

Transformation of Post-Merger Business Model Strategy (Case Study of PT FITS & PT Serambi Botani)

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Abstract:

➤ *Background:*

The functional food industry in emerging markets is experiencing significant growth; however, university-affiliated business units often struggle to translate research-based innovations into sustainable commercial performance. PT FITS Mandiri and PT Serambi Botani, two entities under a university holding company in Indonesia, have experienced persistent financial losses despite operating in a high-growth market. This paradox highlights a structural misalignment between innovation generation, commercialization capability, and business model configuration, particularly in a post-merger context.

➤ *Purpose:*

This study aims to analyze the root causes of financial underperformance prior to merger and to formulate a post-merger business model transformation framework capable of improving competitiveness, market acceptance, and long-term profitability.

➤ *Design/Methodology/Approach:*

This research employs a qualitative case study approach. Data were collected from internal financial reports (2015–2024), strategic documents, and managerial interviews. The analysis integrates multiple strategic frameworks, including Resource-Based View (RBV), VRIO, Value Chain Analysis, PESTEL, Porter's Five Forces, SWOT, Stakeholder Mapping, Blue Ocean Strategy, and the Triple Layered Business Model Canvas (TLBMC). The merger is examined as a strategic restructuring mechanism enabling business model redesign.

➤ *Findings/Results:*

The findings reveal that the core problem lies not in the absence of innovation but in weak product-market validation, fragmented distribution strategy, portfolio misalignment, and lack of integrated governance. The post-merger transformation requires repositioning the entity from a research-output distributor into a market-driven functional food platform. The proposed model emphasizes portfolio clustering, master channel strategy, structured product validation, and integrated value creation across economic, social, and environmental layers.

➤ *Conclusions:*

Post-merger transformation must extend beyond operational consolidation toward radical business model reconfiguration. Sustainable performance improvement depends on aligning internal capabilities with market logic and governance integration under the holding structure.

➤ *Originality/Value (State of the Art):*

This study contributes to the business model innovation and post-merger integration literature by developing an integrated transformation framework tailored to university spin-offs in emerging markets. It demonstrates how merger can function as a strategic catalyst for business model redesign rather than merely a financial restructuring tool.

Keywords: *Business Model Transformation; Post-Merger Integration; Functional Food Industry; RBV; Triple Layered Business Model Canvas.*

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I. INTRODUCTION

➤ Background

In recent years, global consumer consumption patterns have increasingly shifted toward healthier and more sustainable lifestyles. This shift is driven by the rising prevalence of non-communicable diseases such as diabetes, hypertension, and obesity, which has encouraged consumers to seek healthier dietary alternatives. As awareness of the long-term impacts of processed foods and synthetic chemicals grows, the demand for healthy and natural products, including organic foods, natural supplements, herbal products, and functional beverages, has increased significantly. This transformation reflects a broader change in consumer preferences toward products that emphasize health, safety, and environmental sustainability (iMarc, 2024).

In Indonesia, this trend is reflected in the rapid growth of the health and wellness market. Industry reports indicate that the Indonesian health and wellness market is projected to grow at a compound annual growth rate (CAGR) of 4.41% during the 2024–2032 period (iMarc, 2024). Similarly, the Indonesian herbal medicine market is expected to grow at a CAGR of 7.1% from 2024 to 2033, with market value projected to increase from USD 13.7 billion in 2024 to USD 25.4 billion by 2033 (Kharrati, 2024). The dietary supplement market also demonstrates strong growth, increasing from USD 2.48 billion in 2023 to an estimated USD 3.37 billion by 2027 with a CAGR of 8.03% (Thota, 2025). This market expansion is driven by increasing public awareness of healthy lifestyles, supportive government initiatives promoting local natural products, and the rapid expansion of digital platforms and e-commerce that broaden consumer access to health-related products.

Despite the promising market opportunities for functional foods and natural health products, the commercialization of research-based innovations in this sector still faces considerable challenges (Solaiman, 2021). Many scientific innovations fail to translate effectively into market-accepted products. This challenge often stems from the gap between research capabilities and commercialization capacity, including limitations in market penetration, marketing strategies, and operational efficiency (Ohorella et al., 2023). Consequently, the success of innovation is not solely determined by technological advancement or research quality, but also by an organization's ability to design effective and adaptive business models that bridge innovation with market needs (Wicaksono, 2017).

Within this context, IPB University seeks to promote research commercialization through the development of innovation-based business entities under PT Bogor Life Science and Technology (BLST). Two of these entities are FITS Mandiri and Serambi Botani, which focus on developing research-based functional food products and distributing natural health products to the market. However,

despite their strong innovation potential, both entities have faced challenges in achieving sustainable business performance, reflected in limited market penetration, suboptimal sales growth, and operational inefficiencies. Therefore, a strategic integration between FITS Mandiri and Serambi Botani has been proposed as a potential approach to strengthen resource synergies, improve operational efficiency, and develop a more adaptive business model capable of responding to the increasingly competitive healthy and natural products market.

➤ Previous Research

Previous studies provide an important theoretical foundation for the development of the conceptual framework used in this research. However, existing studies on PT FITS Mandiri and Serambi Botani remain relatively limited and fragmented. Most prior analyses have focused on specific aspects, such as marketing strategies or operational and technical dimensions of each company, examined separately. To date, there has been no comprehensive study that systematically analyzes strategic management and business model development within the context of post-merger integration between these two entities. This academic gap highlights the need for further investigation, particularly given the complex business dynamics that arise from integrating two business models with different operational characteristics and market orientations.

An example of a re-entry strategy can be observed in the case of Starbucks after its unsuccessful expansion in Australia in 2008 (Patterson et al., 2010). At that time, Starbucks closed the majority of its stores due to its limited understanding of local consumer preferences and strong competition from well-established traditional cafés. In 2014, Starbucks attempted to re-enter the Australian market through a strategic partnership with The Withers Group, a local fast-food chain operator, in an effort to correct previous strategic missteps. This shift from a direct investment strategy to a partnership-based approach illustrates Starbucks' attempt to better adapt to local market culture and consumer behavior, while simultaneously reducing business risks by collaborating with a partner that possessed deeper knowledge of the local market dynamics.

Another example can be observed in the strategic transformation undertaken by Procter & Gamble (P&G). In 2015, P&G divested its professional salon division, including the Wella brand, to Coty Inc. This divestment was driven by a corporate transformation strategy aimed at consolidating the company's brand portfolio, improving profit margins, and divesting business units that were not aligned with its core strategic focus. This move reflects P&G's transition from managing a broad portfolio of brands toward a more strategic and efficient portfolio structure (Hill & Jones, 2010; Parnell, 2017). After being acquired by Coty, product innovation within the Wella brand declined, yet the brand managed to maintain its market presence due to its strong brand equity,

product reputation, sales force, and established customer relationships.

➤ *Research Problem*

Despite operating in a high-growth functional food market and possessing substantial research-based innovation assets, PT FITS Mandiri and PT Serambi Botani have experienced persistent financial losses and inconsistent revenue performance. The core issue does not appear to stem from innovation scarcity but rather from structural misalignment between internal capabilities, market validation processes, portfolio strategy, distribution mechanisms, and governance configuration (David J. Teece, 2010; Henry Chesbrough, 2010; Christoph Zott & Raphael Amit, 2010).

The proposed merger under the holding company structure introduces a strategic turning point. However, merger without business model reconfiguration risks perpetuating existing inefficiencies (Zott & Amit, 2010; Foss & Saebi, 2017; Haspeslagh & Jemison, 1991). The fundamental problem, therefore, is how to transform the combined entity's business model in order to achieve sustainable competitiveness and financial viability.

• *Accordingly, the Main Research Question of this Study is:*

How can a post-merger business model transformation be designed to realign internal capabilities, market logic, and governance structure in order to improve performance and sustainability of university-affiliated functional food enterprises?

• *This Overarching Question is Further Elaborated into the Following Sub-Questions:*

- ✓ What is the current business model of PT FITS and Serambi Botani? What is the background and vision of BLST as a holding company, combining the two companies?
- ✓ How will the new entity's business model transformation be designed?
- ✓ What is the implementation strategy and product portfolio developed by this new entity?

➤ *Research Purposes*

The primary objective of this study is to develop a comprehensive post-merger business model transformation framework for university-affiliated functional food enterprises operating in emerging markets. Specifically, this research aims to:

- Analyze the current business models of PT FITS and PT Serambi Botani.
- Formulate a business model for the new entity formed from the merger of PT FITS and PT Serambi Botani.
- Formulate a strategy for implementing roadmap to support sustainable competitive advantage and long-term profitability.

II. METHODS

This study employs a qualitative case study approach to analyze the transformation of a business model in a post-merger context. The case study focuses on two university-affiliated companies, PT FITS Mandiri and PT Serambi Botani, operating in the functional food and natural product sector. A case study design is appropriate because it allows an in-depth investigation of complex organizational phenomena within their real-life context, particularly when examining strategic transformation processes and organizational restructuring. The research explores how internal capabilities, external industry dynamics, and strategic restructuring influence the redesign of the business model after the merger.

➤ *Type and Source of Data*

This study utilizes both primary and secondary data to ensure a comprehensive and reliable analysis. Primary data were collected through semi-structured interviews with key stakeholders and management representatives of the companies involved, as well as through strategic discussions and validation sessions with decision-makers directly engaged in the merger planning process, allowing the researchers to capture managerial insights and strategic considerations. Secondary data were obtained from internal financial reports and sales data of PT FITS Mandiri and PT Serambi Botani covering the period 2015–2024, along with internal strategic documents and restructuring plans that provide context for the organizational transformation. In addition, industry reports, academic journal articles, and relevant regulatory documents related to the functional food sector were reviewed to enrich the analytical framework and contextual understanding. The integration of these multiple data sources enables methodological triangulation, thereby strengthening the validity and reliability of the research findings.

➤ *Data Collection Techniques*

Data collection was conducted using several complementary techniques to ensure a comprehensive understanding of both organizational and industry contexts. First, in-depth interviews were carried out with company management to explore internal capabilities, operational challenges, and the strategic intentions underlying the merger initiative. Second, document analysis was undertaken on various internal sources, including financial performance records, operational reports, and strategic planning documents, to obtain objective information regarding the companies' historical performance and strategic direction. Third, industry data were reviewed to capture broader macroeconomic trends, regulatory developments, and competitive dynamics within the functional food sector. The integration of these data collection techniques enables the researcher to obtain both firm-level insights and market-level perspectives, thereby supporting a more holistic and robust analysis.

➤ *Data Analysis Technique*

To analyze the transformation of the business model, this study integrates several strategic analysis frameworks

applied through sequential analytical stages. The first stage involves internal analysis using the Resource-Based View (RBV) to identify the firm’s strategic resources and capabilities, followed by VRIO analysis to evaluate whether these resources provide sustainable competitive advantages. In addition, Value Chain Analysis is employed to examine value-creating activities and identify potential operational inefficiencies within the organizations. The second stage focuses on external analysis through PESTEL analysis to assess macro-environmental factors influencing the functional food industry, complemented by Porter’s Five Forces to evaluate industry competitiveness and structural pressures. The third stage consists of strategic diagnosis, in which SWOT analysis is used to synthesize the results of internal and external analyses and to identify possible strategic alternatives, while stakeholder mapping is conducted to understand the roles and influence of key stakeholders in the transformation process. Finally, the business model transformation design stage applies the Blue Ocean Strategy framework to identify opportunities for value

innovation and the creation of uncontested market space, and the Triple Layered Business Model Canvas (TLBMC) to develop a transformed business model that integrates economic, environmental, and social value creation. Through this integrated analytical framework, the study formulates a comprehensive business model transformation proposal for the post-merger entity.

➤ *Research Framework*

This study develops a structured analytical framework to examine the transformation of the business model following the merger of PT FITS Mandiri and PT Serambi Botani. The framework integrates internal analysis, external industry analysis, strategic diagnosis, and business model redesign in order to formulate a comprehensive post-merger transformation strategy. The framework is designed to systematically identify the root causes of organizational underperformance and translate analytical insights into a redesigned business model that supports sustainable competitiveness. As illustrate in figure 1 below:

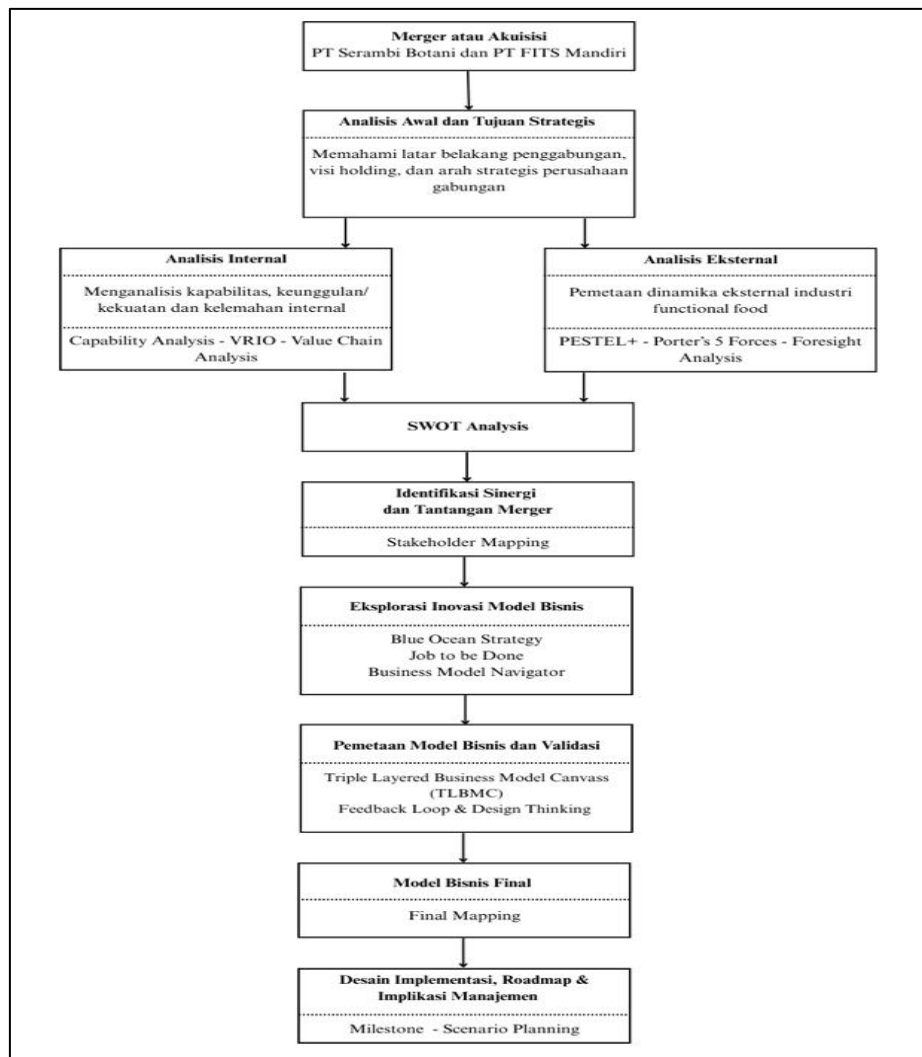


Fig 1 Research Framework

The first stage of the framework focuses on internal analysis, which aims to identify the key resources, capabilities, and operational activities that shape the

competitive potential of the companies. This stage employs the Resource-Based View (RBV) to examine strategic resources and capabilities, VRIO analysis to evaluate whether

these resources provide sustainable competitive advantage, and Value Chain Analysis to identify value-creating activities as well as operational inefficiencies within the organization.

The second stage involves external environment analysis, which evaluates the macro-environmental and industry dynamics affecting the functional food sector. This stage utilizes PESTEL analysis to assess political, economic, social, technological, environmental, and legal factors influencing the industry, and Porter’s Five Forces to examine competitive intensity, market structure, and bargaining power among industry stakeholders.

The third stage integrates the findings from internal and external analyses through strategic diagnosis. In this stage, SWOT analysis is used to synthesize strengths, weaknesses, opportunities, and threats, enabling the identification of strategic alternatives. Additionally, stakeholder mapping is conducted to understand the influence of key stakeholders involved in the merger and the commercialization of innovation outputs.

The fourth stage focuses on business model transformation design. This stage applies Blue Ocean Strategy to identify opportunities for value innovation and uncontested market spaces. Subsequently, the redesigned business model is structured using the Triple Layered Business Model Canvas (TLBMC), which integrates economic, environmental, and social value creation.

The final stage of the framework translates the redesigned business model into an implementation roadmap that outlines strategic priorities, governance alignment, and operational initiatives necessary to support the post-merger transformation.

III. RESULTS

➤ Existing Business Model Diagnosis

The initial analysis examines the existing business models of PT FITS Mandiri and PT Serambi Botani prior to the merger. Both companies were established as commercialization platforms for research-based innovations produced within the university ecosystem. Their primary objective was to bring scientific inventions in functional food, herbal products, and natural-based consumer goods into the market.

However, the operational structures of both entities reveal several structural limitations. PT FITS Mandiri

primarily focused on product development and small-scale production of research-based food products, functioning as a laboratory-driven innovation unit. Meanwhile, PT Serambi Botani operated mainly as a retail and distribution channel for various natural products originating from university research outputs and partner producers. Although these roles appear complementary, the integration between innovation development and market distribution remained weak and fragmented.

Financial performance further reflects these structural challenges. Over the period of 2013–2024, both companies recorded cumulative financial losses and unstable revenue growth. The limited market penetration of innovation-based products, combined with fragmented distribution strategies and lack of portfolio focus, resulted in suboptimal commercialization performance. The findings indicate that the existing business models were not sufficiently aligned with market demand, competitive positioning, and operational scalability.

➤ Internal Capability Analysis

The internal analysis was conducted using the Resource-Based View (RBV), VRIO framework, and Value Chain Analysis to identify the strategic resources and capabilities of the companies. From the RBV perspective, the companies possess several valuable intangible resources, including strong institutional reputation derived from the university brand, access to scientific research and innovation pipelines, and networks with academic experts and research laboratories. These resources provide a strong foundation for developing science-based functional food products.

The VRIO analysis reveals that some of these resources meet the criteria of being valuable and relatively rare, particularly the capability to develop functional food products based on scientific research. However, the analysis also indicates limitations in organizational capability to fully exploit these resources. In particular, weaknesses were identified in areas such as market validation, branding strategy, distribution management, and commercialization processes. Value Chain Analysis further highlights operational inefficiencies within the commercialization process. Product development activities were largely research-driven rather than market-driven, resulting in innovations that were technologically strong but not always aligned with consumer needs. In addition, marketing and distribution activities were relatively limited, reducing the ability of the companies to scale their products and reach broader market segments.

Table 1 VRIO Evaluation of Key Strategic Resources

Resource	Valuable	Rare	Inimitable	Organized	Competitive Implication
University brand reputation	Yes	Yes	Moderate	Yes	Temporary competitive advantage
Access to research innovation	Yes	Yes	Yes	Partial	Potential sustained advantage
Academic research network	Yes	Moderate	Moderate	Partial	Competitive parity
Product development capability	Yes	Moderate	Moderate	Partial	Temporary advantage
Distribution capability	Limited	No	No	Weak	Competitive disadvantage
Marketing capability	Limited	No	No	Weak	Competitive disadvantage

Overall, the internal analysis indicates that although the companies possess strong knowledge-based assets, the lack of integrated commercialization capabilities prevents these resources from generating sustainable competitive advantage.

➤ *External Industry Environment*

The external environment analysis was conducted using PESTEL analysis and Porter’s Five Forces framework to understand the competitive dynamics of the functional food industry. The PESTEL analysis indicates that the industry is supported by several favorable macro-environmental trends. Increasing consumer awareness of healthy lifestyles, rising prevalence of non-communicable diseases, and growing demand for natural and functional food products have significantly expanded market opportunities. In addition, government initiatives promoting herbal products, organic agriculture, and local food innovation further support industry development.

However, the Porter’s Five Forces analysis reveals substantial competitive pressures. The threat of new entrants remains relatively high due to the increasing popularity of functional food products and relatively accessible production technologies. Competitive rivalry is also intense, with both domestic and international brands competing across multiple product categories, including health supplements, herbal drinks, and healthy snacks. Buyer bargaining power is increasing as consumers have access to a wide variety of alternative products through modern retail channels and

digital marketplaces. At the same time, substitute products from the pharmaceutical, nutraceutical, and conventional food industries further intensify competition. These industry conditions require companies to develop clear differentiation strategies and strong value propositions to sustain competitiveness.

➤ *Strategic Diagnosis*

The synthesis of internal and external analyses was conducted through SWOT analysis to identify key strategic issues affecting the companies. The analysis identifies several strengths, including strong scientific credibility, access to research-based innovations, and positive brand perception associated with the university. However, these strengths are offset by several structural weaknesses, such as fragmented product portfolios, limited marketing capabilities, and insufficient commercialization processes.

From the external perspective, significant opportunities exist in the rapidly growing functional food market, particularly in segments related to immunity, digestive health, and healthy lifestyle products. At the same time, increasing competition from established brands and new market entrants represents a major strategic threat. The SWOT synthesis highlights a central strategic issue: the misalignment between innovation production and market-oriented business strategy. While the companies possess strong research capabilities, the existing business model does not effectively translate innovation into scalable commercial products.

Table 2 Key Strategic Factors Identified from SWOT Analysis

Aspect	Key Strategic Factors	Implication
Strengths	Strong institutional reputation from IPB University	Enhances credibility and trust in science-based products
	Access to research-based innovations and laboratories	Provides continuous pipeline of functional food innovation
	Network with researchers and academic experts	Supports product development and knowledge transfer
Weaknesses	Limited commercialization capability	Difficulty translating research outputs into marketable products
	Fragmented product portfolio	Reduces strategic focus and operational efficiency
	Weak marketing and distribution systems	Limits market penetration and scalability
Opportunities	Rapid growth of functional food market	Expanding demand for healthy and natural products
	Increasing consumer awareness of preventive healthcare	Creates demand for science-based functional foods
Threats	Expansion of digital commerce and online retail	Enables broader market reach
	Intensifying competition from established brands	Requires strong differentiation and brand positioning
	Emergence of substitute products	Increases pressure on value proposition
	Low entry barriers in functional food segment	Leads to increasing number of competitors

➤ *Post-Merger Strategic Logic*

Based on the strategic diagnosis, the merger between PT FITS Mandiri and PT Serambi Botani is positioned as a strategic restructuring initiative aimed at resolving structural inefficiencies and strengthening market competitiveness. The merger allows the integration of complementary capabilities from both companies. PT FITS Mandiri contributes research-driven product development capabilities, while PT Serambi Botani provides retail experience, distribution channels, and market access. Through integration, the merged entity is expected to create a more coherent value chain connecting

innovation development, product manufacturing, marketing, and distribution.

However, the findings indicate that merger alone is insufficient to address the structural problems identified earlier. Instead, the merger must serve as a platform for redesigning the business model, ensuring that innovation development, product portfolio strategy, distribution systems, and governance structures are aligned with market dynamics.

➤ *Business Model Transformation*

The redesign of the business model was developed using Blue Ocean Strategy and the Triple Layered Business Model Canvas (TLBMC). The transformation focuses on shifting the company’s orientation from a research-output distributor toward a market-driven functional food platform. This new positioning emphasizes stronger product-market validation processes, clearer portfolio clustering, and more focused market segmentation.

Product portfolios are reorganized into several strategic clusters based on consumer needs, including immune-support products, digestive health products, and healthy lifestyle snacks. This clustering allows the company to prioritize products with the highest commercial potential while reducing fragmentation in product offerings. In addition, the redesigned model emphasizes a master channel strategy, integrating online marketplaces, modern retail, and specialized health stores. This strategy enables broader market reach while improving distribution efficiency.

Table 3 Business Model Comparison Before and After Merger

Business Model Component	Pre-Merger Condition	Post-Merger Transformation
Value Proposition	Research-based products with limited market validation	Science-based functional food solutions validated by market demand
Customer Segments	Fragmented consumer segments	Clearly defined health-oriented consumer segments
Product Portfolio	Large number of small-scale innovations	Clustered portfolio with prioritized products
Distribution Channels	Limited retail outlets and fragmented channels	Integrated master channel strategy (online + retail)
Key Resources	Research laboratories and innovation pipeline	Integrated innovation-commercialization ecosystem
Revenue Model	Product sales with unstable performance	Diversified revenue streams and scalable product categories
Governance	Separate management structures	Integrated governance under post-merger entity

➤ *Implementation Roadmap*

The final stage of the results translates the redesigned business model into an implementation roadmap for the post-merger entity. The roadmap includes several key initiatives, including strengthening product-market validation mechanisms, restructuring product portfolios, improving distribution partnerships, and enhancing brand positioning as a science-based functional food provider.

Furthermore, governance structures under the holding company are redesigned to ensure clearer strategic direction, stronger coordination between research and commercialization units, and more efficient resource allocation. Through this structured transformation process, the merged entity is expected to improve its commercialization capability, achieve stronger market positioning, and ultimately move toward sustainable financial performance.

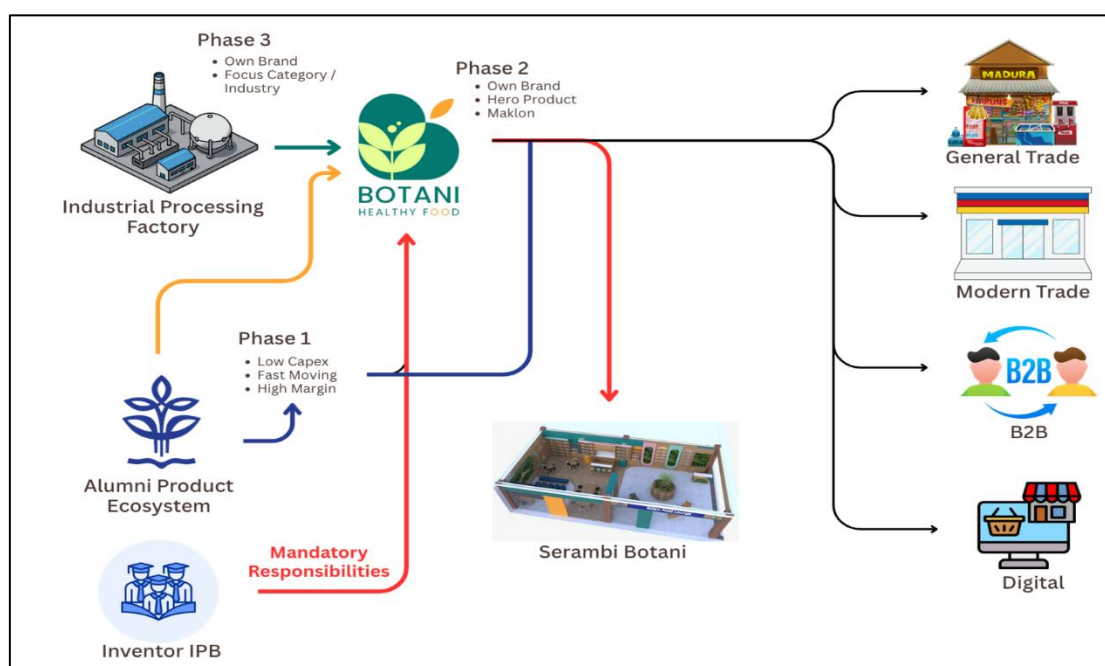


Fig 2 Transformed Implementation Roadmap

IV. DISCUSSION

➤ *Business Model Transformation in a Post-Merger Context*

The findings of this study indicate that the merger between PT FITS Mandiri and PT Serambi Botani should not be interpreted merely as an operational consolidation, but rather as a strategic opportunity for business model transformation. The analysis shows that both companies previously operated under fragmented and research-driven business models that were not sufficiently aligned with market demands. Although both entities possessed strong innovation capabilities derived from academic research, the lack of integrated commercialization mechanisms prevented these capabilities from generating sustainable financial performance.

This finding supports the argument that business model innovation plays a critical role in translating organizational resources into competitive advantage. Previous studies on business model innovation emphasize that firms must continuously reconfigure their value creation, value delivery, and value capture mechanisms in order to remain competitive in dynamic markets. In this case, the merger provides a structural platform that enables the integration of innovation development, production capabilities, and distribution networks into a more coherent and market-oriented business model.

Furthermore, the transformation observed in this study reflects the shift from a research-driven innovation model toward a market-driven innovation ecosystem. This transition is essential for organizations operating in knowledge-based industries, where technological innovation alone does not guarantee commercial success. Instead, innovation must be supported by strong market validation mechanisms, effective distribution systems, and clear value.

➤ *Resource-Based View and Capability Alignment*

From the perspective of the Resource-Based View (RBV), the study confirms that the companies possess several valuable resources, including scientific knowledge, research infrastructure, and institutional credibility associated with the university. These resources represent strategic assets that can potentially generate competitive advantage in the functional food industry.

However, the VRIO analysis reveals that these resources have not been fully exploited due to organizational limitations. In particular, weaknesses in marketing capabilities, distribution systems, and portfolio management reduce the ability of the companies to convert research outputs into commercially successful products. This observation is consistent with RBV literature, which emphasizes that valuable resources can only generate sustained competitive advantage when they are effectively organized and supported by appropriate managerial capabilities.

The findings therefore highlight the importance of capability alignment in post-merger transformation. By integrating the research capabilities of PT FITS Mandiri with

the retail and distribution experience of PT Serambi Botani, the merged entity can create a more balanced capability structure. Such integration enables the organization to leverage its knowledge-based resources while simultaneously strengthening its commercialization capabilities.

➤ *Addressing the Commercialization Gap in University Spin-Offs*

The results also contribute to the broader literature on university spin-offs and research commercialization. Many university-affiliated enterprises face a recurring challenge often referred to as the “commercialization gap,” where strong scientific innovation fails to translate into market success. This gap typically arises from differences between the logic of academic research and the logic of market-driven business operations.

The case examined in this study illustrates this phenomenon clearly. Although the companies had access to a large number of innovation outputs, the absence of systematic product-market validation resulted in a portfolio of products that lacked clear market positioning. As a result, many innovations remained underutilized or failed to achieve significant commercial traction.

The post-merger business model transformation addresses this gap by introducing a more structured commercialization process. This includes portfolio clustering, clearer product positioning, and the implementation of master channel distribution strategies. Through these mechanisms, the merged entity aims to ensure that future product development is guided not only by scientific potential but also by validated market demand.

➤ *Value Innovation and Market Differentiation*

The application of Blue Ocean Strategy in the business model redesign highlights the importance of value innovation in creating competitive differentiation. Instead of competing directly with established functional food brands based solely on price or product features, the merged entity seeks to differentiate itself through science-based credibility and health-oriented value propositions.

This strategy reflects the principle of value innovation, where organizations aim to simultaneously increase customer value while reducing unnecessary cost structures. By focusing on product categories that align with consumer health trends—such as immunity support, digestive health, and healthy lifestyle nutrition—the company can position itself within high-growth market segments while leveraging its research-based strengths.

Moreover, the emphasis on science-based branding provides a unique differentiation advantage that is difficult for many competitors to replicate. The association with academic research and scientific validation strengthens consumer trust, particularly in the functional food sector where product credibility plays an important role in purchasing decisions.

➤ *Integrating Economic, Social, and Environmental Value*

The redesign of the business model using the Triple Layered Business Model Canvas (TLBMC) demonstrates the importance of integrating economic, environmental, and social value creation. In the context of university-affiliated enterprises, business objectives often extend beyond financial profitability to include broader societal contributions such as public health improvement and sustainable resource utilization.

The transformed business model therefore incorporates sustainability considerations alongside economic objectives. By promoting natural and science-based functional food products, the company contributes to healthier consumption patterns while supporting local agricultural and research ecosystems. This integration of economic and societal value aligns with the broader mission of universities as institutions that generate knowledge for societal benefit.

From a strategic perspective, this multi-dimensional value creation approach can also strengthen brand positioning and stakeholder support. Consumers increasingly prefer products that reflect ethical sourcing, health benefits, and environmental responsibility. As a result, incorporating sustainability into the business model not only fulfills institutional missions but also enhances long-term market competitiveness.

➤ *Implications for Post-Merger Strategic Transformation*

Overall, the findings suggest that the success of post-merger integration depends not only on operational consolidation but also on strategic realignment of business models. Without such transformation, mergers risk becoming administrative restructuring exercises that fail to address the root causes of organizational underperformance.

The case analyzed in this study demonstrates that merger can serve as a catalyst for comprehensive strategic transformation. By redesigning value creation mechanisms, strengthening capability integration, and aligning innovation with market demand, the merged entity can move toward a more sustainable and competitive business model.

These insights contribute to the growing body of literature on business model innovation and post-merger integration by highlighting the role of merger as an enabling mechanism for structural business model redesign, particularly in knowledge-intensive and university-linked industries.

➤ *Managerial Implications*

The findings of this study offer several strategic implications for managers involved in post-merger transformation, particularly in innovation-driven and university-affiliated enterprises. First, organizations must shift from a research-driven innovation approach toward a market-oriented commercialization strategy by integrating systematic product-market validation processes into innovation development. Without early validation of consumer needs and willingness to pay, research-based innovations risk remaining technologically sophisticated but

commercially unsuccessful. Second, effective portfolio management is essential for organizations that generate numerous innovation outputs; managers should prioritize product clusters with clear market demand in order to avoid fragmented product strategies and inefficient resource allocation. Third, successful post-merger integration should focus not only on financial consolidation but also on the alignment of complementary capabilities, particularly between innovation development, marketing expertise, and distribution networks. The case analyzed in this study demonstrates that combining research capabilities with stronger retail and distribution experience can significantly enhance commercialization performance. Fourth, companies must strengthen their distribution strategies through integrated multi-channel approaches that combine modern retail, digital marketplaces, and specialized health outlets to improve product accessibility and brand visibility. Finally, organizations operating in the functional food industry should incorporate sustainability and science-based credibility into their value proposition, as consumers increasingly prefer products that provide health benefits while also reflecting responsible production practices. By aligning innovation capability, market orientation, and governance structures, managers can transform post-merger entities into more competitive and sustainable organizations capable of translating scientific innovation into long-term commercial value.

V. CONCLUSION & RECOMMENDATION

➤ *Conclusion*

This study examines the transformation of the business model following the merger of PT FITS Mandiri and PT Serambi Botani, two university-affiliated enterprises operating in the functional food industry. The findings indicate that the persistent financial underperformance experienced by both companies was primarily caused by structural misalignment between research-based innovation development and market-oriented commercialization strategies. Although the companies possess valuable resources such as scientific knowledge, research infrastructure, and institutional credibility, these resources were not fully translated into sustainable competitive advantage due to limitations in portfolio management, marketing capability, and distribution systems. The merger therefore represents not merely an operational consolidation but a strategic opportunity to redesign the underlying business model. Through the integration of internal capability analysis, external industry assessment, and strategic diagnosis, this study proposes a transformed business model that emphasizes stronger product-market validation, portfolio clustering, integrated distribution channels, and improved governance alignment under the holding company structure. The redesigned model shifts the organization from a research-output distributor toward a market-driven functional food platform that integrates innovation development with commercialization capability. These findings contribute to the literature on business model innovation and post-merger integration by demonstrating how merger can function as a catalyst for structural business

model transformation, particularly within university-linked enterprises operating in emerging markets.

➤ Recommendation

Based on the results of this study, several recommendations can be proposed for both managerial practice and future research. From a managerial perspective, organizations should prioritize the development of systematic product–market validation mechanisms to ensure that research-based innovations are aligned with consumer needs before commercialization. Companies should also adopt structured portfolio management strategies that focus on high-potential product clusters in order to improve strategic focus and operational efficiency. Furthermore, strengthening multi-channel distribution networks and enhancing science-based brand positioning can help increase market penetration and consumer trust in functional food products. At the governance level, clearer coordination mechanisms between research institutions and commercialization entities are required to ensure that innovation development and market strategies remain aligned. For future research, it is recommended to further explore the implementation outcomes of the proposed business model transformation, particularly through longitudinal studies that evaluate financial performance, market adoption, and organizational capability development after the merger. Expanding the research scope to include multiple university spin-offs or innovation-based enterprises in other industries may also provide broader insights into the role of business model transformation in supporting sustainable commercialization of research-driven innovations.

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