

# Transforming for Resilience

**BIMP EAGA**

**(Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area)**

**Jakarta, 22 February 2023**

# Transformation Focus Area



## Business Model Transformation

Focus to improve business performances, streamline the business, and to create efficiencies



## Operating Model Transformation

Focus to transform “the how” organization operationalizes the process that covers all aspects i.e. operations, etc.

# Pelindo merger enables better port integration and business standardization



## Prior to Pelindo Merger



### Less Coordinated National Ports

Unbalanced capacity across Pelindo's ports with non-optimal asset's utilization

### Less Efficient and Non-Standardized Operations

Various Operating & Service Model with low productivity

### Limited Financial & Capital Expenditure Capabilities

Pelindo Debt-to-Equity ratio of 118% (vs benchmark 30-60%) & different capital expenditure capabilities across previous Pelindo

### Various HCM Development Programs

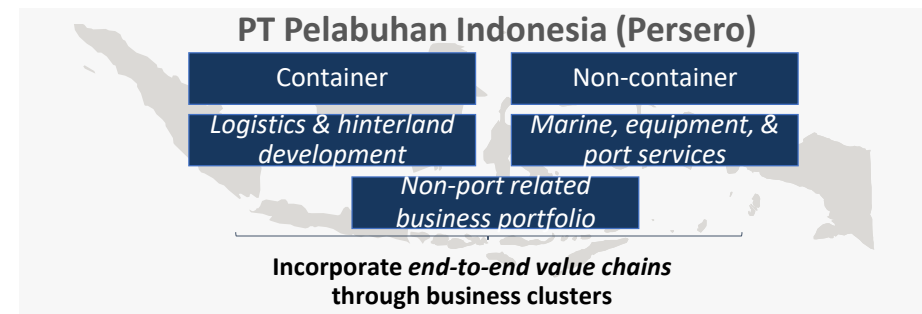
Various HCM development program across previous Pelindo lead to various employee productivity

### Various IT Systems

Various IT systems across previous Pelindo lead to non-optimal customer experience (overlapping system for customer)



## After the Pelindo Merger



### Improved Strategic Control

Improved strategic planning and control for the development of port-network and connectivity, also optimization of asset investment to reduce logistic cost

### End-to-End Standardized Process

More reliable and more efficient port operations with end-to-end standardized process

### Equipment Relocation to Optimize asset utilization

Cost savings from not renting or buying assets (utilizing idle assets from other Pelindo ports)



### Standardized HCM Development Programs

Standardized HCM development program across Pelindo which will lead to optimized employee productivity

### Standardized IT Systems

Standardized IT systems for better customer experience and enhanced productivity

# With the new business architecture, Pelindo aims to enhance competence of the core businesses



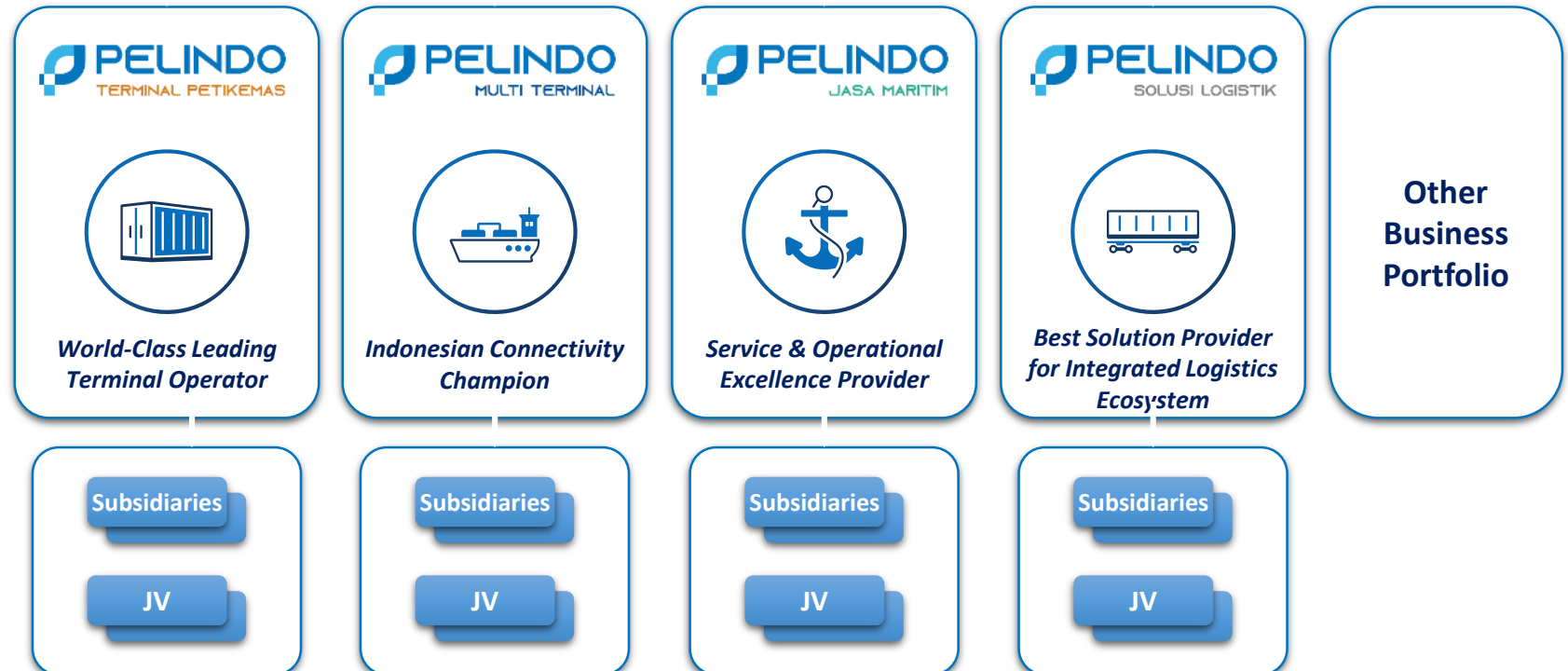
1 Pelindo Head Office  
*Strategic Architect & Concession Owner*

2 Pelindo Regional Office  
*Coordinator & Consolidation*

3 Pelindo Branch  
*Asset Owner & Stakeholder Mgmt*

4 Sub Holding  
*Business Owner & Revenue Generator*

5 Subsidiaries  
*Business Operator*



# Pelindo's role has been evolved from port operator into end-to-end business services provider and ecosystem integrator



## INTEGRATED MARITIME ECOSYSTEM





**"You've got to start with the customer experience and work back toward the technology – not the other way around."**

***Steve Jobs, Apple Founder.***

# What Customer Ask From US

“ Put Customer as your best consultant”



**Discount/  
Incentive**



**Service &  
Operational  
Performance  
(SPEED)**



**IT & ACCURACY  
of Data  
Exchange**



**Quick  
Response**



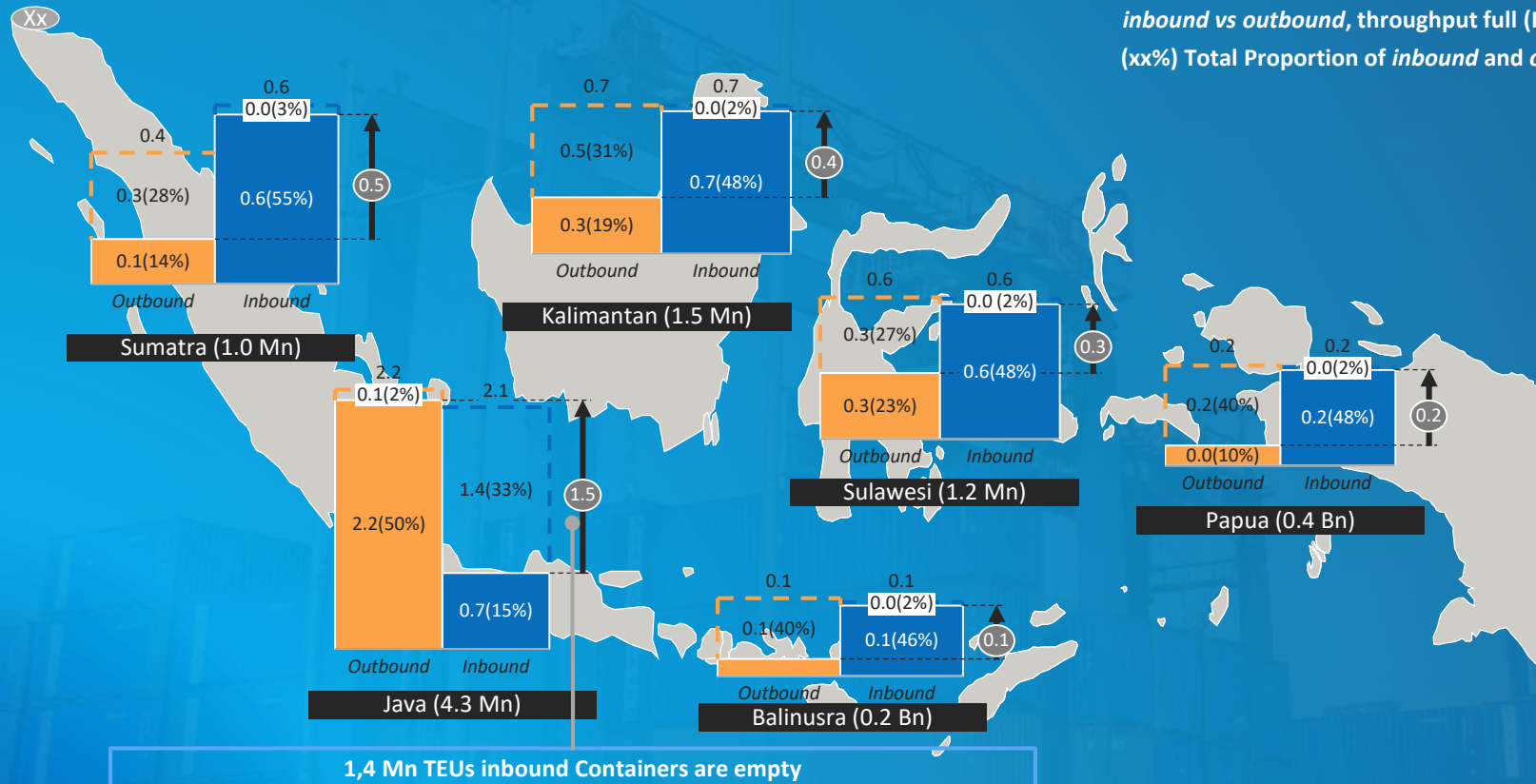
**QUICK &  
SIMPLE  
Claim/  
Restitution  
Settlement**

# The Production Is Centralized In Java, Hence Creating Cargo Trade Imbalance In Indonesia

Container throughput in Indonesia (Domestik) Mn TEUs, 2019

*inbound vs outbound, throughput full (Mn TEUs)*

*(xx%) Total Proportion of inbound and outbound*



## Legend

- Petikemas Outbound
- Petikemas inbound
- Petikemas outbound kosong
- Petikemas inbound kosong



**Inefficient Logistic Cost, because empty cargo is brought into Java**

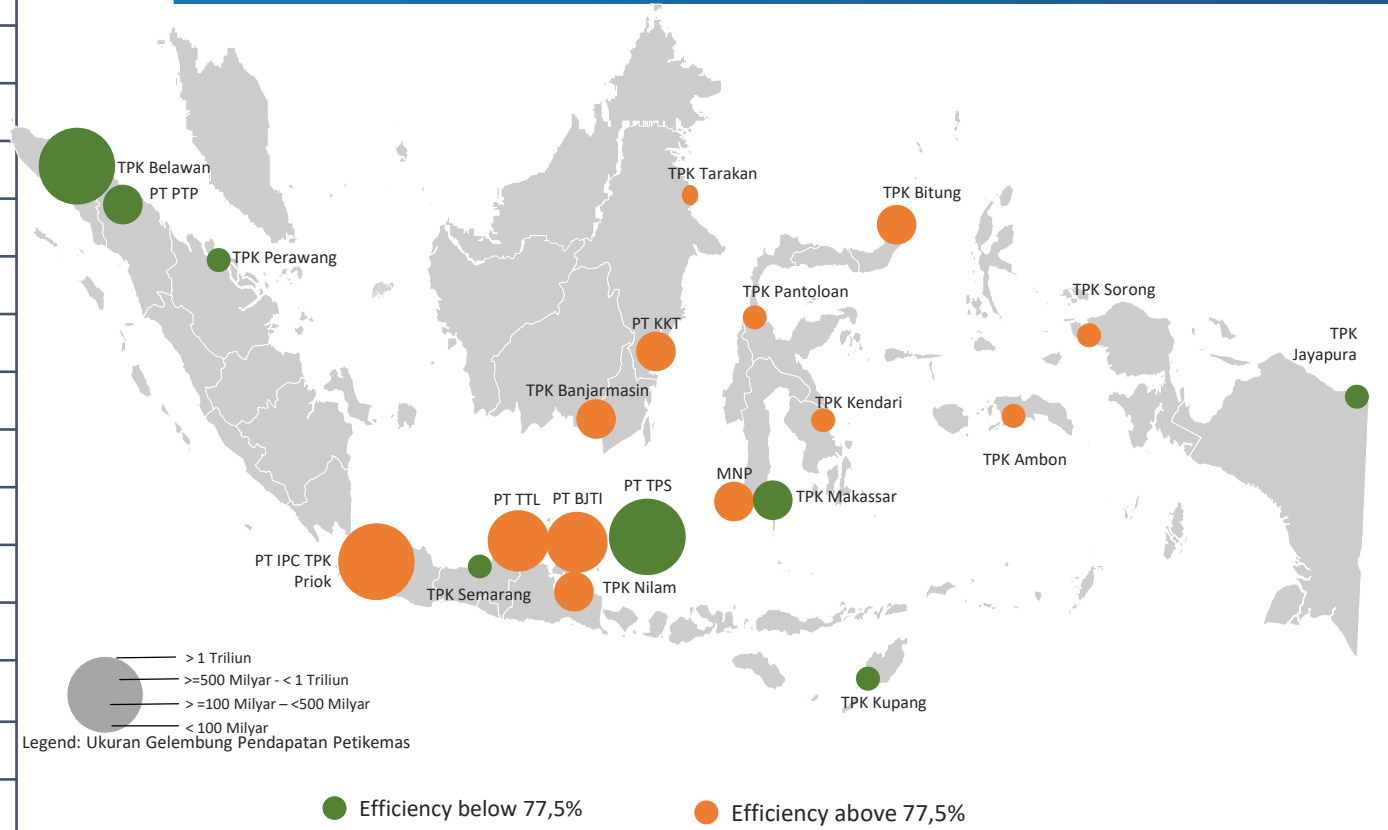
Sources Drewry 2020/2021, BCG Analysis, Report of PT Pelabuhan Indonesia (Persero) 2019



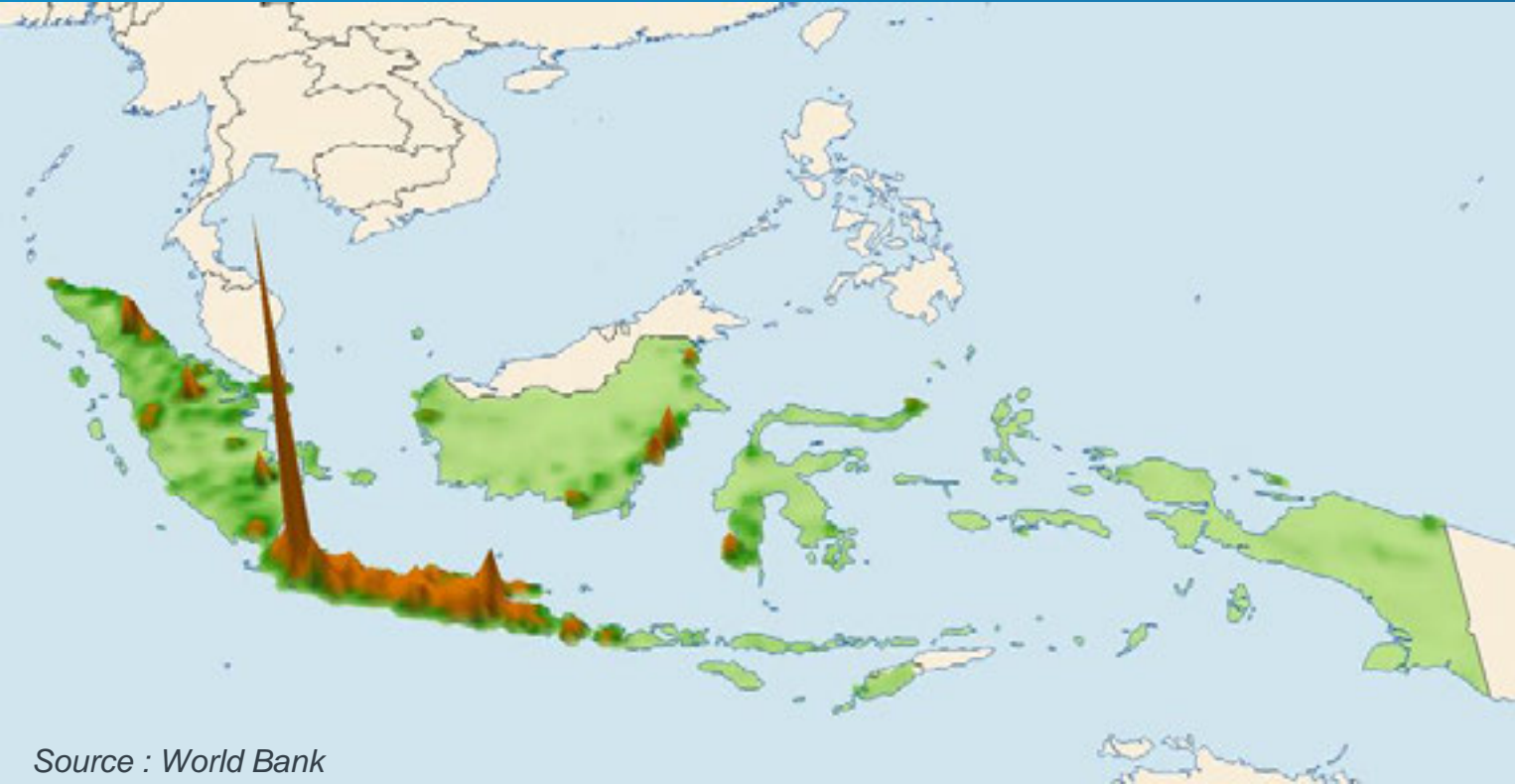
# Revenue And Operational Efficiency Blueprint Of Container Terminal In 2022

TERMINAL	Revenue (Rp)	Operational efficiency (%)	EAT (Rp)
PT IPC TPK*	2.849.307.656.203		
1 PT TPS	2.307.945.411.731	90%	292.780.740.452
2 TPK Belawan	1.028.316.040.242	71%	504.661.707.578
3 TPK Semarang	894.811.213.414	51%	519.317.041.654
4 PT BJTI	857.456.382.814	66%	307.720.763.415
5 PT TTL	559.512.330.288	86%	301.513.407.018
6 TPK Makassar	285.240.846.483	84%	106.826.387.882
7 TPK Banjarmasin	284.561.045.930	74%	73.909.392.605
8 TPK Nilam	267.370.373.815	91%	24.244.023.311
9 PT PTP	219.295.106.579	80%	53.592.785.113
10 PT KKT	205.778.375.929	77%	-177.458.259.766
11 TPK Bitung	156.023.595.636	96%	8.235.555.760
12 Makassar New Port	141.385.244.291	80%	31.071.018.176
13 TPK Ambon	95.380.672.515	117%	23.903.011.586
14 TPK Perawang	57.468.527.138	81%	20.640.786.831
15 TPK Kendari	42.217.376.692	73%	15.760.536.678
16 TPK Sorong	40.519.276.079	79%	9.036.738.471
17 TPK Pantoloan	40.437.097.640	89%	4.694.239.330
18 TPK Kupang	33.811.327.386	82%	7.336.778.243
19 TPK Jayapura	27.509.230.071	56%	15.066.127.245
20 TPK Tarakan	20.364.511.136	77%	6.000.862.467
21		78%	4.551.593.558

**BOPO Threshold 77,5%**



# The Economic Distribution of Indonesia



Economic growth is still centralized in Java, Yet some initiatives have been done to speed up the Economic equality throughout Indonesia



VS

Source : World Bank



Lack of Infrastructure



Limited Facilities



Limited Infrastructure

As a port service-based company, operation transformation has been a top priority during post-merger

### *Transformation Approach*



**Capability Development  
and Organization  
Optimization**



**Planning-and-Control  
based process**



**Optimization of  
Infrastructure and  
Equipment**



**Health & Safety  
Awareness/Culture**

**“We need to realize that innovation is all about culture. It’s all about people.”**

Mauro Porcini  
Chief Design Office, PepsiCo

McKinsey  
& Company



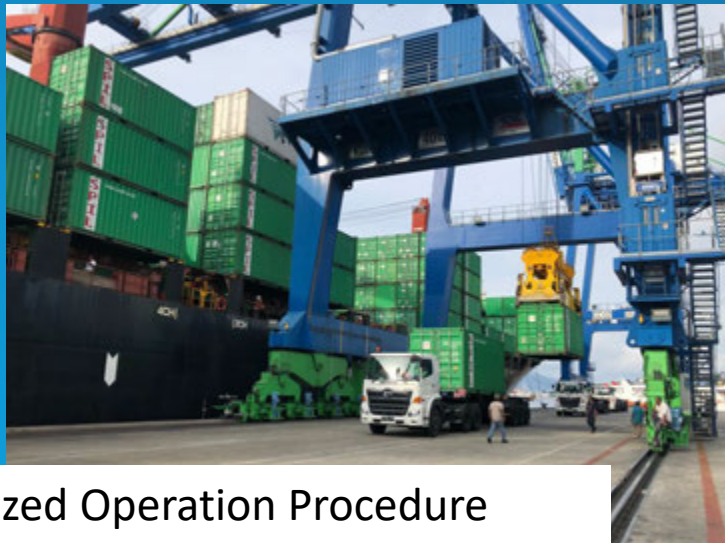




# Transformation TPK Ambon Province of Maluku

Before

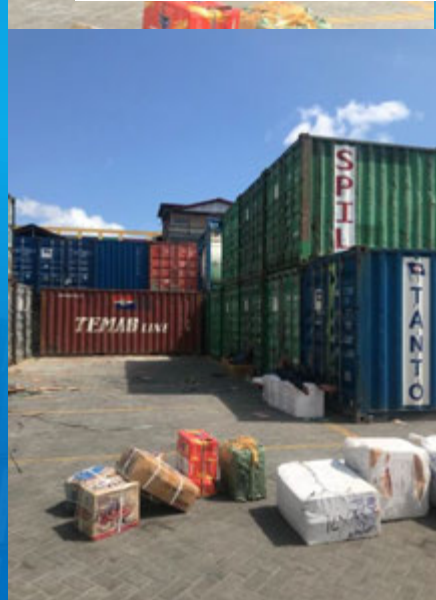
After



Unstandardized Operation Procedure

Strict operation SOP

Safety awareness Culture



Operation Based On Planning & Control

Basic CTO Training

# Transformation TPK Sorong Province of Papua Barat

Before

After



Unstandardize Mark



Standardize Marking



Untidy Room



No 24/7 Operation



Planning & Control



24/7 Operation



Limited Skill and knowledge



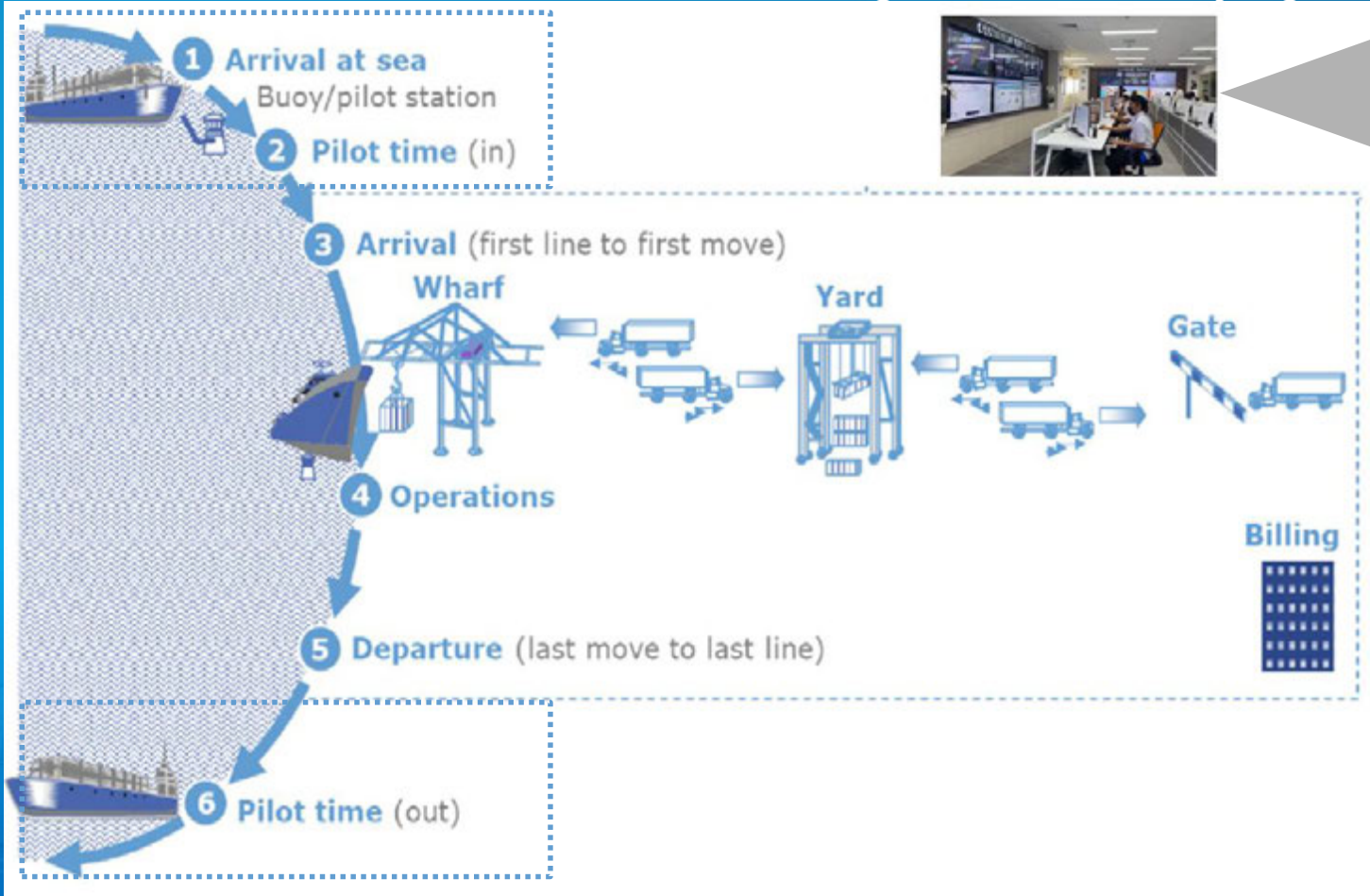
Training



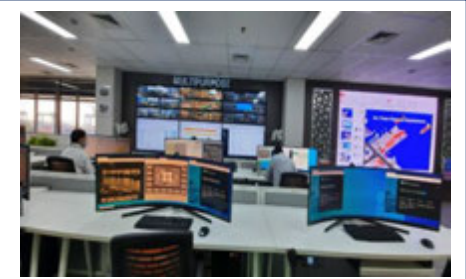
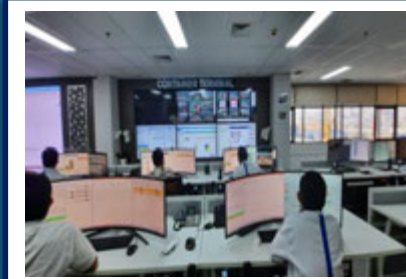


# In Parallel, Pelindo Also Continue Transformation For its Main Hub Ports To Become World Class Port

## Port Business Process



## Integrated Planning & Control in Tanjung Priok



## Kunjungan Menteri Koordinator Bidang Kemaritiman dan Investasi, Tj. Priok, 1 Okt 2021



# Operational excellence through standardization has shown significant results in reducing Portstay



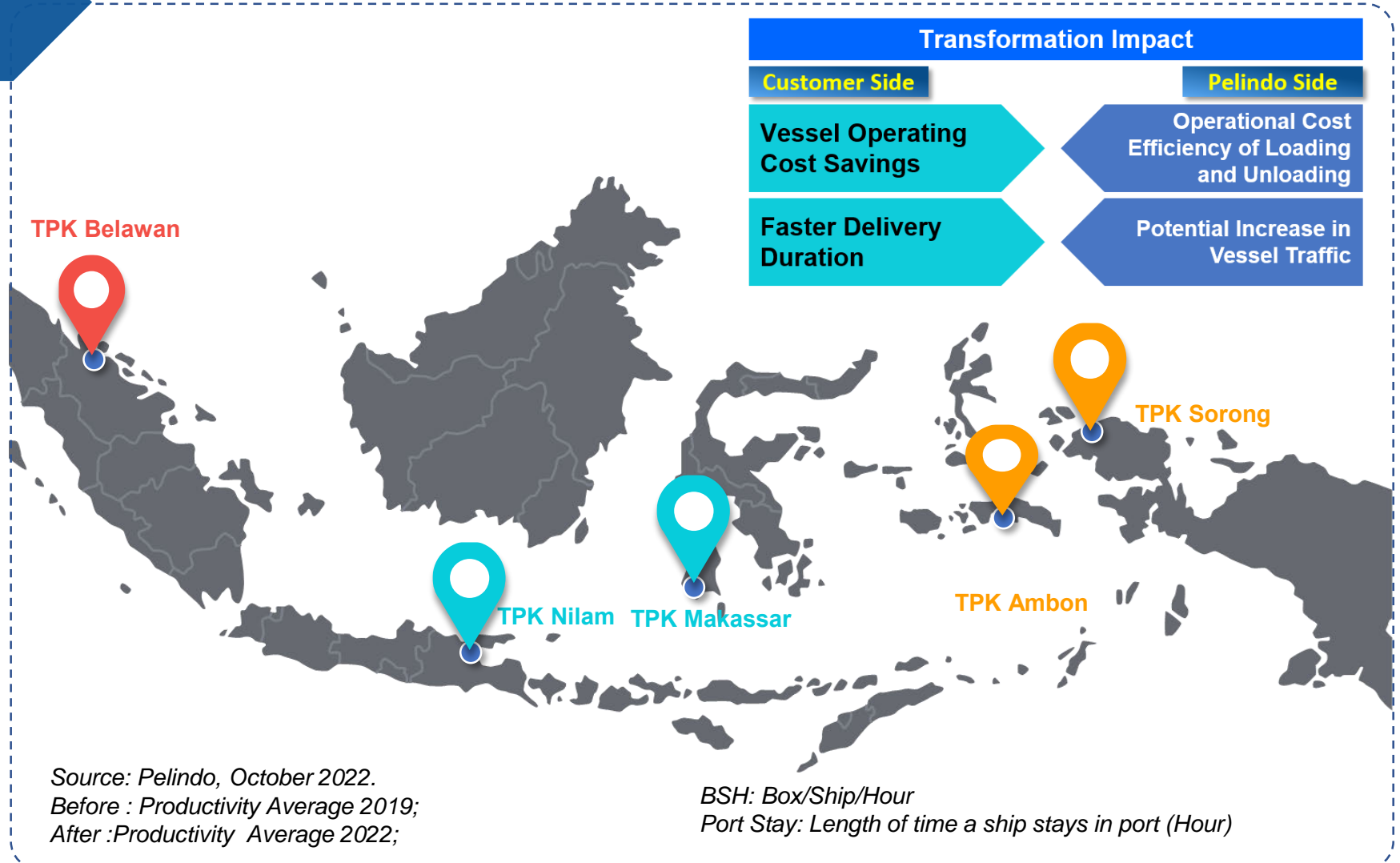
## Before vs After Transformasi

### Productivity BSH (Box Ship Hour)

	Before		After	
		Average	Highest	
Belawan	20	38	61	
Makassar	20	34	63	
Ambon	12	26	35	
Sorong	10	25	34	
Nilam	25	35	58	

### Vessel Port Stay Hours

	Before	After
		Average
Belawan	55	32
Makassar	38	22
Ambon	37	24
Sorong	72	24
Nilam	21	18



## Port Stay Optimization

### MERATUS

Average Port Stay (Hour)



### PT TEMAS SHIPPING

Average Port Stay (Hour)



### SPIL

Average Port Stay (Hour)

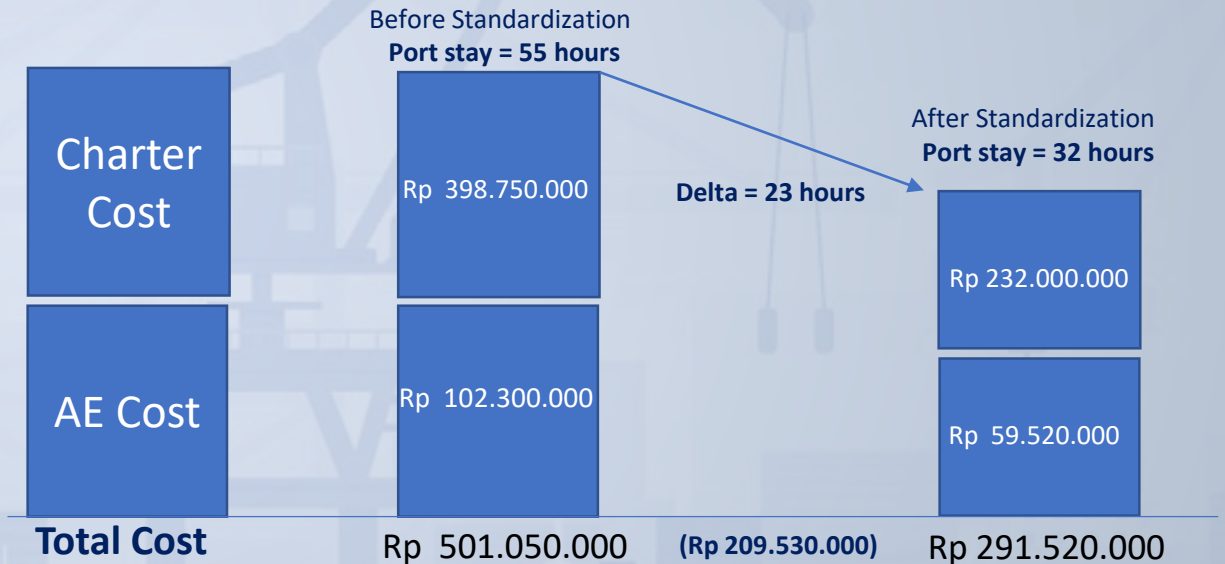


## Illustration at TPK Belawan TOTAL VESSEL OPEX COST AT PORT

### 2 Main Components of vessel Operation Cost at container terminal :

1. Charter Cost
2. Auxiliary Engine Cost

Vessel illustration (1,000 Teus)\*



**Within 1 year**, with Weekly call service assumption, OPEX efficiency for 1 Ship is **Rp 10,9 billion ( \$ 718,258 ship/year)** (52 x Rp 209 Juta) di sisi Customer Petikemas

Charter cost/day; 1 vessel for 1.000 TEUs is 12.000 USD or equal with Rp 174 Juta (1 USD = RP14.500)\*

Sumber : Clarkson Research, October 2022

# Operations transformation through standardization has brought significant benefits for Pelindo, Customers, and ultimately for the Maritime Ecosystem



**Pelindo**

- Efficiency of Operational Costs
- Potential to Increase Ship Traffic
- Standardization of Knowledge and Operational Competence
- To Emphasize Pelindo role as SEO (State Owned Enterprise) in PSO (Public Service Obligation)



**Customer**

- Reduced Port Stay & Cargo Stay
- Optimized Berthing Window, TRV, etc
- Saving from Ship Rental Cost
- Accelerated Service



**Maritime Ecosystem**

- Public Service Obligation (PSO)
- Contributing to minimizing logistic cost
- Supporting cross-region connectivity
- Enabling integrated logistic solution

# Within the next 2 years, Pelindo focus on “Business Expansion & Strategic Partnership” to increase business growth



Business development through Strategic Partnership



Collaboration with domestic & global shipping for improving ocean connectivity



Development of connectivity and logistics ecosystem through cooperation with land logistics industry players.



**Market Expansion** by grabbing the business, especially the NPK, marine, and logistics clusters to increase business scale & **winning regional battles** for the Container Cluster.



**Strategic Partnership** through **deployment** of best resources to bring optimal results, including risks.



**Optimization of hub and spoke** connectivity through cooperation with shipping lines and business partners.



**Development and integration of industrial estates** with ports through cooperation in providing integrated transportation modes.



**Business consolidation and restructuring** to create a more efficient, lean and effective business model.



## MARKET PENETRATION

Increased growth with existing products in existing markets



## PRODUCT DEVELOPMENT

New Product Development of Organic & inorganic in existing markets



## MARKET DEVELOPMENT

Commercialization of services beyond Pelindo Group

# THANK YOU

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# VISION & MISSION

## VISION



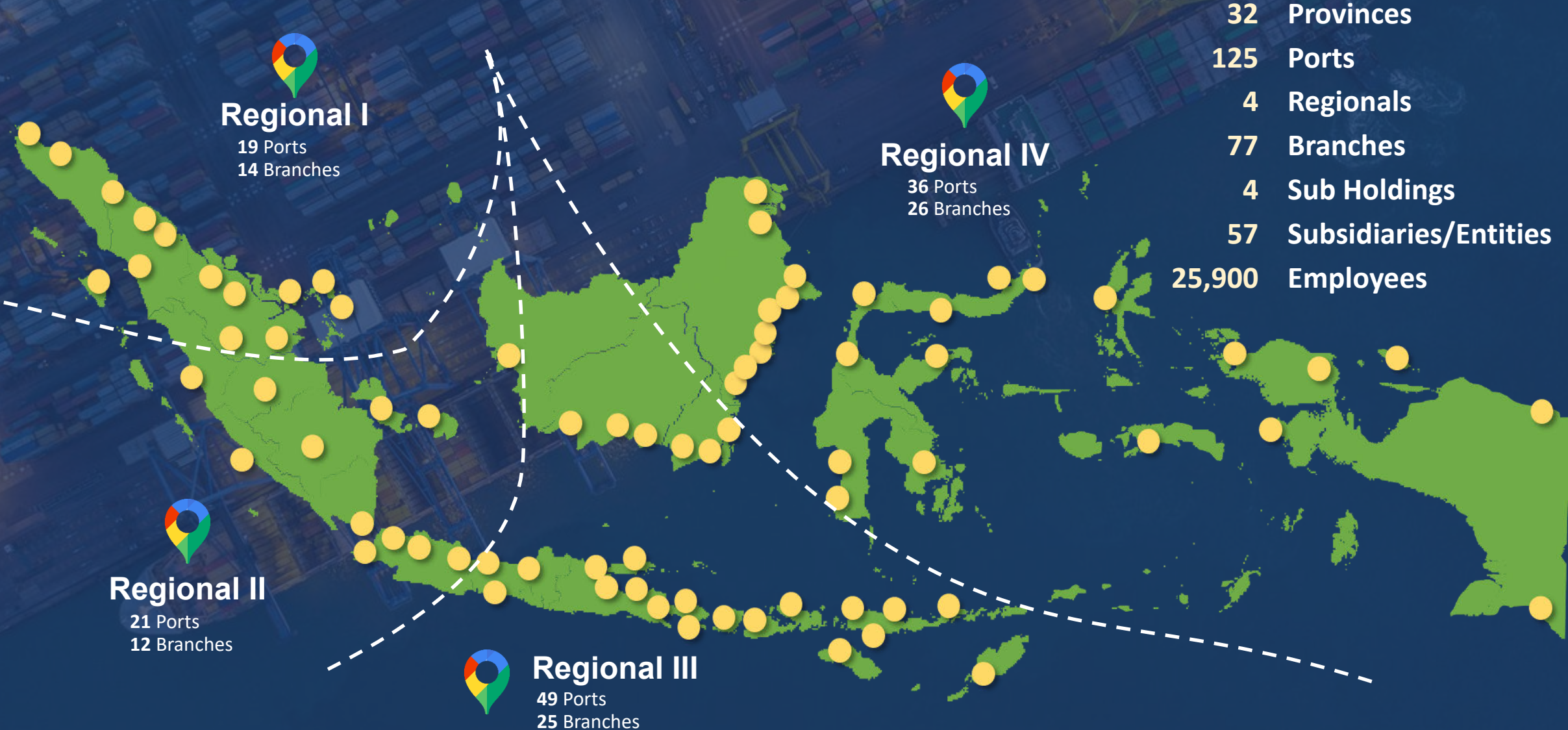
To be a world-class integrated leader in the maritime ecosystem

## MISSION



To realize national maritime ecosystem network through the increment of network connectivity and service integration, to support Indonesian economic growth

The merger of 4 State Owned Enterprises (SOEs) in Port Services on October 1<sup>st</sup>, 2021, consequently, leads to the emergence of PT Pelabuhan Indonesia (Pelindo) as **the only SoE in Indonesia for Port Service Business**. Its service territory covers **the whole nation, from the Eastern to the Western region of Indonesia**.





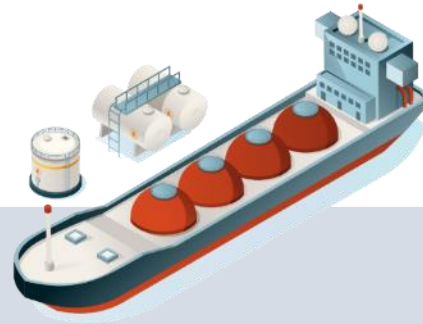
# Our Scope of Services



## CONTAINER SERVICE

Loading and unloading service for containerized goods from ships to delivery. The scope of the business include:

- Stevedoring
- Haulage
- Wharf Services
- Receiving/Delivery
- Stacking Services



## NON CONTAINER SERVICE

Loading and unloading service for non-container goods from ships to delivery. The scope of the business include:

- Liquid bulk terminal services
- Dry bulk terminal services
- Vehicle terminal services
- Special terminal services
- Multipurpose terminal services
- TUKS service



## LOGISTICS & HINTERLAND

A support service related to logistics in port services. The scope of the business include:

- Trucking
- Warehousing and storage
- Multimodal transportation services
- Bounded warehousing
- Container distribution center (CDC)
- Industrial area
- Property
- Marina & Marine Tourism



## MARINE & EQUIPMENT

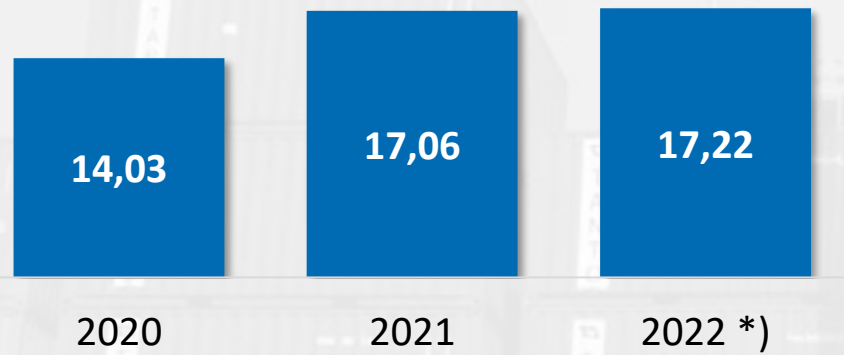
Ship operational services starting from entering to exiting the port. The scope of the business include:

- Pilotage Service;
  - Towage Service;
  - Mooring Services;
  - Water, Garbage and Waste Services
- In addition, there are equipment, utilities, dredging, and energy services.

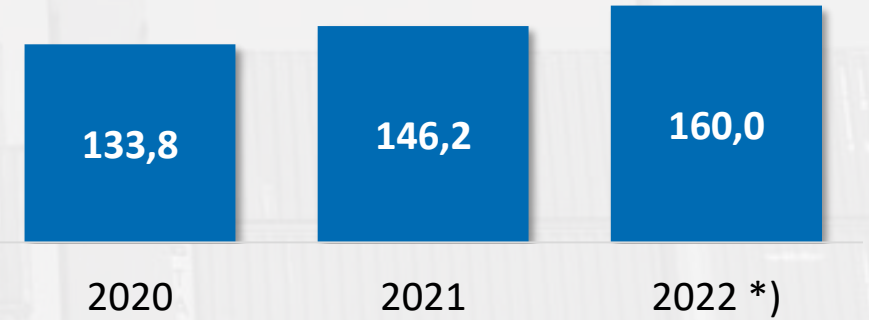
# Our Scale of Operations from 2019 to 2022



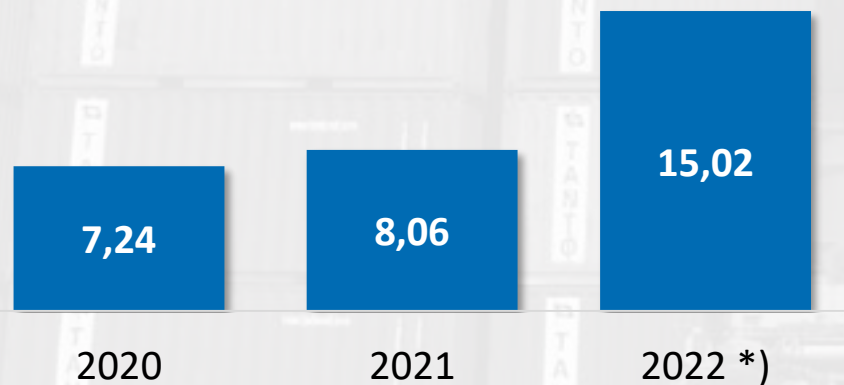
### Container Traffic (Million TEUs)



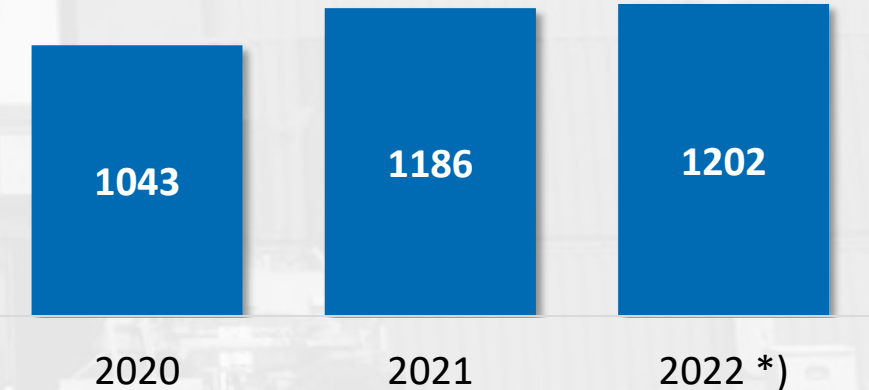
### Non-Container Traffic (Million Tons)



### Passengers (Million People)



### Ship Traffic (Million GTs)



\*) Unaudited figure

# STRATEGIC PROJECTS

## 3 Strategic Projects Development

- Terminal Development
- Industrial Estate Development
- Tourism Hub Development

