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Digital Economy & Startup Ecosystem Indonesia

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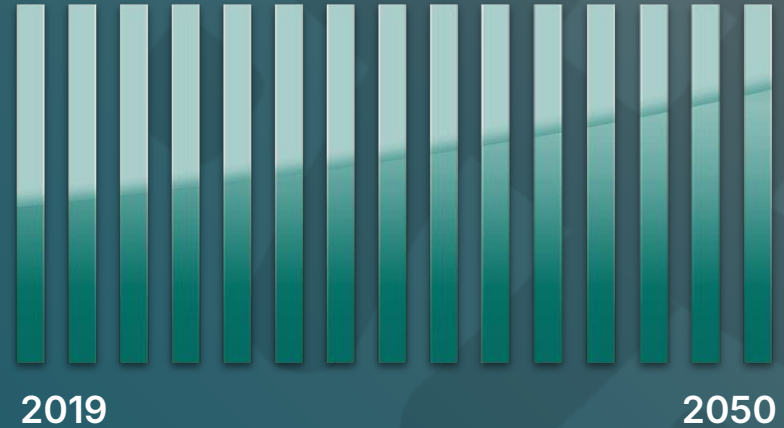
Indonesia Population

Indonesia, as the fourth most populous country in the world, has significant potential in the growth of its digital economy. Digital transformation has reshaped various sectors of life, from how people interact to how businesses operate. Amid the rapid growth of technology and the internet, Indonesia's startup ecosystem has also experienced significant development.

In the Year

2050

↑ 12,25%



INTERNET USERS IN INDONESIA AS OF JANUARY 2024



This survey captures the penetration and behavior of internet users in 2023. It was conducted between December 18, 2023, and January 19, 2024, covering 38 provinces in Indonesia with a total of 8,720 respondents.



The survey population consists of Indonesian citizens aged 13 years and above. The sample determination method uses multistage random sampling, with a margin of error (MoE) of $\pm 1.1\%$ and a relative standard error (RSE) of 0.43%

Indonesia's Digital Economy

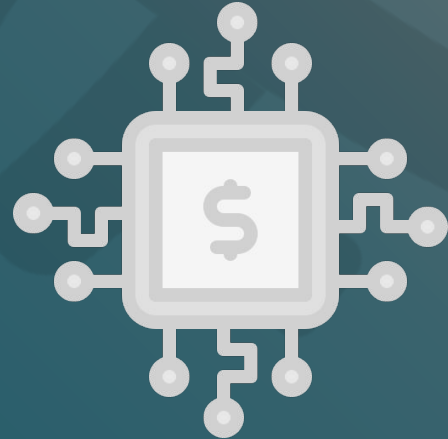
Indonesia's digital economy refers to economic activities that utilize digital technologies, including the internet and software, as the core of business operations. This ecosystem includes various sectors. Such as :



E-commerce: Indonesia boasts the largest e-commerce market in Southeast Asia. Major players like Tokopedia, Bukalapak, and Shopee dominate this ecosystem.

Fintech: The fintech sector has grown significantly, with companies like OVO, GoPay, and Dana driving increased access to financial services through technology.

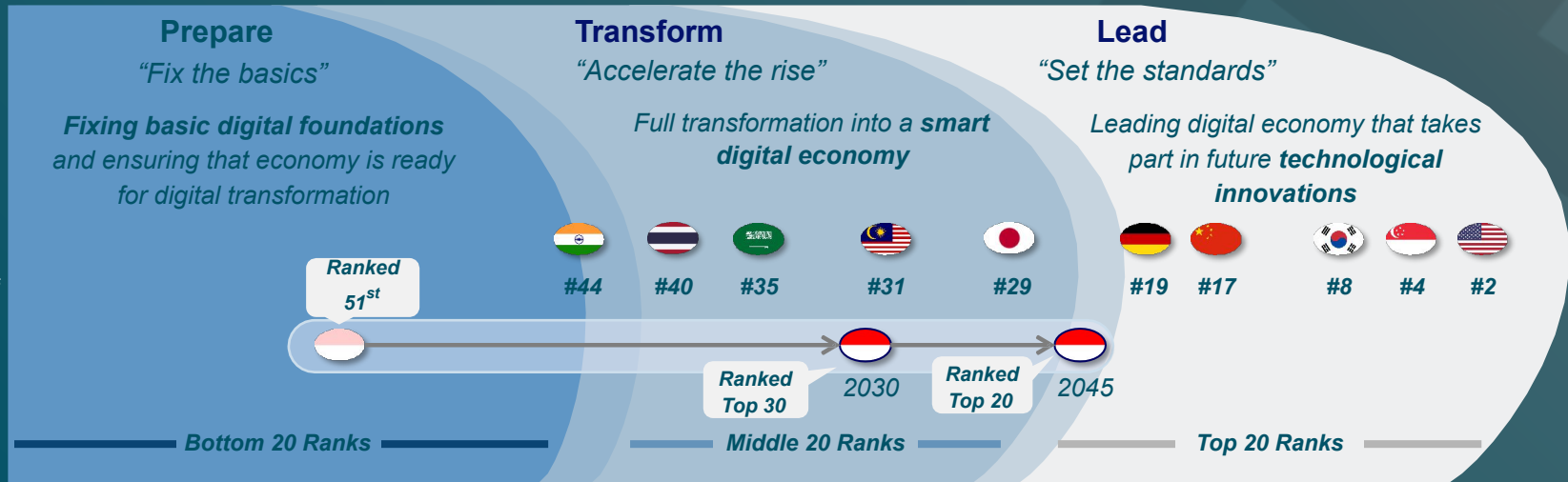
Transportation and Logistics: Ride-hailing platforms like Gojek and Grab dominate the transportation sector, while companies like J&T Express and Ninja Xpress focus on logistics.



Indonesia's Digital Economy

INDONESIA VISION 2045: Indonesia must aspire to make significant progress in 'Transform' by 2030 and reach the pinnacle of 'Transform' and 'Lead' by 2045.

Digital Economy development phases



Digital Competitiveness Rank (2022)

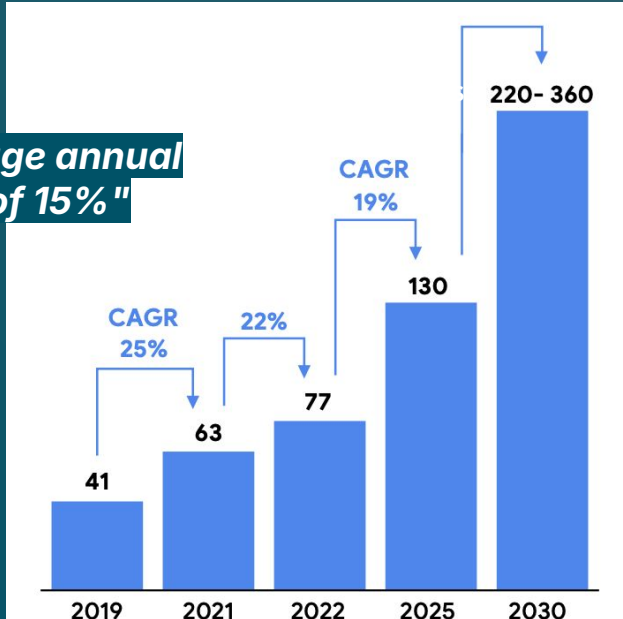
DIGITAL ECONOMIC POTENTIAL INDONESIA

Indonesia's Digital Economy Potential is the Largest in Southeast Asia, with a Potential of IDR 5,400 Trillion by 2030.

"CAGR" Compounded Annual Growth Rate(US\$ Billion)

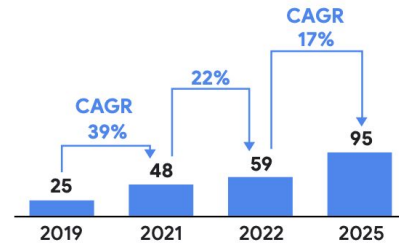
"An average annual increase of 15%"

Compound Annual Growth Rate (CAGR)

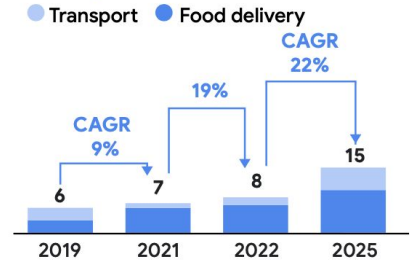


4 Sectors with the Largest Compounded Annual Growth Potential (CAGR) (US\$ B)

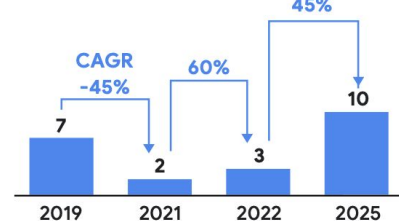
E-commerce



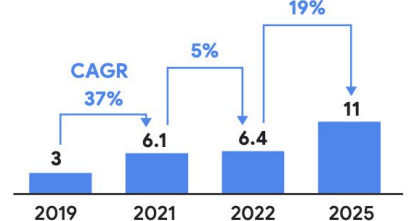
Transport and food



Online travel

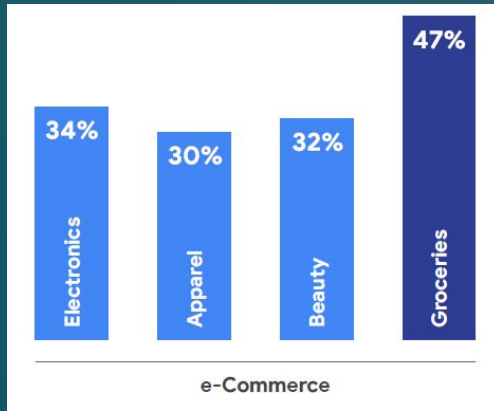


Online media



OPPORTUNITIES FOR DIGITAL ECONOMY GROWTH FOR MSMEs AND STARTUPS POST-PANDEMIC

Percentage of New Consumers (Digital Consumers) in Indonesia Total Digital Consumers



- The pandemic has changed consumer behavior from traditional markets to digital markets (1 in 3 consumers tried digital markets due to the pandemic).
- 94% of consumers are likely to continue using digital markets after the pandemic.
- Digital marketplace platforms have seen a 1-hour increase in daily digital engagement due to lockdown policies.

e-Wallet Adoption

- Average cash transactions decreased from 48% (before the pandemic) to 37% (after the pandemic).
- e-Wallet usage increased from 18% (before the pandemic) to 25% (after the pandemic), indicating a shift in payment methods.

Utilization of Digital Payments by MSMEs and Startups

- With support from financial institutions, MSMEs and startups have started using digital payment methods for their businesses.

Consumer Shift

- 33% of online transactions come from new digital consumers.
- Sales volume has increased, although it is dominated by essential products.
- More MSMEs and startups are shifting to online sales.

New Era of Online Marketplaces

- 75% of new digital consumers are considering continuing to use online marketplace platforms after the pandemic.

Key Drivers of Indonesia's Digital Economy

Several key factors drive the growth of Indonesia's digital economy, including:

- **Large, Tech-Savvy Population:** With over 270 million people and high internet penetration, Indonesia has a vast user base for digital services.
- **High Smartphone Penetration:** Most Indonesians access the internet via smartphones, facilitating the adoption of digital services.
- **Government Support:** Programs like "Making Indonesia 4.0" aim to accelerate digital technology adoption across various industrial sectors.



Indonesia's Startup Ecosystem

Indonesia's startup ecosystem has grown rapidly, driven by technological innovation and substantial investment. The key components of the startup ecosystem include:

- **Unicorn Startups:** Indonesia has produced several unicorns (startups valued at over USD 1 billion), such as Gojek, Tokopedia, Bukalapak, and Traveloka.
- **Investors & Venture Capital:** The startup ecosystem is supported by various domestic and international venture capital firms and angel investors, such as East Ventures, Sequoia Capital, and Alpha JWC.
- **Incubators and Accelerators:** Incubation and acceleration programs like Plug and Play Indonesia and Digitaraya provide early-stage startups with mentoring, networking, and seed funding.



Drivers of the Future for MSMEs and Startup Development

New Business Opportunities and Consumer Behavior Changes

Their consumption will focus on product value and utilize digital technology (marketplaces).

Workplace & Business Shift Patterns, including the Gig Economy

Remote and hybrid work patterns in workplaces and businesses will become the new common method after the pandemic era.

Development of Startups and Intensive Business Models



Demographic Structure Changes

56% of millennials and post-millennials will dominate this structure.



Shift from Rural to Urban Areas

72% of Indonesia's population will move to urban areas, and the urban population will outnumber the rural population.



Digital Transformation

The use of technology and digitalization will enhance business productivity.



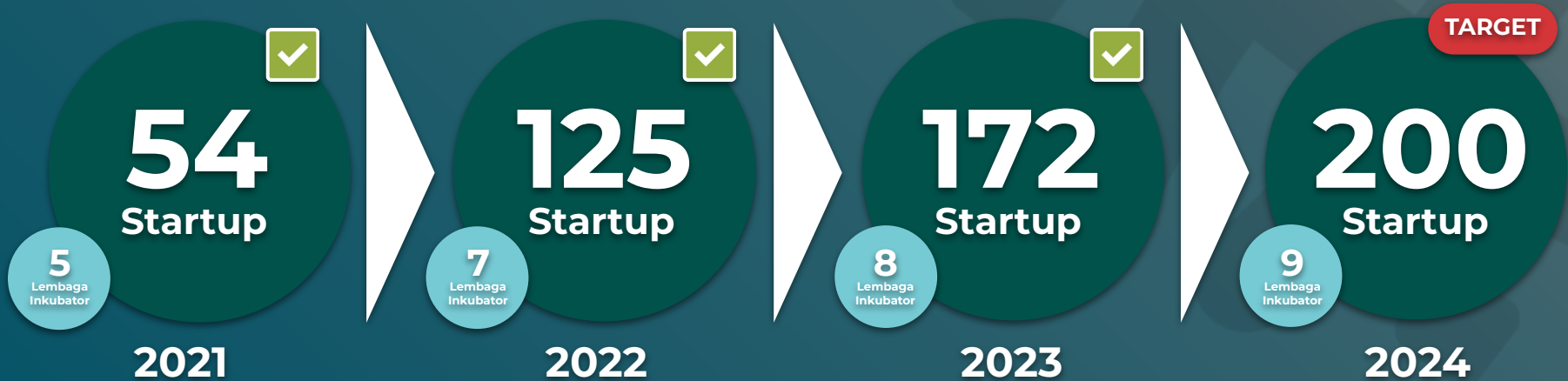
Impact of Climate Change on Business Operations

Climate change will affect businesses, especially those that rely on natural resources.



Startup Incubation Program by the KemenKop UKM 2021-2023 (Milestones)

One of the Criteria for Startups to Qualify for the KemenKopUKM Incubation Program:
"Technology-Based or Using Technological Innovation to Develop Their Business"



As of 2023, the number of startups facilitated by the KemenKop UKM Startup Incubation Program is 351 startups.

PROGRAM STARTUP GO GLOBAL

TARGET

“ACCESS FOR STARTUP TO
GLOBAL ECOSYSTEM”

Innovative, Competitive, Marketable, and Sustainable Business
Models

OUTPUT:
Startups Going Global

PROGRAM PHASE

STEP 1:
Entrepreneurship
Development:
PLUT,
Communities,
NGOs, etc

STEP 2:
Early Stage:
Entrepreneurs,
Universities,
Accelerators.

STEP 3:
Benchmarking, Growth/Go
Global Phase:
Ministries/Agencies, Angel
Investors, Associations,
Bilateral Cooperation, Venture
Capital.

OUTPUT:
Number of Supporting
Stakeholders for Startups Going
Global

ACTIVITIES

ENRICHING:
Workshops,
Consultations,
Training.

EMPOWERING:
Incubation,
Acceleration,
Mentoring, Coaching

BRIDGING: Matchmaking, Market
Access, Distribution, Financing.

OUTPUT:
Number of Startups Expanding
Their Business and Receiving
Business Acceleration Support

STAKEHOLDER
COLLABORATION

Kementerian Koperasi dan UKM

X

Ministries/Agencies, Universities, Local Government,
Associations/Community, NGOs, Private Sector, & Others

IMPLEMENTATION OF THE STARTUP GO GLOBAL ACCELERATION PROGRAM 2024



the objectives of KemenKop UKM in the Startup Go Global Acceleration Program are:

- Developing a National Entrepreneurship Ecosystem Development Program
- Contributing to Policy Research and Sharing Best Practices
- Developing Incubation Center Programs and Support in Indonesia
- Developing Incubation Center Services
- Strengthening the Womenpreneurs Ecosystem
- Focusing on Agriculture, Aquaculture, and Environmental Issues

THANK YOU

