

Business opportunity in indonesia for alstom- transport

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Abstrak

This report is a case study for Internship and Report Writing, analysing a multinational company and its position in a country other than the home country, and describing the market and its characteristics. From the analysis, recommendations will be drawn in terms of developing the position in that country. ALSTOM has been chosen due to the fact only that I have been working for this company since almost nine years and am trying to analyse its position in the railway market in Indonesia.

With turnover of 14 billions euros in 1998, ALSTOM is split into six sectors, of which we consider ALSTOM Transport, the rail equipment and train supplier. The company is organised by a matrix structure, linking product and country divisions, represented in around 60 countries. ALSTOM Transport supplies all types of trains and rolling stock, train, station and track equipment, power supply and a host of related services. Indeed, sales have moved away from being 'a product' to being 'solutions'. In developing its position abroad, ALSTOM typically exports, or acquires a local company.

We discuss the geographical, political, economic, legal and social situation in Indonesia, highlighting aspects that influence ALSTOM'S position. More precisely, we look at the transport market in Indonesia, identifying the structure and the key issues facing transport.

A SWOT analysis has been constructed, summarising the major relevant points. The instability of the government and its policies, together with low economic levels and high inflation provide a moderate amount of risk in Indonesia. Most rail opportunities - especially new lines - are not feasible due to transport having a low priority and a lack of financing.

Concluding the analysis, I recommend to the Management of ALSTOM-Transport sector that we should attack the intercity market on Java island showing the greatest potential for profits. A BOT concession has been described to include DMUs, extra services and financing plan; the concession should be long, up to 45 years, to ensure profits. It is essential for ALSTOM to have the right contacts and a positive reputation amongst the purchasing process.