

Blue Bird

Building the Right Path

How Indonesia's leading mobility provider pursued twin transformations involving sustainable growth and digitalisation.

President Director Sigit Priawan Djokosoetono of PT Blue Bird Tbk (Blue Bird) could not contain his sense of elation as he reflected on the company's remarkable journey through the tumultuous COVID-19 pandemic years. Reviewing the 2022 annual report on the eve of its release in late April 2023, Pak Sigit – as he was affectionately known¹ – smiled as his pen underlined how Blue Bird had posted a 62-percent growth in revenue compared to the previous year. Much of this turnaround was fuelled by a 72-percent revenue bump from the taxi segment, driven by strategic fleet upgrades, particularly the increased adoption of electric vehicles (EVs) within its taxi contingent. Close to 80 percent of the company's revenue was driven by this business segment. Its success was a timely gift to mark the company's 50th anniversary, underscoring its resilience amid adversity as the country's top transport provider emerged from the pandemic.

Just five months prior, Blue Bird had earned the United Nations Sustainable Development Goals (UN SDGs) Award, a public recognition for its commitment to sustainability. The accolade reflected the company's pursuit of sustainable growth, incorporating various initiatives aimed at reducing emissions and conserving energy, while at the same time fostering community empowerment. Notably, Blue Bird had declared in April 2022 its ambitious sustainability vision to halve its waste and operational emissions by 2030.

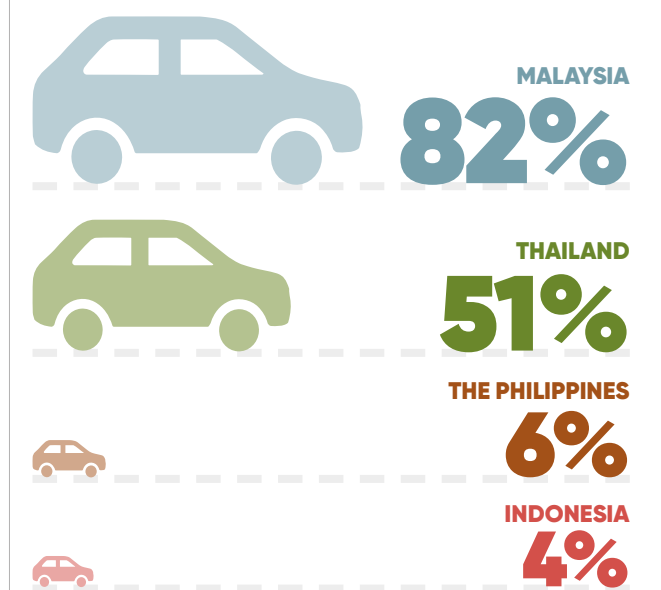
Yet Pak Sigit was keenly aware that, as the world continued to recover from the pandemic, Blue Bird's path forward required astute balancing between immediate business needs and longer-term strategic goals. He and his senior management team had to get better at driving the company's 'twin' and intertwined transformations involving sustainable growth and digitalisation.

MOVING INDONESIA: TRAVELLING IN THE WORLD'S LARGEST ARCHIPELAGO

As the world's largest archipelagic state, Indonesia offered Blue Bird much promise and challenges for growth. Spanning over 17,500 islands with a population exceeding 270 million, the country faced unique transportation complexities.

Although Indonesia boasted Southeast Asia's largest economy, car ownership was surprisingly low. In 2014, only four percent of the population owned cars. This level of ownership was striking, particularly when compared to its regional neighbours, such as Malaysia (82 percent), Thailand (51 percent), and the Philippines (six percent). That said, this gap offered fertile ground for private ride-hailing and shared transport solutions to grow and flourish.

CAR OWNERSHIP IN 2014



Source: Adapted from Statista, "Percentage of Households Owning a Car in Selected Countries in 2014, by Country", April 15, 2015.

At the same time, with close to a quarter of the world’s nickel ore reserves found within its shores,² the country was also keen to realise the potential of these rich natural resources and establish a sizeable EV battery industry.

Alongside the promise and opportunities were pressing environmental concerns. For example, Indonesia’s islands and coastlines were considerably vulnerable to climate change impacts such as rising sea levels. The environmental threats drove the government to set ambitious targets of attaining net-zero carbon emissions by 2060, as espoused at the 2021 United Nations Climate Change Conference, also known as COP26 (Conference of the Parties). Blue Bird recognised these challenges and aligned its business strategies with Indonesia’s national sustainability agenda.

BLUEPRINT OF BLUE BIRD’S INNOVATION JOURNEY

Founded in 1972 by Pak Sigit’s late grandmother, Mutiara Siti Fatimah Djokosoetono (affectionately known as Bu Djoko³), Blue Bird had consistently prioritised service excellence and technological innovation. Its motto embodied this ethos: *Setiap Kilometer Berarti* (Every Kilometre Counts).⁴ Bu Djoko had commented, “We’re

no ordinary taxi company. We’re a taxi armada that provides exceptional extra service... The good credibility that we build today is our future.”

Blue Bird had launched several trailblazing innovations over the decades, from being the first to introduce air-conditioned taxis in 1981, to launching the radio mobile data terminal application that was deployed to the entire taxi fleet in 2004, to the adoption of mobile reservation apps as early as 2011. Pak Sigit recalled his role in the 2004 technology upgrade for the taxis where the initiative improved the communications between drivers and the central dispatch office by replacing the long-standing radio technology with the more effective mobile data exchange method.

Blue Bird also constantly upgraded its internal technology platforms. For example, in 2003, Blue Bird implemented the SAP Enterprise Resource Planning (ERP) system, enabling the management to gain a more comprehensive view of its revenue and costs. This technological refresh also helped digitise and reorganise the various organisation-wide data repositories. In hindsight, Pak Sigit realised that such efforts had also helped prepare the company for more intense periods of digitalisation in the future.

He also could not help but notice how Blue Bird’s technological journey had been stripped of labels such as ‘digitalisation’ or even ‘digital transformation’, especially during the first two decades of the company’s development. To him and many of his senior executives, these changes simply made sense. Blue Bird had to constantly evolve its suite of technological solutions to improve customer service, and make the next kilometre count. Innovation was part of its DNA. In fact, ‘digital transformation’ did not feature in the company’s vocabulary even though the pace of digital initiatives and projects had already been picking up since the late 2010s. It showed up in Blue Bird’s annual report only in 2020.

The emergence of digital ride-hailing platforms from the mid-2010s posed a significant threat to Blue Bird. New competitors like Gojek and Grab were gaining sizeable market share rapidly. As a response, the company developed its own MyBluebird app in 2016 and forged a strategic partnership with Gojek the following year. Customers could book rides on its app, as well as on Gojek’s. The collaboration proved fruitful, demonstrating that market rivalry did not have to be a race to the bottom or be reduced to a zero-sum game. Purposive, cooperative competition could effectively address evolving consumer preferences and expand the revenue pie.

When the COVID-19 pandemic exploded in early 2020, revenue dipped by 70 percent in the first quarter of that year. This prompted Blue Bird to fast-track its digital

payment systems implementation and enhance its app infrastructure. Who would have expected an accelerated, dramatic digital transformation could be an unintended by-product of a crisis? By 2021, even as the pandemic continued to rage in Indonesia and the rest of the world, Blue Bird had articulated its Mobility-as-a-Service (MaaS) vision. This led to the creation of its ‘3M’ strategy, representing Multiproduct, Multichannel, and Multipayment elements, which were designed to provide customers with more flexibility, convenience, and a varied range of products and services through digital innovation.

Blue Bird expanded its investments into advanced digital solutions to support its 3M strategy. Collectively termed as Blue Bird’s ‘technology pillars’, Artificial Intelligence (AI), Machine Learning (ML), the Internet of Things (IoT), Big Data analytics, and other cutting-edge innovation would become increasingly folded into the company’s businesses and processes. For example, IoT devices integrated into fleet operations would improve location tracking, enhance passenger safety, and raise operational efficiencies. This comprehensive digitalisation strategy represented Blue Bird’s attempts at being responsive and adapting to a rapidly changing transportation landscape.

LEADING SUSTAINABILITY: THE ‘3-BLUES VISION’

Sustainability at Blue Bird was encapsulated in its ‘3-Blues Vision’ – BlueSky, BlueLife, and

BlueCorps. BlueSky emphasised environmental stewardship. For example, in 2018, Blue Bird partnered World Wildlife Fund-Indonesia to launch the “One Ride One Seed” campaign to plant trees for each completed electric taxi ride. “Each [customer’s] trip using Bluebird Group’s electric taxi services produces one tree as a supporter of environmental sustainability,” said Pak Sigit.⁵ The company also expanded its fleet to include vehicles powered by compressed natural gas, reducing emissions significantly when compared to those from traditional fuels. In addition, installing solar panels across facilities enabled the company to save significantly on energy costs, as well as reduce its carbon footprint sizeably.

BlueLife focused on rolling out social programmes not only to empower its employees, but also the broader community. Initiatives such as Bluebird Peduli (meaning “care” in Bahasa Indonesia) provided essential humanitarian aid, educational scholarships, and healthcare services, including covering the cost of over 23,000 COVID-19 vaccinations for its employees. Pak Sigit explained, “It’s about making sure that the lives of our employees and their families are getting better.” The establishment of Bluebird Academy, which was open to the public, was another demonstration of the company’s commitment to societal development, particularly through vocational training and educational support.





While digital initiatives promised immediate operational efficiency and improved profitability, sustainability was indispensable for long-term viability and societal impact.

BlueCorps emphasised robust corporate governance, transparency, and responsible business practices. The company regularly engaged in sustainability assessments and received accolades for integrating sustainability into its business model, including recognition from entities such as *Asiamoney*, a global business and financial magazine, by winning its Asia's Outstanding Company 2021 for the Transportation sector award.

BlueSky, BlueLife, and BlueCorps, while representing independent and distinct initiatives, also worked in tandem with one another. For instance, the introduction of EVs into Blue Bird's fleet was not only about rupiah and sen (cent); it showed how concern for the environment (BlueSky), care for society and enabling its empowerment (BlueLife), and improvements in sustainable business (BlueCorps) could be intentionally woven into a company's business decision.

ELECTRIFYING THE FLEET: BALANCING SUSTAINABILITY AND FINANCIAL PRIORITIES

Pak Sigit explained, "We do our calculations based on profitability; otherwise, at the time, we might not have decided to buy EVs... The decision to buy is also because we are always the pioneer. We have always innovated throughout Blue Bird's history."

The introduction of EVs was both a strategic sustainability initiative and a calculated economic decision for Blue Bird. Pak Sigit recalled that despite the high initial

investment outlay, its internal trials showed significant operational cost reductions could be achieved through lower maintenance and energy expenses. In addition, Blue Bird was bullish about the demand for EVs – anticipating continued price reductions for EVs and battery technologies, the company had set an ambitious goal of electrifying 10 percent of its fleet by 2030.

In response to this outlook, Blue Bird also began exploring opportunities to strengthen charging infrastructure, battery recycling, and after-sales support as these could eventually become potential new revenue streams. These efforts would build a comprehensive Blue Bird ecosystem around electric mobility. Because EV batteries could last up to 20 years and be repurposed, the company believed the EV battery market and after-sales services showed potential for growth. In fact, the EV battery industry would also bring about positive knock-on effects on the recycling industry. Blue Bird was also considering other auxiliary services, such as a spin-off in EV car dealership and the development of training courses in EV maintenance. The training in turn could provide a pipeline of technical talent for Blue Bird if EVs were to take off in the country.

READYING FOR THE (ROUGH) ROAD AHEAD

Pak Sigit understood clearly that the future required meticulous balancing between Blue Bird's digital transformation and sustainability objectives. While digital initiatives promised

immediate operational efficiency and improved profitability, sustainability was indispensable for long-term viability and societal impact.

Initiatives in the pipeline included integrating AI-driven taxi dispatch systems, and consolidating various ageing enterprise platforms into a unified system called BluebirdOne, while migrating its disparate data repositories hosted across multiple physical locations to cloud computing. These innovations would optimise decision-making processes, enhance operational agility, and further reinforce customer satisfaction.

Pak Sigit also understood that a strong emphasis on leveraging technological advances must not diminish the need to maintain the human touch in its operations. Blue Bird's success had always been underpinned by its community ties and commitment to customer service.

Looking forward, he anticipated that global uncertainties, technological disruptions, and evolving customer expectations would demand constant vigilance and adaptability from him and his team. To sustain its transformation trajectory, Blue Bird would need to continuously reassess and adjust its strategies, ensuring that digitalisation and sustainability remained in harmony. Blue Bird's successful transformation would hinge on preserving its commitment to innovation, excellence in customer service, and deep-rooted commitment to the community and the environment. 



DR YUANTO KUSNADI

is Associate Professor of Accounting (Education) of Lee Kong Chian School of Business and Academic Director of SMU-X at Singapore Management University

DR WEE-KIAT LIM

is Adjunct Lecturer at the School of Social Sciences, Singapore Management University

This article is based on the case study 'Transforming Blue Bird: Indonesia's Top Mobility Provider's Push for Sustainable Growth and Digitalisation in the Post-COVID Era' published by the Centre for Case Learning Excellence at Singapore Management University. For more information, please visit <https://smu.sg/SMUAMINovCIP2025> or scan the QR code below.



For a list of endnotes to this article, please visit <https://smu.sg/SMUAMINov2025> or scan the QR code below.

