ASSOCIATION OF SOUTHEAST ASIAN NATIONS

SMALL AND MEDIUM ENTERPRISE CASE STUDIES

IND/SME/09/003/REG – THAI ICT

Teaching Note: Builk – Software for Construction SME whiz

PREPARED BY MIRIAM TAN-FABIAN

Synopsis of the Case

Mr. Patai Padungtin founded Builk, a Thai SME whose core competency is in construction-focused ERP systems, a cross-functional enterprise system with an integrated suite of software modules that supports the basic internal business processes of a company[1]. One of the strengths of Builk is that it services smaller contractors and customer who cannot afford more expensive customized software systems for their construction needs. Unlike similar SMEs, Builk had a less problematic time when it was first being established because it was spun off a larger company, Longkong Studio, that was also into construction-focused software but whose market was focused more on servicing larger construction companies and contractors.

While Mr. Patai initially thought that Builk offering its products for free (the freemium model) will ensure a fraction of users that would buy the software for added features, this expectation did not pan out, so he had to rethink Builk's business model. As Builk has online media capability with a website, Mr. Patai wanted to take advantage of this. He envisioned a new business model where the company would offer its software completely for free to contractors, while makers of construction materials and providers of construction services would advertise on the site in order to access those contractors. Builk's website not only allowed customers to create their own website, it also allowed free hosting.

Some of the initial concerns of Builk which Mr. Patai did his best to solve was to limit poor customer service, bugs, and slow performance which were initial causes of frustration and attrition of users.

At present, Builk is doing well but is facing a crossroad. Mr. Patai needs to decide whether he will partner with international companies. He is also pondering on whether he should sell the detailed purchasing and project management data that his customers were keying in to the system. At present, he is reluctant and uncomfortable about pursuing this line of thinking further.

[1] Enterprise Resource Planning. Retrieved October 2013 from http://en.wikipedia.org/wiki/Enterprise_resource_planning

Moreover, he is also thinking about collating information on trust-worthy and competent contractors as an added service.

Thus, hopefully this teaching note, with its accompanying case on Builk and industry note on the sector will allow for healthy discussions among students.

Topical areas

This teaching note is appropriate both undergraduate and graduate course in management or business. It can also be used for specialized courses on entrepreneurship, business management, operations management, and on ICT businesses.

Teaching objectives

At the end of the course, students are expected:

- To recall relevant business and management theory and concepts in the analysis of a case;
- To be able to analyze a case comprehensively while employing different points of view and with the appropriate analytical tool;
- To have a holistic view of and appreciate the present situation and context of Builk;
- To choose the appropriate analytical tools to use in assessing the case to elucidate possible strategies through presentation of issues and group and class discussions;
- To promote teamwork and enable students to work with others through collaborative and cooperative learning in groups;

Although there are no strict concepts or frameworks to be used, several are recommended, including the standard case analysis format, Porter's five forces, functional analysis, SWOT or TOWS analysis (strengths, weaknesses, opportunities, and threats) can be utilized.

Audience profile

These materials (case, industry note, and teaching note) can be used by several different audiences. First, as the case deals with a real-life business; businessmen, entrepreneurs, and managers will be able to use it. Second, management and business academics, researchers, faculty, and facilitators tap it as a resource. Management and business students will also find these materials relevant. Finally, policy and law makers, lawyers, and the government can also find these resources useful.

Readings and supplementary readings, if applicable

There are many available resources which the audience can use. Four good materials include the following:

Overview of the Field of Entrepreneurship Theory and Research

Shane, S. and Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review 25*(1), 217-226.

Montayne, J.A. (2006). Entrepreneurship. *The Independent Review 10*(4), 547-569.

The Existence and Discovery of Entrepreneurial Opportunities

Shane, S. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science 11*(4), 448-469.

Creating New Markets

Berry, L. Shankar, V., Parish, J.T., Cadwallader, S., and Dotzel, T. (2006). Creating new markets through service innovation. *MIT Sloan Management Review 47*(2), 56-63.

Guide questions with possible answers

There are many guide questions which can be posited depending on the framework that the teacher has chosen. For the case analysis, the following areas can be taken up:

1. Introduction or background of the case
2. Statement of the problem – There are many questions that can be asked about the case like the following:

    a. What are the current concerns and issues facing Builk?

    The founder of Builk has many decisions to make. Should Builk expand its market? Should it go into the international market like Indonesia despite the fact that it is a relatively young company and Mr. Patai is unacquainted with the local language (Bahasa), culture, and customs.

    Answer: There may be no consensus on this matter. Some students would rather be conservative and recommend that Mr. Patai continues to build his business first before he expands overseas. Others on the other hand, may suggest that he can hire new employees who are knowledgeable about Indonesian or any other foreign language, culture, and customs to assist him with forging a partnership with specific foreign firms.

    Of course, Mr. Patai can also have a management team which will act as the oversight group to ensure that partnerships with foreign companies will run smoothly.

Mr. Patai is also considering whether he should sell the detailed information on purchasing and project management data which is being keyed by his customers.

Answer: Should Mr. Patai seriously consider this step, he should be informed that such a move may expose Builk to ethical and possibly legal issues of data protection and security of information especially if he does not have the formal approval from those who own the data. On the other hand, he may also have some lawyers study this issue to assist him in securing approval from those whom he is requesting data from.

3. Analysis using the appropriate framework

If the SWOT analysis was used, some of the answers may include the following:

Builk's strengths are:

- It is an ICT SME which enables it to be flexible, innovative, and more readily responsive to the needs of the market;
- Since its technologies enable mass dissemination, it can easily explore economies of scale;
- It had a relatively painless start because it was spun off from a bigger company that was also into software systems for construction;
- The company has already won several local awards.
- Mr. Patai is always actively promoting the company which will enable it to gain more customers and potential business partners.

Weaknesses

- The company needs to continually innovate because technologies are constantly changing and competitors are also learning;
- The company may also need to regularly purchase new hardware and software when old ones depreciate and become obsolete;
- E-commerce is still a growing trend in Thailand and few locals use website, use the Internet, or purchase things online.

Opportunities

- Since its market is composed of relatively small or medium firms, these have less sophisticated needs than larger firms.
- There are many opportunities to expand operations abroad to Indonesia and Vietnam.
- There are other markets that can be explored like selling data that are inputted in Builk's website by users.
- The proliferation of mobile devices is another opportunity that Builk can take advantage of.
- The government offers many incentives from promotion of SMEs to tax breaks to funding opportunities. Builk should take advantage of such incentives.

Threats

- At present, due to a tax break, Builk is not paying any taxes to the government. Eventually though, when the company becomes bigger, it will have to pay taxes to the government. Thus, it needs to ensure that it can set aside funds for taxes.
- There is a weak barrier to entry into Builk's industry because other companies can copy Builk's model, that is, employ programmers to create customized construction software.

4. Alternative courses of Action

   Although the class can propose several courses of action depending on which issues are deemed more critical to the company, one example is if at present, Builk should stay local or go global (international). The groups can then articulate their justifications for their decisions.

5. Conclusion / Recommendations

   SMEs like Builk are an inspiration to other SMEs that may wish to go into ICT-driven businesses. At the same time, there are many issues and concerns that need to be addresses as an SME and as a company that is into software designed for a particular purpose (construction).

Time allocation plan

Duration	Topic covered
45 minutes	Lecture with class discussion on the case method
60 minutes (maximum)	Sample case analysis for class discussion
60 minutes	Reading of the case, group analysis, and preparation for class discussion
45 minutes	Group presentation to class
45 minutes	Class discussion on the case
5 minutes	Wrap up

After case discussion (including analysis)

The case discussion including the analysis will largely depend on the audience of the case, and what the audience brings into both the discussion and analysis. For example, policy makers will focus more on the government or local laws and regulations that could be strengthened or proposed for the promotion, development, and support of SMEs.