South East Asia Regional Event

Challenges and Opportunities In The Indonesia Telecoms Sector

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24 June 2014
Jakarta, Indonesia

GSMA OVERVIEW



Role Of The GSMA

WE ARE THE GLOBAL INDUSTRY VOICE SHAPING THE FUTURE OF MOBILE

INDUSTRY FORUM

Enabling industry collaboration and consensus

POLICY ADVOCATE

Promoting policies that foster growth and investment

MARKET THINK TANK

Delivering insight and analysis from global industry data

BUSINESS CATALYST

Serving the global mobile ecosystem through events such as Mobile World Congress and Mobile Asia Expo

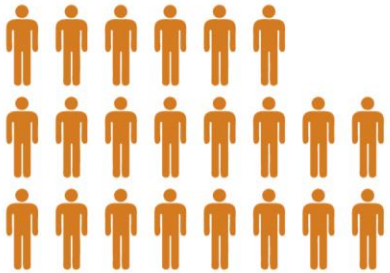
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GSMA By The Numbers

MEMBERSHIP



800 mobile operators in over 200 countries



230 associate members

PRESENCE



Offices in 9 countries serving every region



Staff based in 26 countries, representing 36 nationalities

MOBILE REACH



6.6 billion mobile connections



3.2 billion individual subscribers

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Enabling A Mobile Future

WE ACCELERATE MOBILE INNOVATION THROUGH GLOBAL INITIATIVES

PERSONAL DATA
Become the secure guardians of consumer data



INTERNET OF THINGS
Connect the digital and physical worlds





DIGITAL COMMERCE
Enabling and building the digital commerce ecosystem



NETWORK 2020
Create the network for secure, smart and seamless services

SPECTRUM
Promoting effective spectrum policy and delivery of mobile broadband





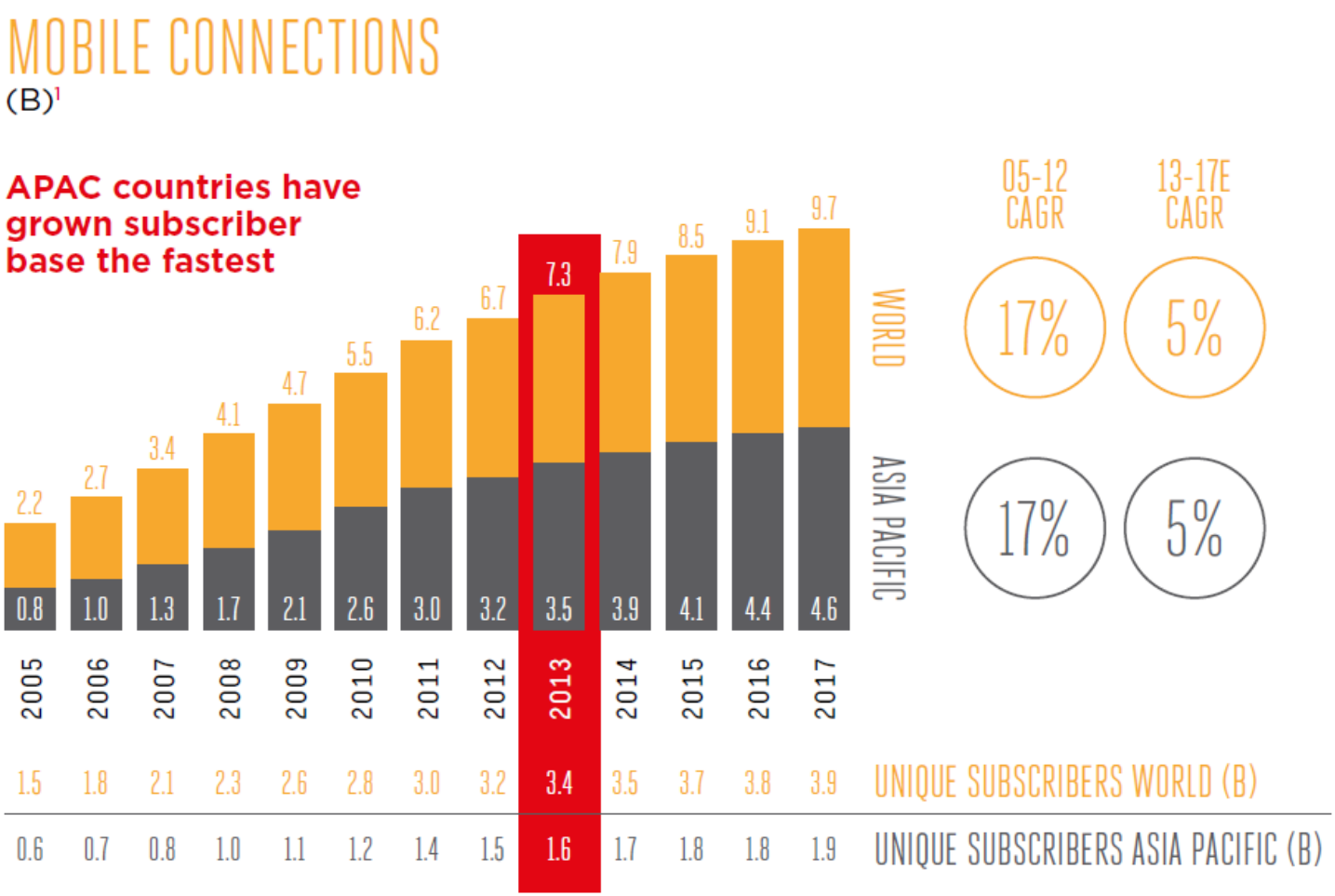
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APAC Perspective





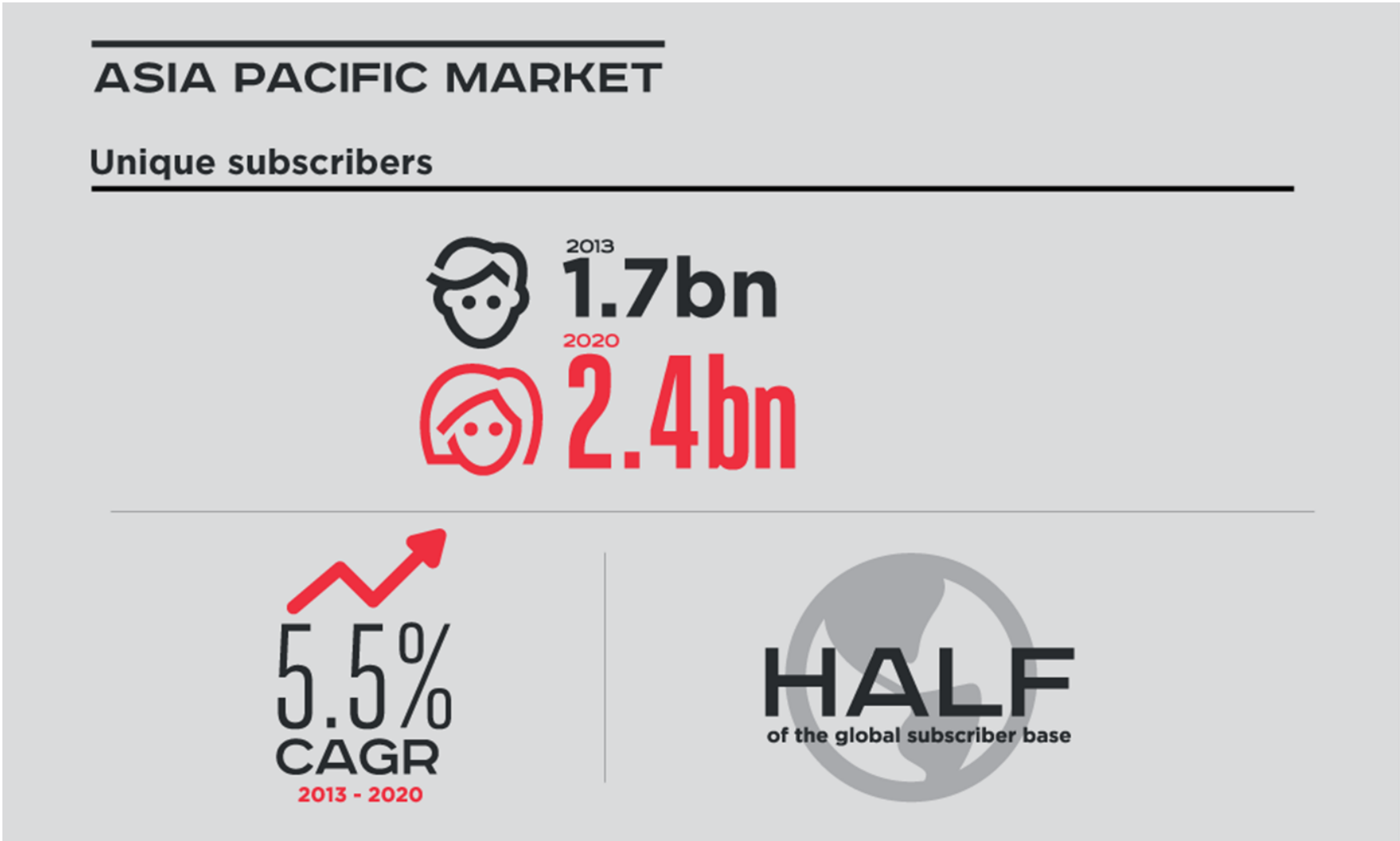
Asia Pacific – 3.5 billion Mobile Connections in 2013



© GSMA 2013

Source: GSMA Intelligence, Q2 2013

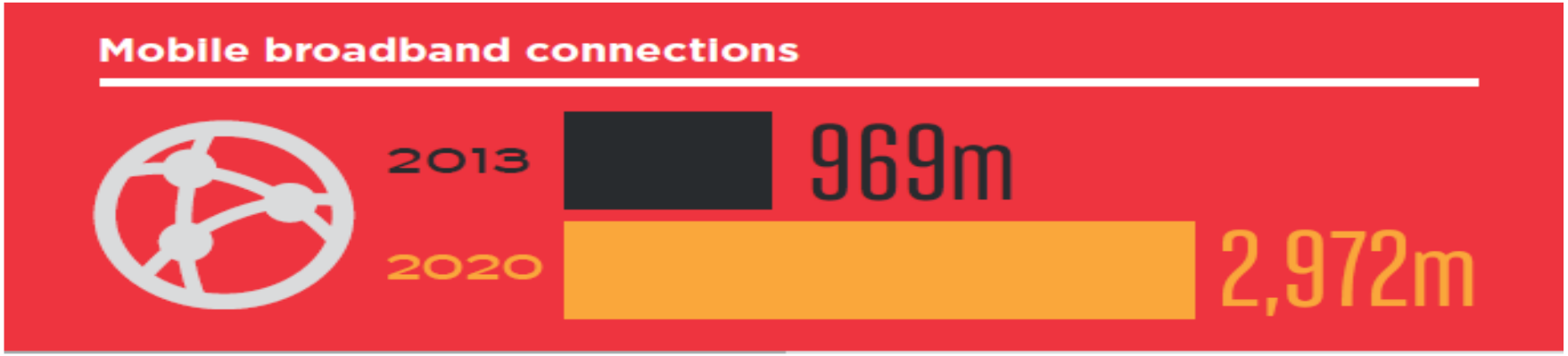
… And The Growth Trajectory Continues For 2014

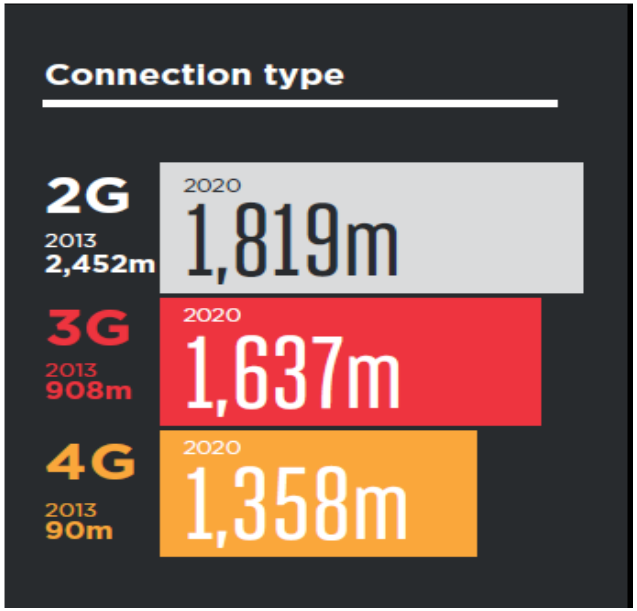


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Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

Increased Mobile Broadband Connections





Mobile operators across the Asia Pacific region have invested US$ 430 billion over the past six years, equivalent to 20% of revenues over the period. This has helped to improve network coverage (especially in remote areas), increase network capacity to accommodate growth in the subscriber base as well as accelerating levels of data growth.

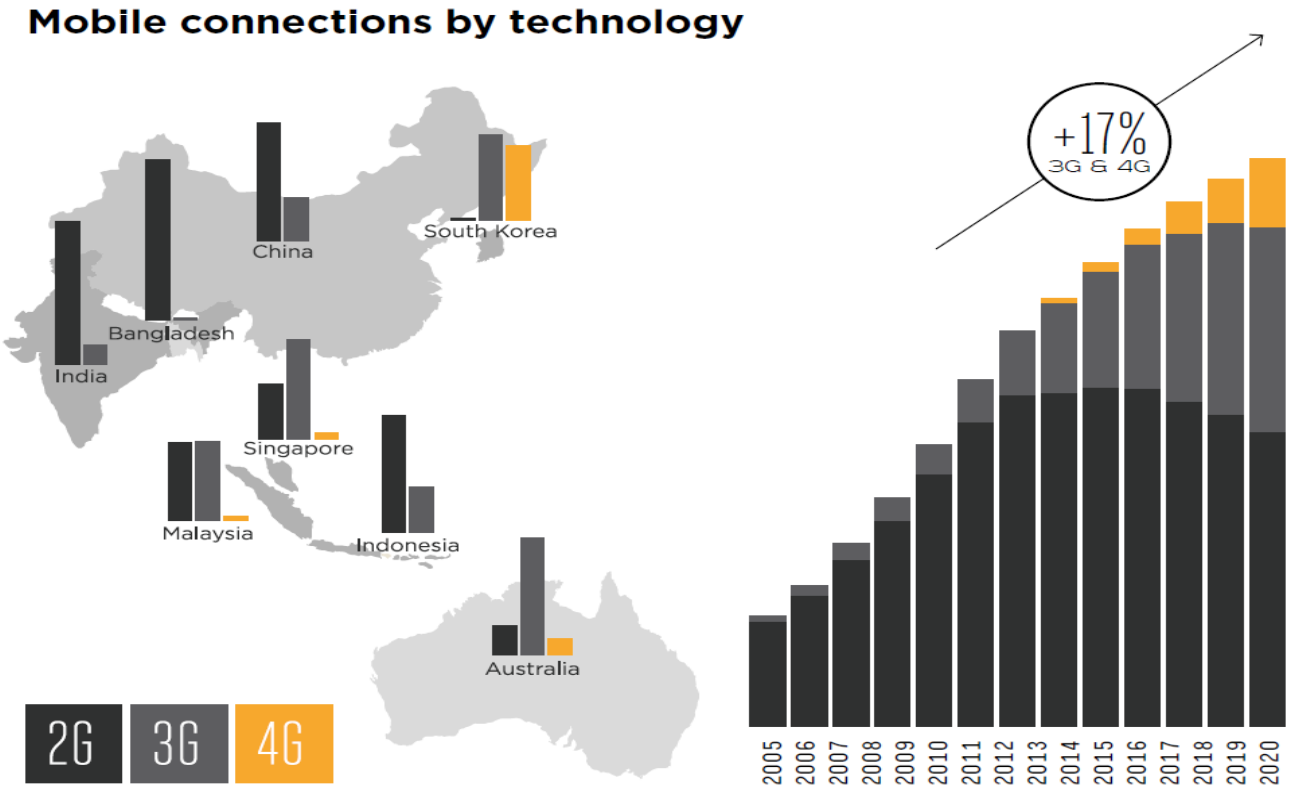
Capex levels are forecast to grow at just over 5% per annum out to 2020.

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Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

With Technology Playing A Key Role

The migration to mobile broadband offered by 3G and 4G networks is well underway, and will in the coming years deliver widespread access to all the various advantages of internet-enabled services and a richer content offering.



© GSMA 2013

Source: The Mobile Economy Asia Pacific 2013, GSMA, June 2013

The Mobile Industry Empowers People And Society

AN INDUSTRY EMPOWERING PEOPLE & SOCIETY

Gross domestic product

2013 mobile industry impact

US$ 864bn

4.7% OF GDP

6.9%

By 2020 mobile industry estimated to contribute around 6.9% of regional GDP

AN INDUSTRY EMPOWERING PEOPLE & SOCIETY

Jobs

2013 → 3.7m DIRECT JOBS

2020 → 6.1m DIRECT JOBS

Public funding

US$ 82bn in 2013

(plus over US$ 10bn in spectrum fees)

Rising to

US$ 135bn by 2020

Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

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Asia Pacific Is Leading In Terms Of Mobile Innovation

Asia Pacific leading mobile innovation and development of a new and broader mobile ecosystem

M2M connections

New players such as online messaging service providers gaining scale

Asia Pacific is the largest regional market with

40%

of total connections; 71m at the end of 2013

China has the largest M2M market



NFC

South Korea and Japan have the world's highest levels of NFC adoption

Mobile Identity

'au ID' in Japan is one of world's leading identity services

Social Benefits

Over 20 mHealth deployments in the region; other services help in the delivery of basic utilities and access to jobs

New Players

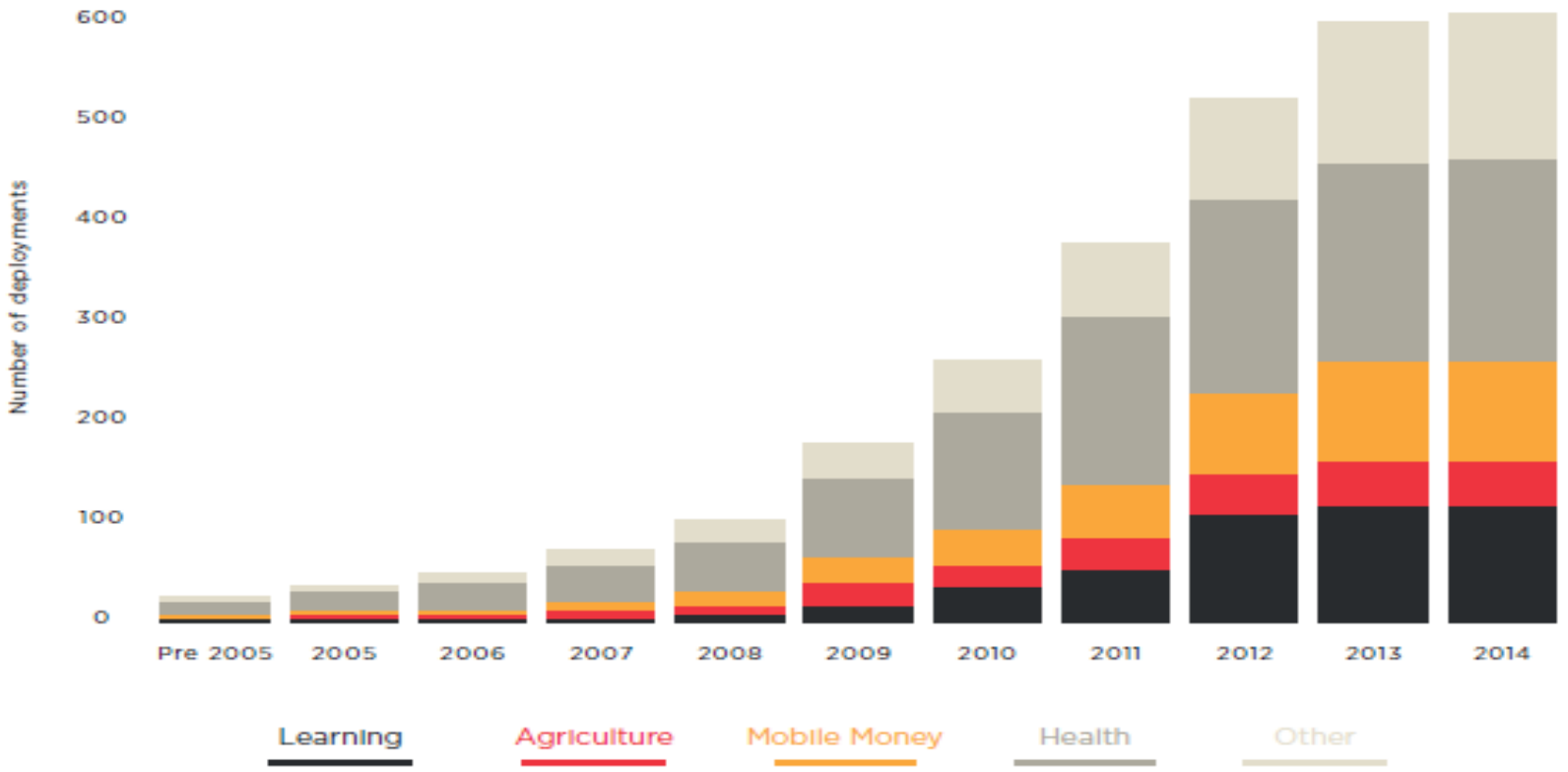
New players such as online messaging service providers gaining scale

© GSMA 2013

Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

Rising Number Of Mobile-Enabled Solutions

Mobile-enabled products and services in Asia Pacific (cumulative)



Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

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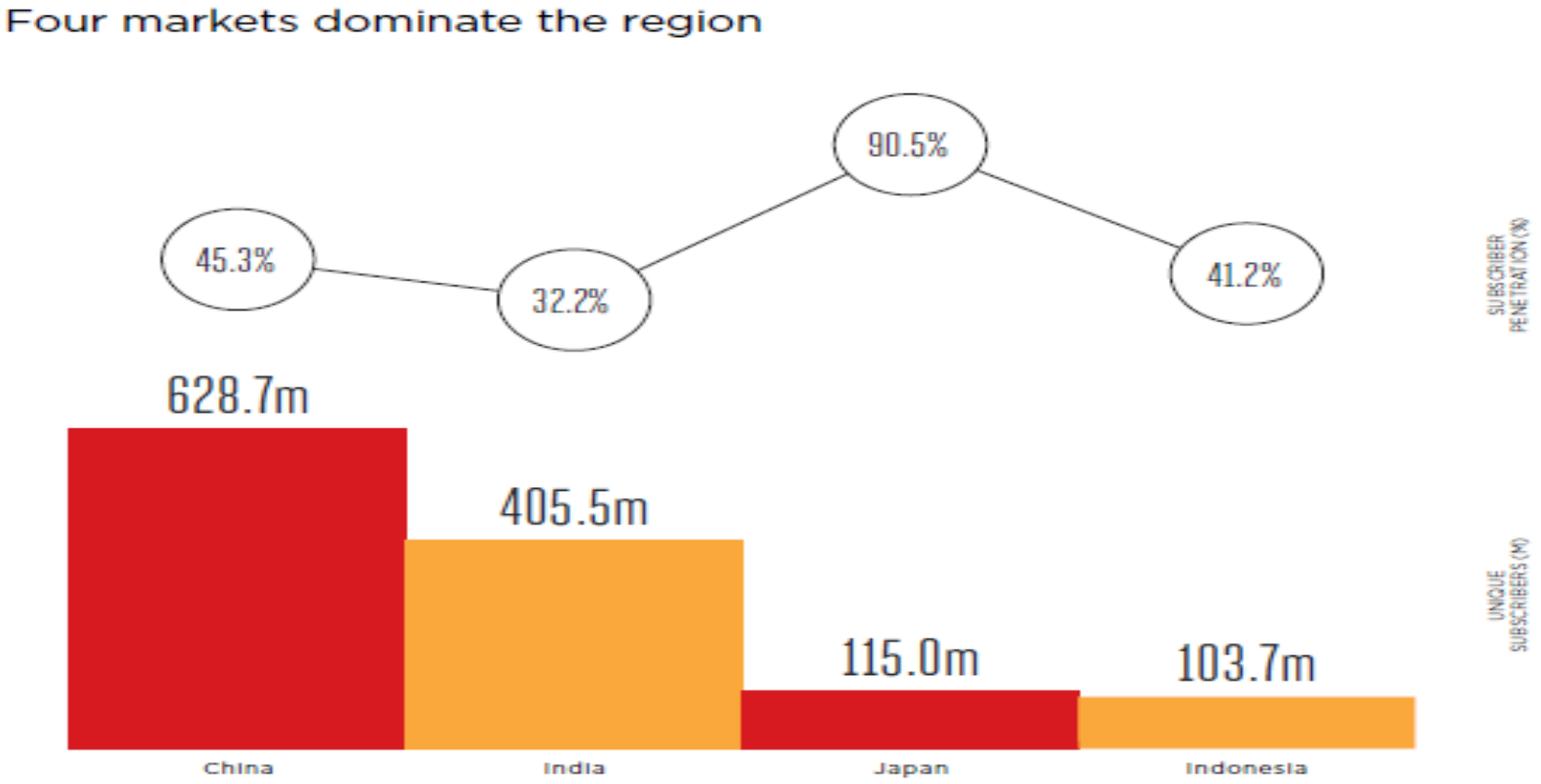
Opportunities and Challenges





Spotlight on Indonesia

The four largest markets in Asia Pacific – China, India, Japan and Indonesia - account for three-quarters of the region's subscribers, and well over a third of the total global subscriber base.
In Indonesia alone, the subscriber penetration rates amount to about 41% of the total population.



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Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

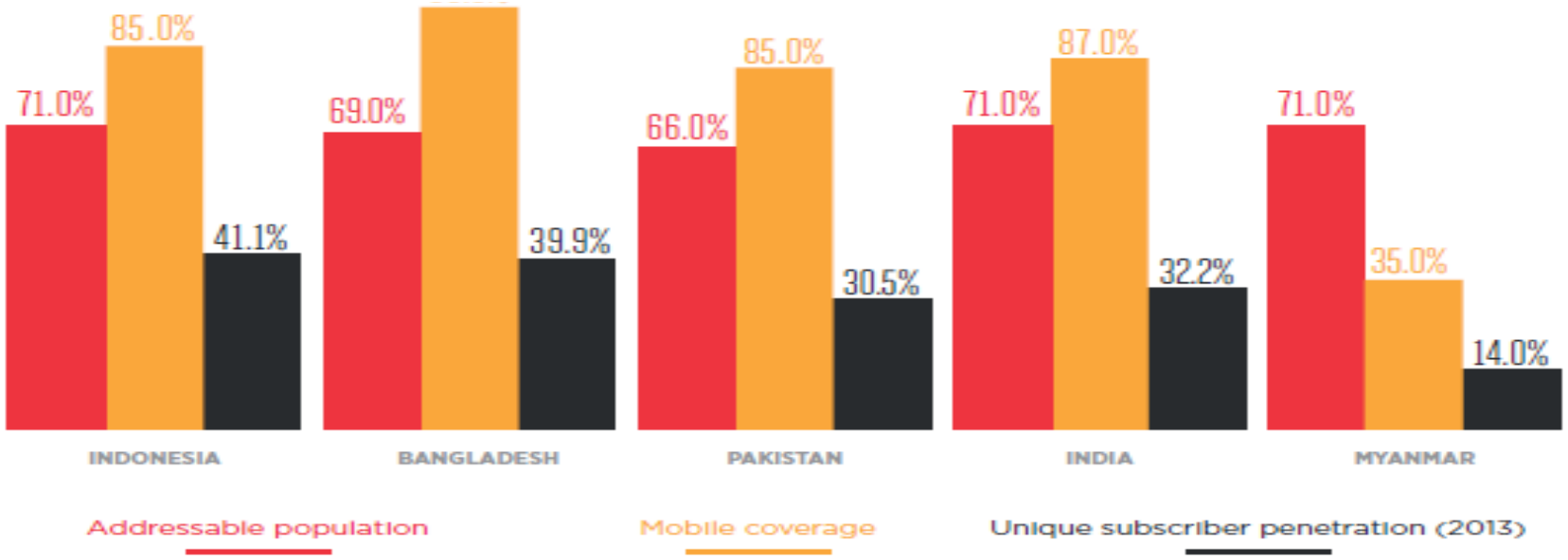
Opportunity To Reach The Unconnected

MOBILE REACH

314.9 million
mobile connections

103.7 million
individual subscribers

MOBILE COVERAGE VERSUS PENETRATION, 2013

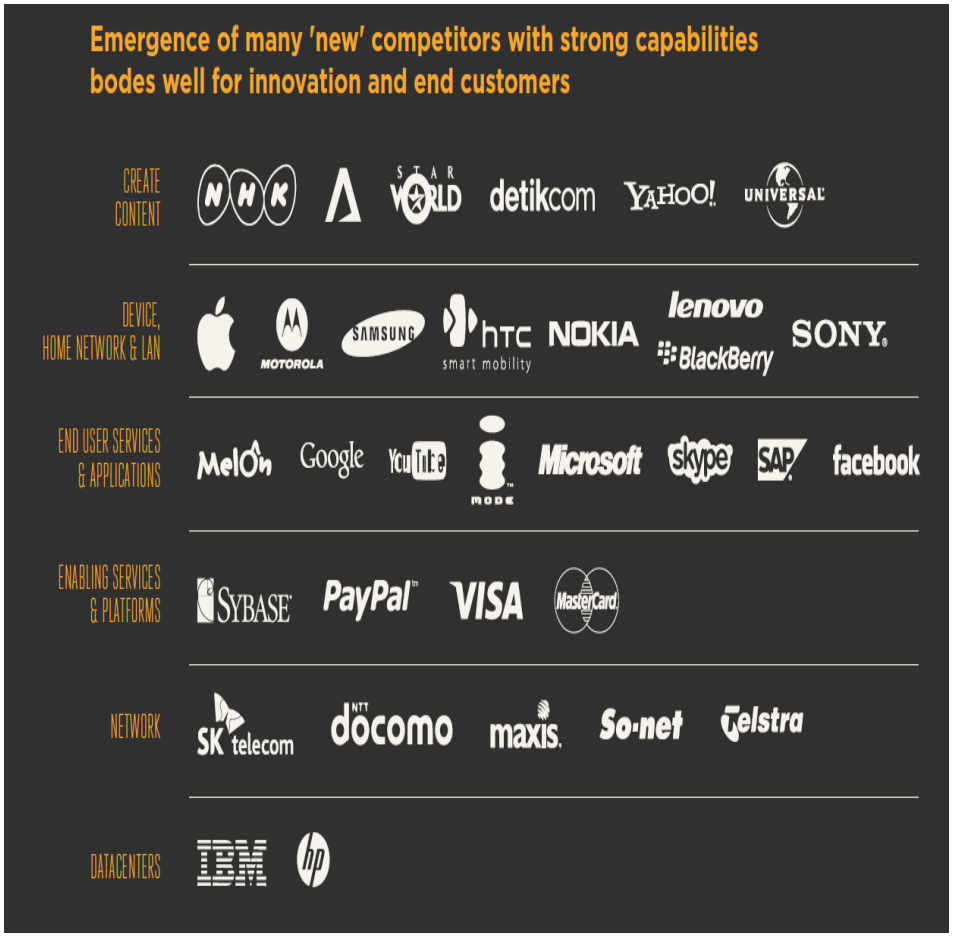


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Source: GSMA Mobile Economy 2014, Asia Pacific, June 2014

Opportunity For New players And Business Models

The mobile internet is at the heart of a **dynamic ecosystem** of **innovation** reaching beyond operators: device manufacturers, network infrastructure vendors, content providers, and others.



KASKUS
THE LARGEST INDONESIAN COMMUNITY

TEKNOUP STORE
Beta
powered by indokom

detikcom

Facilitate ICT Entrepreneurship and Local Content

© GSMA 2013

Source: The Mobile Economy Asia Pacific 2013, GSMA BCG, June 2013

Opportunity To Impact Lives Through Collaboration



ACCESS TO BASIC HEALTHCARE AND INFORMATION

Bangladesh: the Aponjon programme (operated by the Mobile Alliance for Maternal Action and founded by the USAID and Johnson & Johnson) delivers information to health workers via mobile devices. Through this programme, pregnant women can also receive SMS or voice messages with prenatal advice appropriate to their gestation stage.

Impact: Mobile-assisted education of traditional birth attendants reduced perinatal mortality by 30 per cent. Maternal mortality in Bangladesh can be reduced to 168 per 100,000 live births from current 240.



HEALTHCARE FOR THE ELDERLY

Mobile health applications (together with sensors) can provide remote monitoring of a patient's condition. Sensors serve a variety of functions, including trip and fall detectors, location detectors and epileptic alarms. Also, apps can be used to help individuals take greater responsibility for their wellness, disease management and prevention.

Impact: Improve quality of life for those in need of care. Additionally, reduce costs in elderly care by 25%



TRANSPORTATION

Turkey: Data harvested from millions of mobile phone subscribers provides an accurate heat map of traffic and congestion within the city of Istanbul. This has allowed for more in-depth analysis of the routes within the city and subsequently a more effective traffic management system.

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Source: The Mobile Economy Asia Pacific 2013, GSMA, June 2013

The Sector Still Faces Many Challenges

'ICT constitute a fundamental infrastructure supporting economic and social activities, similar to the continuing role played by various transportation and energy networks …. Policy makers and regulators face numerous challenges in maintaining competition that drives innovation and investment …. In mobile markets the scarce nature of spectrum and the need to ensure adequate supply is foremost among these challenges.'

OECD (2013), OECD Communications Outlook 2013, OECD Publishing.

Macroeconomic Factors

- Weak economic growth – especially recession in a number of countries

Business Environment

- Intense competitive pressure – especially price wars
- Changing business models – MVNO, OTT players
- Poor customer loyalty
- Migration to 3G/4G technologies

Policies

- Transparent, predictable and consultative regulatory framework
- Spectrum licensing process which encourages investment and innovation
- Access to appropriate and harmonised spectrum
- Excessive taxation on the mobile sector

Source: GSMA Intelligence, Mobile revenue trends in a changing global economy, October 2013
GSMA The Mobile Economy 2013

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Pursuing A More 'Connected' Future For All

LONG TERM POLICY	National policy for the Telecoms and ICT sector Policies that focus on long term growth and investment Favourable and fair taxation regime
REGULATORY ENVIRONMENT	Transparent, predictable and consultative regulatory framework Spectrum licensing process which encourages investment and innovation Access to appropriate and harmonised spectrum
COLLABORATION	Cross-sector collaboration amongst government agencies is critical New partnerships and business models in the mobile ecosystem Mobile enabled solutions for a more digital inclusive society
INTELLECTUAL PROPERTY	Supporting innovation with a common position on intellectual property rights is important to encourage the continued momentum of the sector

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THANK YOU



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