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## INNOVATION AND MARKETING STRATEGY FOR IT SERVICES IN XYZ CONSULTING BUSINESS AT PT XYZ

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### ABSTRACT

PT XYZ, a leading Information Technology (IT) company in Indonesia, has an IT consulting division, XYZ Consulting Services, which is essential in providing IT solutions to clients. Along with the rapid development of Industry 4.0, competition in the IT consulting services sector is getting tougher. Service innovation is key to maintaining a competitive advantage and increasing market share. This research aims to deeply analyze the innovation and marketing strategies implemented by XYZ Consulting Services to strengthen the company's position in the IT consulting market. This research combines interview and observation methods to collect primary and secondary data using a qualitative approach. SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and BCG (Boston Consulting Group) matrix were used to identify internal and external factors affecting the company. The research results are expected to determine the types of relevant service innovations and effective marketing strategies that XYZ Consulting Services will implement. In addition, this research will also provide strategic recommendations that can support PT XYZ in achieving its business objectives, namely strengthening its competitive position in the dynamic IT consulting market.

**Keywords:** innovation, marketing, strategic management

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### INTRODUCTION

The IT consulting services industry (Strategic Consulting Services) is growing rapidly in this industrial era 4.0 (Friess et al., 2024; Hernández et al., 2024; Nayal et al., 2023; Nugroho et al., 2024; Sharma et al., 2024). Competition between consulting companies is getting tighter, encouraging every IT consulting company to continue to innovate in terms of the services offered (Kurpiela & Teuteberg, 2023; McCauley et al., 2024; Preciado-Hoyos et al., 2017; Rajani et al., 2022; Sharma et al., 2024). Service innovation is the primary key for IT consulting companies to increase sales and maintain a competitive advantage in the market. According to PAC Indonesia, the IT services market in Indonesia reached IDR 187 trillion in 2022 and is projected to continue growing at a CAGR of 8.9% to reach IDR 329 trillion by 2027. This growth opens up great opportunities for IT consulting companies to expand and assist Indonesian companies in achieving their digital transformation goals (Affandi et al., 2024; Huwaida et al., 2024; Nugroho et al., 2024).

PT. XYZ is also one of Indonesia's leading IT consulting companies, offering a wide range of consulting services to clients in various industry sectors. PT. XYZ has extensive experience and expertise in helping various companies achieve business goals. However, amid intense industry competition, PT. XYZ needs to continue innovating its services to increase sales and maintain its position as a reliable player in the market.

PT XYZ's IT consulting services industry faces various complex obstacles. This forces one of PT XYZ's business lines, XYZ Consulting Services, to adapt and innovate to remain competitive and profitable. In recent years, various studies have explored the competitive landscape of the IT consulting industry, focusing on service innovation and marketing strategies. For instance, Nucci et al. (2023) examined how digital transformation impacts client engagement in IT consulting firms, while Guo et al. (2023) analyzed the effectiveness of service differentiation in enhancing market share. However, these studies often overlook the challenges companies like PT XYZ face in Indonesia's rapidly evolving market (Czapla et al., 2023; Graesch et al., 2024). This research aims to fill that gap by comprehensively analyzing XYZ Consulting Services' unique strategies and innovations, particularly in adapting to Industry 4.0 dynamics. By integrating qualitative methods with SWOT analysis, this study will highlight relevant service innovations and offer strategic recommendations tailored to strengthen PT XYZ's competitive positioning.

XYZ Consulting Services is experiencing positive growth due to this increase in revenue and number of employees. However, the increase in revenue is followed by an increase in the number of employees, and the consultant's income (salary) also continues to increase. This suppresses the profit margin of XYZ Consulting Services. So XYZ Consulting Services must look for new strategies or innovations to increase sales. The number of employees of XYZ Consulting Services during the period 2021-2023 has increased every year. In 2021, the company had 30 employees, then increased to 32 employees in 2022 and reached 40 in 2023. This increased number of employees indicates that XYZ Consulting Services is growing and requires more workforce to support operations.

Prices for information technology (IT) consulting services have been flat and have declined over the past 3 years, as reflected in the XYZ Consulting Services Report, while consultant revenues have continued to increase. This puts pressure on profit margins and pushes XYZ Consulting Services to look for new strategies to increase sales. The small profit margin requires XYZ Consulting Services to have a high sales volume. This requires many consultants, which results in productivity and efficiency issues, especially when consultant utilization is low. In addition to the above problems, XYZ Consulting Services faces challenges from competitors that continue to grow. The competitor map is also increasing with the number of micro-consulting (consultants with on-demand charging for a minimal scope) and freelance consultants with low costs.

Based on the problem formulation described above, this study aims to analyze the right marketing strategy for XYZ Consulting Services PT. XYZ is increasing sales of IT services amid increasingly fierce competition, and it is also trying to identify factors that will cause a decrease in the number of IT consulting service projects in 2023. This research also aims to evaluate steps the company can take to increase the number of IT consulting service projects by implementing more effective and efficient strategies, including efforts to optimize consultant utilization to support productivity and efficiency.

In addition, this research will examine strategies that XYZ Consulting Services can implement in the face of competition from micro-consulting, freelance consultants, and other IT consulting firms, focusing on ways to differentiate their services in terms of price, quality, and market reach. The research also aims to identify service innovation opportunities that the company can develop to improve its competitiveness and sales by capitalizing on the latest technology trends relevant to market needs. Finally, this research will explore ways that XYZ Consulting Services can protect its service innovations from competitors so that the newly developed services continue to provide a sustainable competitive advantage.

## **METHOD**

The type of research used in this study is qualitative research. Qualitative research was chosen because of its in-depth focus on analyzing existing phenomena and the ability to explore data in the form of sentences, words, statements, or images that describe reality in more detail. This research analyzes the internal and external factors influencing marketing strategy and service innovation at XYZ Consulting Services PT. XYZ. Through this approach, the researcher hopes to identify factors that need to be considered by the company in formulating an effective marketing strategy and provide relevant recommendations to improve the company's competitiveness in the market.

The population in this study consists of all elements involved in the operation and management of IT services at XYZ Consulting Services PT. XYZ. This includes managers, consultants, and employees directly involved in IT service projects and marketing strategies. The sample of this research will be selected using the purposive sampling technique, which is the selection of samples based on specific criteria that are considered to have relevant information and can provide in-depth insight into the marketing strategy and service innovation being carried out by the company. The employees selected have a deep understanding of the company's operational processes, project management, and decision-making related to strategy and marketing.

In collecting data, this research will use two main data sources, namely primary data and secondary data. Primary data is obtained through in-depth interviews with selected informants, such as managers and senior consultants at XYZ Consulting Services. The interviews will be conducted using a semi-structured interview guideline, which allows researchers to dig up information related to marketing strategies, company challenges, and expectations and recommendations from internal parties. Secondary data will be obtained from company documents, annual reports, and other relevant sources, which can provide an overview of the company's external conditions and prevailing market trends.

This research procedure begins with the data collection stage, which includes interviews and the collection of company documents. Furthermore, the data obtained will be analyzed using a thematic analysis approach to identify the main themes that emerge from the interviews and documents collected. This data analysis technique will assist the researcher in categorizing and linking information relevant to the research objectives, resulting in a clearer understanding of the marketing strategies that the company needs to implement to improve its competitiveness. The results of this analysis are then used to provide strategic recommendations that the company can implement to achieve the desired goals.

## **RESEARCH RESULTS AND DISCUSSION**

### **External Evaluation Factor (EFE) Matrix Analysis**

The external audit process was conducted by observing opportunity and threat factors to maintain the company's relevance to current market conditions. The weight of each factor was determined based on interviews and direct observations of decision-makers in the company. The weight scale used is 1 to 4, which means (1) very little effect, (2) no effect, (3) effect, and (4) very much effect.

**Table 1. External Evaluation Factor (EFE) Matrix Analysis**

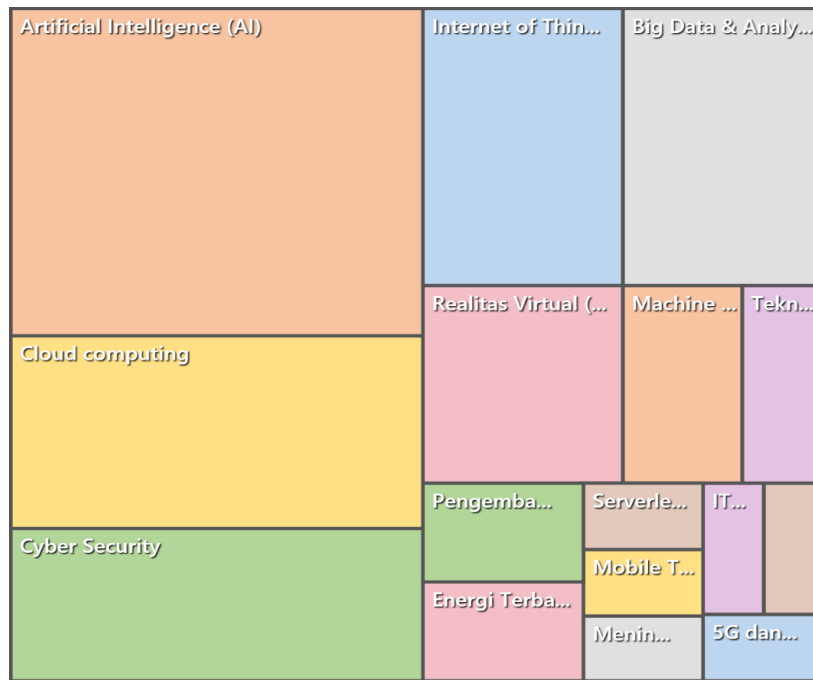
External Factors		Weight	Rating	Weighted Score
<b>Opportunities</b>				
1	5G and High Connectivity	0,00	1	0,00
2	Artificial Intelligence (AI)	0,10	17	1,70
3	Big Data & Analytics	0,00	7	0,00
4	Cloud computing	0,10	10	1,00
5	Cyber Security	0,10	8	0,80
6	Renewable Energy and Green Technology	0,00	2	0,00
7	Enterprise Architecture	0,03	1	0,03
8	Internet of Things (IoT)	0,04	7	0,28
9	IT GRC	0,05	1	0,05
10	Machine Learning	0,10	3	0,30
11	Increasing need for digital transformation solutions in various industry sectors	0,05	1	0,05
12	Mobile Testing	0,03	1	0,03
13	Quantum Technology Development	0,00	2	0,00
14	Virtual Reality (VR) and Augmented Reality (AR)	0,00	5	0,00
15	Serverless Computing	0,00	1	0,00
16	Health Technology and Biotechnology	0,00	2	0,00
<b>Threats</b>				
1	Competitors with more experience and data sources	0,04	1	0,04
2	Competitors with the latest technology	0,10	4	0,40
3	Uncertain economic conditions	0,04	2	0,08
4	Price Competition	0,02	1	0,02
5	Changes in client needs	0,04	2	0,08
6	Regulatory and Political Change	0,03	2	0,06
7	Changes in market trends	0,10	4	0,40
8	Changing technology trends	0,03	2	0,06
<b>Total</b>		<b>1,00</b>		<b>5,38</b>

External Evaluation Factor (EFE) Matrix analysis using NVivo software:

**1. Opportunities**

**Table 2. Opportunities Analysis**

Codes	Number of coding references	Aggregate number of coding references	Number of items coded	Aggregate number of items coded
Nodes\\Opportunities\5G and High Connectivity	1	1	1	1
Nodes\\Opportunities\Artificial Intelligence (AI)	17	17	13	13
Nodes\\Opportunities\Big Data & Analytics	7	7	6	6
Nodes\\Opportunities\Cloud computing	10	10	6	6
Nodes\\Opportunities\Cyber Security	8	8	8	8
Nodes\\Opportunities\Renewable Energy and Green Technology	2	2	2	2
Nodes\\Opportunities\Enterprise Architecture	1	1	1	1
Nodes\\Opportunities\Internet of Things (IoT)	7	7	7	7
Nodes\\Opportunities\IT GRC	1	1	1	1
Nodes\\Opportunities\Machine Learning	3	3	3	3
Nodes\\Opportunities\The increasing need for digital transformation solutions in various industrial sectors	1	1	1	1
Nodes\\Opportunities\Mobile Testing	1	1	1	1
Nodes\\Opportunities\Development of Quantum Technology	2	2	2	2
Nodes\\Opportunities\Virtual Reality (VR) and Augmented Reality (AR)	5	5	5	5
Nodes\\Opportunities\\Serverless Computing	1	1	1	1
Nodes\\Opportunities\Health Technology and Biotechnology	2	2	2	2



**Figure 1.**  
**Opportunities**

**2. Threats**

**Table 3. Threats Analysis**

Codes	Number of coding references	Aggregate number of coding references	Number of items coded	Aggregate number of items coded
Nodes\\Threats\\Competitors with more experience and data sources	1	1	1	1
Nodes\\Threats\\Competitors with the latest technology	4	4	4	4
Nodes\\Threats\\Economic uncertainty	2	2	2	2
Nodes\\Threats\\Price Competition	1	1	1	1
Nodes\\Threats\\Changing client needs	2	2	2	2
Nodes\\Threats\\Regulatory and Political Changes	2	2	2	2
Nodes\\Threats\\Changing market trends	4	4	3	3
Nodes\\Threats\\Changing technology trends	2	2	2	2

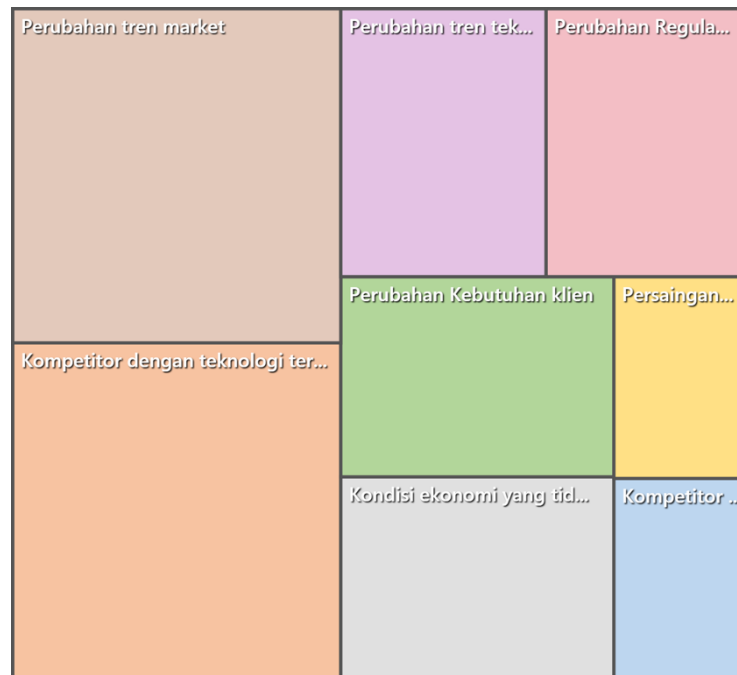


Figure 2.  
Threats

**Analysis Internal Factor Evaluation (IFE) Matrix**

In addition to external factors, internal audits are also important to get a comprehensive picture of business development. SWOT (Strength, Weakness, Opportunities, and Threat) analysis is used to identify key internal factors.

The following are some of the internal factors observed based on the interviews:

**Table 4. Internal Evaluation Factor (IFE) Matrix Analysis**

	Internal Factors	Weight	Rating	Weighted Score
<b>Strengths</b>				
1	Good work culture	0,04	2	0,08
2	Ongoing evaluation	0,05	3	0,15
3	HR Intuition	0,02	1	0,02
4	HR technical expertise	0,10	4	0,40
5	Partnership	0,05	3	0,15
6	HR KPIS	0,02	1	0,02
7	Training	0,05	2	0,10
8	Addition of human resources	0,05	2	0,10
9	Company and HR experience	0,08	6	0,48
10	IT service portfolio in various industry sectors	0,05	1	0,05
11	Certified Human Resources	0,08	3	0,24
12	Update with the latest technology	0,03	2	0,06
<b>Weaknesses</b>				

1	Response Speed	0,08	2	0,16
2	Limited human resources	0,10	5	0,50
3	Lack of investment in research	0,05	1	0,05
4	The sometimes slow process of adopting new technologies.	0,08	3	0,24
5	No source of knowledge	0,07	1	0,07
<b>Total</b>		<b>1,00</b>		<b>2,87</b>

Internal Factor Evaluation (IFE) Matrix analysis using NVivo software:

### 3. Strengths

**Table 5. Strength Analysis**

Codes	Number of coding references	Aggregate number of coding references	Number of items coded	Aggregate number of items coded
Nodes\\Strengths\Good work culture	2	2	2	2
Nodes\\Strengths\Continuous evaluation	3	3	3	3
Nodes\\Strengths\HR Intuition	1	1	1	1
Nodes\\Strengths\HR technical expertise	4	4	4	4
Nodes\\Strengths\Partnerships	3	3	3	3
Nodes\\Strengths\KPI HR	1	1	1	1
Nodes\\Strengths\Training	2	2	2	2
Nodes\\Strengths\Human Resources Addition	2	2	2	2
Nodes\\Strengths\Company experience and human resources	6	6	5	5
Nodes\\Strengths\Portfolio of IT services in various industry sectors	1	1	1	1
Nodes\\Strengths\Certified Human Resources	3	3	3	3
Nodes\\Strengths\Updated with the latest technology	2	2	2	2

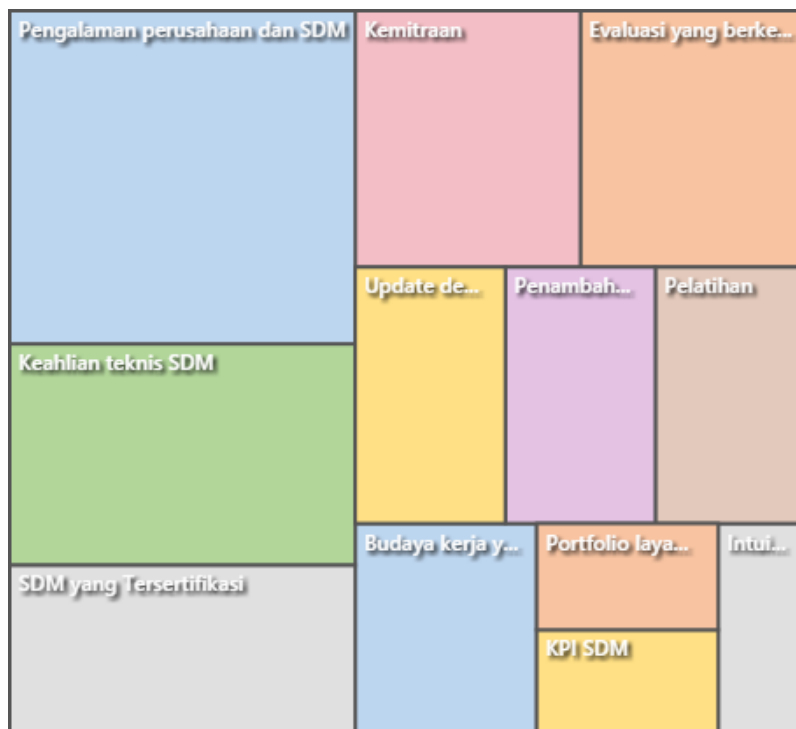
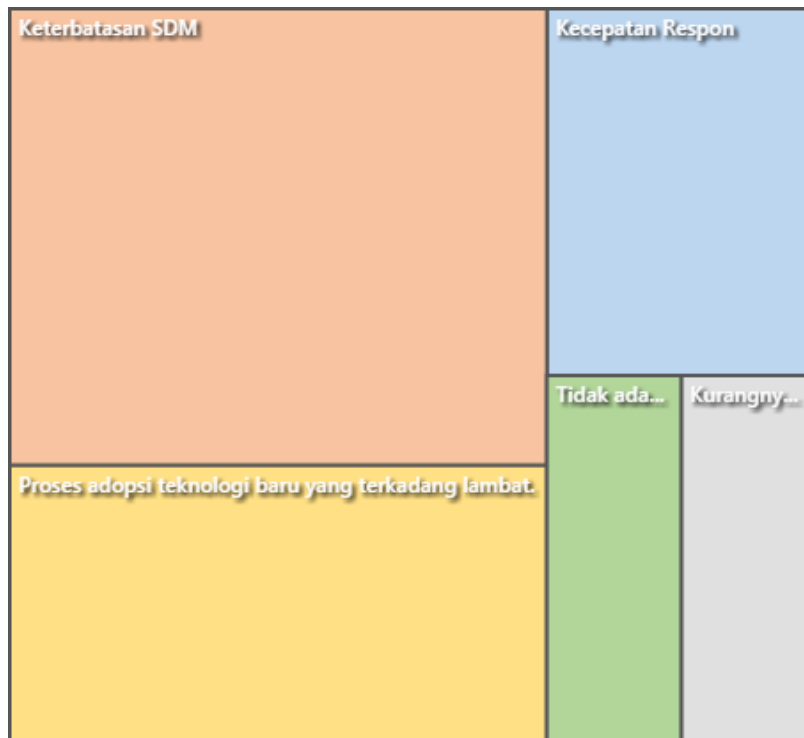


Figure 3.  
Strengths

4. Weaknesses

Table 6. Weaknesses Analysis

Codes	Number of coding references	Aggregate number of coding references	Number of items coded	Aggregate number of items coded
Nodes\\Weaknesses\\Speed of Response	2	2	2	2
Nodes\\Weaknesses\\Limited Human Resources	5	5	5	5
Nodes\\Weaknesses\\Lack of investment in research	1	1	1	1
Nodes\\Weaknesses\\The process of adopting new technology is sometimes slow.	3	3	3	3
Nodes\\Weaknesses\\The absence of a source of scientific information (source of knowledge)	1	1	1	1



**Figure 4.**  
**Weaknesses**

**Formulation**

**SWOT Matrix** SWOT matrix

SWOT analysis is a systematic framework for evaluating an organization's internal and external factors. It aims to identify strategies that are aligned with the business environment's conditions.

1. Strengths (S)
  - a. HR Technical Expertise (0.4)
  - b. Company Experience and HR (0.48)
  - c. Good Work Culture (0.08)
2. Weaknesses (W)
  - a. Limited human resources (0.5)
  - b. Response Speed (0.16)
  - c. Slow New Technology Adoption Process (0.24)
3. Opportunities (O)
  - a. Artificial Intelligence (AI) (1.7)
  - b. Cloud Computing (1.0)
  - c. Big Data & Analytics (0.8)
4. Threats (T)
  - a. Competitors with Latest Technology (0.4)
  - b. Market Trend Change (0.4)
  - c. Competitors with More Experience and Data Sources (0.04)

**Table 6. SWOT Analysis**

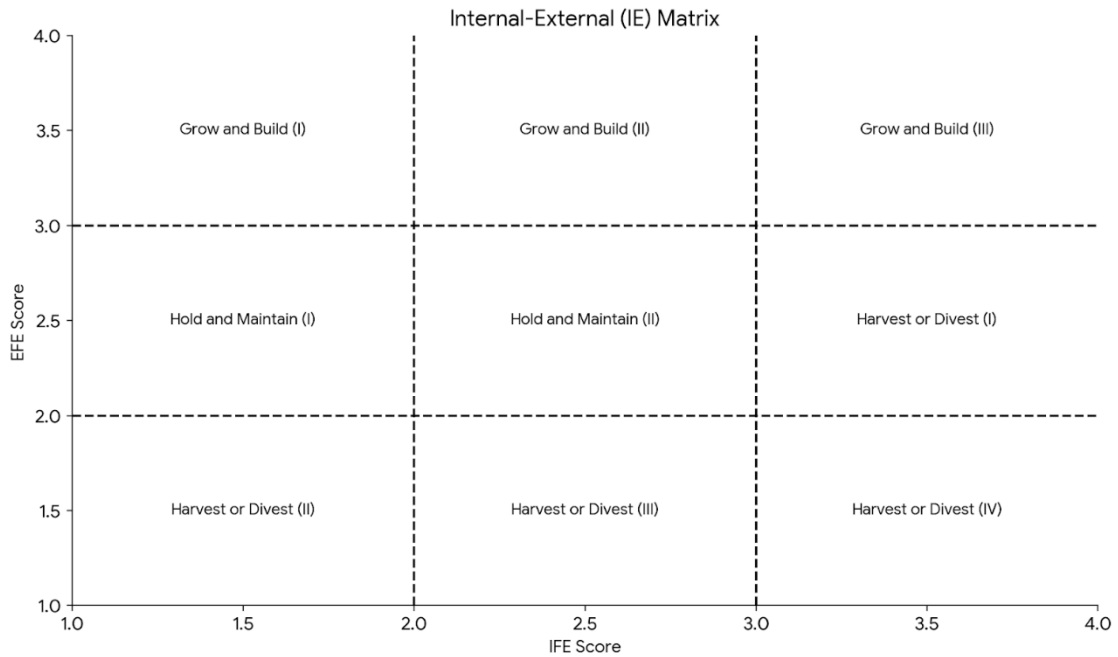
	<b>Strengths (S)</b>	<b>Weaknesses (W)</b>
<b>Opportunities (O)</b>	<p>SO Strategies</p> <ul style="list-style-type: none"> <li>· Leverage existing HR technical expertise and corporate experience to develop innovative and competitive AI solutions. (S1, S2, O1)</li> <li>· Enhance Cloud Computing capabilities by utilizing company experience and existing human resources to meet market demand. (S2, O2)</li> <li>· Optimize Big Data &amp; Analytics with HR technical expertise to gain valuable insights and improve efficiency. (S1, O3)</li> </ul>	<p>WO Strategies</p> <ul style="list-style-type: none"> <li>· Increase the speed of response and the ability of human resources through training and development in the field of AI to face competition. (W1, W2, O1)</li> <li>· Accelerate the process of adopting Cloud Computing technology by improving HR capabilities and overcoming existing limitations. (W1, W3, O2)</li> <li>· Overcome HR limitations and increase the speed of response to optimally utilize Big Data &amp; Analytics opportunities. (W1, W2, O3)</li> </ul>
<b>Threats (T)</b>	<p>ST Strategies</p> <ul style="list-style-type: none"> <li>· Leverage HR technical expertise and company experience to develop innovative solutions that can outperform competitors. (S1, S2, T1, T2)</li> <li>· With a good work culture, improve the ability of human resources to deal with changes in market trends and technology. (S3, T2)</li> </ul>	<p>WT Strategies</p> <ul style="list-style-type: none"> <li>· Overcome human resource limitations and accelerate the process of adopting new technology to face competitors with the latest technology. (W1, W3, T1)</li> <li>· Increase the speed of response and overcome the limitations of human resources to be able to deal with changing market trends. (W1, W2, T2)</li> </ul>

**Internal-External Matrix**

Formulation using the IE matrix results in nine possible strategic positions for the organization, determined by the interaction between internal and external factors.

Horizontal axis: Indicates internal strengths (IFE)

Vertical axis: Shows the attractiveness of the external environment (EFE)



**Figure 5.**  
**EFE and IFE Formulation Results**

Based on your EFE and IFE matrix, the EFE weighted total score is 5.38, and the IFE weighted total score is 2.87. Thus, the organization is in the Grow and Build (II) quadrant.

This quadrant indicates that the organization has significant internal strengths and is in a relatively good external environment. Suggested strategies for organizations in this position are:

1. Market penetration: Increasing the market share of an existing product or service.
2. Market development: Entering new markets with existing products or services.
3. Product development: Developing new products or services for existing markets.
4. Integration: Absorbing other companies (vertical or horizontal integration) to strengthen market position.

**CONCLUSION**

Several conclusions can be drawn based on the data analysis and discussion conducted in the previous chapters. First, service innovations that XYZ Consulting Services can develop to increase its sales and competitiveness include applying new technologies such as artificial intelligence (AI), machine learning, and cloud computing in its service offerings. In addition, developing customized solutions for niche markets and implementing flexible service delivery models to meet various customer needs are important steps for the company. Second, the right marketing strategy to increase sales of IT services from XYZ Consulting Services amid increasingly fierce competition is to focus on strong positioning as an agile and customer-centric IT consulting company. The company must develop a niche market-directed marketing strategy with a differentiated value proposition. Utilization of digital media and online channels is key to reaching a broader market and conducting more cost-efficient marketing. Strengthening online presence and engaging with potential customers on digital platforms are important steps in this strategy.

Third, the main factors leading to a decrease in IT consulting service projects at XYZ Consulting Services by 2023 include market saturation and fierce competition in the IT consulting industry. In

addition, changes in customer preferences and demands that have not been well identified and a lack of innovation in service offerings and delivery methods are other contributing factors. Fourth, the right strategy to increase the number of IT consulting service projects at XYZ Consulting Services is to diversify products by developing new service offerings that match evolving market needs and technology trends. In addition, market expansion to expand customer reach and explore new market segments must also be done.

Finally, to optimize consultant utilization and improve productivity and efficiency, XYZ Consulting Services can implement better resource management strategies, such as skill-based resource management, and increased employee training and development to strengthen consultants' capabilities and abilities.

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