

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 competitors 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 attributes with lowest interest rates.

Keywords : Target Costing, e-Office, Cost Reduction