IMPROVE SERVICE OF THE DIGITAL PLATFORM USING VALUE CO-CREATION TO OPTIMIZE DIGITAL TRANSFORMATION PROCESS OF NON-PROFIT ORGANIZATION IN INDONESIA (CASE: XYZ FOUNDATION)

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Abstract
In the competitive landscape today for Non-profit Organizations (NPO), transformation is necessary, especially for mature NPO organizations. Digital transformation is the process of organizations to improve radically their performance using technology. The output from digital transformation is a digital platform as a new business model or core of the digitalization business process. One way for an organization to build a new business model is using co-creation, which means creating process value-making with the customer as the main collaborator. This research will overview a potential implementation of value co-creation in the NPO digital platform and the impact on the digital transformation process. The impact will be orchestrated with a mechanism in a digitally transformed innovation process. This research uses mixed methods qualitative & quantitative from key stakeholders in the NPO and donors of the NPO. The finding: transparency is the key for NPO to recover their current condition and it can implement in digital platforms. Opening three processes of transparency (distribution preparation - distribution process - report) and can also show their area distribution. But the process must be orchestrated with internal stakeholders related to digital adoption, leveraging digital technologies, developing digital capabilities, and managing boundaries. There are several recommendation plans that can implement in Digital Transformation Process XYZ for continuous improvement.

Keywords: digital transformation, value co-creation, digital platform, non-profit organization.

INTRODUCTION
Digital transformation is basically a term for an organization that wants to improve radically their performance using technology (Boulton, 2017). From another perspective, digital transformation is a way for organizations to adapt or keep existing in the fast-changing era of technologies and high-level uncertainty (Kraus et al., 2021). Non-profit organizations (NPO) are no exception to this condition because the competitive environment is still held in NPO. NPOs, just like profit organizations, need to innovate in response to changing customer demands to capitalize on opportunities offered by technology and changing marketplaces (Nahrkhalaji, Shafiee, Shafiee, & Hvam, 2018).

XYZ is one of the NPOs in Indonesia, and they currently starting a digital transformation. One of the outputs of digital transformation in XYZ is a Digital platform mobile-based App. From the platform, users take advantage of the benefits of digitalization in the organizations, the growing platform economy brings new
challenges to traditional market relationships (Yao & Miao, 2021). This digital platform growing from innovation iteration on internal XYZ provide new value-creating and revenue-generating opportunities (Sjödin, Parida, Kohtamäki, & Wincent, 2020).

The digital platform is a clear output of digitalization because digitalization means digital technologies that can be used to alter existing business processes (Li, et al. 2016). For example, the creation of new online or mobile communication channels that allow all customers to easily connect with the firm, and change traditional firm-customer interactions (Ramaswamy & Ozcan, 2016) Through digitalization, firms apply digital technologies to optimize existing business processes by allowing more efficient coordination between processes, and/or by creating additional customer value through enhancing user experiences (Pagani & Pardo, 2017).

But digital transformation introduces a new business model by implementing new business logic to create and capture value (Pagani & Pardo, 2017). XYZ still maximizing the digital platform as a channel online donation Platform, not a business model. One way for an organization to build a new business model is by using co-creation (Harmoko, 2021). Co-creation is defined as a practice for organizations that want to create value in service and collaborate with customers as the main exchange resources. The customer is the unique value maker, and the business is the value facilitator; as companies engage with customers, they can co-create value (Grönroos & Gummerus, 2015). This research will present an overview potential implementation of value co-creation in a Non-profit organization’s digital platform, furthermore, this research will discuss the relation effect of the digital transformation.

METHOD

The author designed the process of research splitting into three phases: (1) first business issue exploration which will be explaining the background, define the problem and find the Root cause, (2) data collection will be interviewing internal key stakeholders and survey to donors, (3) data analysis proposed solution using value co-creation and orchestration mechanism. This three-phase will be supported by interview data and survey which means the research will be mixed qualitative & quantitative. Also, the research findings may be represented using secondary data like a journal, article, and complementary support document from XYZ.

The interview participants will be from key internal stakeholders of XYZ and Donors of XYZ. The sampling strategy will use mixed sampling strategies (Patton, 2014). First, Convenience sampling involves identifying participants based on their accessibility (Hesse-Biber & Leavy, 2010). Second, Quota sampling is a strategy whereby identifying the relevant characteristics of the population that are interested in and their overall presence in the population. Then, select cases (participants) to represent each of the relevant characteristics in the same proportion as they are represented in the population. The participant will choose 5 key internal stakeholders and 30 donors.
After getting the data from an interview the most important in this qualitative research is analyzing the data with interpretation. In definition, interpretation addresses the question “So what?” (Mills, 2007), and “How do you make sense of what you have learned? What does it all mean?” (Leavy, 2022). Linking all the data that was get from the interview to creating a solution proposal and giving a conclusion. In this research, analysis is divided into a two-step, first is the business exploration with fishbone analysis to get the root cause of the problem in Rumah Zakat. Second, the solution proposal uses the framework of value co-creation and orchestration mechanism for the digitally transformed innovation process. The solution will be the interpretation of interview data from key internal stakeholders and donors’ needs were held before.

RESULTS AND DISCUSSION

The main problem in philanthropy today is institutional trust as a channel for Indonesian people's donations (Interview, 2023). After the ACT case in July 2022, it had a major impact on non-profit institutions as a whole. The most significant impact is the decrease in donations, XYZ decreased its receipt by up to 10% last year, in some other institutions it can be up to 30-40% (Interview, 2023). Not only Islamic donation institutions but public non-profit institutions are also affected by this event.

In general, XYZ assesses that generosity in Indonesia has not decreased and even returned after the post-covid-19 recovery (Interview, 2023). But the trust to donate using institutions has decreased drastically, people tend to start changing their donation pattern by giving it directly themselves. The Shifting habit of Indonesian donors from religious universalists is currently rationalists (Interview, 2023). Even though previously the pattern of direct donations was indeed large according to BAZNAS, the data say up to 71 trillion in 2021, today this pattern is getting stronger. For example, the distribution of the Cianjur earthquake in December 2022 was very large, in the end, individuals and communities directly distributed the needs of those affected by the earthquake compared to using service professional institutions like XYZ (Interview, 2023).

The need of role philanthropic institutions in Indonesia is in fact still needed, judging by the role of the institutions which are active to this day helping the people of Palu, NTB, and Cianjur who are in dire need of a big economic recovery. Meanwhile, the individual community members who directly distributed the donations were only busy at the beginning. (Interview, 2023) To this day, only institutions that work professionally are still actively helping. Thus, this issue is the most difficult challenge for institutions to be able to restore the public’s trust to donate back to professional institutions.

XYZ, a philanthropic institution that is currently carrying out a digital transformation process, hopes that this process can help restore public trust. The role of digital transformation that needs to be resolved for the main problem of philanthropy is related to utilizing technology to create value transparency. As well as how to present reports that are expected and have a real impact on society through digital applications.
Rumah Zakat assesses the roles of donors that can increase the value of non-profit institutions which today have not been properly accommodated.

**DISCUSSION**

The new business model being designed by XYZ, this application has the main value proposition as a medium of transparency through the distribution of personalized reports and updated institutional distribution news (Interview, 2023). Implementation of the features, the product management team conveys the need for increased donation tracking, distribution tracking (Interview, 2023), and data in real-time to show the impact on the surrounding environment that Rumah Zakat implement the program. Providing data that can be shared with donors can be beneficial to the donor to trust more the institution.

In the survey that was held with users of the Rumah Zakat App mostly, the users feel donations are easier than before because the platform is mobile-based, not web-based. The most problem in an experience that users felt is error/bug and confusion. It means in technical development and UI/UX need to improvement. In the survey, few users feel the transparency experience. In implementation Rumah Zakat put the feature of transparency in the homepage interface Digital Platform, showing personal data of summary history donation in Rumah Zakat, Tracking Transaction, & Distribution Tracking (Figure. 7). But it doesn't stand out as much compared to the donate feature.

In the second process, co-creation using co-definition, providers & donors have more understanding of capability or preference of each other and have a common internal model (Chesbrough & Spohrer, 2006). The overall capability of Rumah Zakat to provide donations is solved in the survey most users feel not feel the pain/ hassle using of a Digital Platform. But the most problem that needs to improve based on users is related to technical development in bug/ error/ loading. The capability of Rumah Zakat to mobile-based applications still lacks technical solutions, if the user wants to see the report, the report page cannot load the data. Rumah Zakat needs to provide ease of report access to all users and also create a good experience with UI/UX.

There is a problem that relates to transparency in minority participants to look-specific programs or specific distribution of programs that do not show on Digital Platforms. This not be a priority because the problem of bugs is the biggest pain point for users, so if the features can see specific distributions still covered by bugs problem. Rumah Zakat wants to give the journey of distribution (distribution tracker) for all transactions/donations, and the questions: “Where does my money go for?” or “What is my donation for?” will be answered (Interview 2023). But the journey is still not personalized and directly to a specific program that donors want. Rather than that, the highlighted pain point from donors is focusing on bugs/ errors/ loading (Figure 3). If Rumah Zakat wants to create transparency it means opening the data, the current condition of Rumah Zakat data is not all digitalize & integrated (Interview, 2023). The hope of personalization means customization in the internal process, the current report that Rumah Zakat publish is a general report that summarizes all donation that is in. It is
also in Digital Platform that still provides general reports for all transactions that relate to it. Rumah Zakat has a customization report but it’s just for a specific donor, for example, segment platinum/community/corporate (Interview, 2023).

The author provides an overview of the proposals which visualize the form of distribution tracking and impact tracking in the Digital Platform. Distribution tracking (Figure 9) will describe the transparency of the process of channeling donor funds down to the smallest amount (such as one thousand rupiahs). This process is divided into three from (1) distribution preparation, (2) distribution process, and (3) reports (Interview 2023). Distribution tracking is personal, although reports can be customized for multiple donors. Then Impact tracking will describe the transparency of the programs in Rumah Zakat around the intended area (Figure 10). There is a need for tracking by the area of the Digital Platform user so that the public can see and feel directly who the beneficiaries are that Rumah Zakat provides to the user area or the area they want to know (Interview, 2023).

The challenge is how Rumah Zakat’s capability or any NPOs to maximize this process using technology. The first process is the digitalization of data from the manual, especially the report form. Assessing the data that Rumah Zakat has to change it from analog to digital. The second is the integration of donation transactions with specific reports that give a personalized experience. The third process is to maximize the journey and user experience in the digital platform using UX research.

The third process is co-elevation when the system integrates the process of push & pull from the donor to create higher service quality and meet the requirement. In the survey, most users want to get better service in mobile-app than before. So, continuous improvement to get what users want is a must. The current process to improve the service is open the voice of customers, the channel is using social media and a donation platform with continuous feedback after donation like rating the journey & experience (Interview, 2023). The prioritization of voice customer come from Customer Relation Division (CRD) which is really close with donors/users (Interview, 2023). The process of elevation from service will be executed with Digital Strategic & Innovation team based on meeting requirements. In combining two process Rumah Zakat was improve the process of elevation to catch the voice of the customer and bring it to continuous improvement (Interview, 2023).

But how the Rumah Zakat responds to the expectation is one process that really needs to orchestrate with all related divisions. In the survey, there are users that hopefully can see the report/as more transparent, which means the report department/program department must provide the report of donations that users ever donate digitally. So, the technology team must provide a system of reporting that can connect to the application so the user can see the report that they want to see because the current process is still to digitize.

The last process is co-development, evaluating and assessing the value and providers learning from customer responses. In this process, all divisions and also users can collaborate with the digital strategic & innovation team (DSI) using iteration, scrum
& agile to re-validating expectations, suggest & feedback from users (Interview, 2023). The insight needs validation that can be provided anytime using usability testing before the development or using feedback channel features if the application was live. There are various feedback and suggestion that relate to better service and the next development of the Digital Platform. But most problem currently feels in user is user experience and the interface must be more friendly, this issue is preferences and needs UX research to get more specific feedback about the journey of Digital Platform. But to get valuable data, Rumah Zakat can provide a survey rating of the Digital Platform in the application.

The second most user also mentioning about the personalized report that intersects with the transparency feature, the user wants to have a specific report that relates to what they donate. To match the personalized report that users want, the author provides an example of providing survey feedback in the application that can see developers rate the reports. The proposal visualization of the report & feedback input on the last journey of getting the report.

Continuous improvement is necessary, after using framework value co-creation, the implication of improvement in the digital platform must orchestrating in all unit related. Because radically innovation can’t stop at one success, need continuous improvement to create a real impact on institutions. The flow of digital innovation must be connected to each other to create an impact for Rumah Zakat in the process of the digital transformation agenda. Action & routines needed to orchestrate the process:

a) The first process of orchestration starts with searching or adopting ideas for digital technologies, adoption in Rumah Zakat majorly uses a Top-Down approach (Interview, 2023). Usually, Top management proposed innovation digital that can be implemented at the digital platform of Rumah Zakat. Before 2023, the process implementation of ideas from BOD is Fashionista, it must be executed to look sophisticated. The result is many projects are not completed and do not give any impact on the institution (Interview, 2023). The top-down approach conceives the innovation process as plannable by rational and knowledgeable managers (Garud & Giuliani, 2013) the adoption of certain technologies might be rejected as inconsistent with the key organizing principles (Urbinati, Manelli, Frattini, & Bogers, 2022). But today, all ideas come from Top management will research & analyze first whether it's worth it or not with the Business Analyst team (Interview, 2023). The output must be proposed for every idea is metrics, which will be evaluated with a specific measurement of its success or not, it will be continued or not.

Meanwhile, Rumah Zakat also has the process of bottom-up (Interview, 2023), bottom-up approach stresses the absence of a predefined order and structure instead formed by the patterns of repeated interaction between the different actors (individuals, teams, functions, and organizations) involved in the innovation process (Garud & Giuliani, 2013). It will be more impactful for the organization if the adoption starts from the bottom (Interview, 2023). The reality is that not many proposed ideas come from the
bottom (Officers/ Staff), the farthermost are middle management. Although this condition is more impactful for the institution, it still lacks innovative culture and ways of communication to propose innovation in the organization.

DSI has a role to execute ideas that are impactful for institutions. But as the innovation team is rarely asked by another unit to give some improvement, except CRD because this is their job to communicate with customers. Rumah Zakat must build a channel and culture for all employees to can speak up directly to related units. Like google uses a bottom-up approach consisting in the ‘20% rule’ whereby employees stimulate their own creativity to come up with novel solutions through the mediation of a digital platform (Urbinati et al., 2022). And start to maximize to function of DSI to iterate every idea that comes to Rumah Zakat.

b) The next step is actions & routines for the configuration or deployment of technologies in the innovation process. When related departments need digital technology, DSI will provide this digital planning to provide benefits to amil related to work being able to be more effective and efficient (Interview, 2023). But for effective deployment really need the commitment of Top Management & Middle Management (Damanpour & Schneider, 2006). The commitment means prioritizing to develop and it must be known & approved by the stakeholders related. The process of prioritizing Rumah Zakat can include research that has shown the benefits of digital technologies in terms of team collaboration and prototyping (Marion, Barczak, & Hultink, 2014).

Another important concern for this step is coordination, & control, (Urbinati et al., 2022), traditional perspective on organizing for the innovation process highlights the importance of ‘formal organizational arrangements, designed for exchanging and mobilizing resources in pursuit of collective goals’ (McEvily, Soda, & Tortoriello, 2014). Currently innovation process must be a collaboration that comes from each unit. The configuration process of digital technology must be involving related units not only technology management or DSI, but every department to create a clear point of view of the technology. (Marion & Fixson, 2021) show that the use of enabling digital tools, such as collaborative information technology (CIT) and digital design, might spin into intended and unintended consequences on how R&D professionals collaborate within the same team and across different teams and functions, and how they create and share knowledge.

The configuration & deployment also must consider the infrastructure that Rumah Zakat has or must have in the future. In another way to create standard digital technologies, Rumah Zakat really needs Enterprise Architecture (EA) for mapping Data, Information, Application & Technology Infrastructure needs (Interview, 2023). It also uses product lifecycle management (PLM) that can way frequently assess applications/ features that have been developed (Interview, 2023). Rumah Zakat not using the overall concept of PLM, and because of that Rumah Zakat hard to accelerate and reconfigure processes (Rayna & Striukova, 2016) in technology. Several contributions point out the importance of product lifecycle management (PLM) systems
to support the development of products from their initial conception through design, engineering, production, launch, and use (Ming et al., 2008)

c) The third mechanism is actions & routines to develop digital capability, whereas the process of innovation or technology leverage can’t be executed when there is no resource for implementation. Implementing digital innovation requires firms to leverage new capabilities that can come from either within the organization or from a more or less distributed network of stakeholders (Nylén & Holmström, 2015). These capabilities enhance the likelihood of creating specific roles in charge of digital tasks, activities, and functions (Schilke, Hu, & Helfat, 2018) triggered by the adoption of technology.

It’s essentially learning new technology skills in the process of digital transformation. Rumah Zakat currently tries to start on the build a digital mindset in every employee. A digital mindset is a set of attitudes and behaviors that enable people and organizations to see how technology like data, algorithms, AI, or other new possibilities technology (Leonardi & Neeley, 2022). Whatever technology is, Rumah Zakat must be captured and try to foster the possibility of digital skills that can be needed in the future. With a learning management system (LMS) Rumah Zakat provide digital knowledge and digital skill that can be used by all employee (Interview, 2023).

For specific skill, Rumah Zakat in the process of digitalization and developing a mobile-based platform really need a resource who is capable of mobile app development. Also, for the digitalization of reports from manual data, Rumah Zakat must foster talent in data capabilities. Re-structuring data architecture and upgrading the process of decision-making in Rumah Zakat (MSA, Interview, 2023). The use of data and analytic tools facilitates the pursuit of several value creation and capture paths, such as (i) improving the characteristics of products, (ii) digitizing physical assets, (iii) combining data between and across industries, (iv) developing a variety of new offerings, and (v) automating business processes (Morabito & Morabito, 2015).

(Urbinati et al., 2022) also mentions about two important aspects associated with the strategic development of the digitally transformed innovation process. The first is the need to build capabilities (Lin, et al. 2013) and the operational fit between digital technologies and business systems (Roberts, Galluch, Dinger, & Grover, 2012) through integrating the new (digital) technology in the innovation process. The second aspect is about making the new technology gain sustained legitimacy within the organization (Hinings, Gegenhuber, & Greenwood, 2018), especially when it has the potential to disrupt the traditional ways of performing the innovation process. Digital Platform with highly capturing new donors and creating efficiency in the process must be the one technology that Rumah Zakat needs to gain sustained legitimacy.

d) The last mechanism is managing the boundaries, (Urbinati et al., 2022) says innovation processes do not occur in isolation, but in a maze of flows of resources, ideas, and technologies. Especially in digitally transformed innovation processes, the connectedness between different actors, enabled by digital technologies, such as platforms, requires firms to manage their boundaries strategically to sustain value
creation and capture along the innovation process. In the continuous improvement process, Rumah Zakat can adopt Idea and Knowledge Management (IKM) to manage the supply of ideas can manage it to all related units (Chinneck & Bolton, 2013).

But the main boundaries for NPO for adopting new technology internally are employee and budget (DS, Interview, 2023). For employee Rumah Zakat see is not about bad communication inter-department, but the individual mindset that having a mental block to growth and trying to learn (MAB, Interview, 2023). When communicating there are still parties who do not understand what is being discussed. This means that it returns to the digital capability/digital knowledge of talent in the organization. Cannot be denied that Rumah Zakat is 25th years old organization that has an old member carried in the early development. The challenge to push learning something new and elaborate new ideas with other units is really hard for them. Rumah Zakat start it by being directly involved in the use of technology like the Learning Management System.

Openness is another issue of the innovation process in the digital transformation. For example, digital technologies can support the inbound dimension of open innovation by acquiring, storing, and analyzing data to design novel products and services that are more responsive to customer needs and pains (Urbinati, Chiacchierini, Chiesa, & Frattini, 2020). The data is still unstructured, so there is a concern that not everyone is allowed to access the data. So, access is limited, but if it's neat, then there will be a dashboard that everyone can consume (FAN, Interview, 2023). Rumah Zakat can also use the approach is then to bundle big data with a well-functioning cloud infrastructure, thereby enabling the firm to collect, store, and analyze data to allow a magnifying effect of the adoption of big data (Urbinati, Bogers, Chiesa, & Frattini, 2019).

CONCLUSION
1. Based on the value co-creation framework, In the experience and definition process there are several improvements necessary for the digital platform Rumah Zakat mainly about bugs/errors/ loading and users friendly experience in the Digital Platform. This technical debt is the most pain point for the user that covered the value proposition in reporting/transparency that Rumah Zakat wants to show off. So, the capability to leverage the technology needs to be improved.

   Also, in the elevation & development process, users expecting on more transparency in Digital Platform Rumah Zakat. So, the Implementation process must orchestrate with the related division that provides reports digitally and validates continuously to match the expectation of users with surveys in the App for direct feedback.

2. From feedback on the digital platform using value co-creation can trigger an action plan for the digital transformation process in Rumah Zakat. There are several recommended actions plan that needs to implementation based on the
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orchestration mechanism for successful digital transformation. First adoption technologies and innovation can push the two approaches top-down and bottom-up. Especially the bottom-up approach that can create an innovation culture for all organizations.

Second, in leveraging technology first need to do is prioritize development with the commitment of all management. And then, creating standardization to data, information, application, and technology using Enterprise Architecture (EA) and maintenance using Product Lifecycle Management (PLM)/ System Development Lifecycle (SDLC).

Third, to develop digital capability division related must forecast the need for positions in the future related to technology adoption. And start providing learning and knowledge about the position and technology in learning management systems.

The last, to manage the boundaries Rumah Zakat must provide ideas & knowledge management to bring an innovative culture to the organization. Also giving training to all employees to not have a fixed mindset.
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