

Indonesia's Digital Economy Overview



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Where we are now?

34%

internet population

90%

internet population
uses Facebook

78%

internet population
shops online

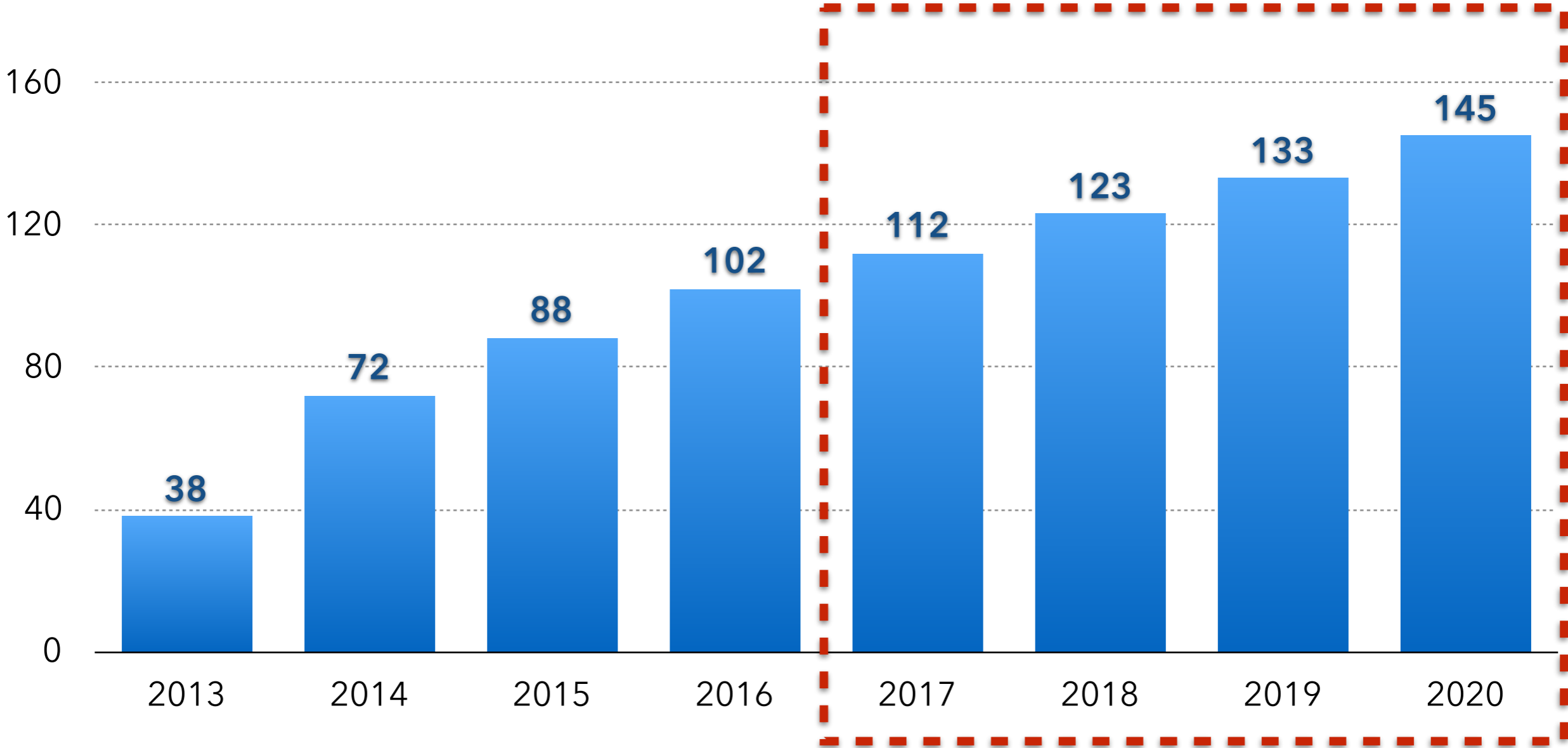
3.5hrs

online every single day

3 hrs

online on social media

(million)



Projection

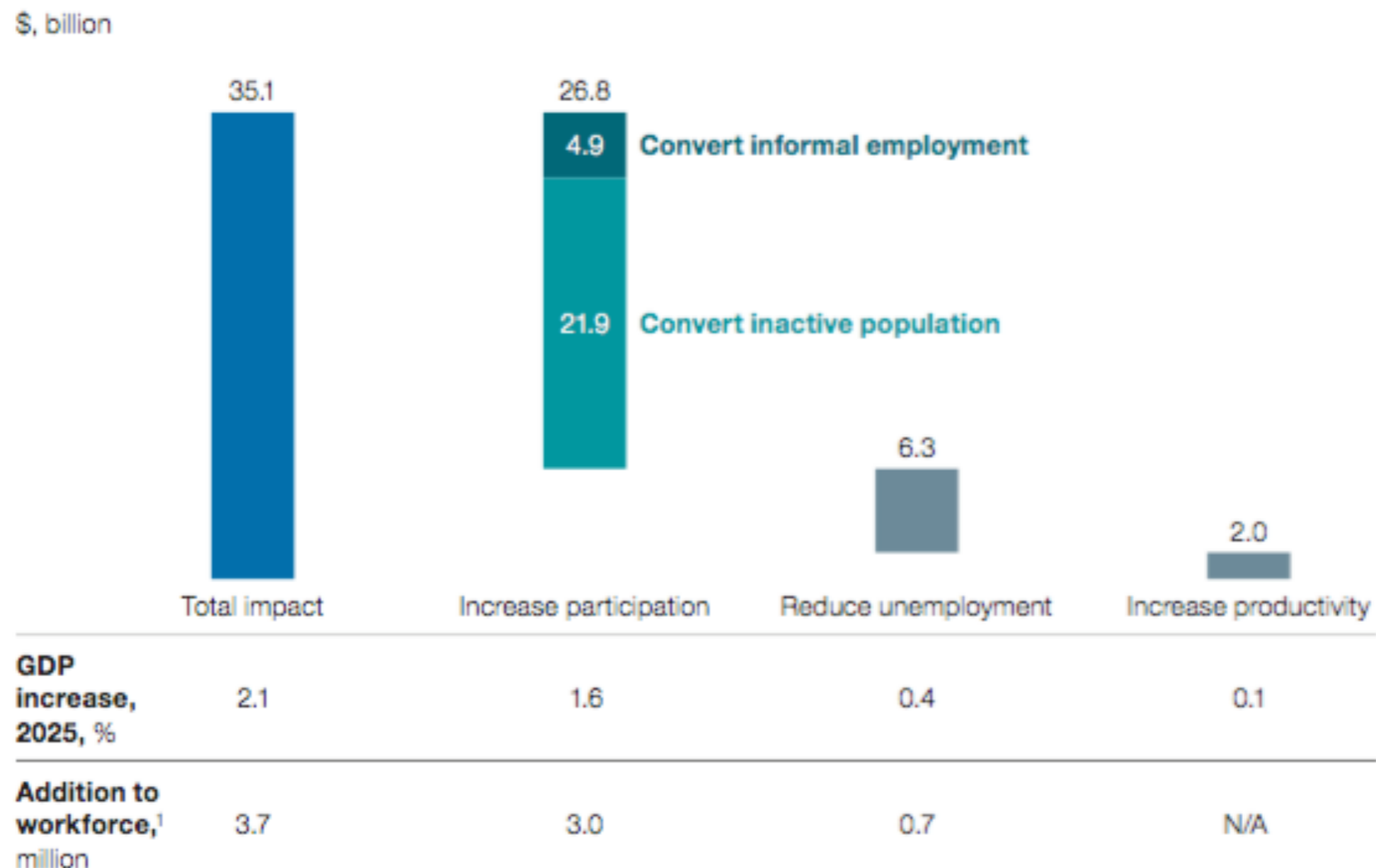
Data: McKinsey

\$150 bn

by 2025

McKinsey Global Institute:

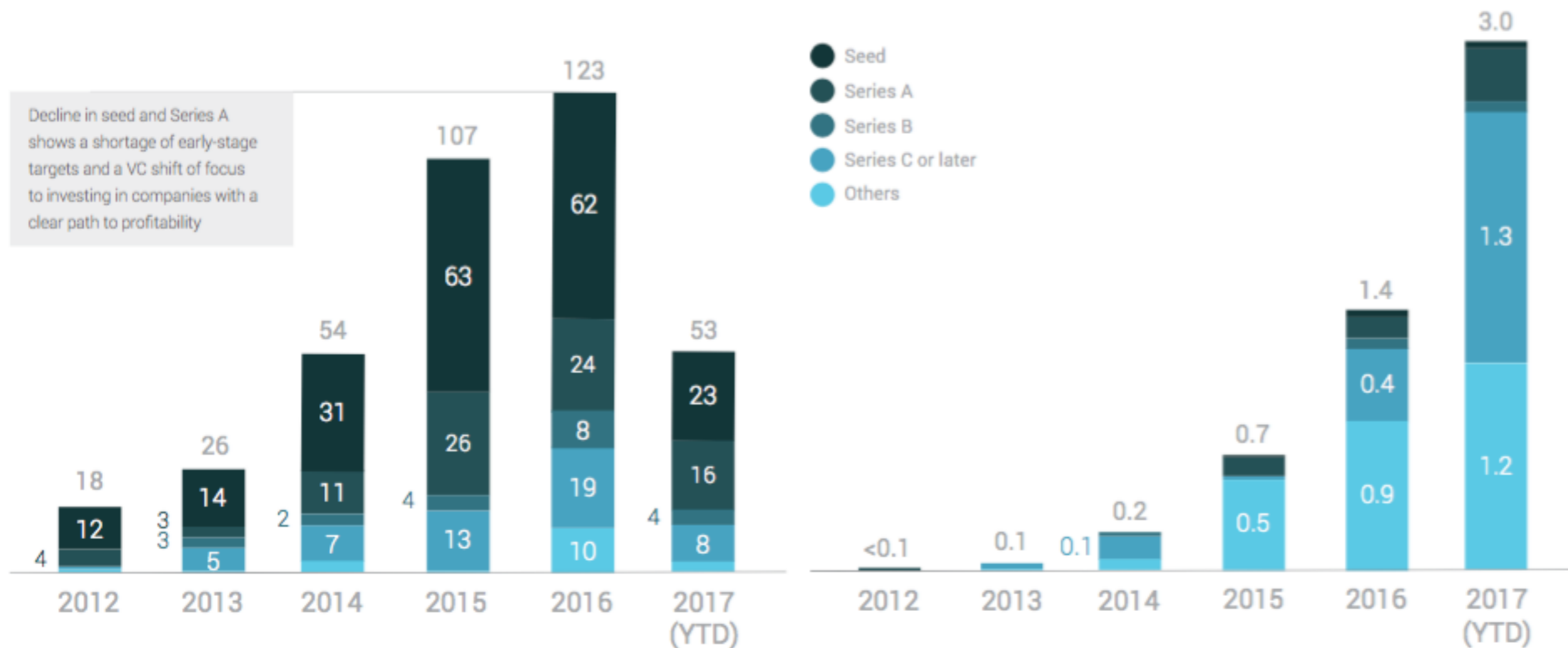
Increase GDP by \$35bn and add 3.5 million jobs by 2025



Indonesia deals trend

Total deals

Total investment value (\$B)



¹ Others includes debt financing, crowdfunding, and private equity.
Sources: Crunchbase; A.T. Kearney analysis

Indonesian Fintech Users

18%

2016



60%

2017

Go-Pay	65%
TokoCash	43%
GrabPay	38%

Challenges

Talent Shortage



- University hasn't been producing enough **digital talent**: programmers, computer scientists, data scientists, and other digital roles.
- Startups are forced to **outsource** some skill sets to software houses, and freelancers (which is not healthy for early stage startups).
- Government has been **falsely** focusing effort on producing **more startups**, and not **digital talents**.

Regulation

- For a few industries (fintech, healthtech, and transportation), government starting to **impose a few regulation**.
- The industry and the market **reacts positively** to BI and OJK's role on regulating fintech and BEKRAF's effort to nurture creative economy (including digital). Different result is experienced by **transportation** (Go-jek, Grab).
- The challenge is to always **keep regulators in the loop** when it comes to innovation and new disruptive products (bitcoin etc).



Infrastructure

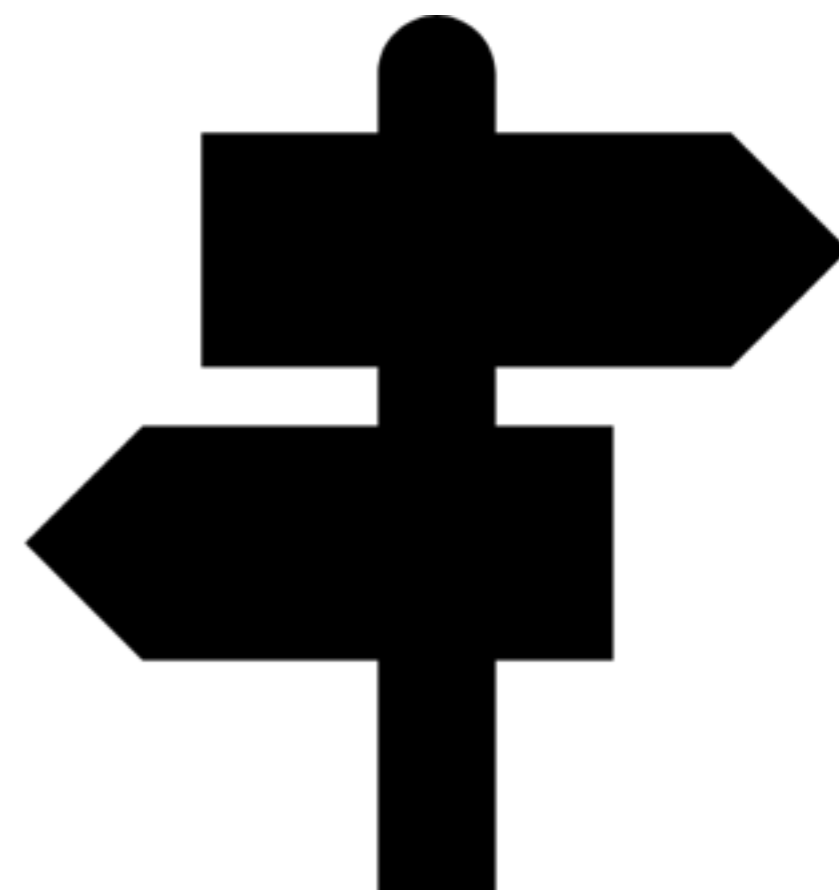
- Internet infrastructure needs to be pushed. Both government and private companies have to collaborate in **getting more and more people online.**
- Logistic infrastructure has been a huge challenge for e-commerce companies. And e-commerce is the **backbone of the digital economy** in Indonesia.



Opportunities

Next big thing

- **Fintech** is going to be very-very big in 2018. Why? Because unlike e-commerce, the ecosystem is building really fast.
- **Learning** from more **mature player** is critical to our growth.
- Two big problems can be fixed using technology:
 - Producing **digital talent** at scale
 - Solving **last-mile logistical** issue



Thank you!



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