

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusion**

The digital transformation project conducted by PT. XYZ has objectives to revolutionize employees and management cultures in decision-making. An Executive Information System used to help management in decision-making, data related to sales, inventory, members, and many others were joined together in unity.

The necessity of data analysis requires the data to be presented in real-time and updated continuously to be able to compete with other companies. Speed and data accuracy are two essential components of business intelligence needed by users to evaluate the value and improvement of the company.

Therefore, inefficient employee workload in building reports to the management level can be reduced and eliminated, with the existence of an executive information system. Marketing program and application complexity can be reduced with sophisticated integration so that management can focus on company growth.

The analytical data presented in the system is hopefully able to support management to create strategic decisions and create new or upgraded values for company growth. Customer segmentation is made to investigate customer purchase intention and increase customer purchase retention frequency. Customers who only purchase one-time are dominating the sales in the first rank, while customers who purchase occasionally are in the second rank. PT. XYZ is encouraged to promote its loyalty program and adjust membership benefits to attract the majority of membership which are Generation Y as the first level of most customer spenders and Generation Z as the second level.

Promotion and marketing campaigns have duties to induce consumers to visit the stores, the next step is attracting consumers to stay a bit longer in either

physical stores or online stores. Flashy design and customer personalization will drag consumers to stay.

Regarding the high number of titanium membership purchase frequency, PT XYZ can consider opening a new business line or expanding the business from business to client, into business to business to accommodate the market. Seamless experience will bring customer excitement, improve customer purchase intention and increase customer retention rate.

The digital transformation project will break down company costs and company procedures complexity that already became company culture. In terms of security, significant data loss can be easily avoided by creating user accounts only for specific users.

Project cost will be payback in the half of 2<sup>nd</sup> year, with projected revenue of 300 million rupiah per year on average. In total, the project will increase around 5-10% company revenues. This digital transformation project has low risks but has a high impact on the company. Low Risks because the existing method can be used without interfering with new development, while it has a high impact on the company such as reforming company culture and tradition in generating reports and the way they analyze the data for the company's future.

## **5.2 Management Implication**

Management implication in this project related to a marketing strategy that uses demographic data to map customer segmentation, and product uniqueness to improve customer retention.

Instead of using a sales funnel, the flywheel method is encouraged to be used. With the flywheel method, internal teams/employees are much more focused on organizational goals and gain more speed on changes, instead of adopting competitors' methods which is not yet proven.

Product uniqueness allows organizations to aim for red ocean targets, instead of blue ocean. But organizations must be aware that the red ocean strategy doesn't mean that there won't be any competitors. The competitor will appear, but it depends on how the organization values being able to fight and win it, not just a battle but a war against the competitor.

Below is the management implication of the digital transformation project:

1. Work culture changes

The impact of digital transformation also revolutionized employees' work culture. Changes in organizational structure cause resources need to be allocated and moved according to each team's function. Employees' confusion about their new duties, roles, and responsibility can be addressed with clear explanations and managing the changes from top management.

Resistance from employees who are involved directly in the project is one of the early obstacles. Users' limitations and technology adoption are two main causes of user resistance. Training and active communication among users is essential to overcome the issues.

2. Data Management

Combining all platforms in one single system requires huge data and complex analysis. Complexity in coordinating reports from several teams is also challenging because each team from a different company uses various project management software, chosen by their own company. Good data governance will be able to address data management issues, such as storage, data processing, and data security. Good data management will increase the speed of data generation, which will result in reports being updated faster and decisions can be made immediately.

3. Strategic Alignment

Organizations need to ensure the company vision and mission as the main objectives and all elements in the organization need to adapt and do some strategic alignment if needed. Budget management is needed for financial

decision breakthroughs. Collaboration from each department is an essential factor.

### **5.3 Recommendation**

Based on customer retention rate measurement, the company needs to improve the rate by at least close to the retail average rate which is 63%.

Updating employees' skills is required to catch up with the system's speed in delivering the data to the management. Skills level upgrades will revolutionize company cultures and create new values for the organization,

The uniqueness of products need to be presented clearly to the customer, some product knowledge and customer education event might be able to help improve sales. Personal touch conducted by store staff is encouraged for better customer engagement, after all the company industry in luxury products must create a strong brand character.

On the technical side, updating software to the newest versions is considerable. On one side the update can eliminate or reduce bugs in previous versions and adds some new features to the software capabilities. But on the other hand, the new versions might not be compatible with existing features that have already been developed. Yet, new versions of software are recommended, to improve application performance and capabilities. Uniformity in database software is recommended, it will decrease integration efforts, also a workplace management dashboard program tool is needed to reduce conflicts and delays in each team's project management software to bring team collaboration to the next level.

The company is encouraged to adopt agile methodology as a way to communicate better with team members and be more productive against global challenges and competitors which requires speed and flexibility. Standardize the project repository into one to implement continuous integration / continuous development (CI/CD) in adjusting to company needs.

Increase member frequency rate, especially for high-level members (Platinum members), by improving member loyalty programs to attract customers to repurchase. When the member frequency rate and total members on this member type increased significantly, it was time for PT. XYZ to consider opening a new business stream for reseller customers, judging by the volume of invoices within a short period and quantity of items sold.

The critical point of this digital transformation project is integrating systems into one single dashboard to be used as business tools to help the management team in deciding actions and strategies for company sustainability. This digital transformation project scope limited to sales and membership data, another data can be explored for better view of consumer insights such as traffic data. The traffic data can be obtained from both the online system and offline system (using people counting device installed in the store entrance gate), for further analysis of consumers behavior and the store's staff. The impact of digital transformation projects after implementation from a human resource perspective can be measured for further research.

