



Case Study of the Potential of Indonesian Series C Technology Startup Companies Aplikasi Supers in Becoming a Profitable Company while Maintaining Growth Company Operational Performance

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ABSTRACT

This research aims to find out how the company's growth and the ability of the Aplikasi Super company to survive without funding from investors can be fulfilled and produce value and useful solutions for the Aplikasi Super in the future. The analysis was carried out using the case study method which emphasizes one case on the Aplikasi Super which will be reviewed in this study. The results of this study indicate that the Aplikasi Super currently applies an equity investment and stock dilution funding system. The aim of the Aplikasi Super to develop as an independent company is realized by planning new strategies and concepts so as to create potential that can be developed so that it becomes a positive impact, especially for Aplikasi Super funding. From 2021-2022 the Aplikasi Super is not in a profitable condition, with an ROA of -1.15, this means that the company's net profit is lower than zero or that the company's losses exceed the total value of its assets, but this assessment cannot be concluded absolutely from one just a factor, looking at it from a Aplikasi Super perspective that must maintain growth and profitability while making conditions more difficult to control so this can happen. The concept or strategy developed by Aplikasi Supers in this case can be seen from the company evaluating the gross margin, namely the difference between revenue and production costs, as the main indicator of company profits. Super Apps also takes steps to improve operational efficiency by using technology.

INTRODUCTION

One of the main objectives of developing startup businesses in Indonesia is to provide convenience, efficiency and convenience for online purchases to customers, which is facilitated by technological advances in Indonesia that have entered the digital era (Lestari et al., 2020). Digital startup businesses in Indonesia that rely on technological sophistication provide investment destinations and new investors that make this startup business very profitable to run (Sushandoyo et al., 2022). But this is actually a new opportunity for investors who are strong so that they can easily use their power to control the market (Hellmanna, 2022).

Digital startup businesses in Indonesia that rely on technological sophistication provide investment destinations and new investors that make this startup business very profitable to run. But this is actually a new opportunity for strong investors who can easily use their power to control the market (Hellmanna, 2022). Customers are attracted to the market because of the variety of startups available to them and the resulting price competition. According to an infographic about Indonesia's startup scene created by tech in asia, daily social, and klip.com, the country had 2,000 companies in 2016, and it is estimated that this number will grow to 13,000 by 2020, making it the Southeast Asian country with the most businesses. home.

Startups have been in the spotlight in recent years with much funding from venture capital, private equity and other institutional investors. According to data from CBINSIGHTS (2022), as of June 2022, there are more than 1,100 unicorns with a valuation of more than \$1 billion United States dollars. In Indonesia there are several unicorns such as GOTO, Bukalapak, Ajaib, Traveloka, Blibli, and Xendit. Nonetheless, as is well known, startups are not profitable. In fact, according to data from review42 (2022), only 40% of startups worldwide achieve profits and 82% of startups that fail to become profitable are caused by cash flow problems. Even startup unicorns like GOTO and Bukalapak which have been listed on the Indonesian stock exchange are also experiencing constant losses (Hartono, 2022).

This shows that these startups still rely on money from investors. (Vuong, 2022) said that several companies claimed that the Corporate Social Performance (CSP) relationship was starting to weaken under the influence of control over investor actions. Some investors from venture capital also say that what is important is the speed at which a startup grows rapidly to dominate the market without being concerned with profits. However, we have seen so far that in the midst of the COVID-19 pandemic which has been running for more than two years, many startups have emerged and gone out of business (Kuckertz et al., 2020).

Because many resources are limited due to the Covid-19 pandemic, many people are turning to digital technology to meet their needs (Shah et al., 2020). Apart from helping producers and consumers in Indonesia deal with Covid-19, startups make it easier for sellers and service providers to offer their goods and services. However, when viewed from this situation, the company should be able to move by itself without having to wait for capital or funds invested by investors in building a better company. As stated by (Nanda & Rhodes-Kropf, 2013) where companies that have just been started and are too dependent on investor funds tend to go bankrupt more easily, on the other hand startups like this should focus more on going public so that the company will be valued higher. This is what makes the basis of this research carried out on the Aplikasi Super, so that the objectives to be achieved in this research related to company growth and the company's ability to survive without funds from investors can be fulfilled and produce value and useful solutions for the Aplikasi Super in the future.

Theory

Startups

Startups, or *Startup-Up*, is a term adopted from English; "Start" is a noun that means "start" in *Oxford Advanced Learner's Dictionary*, while "Rising" means "continuously growing" in *Cambridge English Corpus*. Therefore, *start-up* may refer to a new business or an established business that is experiencing rapid expansion (*Oxford Dictionary*). According to Investopedia, *startup* is a "young company just starting to develop", *so startup* is a young company about to start its development.

According to Husnayain (2018) A "startup" is a new business that has not existed for a long time. The definition of a startup is an organization that develops a product or service in the face of uncertainty and then implements a business plan that enables rapid growth. The

expression "startup" is usually used to describe a business that provides technologically advanced services or goods. Startups are usually young businesses that have just been founded and are currently doing market research. Some of the digital startup sectors in Indonesia include:

1. *Financial Technology*(FinTech)
2. *E-Commerce*
3. *On-Demand Services*
4. *Online Media/Social Media*
5. *Travel*
6. *Games*
7. *Education Technology*(EduTech)
8. *dating*
9. *Agriculture*
10. *Healthcare*
11. *Software as a Service*(SaaS)
12. *Advertising*

Digital Startup Funding System

In the case of digital company financing, money is distributed in waves, each adapted to a different phase of operation. StartupPedia Books(Uzzaman, 2015)covers the many phases of fundraising for digital startups, some of which are:

1. *Initial Funding Round* (seed round)
2. *Angel Investor Round* (angel round)
3. *Series A round*
4. *Series B rounds* (series B rounds)
5. *Advance Rounds*

Aplikasi Super

The Aplikasi Super is an application for distributing groceries to stalls and housing in small towns and rural areas in Indonesia. Founded in 2019 in Surabaya, Super has a vision which is to equalize prices in small towns and rural areas. Steven Wongsoredjo who is the Chief Executive Officer of the Aplikasi Super said that basic food prices in small towns and rural areas are at least 20% more expensive than basic food prices in urban areas. What's more, according to data from Statista (2022), only about 55% of the rural population has a cell phone. Due to a lack of mastery of technology including mobile phones,

With the lack of equal distribution of goods between one and another, this is a problem or challenge faced by rural areas. This gap between rural and urban areas is an opportunity for Super to fill in or cut the distribution chain of basic food items in rural areas. Currently, Super has just been in East Java and South Sulawesi. There are still many other potential areas for Super to expand and grow its current business. So that the developments that occur in super with the changes are able to make super grow and have stronger internal strength, and are able to achieve various goals that have been set without any problems with costs and bad conditions that occur.

Funding

Funding, according(Yuesti, Anik, 2019), is the choice of where the company will get its money and how much it will need. Having money is very important for any business. It is possible to meet financial obligations using both internal and external resources. Businesses usually need both short term and long term financing to meet their financial obligations. Short-term or current liabilities, such as accounts payable, are used to fund immediate expenses.

Long-term financing should be used when there is a need for long-term funding, such as fulfilling funds to increase production capacity. This long-term funding can come from issuing additional shares or taking on long-term debt from overseas investors.

Company Profits

profitability is 'the possibility of earning a profit (earning a profit)'. The profitability that will be reviewed focuses more on the net profit aspect of the profit and loss financial statements which is generally known as the profit earned after the income or revenue received exceeds the costs or expenses. According to Investopedia, profitability, which comes from the English word 'profitability', is closely related to the efficiency level of a business when it is run. Not just a benchmark regarding the profits and losses of a company (Harmono, 2011).

Related research

Ngoc Bao Vuong. Investor sentiment, corporate social responsibility, and financial performance: Evidence from Japanese companies. 2022. the purpose of this research is to investigate the relationship between investor sentiment, social performance (CSP), and financial performance (FP). Our study includes all non-financial Japanese companies whose accounting and ESG information is accessible to the Thomson Reuter Datastream and ASSET4 databases. Following Velte (2017), we exclude financial sector companies as these companies have different corporate governance regulations and capital structures. The final sample includes data from 367 companies, with 5505 observations from 2005 to 2019. The empirical results obtained from the panel fixed effect and regression instrumental variables reveal a positive impact of firm-specific sentiment on future FP. Conversely, the market sentiment effect is mixed because it positively affects Tobin's Q but negatively affects the return on assets (ROA). The impact of CSP, measured by environmental, social, and governance (ESG), on FP is similar to market sentiment. In particular, we found that effective ESG performance in the previous year, both overall performance and individual aspect performance, can increase company value but reduce company profitability in the following year. We claim that the CSP-FP relationship weakened under the moderating influence of investor sentiment (Vuong, 2022).

Thomas Hellmanna, Veikko Thiele. May the force be with you: Investor power and company valuations. 2022 This paper examines the role of investor power in the equity financing model through direct observation. These results show how the usual effect whereby market forces reduce valuations can be reversed in later rounds. Once they become insiders, powerful investors can use their market power to increase, not decrease valuations. An important determinant is whether insiders invest above or below the prorated threshold. Although strong investors initially undervalued, companies prefer to bring them in, in order to increase their strength in later financing rounds. This paper generates new predictions about investor valuations and returns (Thomas Hellmanna, 2022).

Ramana Nanda a,n , Matthew Rhodes-Kropf. Investment cycles and startup innovation. 2013 We found that venture capital-backed startups received their initial investment in hot market conditions were more likely to go bankrupt, but were dependent on going public, were priced higher on the day of their initial public offering, owned more patents, and had more citations to their patents. . Analysis is based on data from Dow Jones Venture Source. The Business Source data also provides more accurate information about exits, particularly data about a company's pre-cash valuation in IPOs and acquisitions, both of which are critical to our analysis of company results. We focused our analysis on US-based startups, because the data for these companies is comprehensive. The US is also a good setting for our research because the institutionalization of the venture industry in the US implies that startups backed

by venture capital firms are likely to comprise the majority of startups commercializing new technologies. Our sample for this analysis is a startup whose first financing event is an early-stage investment (Seed or Series A). from 1985 onwards. The results show that VCs are investing in riskier and more innovative hot market startups (not just worse companies). This is especially true for most experienced VCs. Besides that,(Nanda & Rhodes-Kropf, 2013).

RESEARCH METHODS

This study applies the case study model with the type of single case design, which is a case study research that emphasizes research on only one case unit, as is the case in this study which focuses on the case of the Aplikasi Super company that has been described. To test hypotension or provide solutions to specific topics, by collecting data through questionnaires and other forms of research methodology. Through case study research with a qualitative descriptive method, the researcher will explain what actually happened regarding the current situation being studied. This method is used because this research focuses on the case of the Aplikasi Super company which has been described as seeing the growth of the company with and without assistance from investors (Sugiyono, 2017).

Research will be conducted on Aplikasi Supers with the object of research, namely employees who work on Aplikasi Supers that regulate and manage funding and company strategy for Aplikasi Supers.

In this study, the types of data to be collected are primary data and secondary data. The data in this study are primary data, namely the results of interviews conducted with Aplikasi Super employees, while secondary data are in the form of financial reports from Aplikasi Supers, printed books, online books, journals, scientific papers, and knowledge and informatics sites. .

In the technique of checking the validity of the data, the authors use two methods, namely triangulation and persistence of observations which focus on the specific features of the situation that are most relevant to the problem at hand. The analysis with the stages of data collection, data reduction, data presentation and drawing conclusions is in accordance with the picture below.

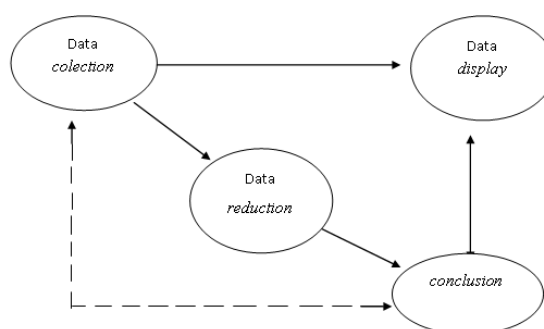


Figure 1. Miles and Huberman's Interaction Analysis Model

The analysis in this study is based on the use of data obtained from interviews conducted with Aplikasi Super employees and data from the Aplikasi Super financial reports that have been recorded so that they are re-analyzed to obtain the objectives of this research. For interviews, it is necessary with several parties such as management to study management steps in taking advantage. In addition, there is a need for in-depth interviews with suppliers to learn how to go about providing Super at lower prices and what they need to find ways for suppliers to provide affordable prices.

RESULTS AND DISCUSSION

The Aplikasi Super is an application for distributing groceries to stalls and housing in small towns and rural areas in Indonesia. Founded in 2019 in Surabaya, Super has a vision which is to equalize prices in small towns and rural areas. Steven Wongsoredjo who is the Chief Executive Officer of the Aplikasi Super said that basic food prices in small towns and rural areas are at least 20% more expensive than basic food prices in urban areas. What's more, according to data from Statista (2022), only about 55% of the rural population has a cell phone. Due to a lack of mastery of technology including mobile phones,

Super App Funding

The Aplikasi Super currently accepts funds with an equity investment system and share dilution. This system also has risks that might occur if there is a lack of management in managing it. Some of the risks that can occur if Super Apps continue to use this system are:

1. Equity investment can lead to capital shortages and reduced liquidity, this can lead to serious capital shortages and hinder a company's ability to meet short-term and long-term financial needs.
2. Dilution of shares can cause dilution of share ownership of old shareholders, this can cause old shareholders to lose control over the company and affect share prices in the market.
3. Dependence on one source of financing can be a risk for the company, so that the company can experience financial difficulties and threaten its survival.
4. Too much control or interference from investors can interfere with company performance, this can interfere with company performance and create conflicts with company management.

By reviewing some of the problems that occur, the Aplikasi Super has arranged and planned a strategy to avoid this possibility. Super Strategies wants to be independent without relying on funding from investors or banks. Super must have efficient operations, not too many accounts receivable, and more ability not to depend on suppliers. Super has a vision to control the supply chain from upstream to downstream to provide products that are more affordable than now for rural customers. From this point of view, the company is considered to be able to control finances independently, as well as several other benefits that can be generated by the Aplikasi Super company if it is able to maintain profitability along with growth.

Aplikasi Super Growth and Profitability

In this study the growth of Aplikasi Super companies is measured using Asset Growth. The following is tabulation data for calculating Asset Growth for Aplikasi Super companies in 2022.

Table 1. Asset Growth for Aplikasi Super companies

Company	Asset Growth												Average
	1	2	3	4	5	6	7	8	9	10	11	12	
Aplikasi Super	0.04	0.04	0.03	0.13	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.036

From the table it can be seen that the company is able to maintain asset values under the same conditions until the end of 2022 at a value of 0.02 with an average of 0.036.

Profitability is a ratio to assess the company's ability to make a profit. This ratio also provides a measure of the effectiveness of a company's management (Kasmir, 2018). (Kasmir, 2018) to measure Profitability using the Return On Assets (ROA) proxy. The industry average

standard for return on assets is 5.98% (Lukviarman, 2016). The level of return on assets depends on the company's asset management which illustrates how efficient the company's operations are. The higher the return on company assets, the more efficient the company's operations and vice versa. The following is tabulation data for calculating the Profitability value (ROA) for Aplikasi Super companies in 2021 – 2022.

Table 2. Return On Assets of Aplikasi Super companies

Company	Return On Assets		Average
	2021	2022	
Aplikasi Super	-1.22	-1.08	-1.15

From the table it can be seen that the profitability of the Aplikasi Supers company is not in a favorable condition, with an ROA of -1.15, this means that the company's net profit is lower than zero or that the company's losses exceed the total value of its assets. This can be caused by various factors, such as declining sales, high operating costs, or capital expenditures that don't generate the expected returns.

Growth and profitability have a significant impact on the company. Growth can increase a company's competitive advantage and increase market share, which in turn can increase revenue and profitability. However, growth can also require large investments in people, technology, and infrastructure, which can affect a company's liquidity and require additional capital. On the other hand, profitability can provide financial ability for companies to invest and expand, increase capital and reduce debt, and provide confidence to investors and creditors. Consistent and sustainable profitability can enhance a company's reputation and provide long-term stability. However,

Companies must seek a balance between growth and profitability in their business strategy (Achim, 2010). Growth that is too fast can be detrimental to the company if it is not matched by the availability of sufficient resources and effective management, while profitability that is too high can indicate a lack of long-term investment and development. Companies must pay attention to their short-term and long-term needs in determining the right growth and profitability strategy

CONCLUSION

The conclusion of this study shows that the Aplikasi Super is currently still implementing an equity investment funding system and stock dilution. In line with the aim of the Aplikasi Super to develop as an independent company, it is realized by planning new strategies and concepts so as to create potential that can be developed so that it becomes a positive impact, especially for Aplikasi Super funding. However, from 2021-2022 the Aplikasi Super is not in a profitable condition, with an ROA of -1.15, this means that the company's net profit is lower than zero or that the company's losses exceed the total value of its assets, but this assessment cannot be absolutely concluded from just one factor reviewing from a Aplikasi Super perspective that must maintain growth and profitability while making conditions more difficult to control so this could happen. The concept or strategy developed by Aplikasi Supers in this case can be seen from the company evaluating the gross margin, namely the difference between revenue and production costs, as the main indicator of company profits. Super Apps also takes steps to improve operational efficiency by using technology, expanding market reach and optimizing employee performance, so as to reduce production costs and increase profits. The concept or strategy developed by Aplikasi Supers in this case can be seen from the company

evaluating the gross margin, namely the difference between revenue and production costs, as the main indicator of company profits. Super Apps also takes steps to improve operational efficiency by using technology, expanding market reach and optimizing employee performance, so as to reduce production costs and increase profits. The concept or strategy developed by Aplikasi Supers in this case can be seen from the company evaluating the gross margin, namely the difference between revenue and production costs, as the main indicator of company profits. Super Apps also takes steps to improve operational efficiency by using technology, expanding market reach and optimizing employee performance, so as to reduce production costs and increase profits.

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