Digital Economic, Hope, and Threats

Lesson From Indonesia
Indonesia: Big Potential Market

Indonesia has 49 million SME’s
Only about 4 million merchant online yet

Population: 265
Mobile connection: 417 (157%)
Individual Number: 178 (67%)
Internet User: 132.7 (50%)
Mobile internet user: 124.8 (47%)
Buyer by Online: 50 (37%)

$10.9 million (2017)

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Only about 4 million merchant online yet
E-commerce
Indonesia E-commerce

There are 1559 startup in Indonesia.

3rd largest after USA and India
Indonesia Digital Economy

• Expedia, East Ventures, Hillhouse Capital Group, Sequoia Capital, JD.

• PT. Astra int. Tbk, Hera Capital, Temasek Holdings, Tencent Holdings, New World Strat Invest

• JD.
  • Allianz X, Nazim Cetin, Meituan-Dianping, Via ID, Google

• Alibaba
  • Beenos partner, SequoiaCap. India Softbank Capital, Softbank ventures korea, East Ventures

• Emtek group, Gree ventures, Aucfan.co. ltd

>250,000 visitor /day

1,6 million driver

2,6 million merchant

2 million merchant
“E-commerce is like a "double-edged sword" where one side gives hope for the development of local industries, especially MSMEs, but on the other side, opens up the market also for large and massive industrial products. Without strict rules in protecting people's production e-commerce will be a disaster for global justice.”
Industrial 4.0
"Indonesia industrial production still focuses on labor intensive industries and does not have high added value. On the smile curve of the Global Value Chain (GVC), Indonesia's industry is still dominated by the role of industry as an end-tier supplier "
Indonesia Startegy for Industrial 4.0
The inequality between the formal and informal sector has to stop. Everybody should work full employed, which includes appropriate wages, social security and freedom of associations.

There are inequality in Indonesian labor market, where 2/3 working in the informal sector. This number will rise when machine capture the worker. In the informal sector the social security coverage is insufficient which leads to social conflicts and unsafe living conditions.

What Will Happen?
Global Change?

New Model of Competition in The Same System

“WTO and FTA's become a gateway to opening markets globally and new competition models based on industry 4.0 or digitalized industries”
• Changes through the digitalization of this industry are very likely to restructuring the industry in Indonesia. What has flown all this time, tends to change like starting from zero again. Like what has happened to the 'manual' service industry which has been 'lost' through the birth of digital applications.

• Workforce will decrease and switch massively to other industries, especially MSMEs and services.

• The digital-based industry model or manufacturing (Industry 4.0) will be the basis for a new face of global competition and the FTA becomes the 'gateway' for the preparation of global relocation.

• Protection in digital issues must be carried out in safeguarding the interests of the people, especially towards broader control over global capitalist interests.
Terima Kasih

Olisias Gultom