

FROM CAPTIVE TO NON-CAPTIVE: LEVERAGING VERTICAL INTEGRATION FOR MARKET EXPANSION

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Abstract

This study examines PT. Petro Energy, a captive fuel trading company in Indonesia facing critical revenue concentration risk, with over 95% of revenue derived from related-party customers in the coal mining sector. Following a vertical integration merger with PT. Storindo effective January 1, 2025, the company gained direct control of 85,000 KL storage infrastructure, transforming its cost structure from variable to fixed costs and raising operating leverage. This research develops a comprehensive strategic framework for market expansion into non-captive customer segments, combining industrial organization and Resource-Based View (RBV) perspectives. Analytical tools include VRIO analysis, Value Chain Analysis, PESTEL, Porter's Five Forces, STP, Marketing Mix 4Ps, SWOT-TOWS matrix, McKinsey 7S, and Kotter's 8-Step Change Model. Primary data was collected through in-depth interviews with the Board of Directors, management, and key captive customers, supported by quantitative financial ratio analysis from 2022–2024 audited financial statements. Findings reveal strong financial readiness (Current Ratio 8.97x, Gross Margin 43%, low Debt-to-Equity of 0.12) but urgent need to address declining Asset Turnover (0.99x) and lengthening Cash Conversion Cycle (90 days). A focused differentiation strategy targeting non-captive mining and construction segments, leveraging Fuel-as-a-Service (FaaS) capability and extended credit terms, is proposed alongside a phased organizational transformation roadmap.

Keywords: Captive Market, Change Management, Go-to-Market Strategy, Market Expansion, Revenue Concentration, Strategic Transformation, Vertical Integration

INTRODUCTION

The Indonesian biodiesel market represents one of the most policy-driven energy sectors in Southeast Asia. Driven by presidential decrees mandating progressive blending ratios, from B30 to B35 (2023) and B40 (2025), domestic biodiesel production reached 13.15 million kiloliters in 2023, with 93% directed toward domestic consumption (Aprobi, 2024). The regulatory framework creates a stable, predictable demand environment, yet simultaneously establishes a semi-regulated ecosystem where business success depends not only on competitive pricing but also on regulatory compliance and logistical capability. The competitive landscape is dominated by PT. Pertamina Patra Niaga, PT. AKR Corporindo Tbk., PT. Petro Andalan Nusantara, and other large players with established distribution networks and significant economies of scale.

PT. Petro Energy, established in 2009 and headquartered in South Jakarta with primary operations in Sangatta, East Kalimantan, has operated for over a decade as a captive biodiesel distributor exclusively serving related-party customers in the coal mining industry. This arrangement generated revenues of IDR 15.9 trillion, IDR 21.7 trillion, and IDR 16.2 trillion in 2022, 2023, and 2024, respectively, with related-party sales consistently 95% of total net sales (PT. Petro Energy Audited Financial Statements, 2022–2024). Such extreme revenue concentration poses an existential strategic risk, as the company's financial performance is directly correlated with fluctuations in Indonesian coal prices (HBA), which plummeted from USD 276.58/ton in 2022 to USD 121.48/ton in 2024 (Ministry of Energy and Mineral Resources, 2024).

The Merger & Acquisition with PT. Storindo, effective January 1, 2025, represents a pivotal inflection point. This backward vertical integration brought 85,000 KL of storage capacity, a Dolphin Jetty capable of accommodating vessels up to 80,000 KL, and inline blending facilities capable of up to B50 into the company's asset base (PT. Petro Energy Internal Operational Report, 2025). While this strategic move provides the operational infrastructure to serve non-captive customers, it simultaneously shifts the cost structure from variable to fixed, increasing operating leverage and making volume growth a financial imperative rather than a mere strategic option (Thompson et al.,

2022). The Asset Turnover ratio declining to 0.99x in 2024, combined with a Cash Conversion Cycle stretching to 90 days, further validates the urgent need for market expansion. This research addresses four key questions: (1) What are the attractiveness, needs, and characteristics of the non-captive market for PT. Petro Energy? (2) What external opportunities and threats, and internal capabilities, are required for non-captive market entry? (3) What is the optimal market expansion strategy? (4) How should PT. Petro Energy implement the proposed strategy to ensure organizational alignment and sustainable growth? The theoretical contribution of this study lies in integrating industrial organization frameworks with Resource-Based View (RBV) analysis for a captive-to-open-market transformation in the Indonesian biodiesel sector, a context rarely explored in the strategic management literature. Practically, the research delivers an actionable, phased roadmap bridging academic theory with real-world execution for companies transitioning from captive dependency to diversified market competition.

LITERATURE REVIEW

Vertical Integration and Corporate-Level Strategy

Vertical integration is a corporate-level strategy in which a firm acquires ownership or control over additional stages of its value chain, either upstream (backward integration) or downstream (forward integration). By internalizing previously outsourced activities, firms secure critical inputs, reduce transaction costs, and capture profit margins at other stages of the industry value chain (Hitt et al., 2017). Vertical integration enhances scheduling reliability, protects proprietary technology, and creates barriers to entry for competitors, enabling sustained long-term operational stability (Thompson et al., 2022). However, vertical integration also shifts cost structure from variable to fixed, increasing operating leverage and sensitivity to volume fluctuations, thereby intensifying the imperative for market expansion to ensure asset utilization. Firms operating with more than 95% of revenue from a single business segment face revenue concentration risk. Thus, Related Constrained Diversification strategy, entering new markets leveraging existing resource linkages, is the theoretically grounded response to achieve economies of scope and reduce dependency (Hitt et al., 2017).

Resource-Based View (RBV) and VRIO Framework

The Resource-Based View (RBV) posits that each organization comprises a unique collection of resources and capabilities forming the foundation of competitive advantage and above-average returns (Hitt et al., 2017; Grant, 2021). Resources are classified into tangible (financial, physical, organizational, technological) and intangible (human, innovation, reputational) categories, with intangible resources proven to be more durable sources of competitive advantage due to their complexity and inimitability. The VRIO framework provides a systematic evaluation method for assessing whether specific resources generate sustained competitive advantage through four criteria: Valuable (enables efficiency or effectiveness), Rare (possessed by few competitors), Inimitable (costly to duplicate due to path dependency, causal ambiguity, or social complexity), and Organized (effectively exploited through structures and systems) (Barney & Hesterly, 2019). Only resources satisfying all four criteria generate sustainable competitive advantage; partial satisfaction yields temporary advantage or competitive parity.

Business-Level Strategy: Porter's Generic Strategies

Porter (1980) identifies five generic competitive strategies: Cost Leadership, Differentiation, Focused Low-Cost, Focused Differentiation, and Best-Cost Provider. A Focused Differentiation strategy involves targeting a narrow market segment with differentiated product and service offerings that meet specialized customer needs underserved by industry-wide competitors (Hitt et al., 2017). This strategy requires deep understanding of target segment preferences, creativity in value proposition design, and organizational capabilities in quality, service, and customer relationship management (Thompson et al., 2020). For companies transitioning from captive to open markets, Focused Differentiation is theoretically preferable to avoid direct price competition with incumbents possessing greater economies of scale, instead competing on value delivery, reliability, and integrated service dimensions that capitalize on the firm's unique operational capabilities.

External Analysis: PESTEL and Porter's Five Forces

PESTEL analysis examines the macro-environment across Political, Economic, Sociocultural, Technological, Environmental, and Legal dimensions that shape industry and firm-level strategic opportunities and threats (Thompson et al., 2020; Hitt et al., 2017). Porter's Five Forces framework is analyzing the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes, and rivalry among existing competitors, provides a systematic tool for diagnosing competitive intensity and potential profitability within a

specific industry (Porter, 1980 in Hitt et al., 2017). Together, PESTEL and Porter's Five Forces constitute the outside-in strategic perspective that complements the inside-out RBV approach, enabling a balanced assessment of strategic opportunities and threats (Grant, 2021).

Go-to-Market Strategy: STP and Marketing Mix 4Ps

Go-to-market strategy defines how a company brings its products to market and acquires customers in target segments (Friedman, 2002). The Segmentation-Targeting-Positioning (STP) framework provides the strategic foundation: segmentation identifies distinct customer groups with homogeneous needs; targeting selects the most attractive segments given the firm's capabilities; and positioning establishes the unique value proposition relative to competitors in the minds of target customers (Kotler & Keller, 2016). The Marketing Mix 4Ps consists of Product, Price, Place, and Promotion, operationalizes the positioning strategy into executable commercial actions (Kotler & Armstrong, 2018). For industrial B2B markets, relationship marketing, technical service capability, credit terms flexibility, and supply reliability are empirically proven as the most critical purchase decision drivers beyond price alone.

Organizational Alignment and Change Management

McKinsey 7S Framework assesses organizational alignment across seven interdependent elements: Strategy, Structure, Systems (hard elements) and Shared Values, Style, Staff, and Skills (soft elements) (Waterman et al., 1980; Hitt et al., 2017). For strategic transformation to succeed, all seven elements must be aligned with the new strategic direction, a misalignment in any single element creates friction that undermines execution effectiveness. Kotter's 8-Step Change Model provides a sequenced implementation architecture for managing organizational transformation: (1) Create Urgency, (2) Build Guiding Coalition, (3) Form Strategic Vision, (4) Communicate Vision, (5) Remove Barriers, (6) Generate Short-Term Wins, (7) Sustain Acceleration, and (8) Institutionalize Change (Kotter, 2012). Research consistently demonstrates that transformations failing to address both structural (hard) and cultural (soft) organizational dimensions achieve lower success rates, validating the necessity of integrating McKinsey 7S with Kotter's model for comprehensive change management.

A critical gap identified in the existing literature is the limited exploration of strategic frameworks specifically applied to captive-to-open-market transitions in regulated commodity markets, particularly in the Indonesian biodiesel distribution context. Prior studies on vertical integration predominantly examine manufacturing sectors (Harrigan, 1983; Hoberg & Phillips, 2016), while market expansion research in emerging markets rarely integrates post-merger organizational transformation with go-to-market strategy formulation in a single unified framework. This research addresses these gaps by applying an integrated, multi-framework approach specifically designed for PT. Petro Energy's unique strategic context, providing both theoretical contribution and practical guidance for companies in analogous captive-dependency situations.

METHOD

This research employs a qualitative case study design with quantitative financial analysis, following an integrated multi-framework methodology. The research subject is PT. Petro Energy, focusing on the strategic period post-merger with PT. Storindo. The methodology combines Industrial Organization and Resource-Based View (RBV) perspectives, providing simultaneous outside-in and inside-out strategic lenses (Hitt et al., 2017; Grant, 2021).

Primary data was collected through purposive sampling through semi-structured, in-depth interviews with key stakeholders: the CEO, CFO, and COO (Board of Directors), the Business Development Manager, Operations Manager, Accounts Receivable Manager, Accounting & System Manager, and a primary captive customer representative. Interview guides were structured around four thematic areas aligned with the research questions: strategic rationale for vertical integration, external market opportunities and threats, internal capabilities and organizational gaps, and captive customer perception of PT. Petro Energy's value proposition. Interview data were analyzed using thematic analysis, with codes grouped into themes mapped to the conceptual framework. Secondary data comprised PT. Petro Energy's audited financial statements (2022–2024), internal operational reports, and external sources including Aprobi industry reports and Ministry of Energy and Mineral Resources (ESDM) data.

The analytical framework sequence was: (1) External Analysis (PESTEL and Porter's Five Forces), (2) Competitor Analysis, (3) Internal Analysis (RBV, VRIO, and Value Chain Analysis), (4) Customer Perception (SERVQUAL-based assessment), (5) Strategy Synthesis (SWOT-TOWS matrix), (6) Strategy Formulation (corporate strategy, business strategy (Porter's Generic), and functional strategy via STP and Marketing Mix 4Ps), (7) Organizational Alignment (McKinsey 7S Framework), and (8) Change Management (Kotter's 8-Step Change

Model). Quantitative analysis comprised comprehensive financial ratio calculations: profitability (Gross Profit Margin, Net Profit Margin, ROA, ROE), operational efficiency (Asset Turnover, Inventory Turnover), working capital (DSO, DSI, DPO, Cash Conversion Cycle), liquidity (Current Ratio, Quick Ratio, Cash Ratio), and capital structure (Debt-to-Equity, Equity Ratio) ratios across 2022–2024.

RESULTS AND DISCUSSION

Financial Position and Market Expansion Readiness

Financial ratio analysis of PT. Petro Energy across 2022–2024 reveals a company with strong profitability and financial resilience but facing urgent asset utilization challenges post-merger (see Table 1). The Gross Profit Margin stabilized at approximately 43–44% in 2023–2024, a strong indicator of pricing power and market competitiveness that provides room for competitive pricing in the non-captive market while maintaining healthy margins. However, Asset Turnover declined sharply from 1.70x (2023) to 0.99x (2024), indicating a critical signal of underutilization that will be further exacerbated by the post-merger fixed asset addition. The Cash Conversion Cycle lengthened dramatically from 18 days (2022) to 90 days (2024), reflecting the extended credit terms embedded in captive customer relationships, a pattern that must be proactively managed during non-captive market entry to protect working capital.

Table 1. PT. Petro Energy Financial Ratio Summary 2022–2024

Financial Ratio	2022	2023	2024
Gross Profit Margin	26.46%	44.20%	43.19%
Operating Profit Margin	24.26%	42.59%	40.14%
Net Profit Margin	25.67%	40.17%	39.33%
Return on Assets (ROA)	52.03%	68.37%	38.75%
Return on Equity (ROE)	69.75%	88.15%	45.92%
Asset Turnover	1.68x	1.70x	0.99x
Inventory Turnover	15.32x	24.20x	26.85x
Days Sales Outstanding (DSO)	50 days	97 days	156 days
Cash Conversion Cycle (CCC)	18 days	43 days	90 days
Current Ratio	3.40x	4.80x	8.97x
Cash Ratio	1.43x	2.01x	5.37x
Debt-to-Equity Ratio	0.35	0.26	0.12

The liquidity position is exceptionally strong, a Current Ratio of 8.97x and Cash Ratio of 5.37x in 2024 signal substantial financial cushion to fund market expansion initiatives, invest in commercial capability building, and offer competitive credit terms (40–60 days) to creditworthy non-captive customers. The Debt-to-Equity ratio of 0.12 indicates significant untapped borrowing capacity. Together, these financial metrics confirm that PT. Petro Energy has the financial readiness for non-captive market entry, while the primary transformation barriers are organizational and commercial, not financial.

External Analysis: PESTEL and Porter's Five Forces

The PESTEL analysis reveals a broadly favorable macro-environment for non-captive market expansion. Politically, the Indonesian government's sustained biodiesel mandate escalation, B35 (2023), B40 (January 2025), and trajectory toward B50 creates predictable, mandated demand that reduces market volatility (ESDM, 2024). Indonesia's robust GDP growth and sustained infrastructure investment under National Strategic Projects (PSN) directly stimulate biodiesel demand in construction and heavy industrial sectors. Technologically, PT. Petro Energy's inline blending facility capable of B50 positions the company ahead of current mandate requirements. Environmentally, the government's commitment to domestic biofuel programs as a carbon reduction measure provides regulatory certainty. Legally, stringent SNI 7182 biodiesel quality standards create compliance barriers that PT. Petro Energy already satisfies through its established quality management system.

Porter's Five Forces analysis identifies the non-captive biodiesel market as moderately to highly competitive. Threat of New Entrants is moderate, high capital requirements for storage infrastructure and regulatory licensing serve as barriers that PT. Petro Energy has already cleared. Buyer Bargaining Power is high for large industrial customers (3,000–5,000 KL/month) who maintain multiple supplier relationships and conduct competitive tenders; however, supplier differentiation through reliability, FaaS capability, and credit terms moderates this power. Supplier Bargaining Power is moderate, mitigated by PT. Petro Energy's dual-sourcing strategy (international: BP Group, Noble Group; domestic: PT. Pertamina Patra Niaga, PT. AKR Corporindo Tbk.). Threat of Substitutes is low given the mandatory fuel blending regulation. Rivalry Among Existing Competitors is high, PT. Pertamina Patra Niaga dominates with nationwide infrastructure, and PT. AKR Corporindo Tbk. represents the most direct competitive threat with multi-port networks and diversified product offerings. This competitive reality reinforces the strategic rationale for a Focused Differentiation approach targeting geographic niches and service dimensions where incumbent advantages are less decisive (Hitt et al., 2017).

Internal Analysis: VRIO and Key Capabilities

VRIO analysis identifies four resource categories qualifying as sources of sustained competitive advantage for non-captive market entry. First, the integrated 85,000 KL storage and Dolphin Jetty infrastructure is Valuable (enables economies of scale in procurement), Rare (few competitor in East Kalimantan holds equivalent captive infrastructure), Inimitable (path-dependent capital investment and regulatory approvals), and Organized (experienced terminal operations crews), qualifying as a sustained competitive advantage. Second, Fuel-as-a-Service (FaaS) operational capability is deploying on-site fuel management teams assessed as Valuable (reduces customer operational downtime), Rare (major incumbents offer delivery only), and Inimitable (decade of operational experience and embedded knowledge). Third, financial strength (Current Ratio 8.97x, Debt-to-Equity 0.12) enables competitive credit terms (40–60 days) as a structural differentiator, as incumbents predominantly offer Cash Before Delivery (CBD) or maximum 30-day terms. Fourth, B50-capable blending infrastructure provides a verifiable compliance credential for future mandate readiness. By contrast, commercial sales capabilities and market-facing systems (CRM, credit scoring) currently qualify only as competitive disadvantages, representing the organizational gaps requiring priority development (Barney & Hesterly, 2019).

SWOT-TOWS Strategy Formulation

SWOT synthesis identifies six primary Strengths: (S1) 85,000 KL integrated infrastructure; (S2) zero-stockout supply reliability record; (S3) B50-capable blending exceeding current mandate; (S4) strong financial position enabling competitive credit terms; (S5) dual-sourcing strategy ensuring supply resilience; (S6) Fuel-as-a-Service (FaaS) operational capability for on-site fuel management and SLA-based service. Key Weaknesses include: (W1) >95% revenue concentration in related-party customers; (W2) underdeveloped commercial sales force; (W3) slow order response process for non-captive customers (5 days average); (W4) captive-market organizational mindset; (W5) lengthening Cash Conversion Cycle; (W6) no formalized credit risk management framework for new non-captive customers. Primary Opportunities: (O1) mandated B40/B50 demand growth; (O2) industrial non-captive mining and construction customers with substantial monthly consumption; (O3) non-captive segments underserved in Central Kalimantan; (O4) increasing demand for integrated Fuel-as-a-Service solutions. Key Threats: (T1) dominant incumbents with scale advantages; (T2) high buyer bargaining power; (T3) coal price sensitivity affecting captive customer volumes.

Table 2. TOWS Strategic Initiatives Summary

TOWS Strategy	Strategic Initiative	Primary Objective
SO1 (S1+O2+O3)	Prioritize non-captive mining and construction customers in Central Kalimantan using asset-backed supply capability	Market entry & asset utilization
SO2 (S6+O4)	Commercialize FaaS into SLA-backed service packages for industrial customers needing integrated fuel management	Service differentiation
ST1 (S4+T1+T2)	Offer 40–60 day credit terms for creditworthy customers to differentiate from incumbents with tighter payment terms	Competitive positioning
ST2 (S2/S6+T1)	Compete through reliability and service quality rather than price-only rivalry against major incumbents	Defensive differentiation
WO1 (W2+O1)	Build Market Development function and CRM system to capture mandated biodiesel demand growth	Commercial capability building
WO2 (W3+O3)	Redesign response-time SOP to achieve ≤ 3 calendar day turnaround in targeted lower-competition areas	Service quality improvement
WO3 (W6+O2)	Implement formal credit risk assessment before expanding to new non-captive industrial accounts	Working capital protection
WT1 (W1+T3)	Reduce captive dependence by targeting 5–10% non-captive revenue contribution within 36 months	Risk diversification

Proposed Strategy: Corporate, Business, and Go-to-Market

At the corporate level, PT. Petro Energy's post-merger position is classified as Related Constrained Diversification through Backward Vertical Integration (Hitt et al., 2017). The merger achieves economies of scope, serving non-captive customers at marginal incremental cost without requiring new asset investment and directly addressing revenue concentration risk. Three strategic rationales validated by interview: cost efficiency (eliminating rental fees to PT. Storindo), operational control (direct management of supply quality and continuity), and governance consolidation.

At the business level, a Focused Differentiation Strategy is recommended, targeting non-captive mining and construction segments in East and Central Kalimantan. Four differentiation pillars: (1) Integrated supply chain control enabling buffer stock management and procurement optimization; (2) Supply reliability and fuel quality excellence; (3) Fuel-as-a-Service (FaaS), on-site tank management, predictive supply, and SLA-backed quality assurance unavailable from price-focused incumbents; (4) Extended credit terms (40–60 days) for creditworthy

customers. This approach targets customers for whom supply continuity and integrated service outweigh marginal price differences, reducing direct competition with larger incumbents on cost dimensions (Hitt et al., 2011).

The STP framework operationalizes this strategy. Three target segments are prioritized in phases: Phase 1 (Months 1–12): Non-captive mining customers consuming 3,000–5,000 KL/month in Central Kalimantan, where competitive intensity is lower; Phase 2 (Months 13–24): Construction and heavy equipment customers in East Kalimantan; Phase 3 (Months 25–36): Manufacturing and industrial facilities with FaaS-enhanced offerings. Positioning: 'The Reliable Fuel Partner for Critical Industrial Operations', emphasizing supply continuity, compliance readiness, and integrated service as points of difference, with competitive pricing as a point of parity (Kotler & Keller, 2016). The Marketing Mix 4Ps: (Product) B40-compliant biodiesel with FaaS as premium tier; (Price) competitive pricing targeting 10–15% gross margins, supported by bulk import economies; (Place) direct commercial engagement via dedicated Business Development Representatives and CRM; (Promotion) industry association participation, technical presentations demonstrating B50-readiness and supply reliability credentials (Kotler & Armstrong, 2018).

Organizational Alignment and Change Management

McKinsey 7S assessment identifies critical alignment gaps requiring resolution. Hard elements: Strategy requires cascading into departmental KPIs aligned with non-captive acquisition goals; Structure requires adding a Market Development function with Business Development Representatives and CRM Administrator; Systems require implementing a CRM platform, credit risk management framework, and scheduling SOP to reduce response time from 5 working days to ≤ 3 calendar days. Soft elements: Shared Values require cultural shift from 'order-taker' to 'trusted fuel partner' identity; Style requires leadership visibly championing non-captive milestones; Staff requires recruitment of commercial talent with open-market experience; Skills require structured training in commercial negotiation, customer profiling, and credit assessment (Waterman et al., 1980; Hitt et al., 2017).

Kotter's 8-Step provides the implementation architecture. Step 1 (Create Urgency): communicate data-driven evidence, Asset Turnover 0.99x, DSO 156 days, >95% captive revenue, stand as visible organizational urgency. Step 2 (Build Coalition): The BoDs form the transformation steering committee. Step 3 (Form Vision): reframe the existing company mission toward non-captive market ambition with measurable targets. Steps 4–5 (Communicate; Remove Barriers): monthly all-hands communications, SOP redesign, and CRM implementation. Step 6 (Short-Term Wins): target first two non-captive customer acquisitions within 90 days as proof-of-concept milestones. Steps 7–8 (Sustain; Institutionalize): embed non-captive KPIs into annual performance appraisals and compensation structures, making transformation permanent in organizational culture and strategy review cycles (Kotter, 2012).

Table 3. Non-Captive Market Expansion Phased Implementation Roadmap

Phase	Period	Target Segment	Key Actions	Target Outcome
Phase 1	Month 1–12	Non-captive mining (Central Kalimantan)	Build Market Dev team, CRM, launch pilot to 2–3 customers	5% non-captive revenue; 2 signed contracts
Phase 2	Month 13–24	Construction & heavy equipment (East Kalimantan)	Deploy FaaS offering, launch SLA-based contracts, expand BD team	10–15% non-captive revenue; 5+ accounts
Phase 3	Month 25–36	Manufacturing & industrial facilities	Scale FaaS, institutionalize new culture, expand geographic reach	15–20% non-captive revenue; diversified portfolio

CONCLUSION

This research demonstrates that PT. Petro Energy possesses a robust strategic and financial platform for non-captive market expansion. The vertical integration with PT. Storindo is not merely an asset acquisition but a

fundamental business model transformation, converting the company from a captive trading entity into an asset-backed, integrated fuel logistics provider capable of competing in the non-captive market. Strong financial readiness (Current Ratio 8.97x, Gross Margin 43.19%, Debt-to-Equity 0.12) is confirmed, while the declining Asset Turnover (0.99x) and lengthening Cash Conversion Cycle (90 days) validate the urgency of non-captive customer acquisition for fixed-cost absorption and long-term financial sustainability.

The proposed Focused Differentiation strategy is targeting non-captive mining and construction segments in East and Central Kalimantan through Fuel-as-a-Service (FaaS) capability, supply reliability, and competitive credit terms, provides a viable competitive positioning that avoids direct price competition with major incumbents. A conservative 15–20% non-captive revenue contribution within 36 months provides a realistic and measurable transformation milestone. The dual-track transformation model integrating McKinsey 7S organizational alignment with Kotter's 8-Step implementation provides a replicable framework applicable to other captive-dependent companies facing post-vertical-integration strategic crossroads.

Research limitations include the forward-looking nature of the strategic plan, which cannot fully account for competitive responses by major incumbents, regulatory changes beyond the B40 mandate trajectory, or macroeconomic shocks affecting the coal mining sector. Future research should examine actual implementation outcomes of FaaS-based differentiation strategies in regulated commodity markets, and explore how the progressive B50 mandate trajectory reshapes competitive dynamics in Indonesia's biodiesel distribution sector. Longitudinal financial performance tracking post-implementation would contribute valuable empirical evidence to the vertical integration and market expansion literature in emerging market contexts.

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