

Business Development of “Amma” Brand Medical Devices

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ABSTRACT: Good distribution of medical equipment is an important element in an efficiently functioning health system. Nowadays this business is growing up very fast as shown in numbers of registered distributors which increases in just several years. PT.AMMA Sadaya Indonesia is one of company which holding legal and permission to importing and distributing medical equipment in Indonesia since 2021. Seeing this condition the company strives to develop its business in order to expand the market and improve product quality and sales. This business plan aims to conduct a feasibility study and analyze aspects related to business development. With qualitative research methods in this business plan we analyze all these aspects. The research results show that in terms of business planning, environmental analysis, marketing aspects, operations aspects, human resources aspects, financial aspects, it appears that the AMMA company's business is worthy of development. Especially from the financial aspect, it can be seen that the results of the analysis of the R/C ratio, payback period, NPV and IRR are in the business category that is worth developing. Meanwhile, from the Timmons model analysis, design thinking, SWOT analysis and canvas business model, it can be seen how this business should be developed. SWOT analysis shows that an aggressive development strategy is the best strategy for AMMA company development.

Keywords: business plan, entrepreneurship, business

INTRODUCTION

The pharmaceutical and medical device industry in Indonesia is still dependent and dominated by imported products, both in terms of raw materials and technology used. It is recorded that more than 70% of the supply of medical devices in Indonesia still comes from imports (figure 1). Although until now the medical device industry in Indonesia continues to experience very rapid growth, as evidenced by 2024, data shows that there are 1,431 registered distributors of medical devices in West Java with an increasing number and more than 5,000 registered distributors throughout Indonesia.

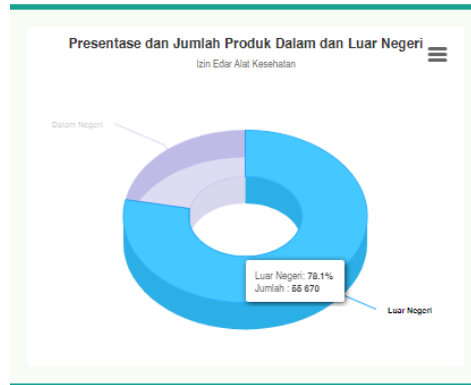


Figure 1. Percentage and Number of Domestic and Foreign Products

(Source : Ministry of Health of the Republic of Indonesia, 2024)

The medical device and pharmaceutical sector remains one of the most popular categories during and after the COVID-19 pandemic. Therefore, the government continues to strive to increase the competitiveness of the medical and pharmaceutical technology industry by promoting digital technology transformation. The use of digital technology starts from the production stage to distribution to consumers (Manoharan, 2018).

By looking at the reality of the current industry and medical device sector in Indonesia which is growing so rapidly, there are many opportunities for these medical device business actors to continue to develop their business to meet market needs and to continue to maintain their existence in business and be able to compete with competitors both from within and outside the country (Fedorova, 2016). The large demand for medical devices in Indonesia has made medical device business players invade the current Indonesian market. So businessmen must be able to always develop their business in order to win the competition and achieve the desired profit. Armed with experience in the field of health and medical devices since 2013, AMMA plans to continue to develop its business to expand the market and increase profits/revenue. In an effort to build and develop a business, a mature, systematic and comprehensive planning and strategy is needed as outlined in the *business Plan* (Prytulka & Antiushko, 2024).

Theoretical Foundations

Management is the science in which resource-poor managers coordinate the work of others and guide them so that their work is carried out efficiently and effectively. When faced with a shortage of resources such as manpower, money, and equipment, managers must use those resources efficiently, but effectiveness often has to do the right thing, which is the goal of the organization. It is described as doing activities that directly contribute to the achievement. If efficiency depends on how a goal is achieved, then effectiveness depends on the outcome or achievement of that goal. In a successful organization, efficiency and effectiveness usually go hand in hand. (Pinayungan, 2019).

Entrepreneurship or *entrepeneurship* is always trying to find more and better customers, serve them well, and offer them new services, both for their own benefit and for customers or society to respond to opportunities to achieve better services. This includes creating and producing more useful products and implementing more efficient ways of working. Through risk-taking courage, creativity and innovation, and management skills (Saragih, 2017).

Entrepreneurial innovation is an essential tool to drive new business opportunities for market growth In today's complex business environment, entrepreneurial innovation plays a crucial role in improving business growth and performance. Companies that focus on

innovation can achieve competitive advantage and maintain it in the future. Innovation can be an important tool that provides opportunities to discover and develop new markets (Munawar et al., 2023).

Entrepreneurial alignment is a strategic framework for business growth and competitive advantage that encourages innovation, proactivity, and risk-taking. This improves business performance while guiding market entry and product innovation

Several previous studies have shown the role of self-efficacy in promoting pioneer orientation and the importance of flexibility in entrepreneurial orientation. They also investigated the interaction between strategic orientation and entrepreneurship, as well as the impact of entrepreneurial orientation on organizational absorption capacity and sustainable development (Kaniawati, Sukma, and Oktaviani, 2024).

A business plan is a document. A written description of all internal and external aspects when an entrepreneur wants to start a new business. It is also possible that a business plan will be prepared by an entrepreneur when he wants to develop an already running business (Kistari and Marlina, 2022).

Timmons and Spinelli illustrate that there are three factors underlying the success of a new venture: business opportunity, resources, and team. These three elements interact to create balance and shape the entrepreneurial process. The entrepreneurial process starts from a business opportunity, strategy, network, team, or business plan. Business opportunities are generated by oneself and cannot be controlled by anyone. The task of the entrepreneur and his team is to integrate all existing elements in such a way that a balance is achieved. (Indarto, Santoso, and Prawihatmi, 2020).

SWOT analysis is a systematic identification of various factors or aspects to formulate a company's strategy. This analysis is based on the relationship between various internal and external factors of the organization. SWOT analysis basically uses all the data and information in the model quantitatively to formulate a strategy (Kaniawati et al., 2021).

SWOT stands for the internal environment, strengths and weaknesses, as well as the external environment, opportunities and threats faced by the business world by analyzing and comparing external factors and internal factors (Sasoko and Mahrudi, 2023).

The operational meaning of a variable is what determines in what form a researcher studies it so that information about it can be obtained and conclusions can be drawn from it. The variables used in this study refer to the evaluation criteria of the Timmons model. (Setiawati and Pratiwi, 2019).

Research Model

Table 1. Timmons Model Criteria Assessment (Timmons, J. A., & Spinelli, 2008)

VARIABLE	CRITERION	INDICATORS	
		HIGH POTENTIAL	LOW POTENCY
Markets and related matters	Consumer needs and desires	Unidentified	Unidentified
	User	Affordable and accepting products	Not or hard to reach
	Payback Time	<1 Year	>3 Years

VARIABLE	CRITERION	INDICATORS	
		HIGH POTENTIAL	LOW POTENCY
Added value		IRR 40%+	IRR < 20%
NPV		positive	Negative
R/C Ratio		> 1	< 1

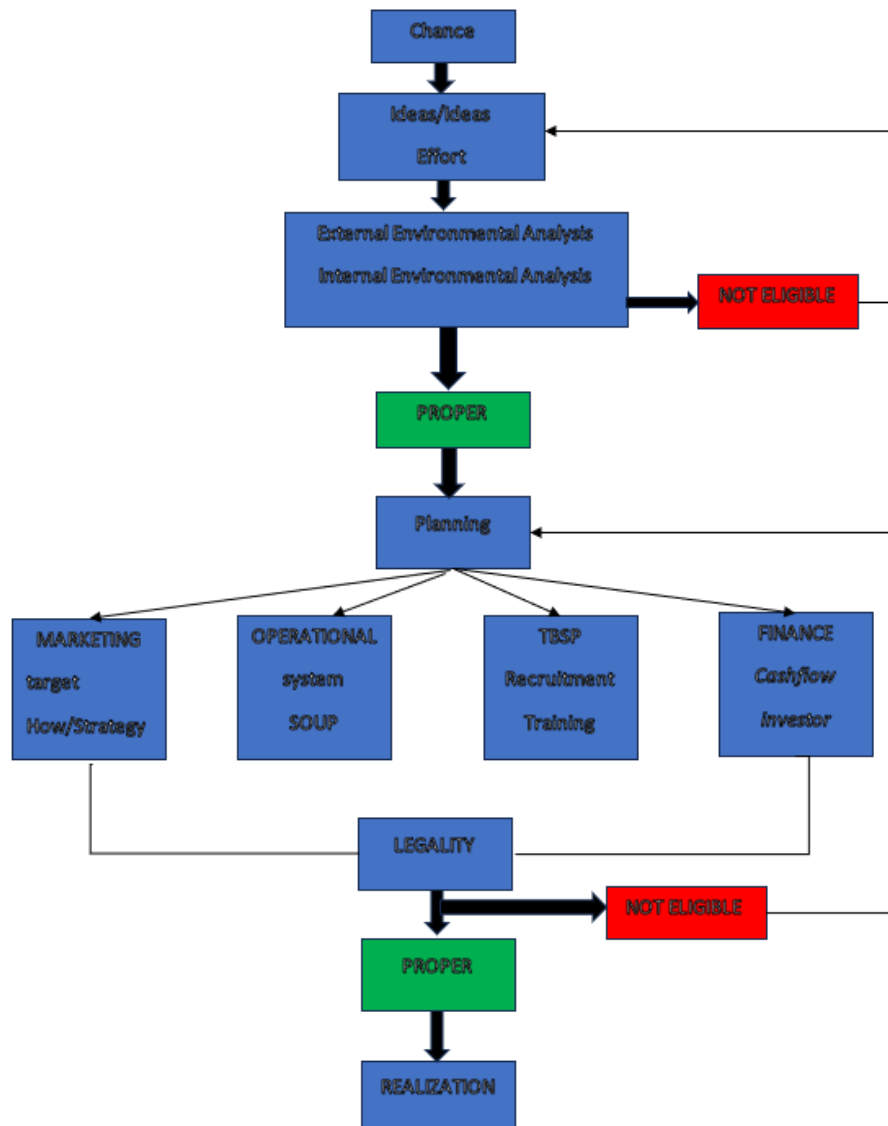


Figure 2. Framework of Thought
(Source: Processed by researchers, 2024)

RESEARCH METHODOLOGY

Research methods are basically scientific methods for obtaining data for a specific purpose or use. Therefore, in conducting research, a researcher needs to determine the right method to be used in his research. Research methods are usually based on scientific methods to obtain data for specific research purposes. Scientific method means research activities are based on a rational, empirical, and systematic scientific nature.

Rational means that research activities are carried out rationally within the framework of human thought. Rational research is research that uses theory. Experiential means that the method used can be experienced with the human senses, allowing others to observe and learn the method used. Systematic means that the process used in research uses certain logical steps (Sugiyono, 2015).

The purpose of this study is to find out and design the right business plan to plan business development. Therefore, the researcher chose to use qualitative research methods. This qualitative research refers to research that focuses on the study of natural objects (environment) and places the researcher as the center of the study. Researchers who are business owners who are the object of research. The difference with quantitative research is that qualitative research starts from data, then uses existing theories as explanatory material, and ends with theory. Qualitative research methods are methods that comprehensively describe phenomena such as behavior, cognition, motivation, and behavior of research subjects by describing them orally or in writing using various methods in a specific natural context. Research on PT. AMMA Sadaya Indonesia uses a qualitative descriptive research method. The researcher tries to study and describe the factors that affect the company both from within and from the outside. In addition, the researcher also provided an elaboration of the strategies that will be used in developing this business.

This qualitative research method takes and researches objects directly (primary data collection) and makes AMMA brand medical device distributor companies as the main object. In this study, the researcher also took several feasibility criteria which were then compared with the results of the research he obtained whether this business was feasible or according to the feasibility criteria set to be developed or not. Furthermore, research on PT. AMMA Sadaya Indonesia also shows the design of a business plan through design thinking, entrepreneurial process, and business model canvas which clearly shows the strategy and elaboration of the business development design starting from marketing, operations, human resources and finance.

RESULT AND DISCUSSION

The aspect of external environmental analysis shows that AMMA is a company whose establishment and operations must be standardized and follow the laws and regulations regarding the distribution of medical devices. With Indonesia's economic, social and political conditions, the medical device business has benefited more or less because the need for medical devices in Indonesia is very large, from Sabang to Merauke, which requires medical devices to support national resilience in the health sector.

With the large medical device market in Indonesia, of course, it brings in many competitors as well. The AMMA company has the advantage of good quality but a more affordable price than its competitors but still loses in terms of promotion and place.

Table 2. External Environment Analysis

Data	Strength	Weakness
Natural environment	Producing various health instruments by adjusting to market demand in Indonesia.	More and more medical devices are needed every day because of the development of science.
		The 4 seasons in a producing country sometimes hampers the work of employees.

Social environment	The Indonesian market is classified as an upper-middle market, but some areas outside Java still lack the ability to buy goods at prices that are too high.	AMMA products have prices that are not too expensive/quite competitive so that they can penetrate the regional market with the quality assurance provided.	Products made in Pakistan are still underestimated.
Task environment	Similar medical device products from the same country do not yet have good quality/stable quality.	AMMA products because they are directly supervised and quality controlled, are easily accepted by the market and compete with their predecessors.	The supply of goods that is highly dependent on economic conditions, especially the dollar exchange rate (imported goods), causes challenges to keep prices always stable.

(Source: Processed by researchers, 2024)

In the internal environmental analysis, it can be seen that AMMA has become strong because it instills a culture of family and religion in the company. In terms of asset ownership, the company still needs to increase its assets. The company's operations that are run from upstream to downstream can be an advantage as well as a challenge and obstacle for AMMA medical device companies where larger capital is needed because production and marketing are carried out by themselves so that good planning and strategy are needed so that every aspect of company development can be carried out properly.

Table 3. Internal Environmental Analysis

	Data	Strength	Weakness
Culture	The atmosphere of family and closeness to worship is always built to strengthen the feeling of one ukhuwah so that loyalty and responsibility are automatically built.	Mutual respect and appreciation foster good attitudes and teamwork because of the desire to move forward together.	Lack of confidence in making decisions independently because they are still too reluctant with the leadership.
Structure	The organizational structure and team consist of directors, technical responsible persons, managers, admins, warehouses (operators).	The organizational structure is neatly arranged with clear duties and responsibilities and jobdesks. The team has work experience in the same section they	If there is a vacancy in a certain team/position, it will make it difficult for other teams because they are used to doing only their respective tasks and jobdesks

		currently occupy.	
Resources	The company carries out its operations from upstream to downstream, meaning that starting from production, import, and distribution are controlled.	The price and quality of the goods will be very competitive and always controlled from the beginning to the hands of consumers and can provide quality assurance.	The flow of goods that is very long requires capital and good cash flow .

(Source: Processed by researchers, 2024)

In terms of marketing, AMMA company has a wide market segment throughout Indonesia and the target market is the B to B and B to C markets by implementing brand awareness through AMMA brand registration so that no one will match this AMMA name/brand. Through the marketing mix strategy, the company also tries to penetrate the market and achieve its desired target by adding goods/products that previously had 15 distribution permits will continue to grow, adding places closer to consumers, promotional promotions at certain times, and setting prices that are adjusted to its target market. In addition, the company also provides after-sales services, one of which is in the form of a warranty and always maintains a good relationship with consumers by giving gifts at certain times and establishing good communication.

In terms of operations, every operational activity of the AMMA company must have standards and be in accordance with the regulations in the CDAKB (good way of distributing medical devices). AMMA has conducted a CDAKB audit and bagged the certificate for the next five years.

The aspect of human resources is an important concern because the field of medical devices is a field that has broad and specific knowledge requirements (different from other businesses) where every employee must have competence and be competent in carrying out their duties and obligations. AMMA Company continuously provides training both inside the company and outside the company. In terms of company structure, it is clear the stages of hierarchy and duties of each field.

From the financial aspect, several feasibility tests have been carried out, namely the analysis of the R/C ratio with results above 1 which means that the business is worthy of development. The payback period analysis shows that investment in AMMA companies will return in a period of 1.2 years. Net present value analysis shows positive results which means the investment can continue. The IRR analysis shows a value of 71% where this value is greater than the discount value, indicating that the development of this business is feasible to be carried out.

Table 4. Results of Business Feasibility Analysis

Variable	Result	ACCEPT/REJECT
R/C Ratio	>1	RECEIVE
Payback period	1.2 years	RECEIVE
NPV	Positive	RECEIVE
IRR (10% and 20%)	71%	RECEIVE

(Source: Processed by researchers, 2024)

The business planning for the development of AMMA medical device stores based on Timmons model analysis, design thinking, SWOT analysis, and BMC results that AMMA's medical device store business development is in the first quadrant, namely supporting aggressive strategies or growth strategies.

Table 5. SWOT analysis for AMMA company products

STRENGTH		OPPORTUNITIES	
<ul style="list-style-type: none"> • Product design has distinctive features • Commitment to high product quality (guaranteed quality) • Wide market • The product already has legality 	<ul style="list-style-type: none"> • Medical device products are constantly evolving and diverse • The demand for medical devices continues to grow. • Increase brand awareness online and offline • The international market is also very open. 		
WEAKNESS		TREATS	
<ul style="list-style-type: none"> • There is a lot of competition from the home country and other countries. • There is no competent team for market research yet • Long and long production time until the product reaches Indonesia • No investors yet 	<ul style="list-style-type: none"> • The speed of new competitors • Regulatory changes • World currency exchange rates • Consumer complaints 		

(Source: Processed by researchers, 2024)

IFAS (Internal Factors Analysis Strategy) is an analysis method carried out on internal factors of an AMMA company. This IFAS analysis must be carried out to get an overview of the strengths and weaknesses of the AMMA company.

Table 6. AMMA Corporate Strength Factors

No.	Description	Weight	Rating	Score	Information
1.	The product design has a distinctive feature because it is produced by itself	0.20	8	1.6	Product design is a hallmark of AMMA medical device products, namely by selecting finishes that are rarely used in other products.
2.	Commitment to high product quality	0.15	6	0.9	Always prioritizing product quality can increase customer satisfaction
3.	Wide market	0.18	7	1.26	Medical devices are always needed by both end users and wholesaler business actors .
4.	The product has legality	0.17	7	1.19	Medical device products are highly dependent on legality, especially distribution permits.
TOTAL		0.70	28	4.95	

(Source: Processed by researchers, 2024)

Table 7. Weak Factors of AMMA Company

No.	Description	Weight	Rating	Score	Information
1.	There is a lot of competition from the home country and other countries.	0.05	3	0.15	One of the most importers of medical devices entering Indonesia is from Pakistan.
2.	There is no competent	0.10	4	0.4	Lack of market research will make it

	team for market research yet				difficult to know consumer needs in detail.
3.	Relatively long production time until the product reaches Indonesia	0.05	3	0.15	The production process takes 3-4 months while the shipping/importing process takes 7-14 days
4.	No investors yet	0.10	4	0.4	The funds used are still limited to personal funds
TOTAL		0.30	14	1.1	

(Source: Processed by researchers, 2024)

Internal Strategic Factor Summary matrix value

= Strength - Weakness

= 4.95 – 1.1

= 3.84

EFAS (External Factor Analysis Strategy) is a strategic analysis conducted on external factors of AMMA companies. This EFAS analysis was carried out to understand the opportunities and threats faced by AMMA companies. An analysis of these external factors needs to be carried out to determine the level of readiness and vigilance as well as the solutions that will be taken by AMMA companies against external forces and pressures against AMMA companies, especially those from competitors and how to overcome them.

Table 8. AMMA Company Opportunity Factors

No.	Description	Weight	Rating	Score	Information
1.	Medical device products are constantly evolving and diverse	0.20	8	1.6	Health technology and medical device products are constantly evolving from time to time.
2.	The demand for medical devices continues to grow.	0.20	8	1.6	The demand for medical devices in Indonesia is constantly increasing with the increasing number of health facilities being built.
3.	Increase brand awareness online and offline	0.15	6	0.9	The AMMA brand is well known by wholesalers but still needs a more in-depth introduction to the end user.
4.	The international market is also very open.	0.20	8	1.6	Several requests and enthusiasts from outside Indonesia.
TOTAL		0.75	30	5.7	

(Source: Processed by researchers, 2024)

Table 9. AMMA Corporate Threat Factors

No.	Description	Weight	Rating	Score	Information
1.	The speed of new competitors	0.10	4	0.4	Innovation is always needed
2.	Regulatory changes	0.07	4	0.28	The Indonesian government is constantly updating medical device regulations.
3.	Foreign exchange rates	0.03	2	0.06	Because this spending or import budget is calculated using dollars, the currency exchange rate is very

				influential.
4.	Consumer complain	0.03	2	0.06
				After-sales service needs to be improved.
TOTAL		0.25	12	0.8

(Source: Processed by researchers, 2024)

External Strategic Factors Summary matrix values

= Opportunity Value - Threat Value

= 5.7 – 0.8

= 4.9

Then the total IFAS score = 3.84 and the total EFAS score = 4.9

So that the coordinate points x = 3.84 and y = 4.9 are obtained

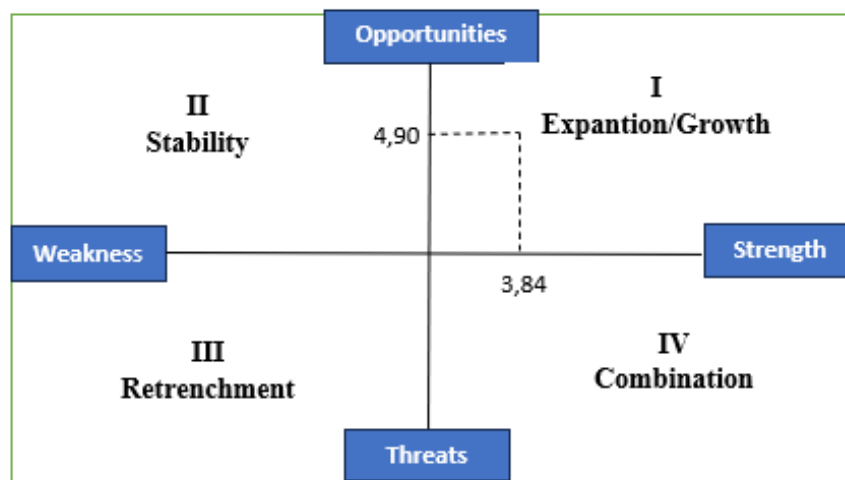


Figure 3. SWOT Analysis Quadrant of AMMA Companies

(Source: Processed by researchers, 2024)

Based on the Portfolio Image of the SWOT Diagram Analysis of AMMA medical device distributors and the SWOT Matrix Priority Table above, the AMMA medical device business is in quadrant one (I), which supports an aggressive strategy or growth strategy, meaning that the AMMA company is in a favorable situation and position, namely it has opportunities and strengths. Therefore, AMMA companies are considered to be able to take advantage of existing opportunities by supporting aggressive growth policies (growth oriented strategy).The growth strategy that AMMA companies need to carry out is to increase sales, increase assets, profits, or a combination of all three by trying to maximize existing opportunities and utilize their strengths as great potential in company growth.

CONCLUSION

Based on all the explanations and analysis results, one conclusion can be drawn from the whole that the development of the AMMA brand medical device business is feasible. Meanwhile, companies must always pay attention to their weaknesses, namely increasingly fierce competition, the absence of an adequate team to conduct market research, the relative length of time production arrives in Indonesia which will threaten the regularity of stocks and require special strategies, and the absence of permanent investors. This analysis of business developments is expected to be a reference material for investors to study and ultimately decide to invest in this AMMA company.

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