ABSTRACT

E-Office service owned by PT Sigma Cipta Caraka is one of the pioneers of

Software as a Service in Indonesia. However, along with the emergence of more

competitors, e-Office required to have a competitive advantage in order to win the

competition. One of the most widely used method is to give a competitive selling

price. In general the determination of the selling price based on the expense

incurred and the profit desired. But the determination of the selling price based

on the cost unsustainable in the market because of not necessarily accepted by the

market. Target costing is a method of determining the expected cost for a product

based on competitives prices, so that these products can reach the desired profit.

This research aims to apply the method of target costing in the calculation of the

e-Office service costs.

In order to obtain the profit, Telkom Sigma recommended to set the selling price

of e-Office service for Rp 121.000,00 per user per month in expectation to turn a

profit 30%. Based on calculations, the target cost set for e-Office service is Rp

84.700,00 per user per month. When compared with the target cost, the actual

cost of e-Office service for Rp 87.500,87 which includes the cost of hardware,

software licensing fees, personnel operational costs and the costs of supporting

activities still Rp 2.800,87 higher than the target cost set. Thus companies need to

do a cost reduction and the author analyzes the cost of e-Office services to

achieve the target cost by reducing costs by looking at a potential of each cost

element to do the reduction. Recommendations proposed in this research is to do

a cost reduction on supporting activities elements and hardware elements on

needs atributes with lowest interest rates.

Keywords: Target Costing, e-Office, Cost Reduction

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