

To implement the e-MM Learning Program strategy, we use two approaches: Balanced Scorecard (Kaplan & Norton, 1990) and the Diamond Strategic Analysis (Hambrick and Fredrickson, 2005).

### 2.7.1. Balanced Scorecard Approach

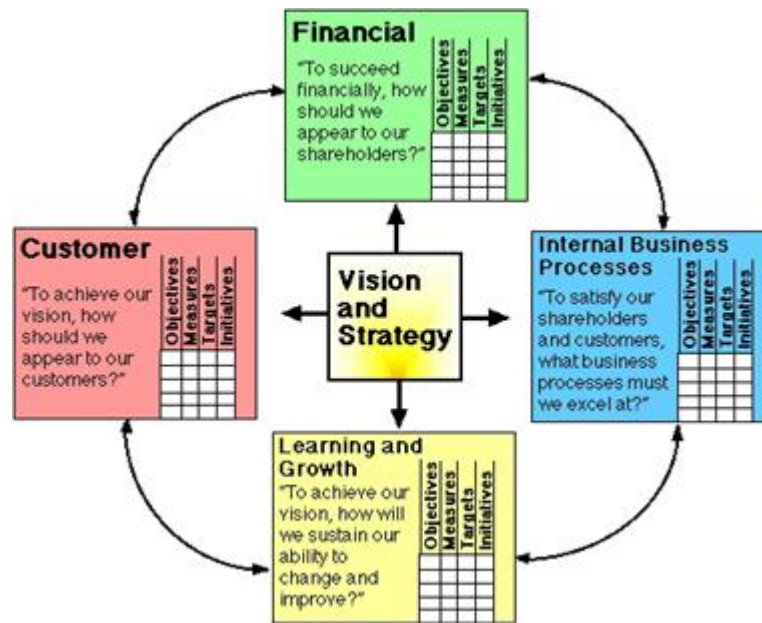
Kaplan and Norton developed the Balanced Scorecard (BSC) in the early 1990s. BSC helps a company to clarify its vision and explain its strategy to action. The process gives internal business feedback, and the results will appear in the external to achieve the company's performances.

The Balanced Scorecard is based on four key perspectives;

- **Financial Goals.** How will we look to our stakeholders?
- **Customer Perspective.** How must we look to our customers?
- **Internal processes.** What internal processes must we excel at?
- **Learning and Growth.** How can the organization learn and improve?

Figure 2.9

### Balanced Scorecard Framework



Source: Kaplan & Norton (1996)

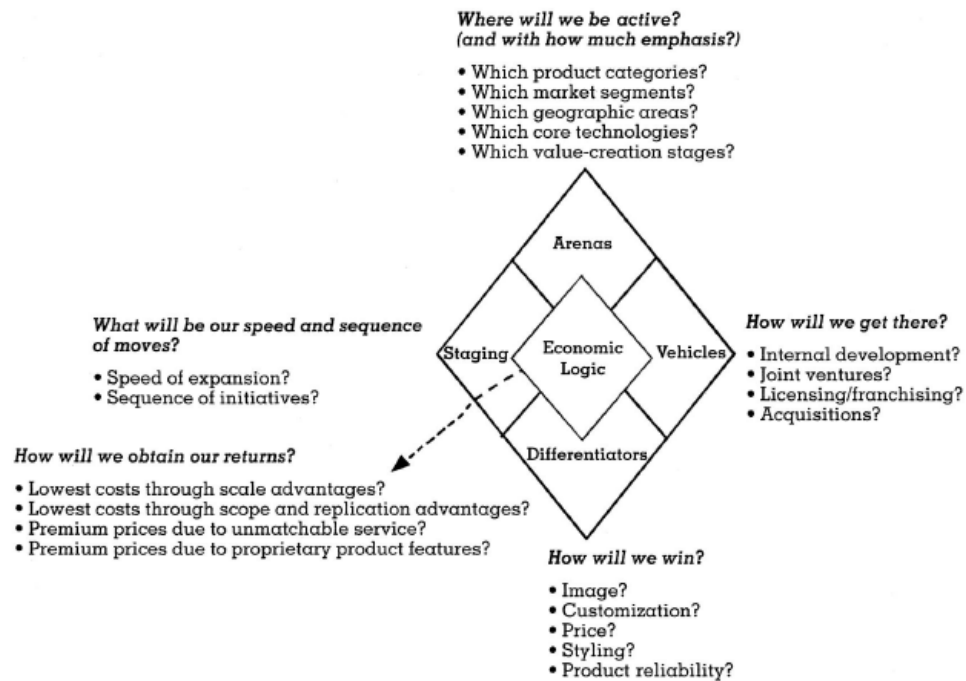
BSC is one of the tools to develop and implement the management system in e-MM Learning Program.

### 2.7.2 Diamond Strategy Approach

There are 5 keys in the Diamond Strategy ; arena, vehicle, differentiators, staging and economic logic. Hambrick and Fredrickson (2005) developed the Diamond Strategy to know the activities in every element and create synergies between all of the elements.

Figure 2.10

## Diamond Strategy Approach



Source: Hambrick & Fredrickson (2005, page 54)

To develop the e-MM Learning Program strategy using the Diamond Strategy can help to get a closer look in the competitor's online learning programs and how to survive and win the competition.

## **2.8 Key Consideration of e-MM Learning Program**

From a traditional point a view, traditional education program is a learning concept through face to face meetings between lecturers and students which take place in the classroom (bach et al, 2007). Meanwhile, e-Learning is a concept of distance learning using telecommunication technologies, such as internet, radio, television, video/audio conferencing and CD/DVD Room.

The term e-Learning was popularized in the year 1970 (Waller and Wilson, 2001). There are many terms that are related to e-Learning, such as online learning, Internet-enable learning, virtual learning or web-based learning. Below is the difference between e-Learning Program and Traditional Program:

Table 2.11

## Difference between e-Learning and Traditional Program

No	Description	Risk	E-learning	Risk	Traditional
1	Education Investments	Low	TEL education investment is 34% cheaper than Trisakti Pascasarjana Regular Program	High	
2	Accreditation	Low	International accreditation : AACSB, Amba, Equis. National Accreditation : BAN PT.	Low	International accreditation : AACSB, Amba, Equis. National Accreditation : BAN PT.
3	Study Method	High	Online system, using internet. If the connection is down, the student or the universities cant have a learning session	Low	Face-to-face system and Blended Learning
4	Time od Study	High	Flexible, student can learn anytime and anywhere. If the student don't have any motivation, they can missed online class.	Low	Must obey the academic calendar
5	Class Room	Low	The class room is virtual. But for exam, the university need physical class.	Low	Use permanent class room
6	Student Assignments	High	Assignments can be submit online. The universities don't know whether the student done the assignment themselves or not.	Moderate	Assignments can be submit online and hard copy.
7	Interaction	Low	Interaction with other students using online portal (website). The interaction could be more intense, because of the small number of calssroom.	Moderate	Face-to-face interaction
8	Learning Process	Low	The learning process could be in group chats or individual.	Low	The learning process conducts class participation.
9	Motivation	High	The student's motivation have to have high motivation	Low	The student's motivation is low.
10	Access	Low	Because it is flexible. The students can have other activities during the day and complete the study in their own time.	Low	Students have to fit their schedule from their academic schedule and their other activities schedule

From the table above, we can conclude that the Key Consideration of e-MM Learning Program are:

- **Technology.** Because of the learning system is 100% relying on technology, once the internet connection is down, the student and the lecturers cannot access the web or the online learning systems.
- **Plagiarism.** Since all the assignments should be sent by email, there is a chance that the student didn't do their assignments themselves.

- **Motivation.** Since the program has a flexible time of learning, the students have to have a high motivation to commit to their studies.