

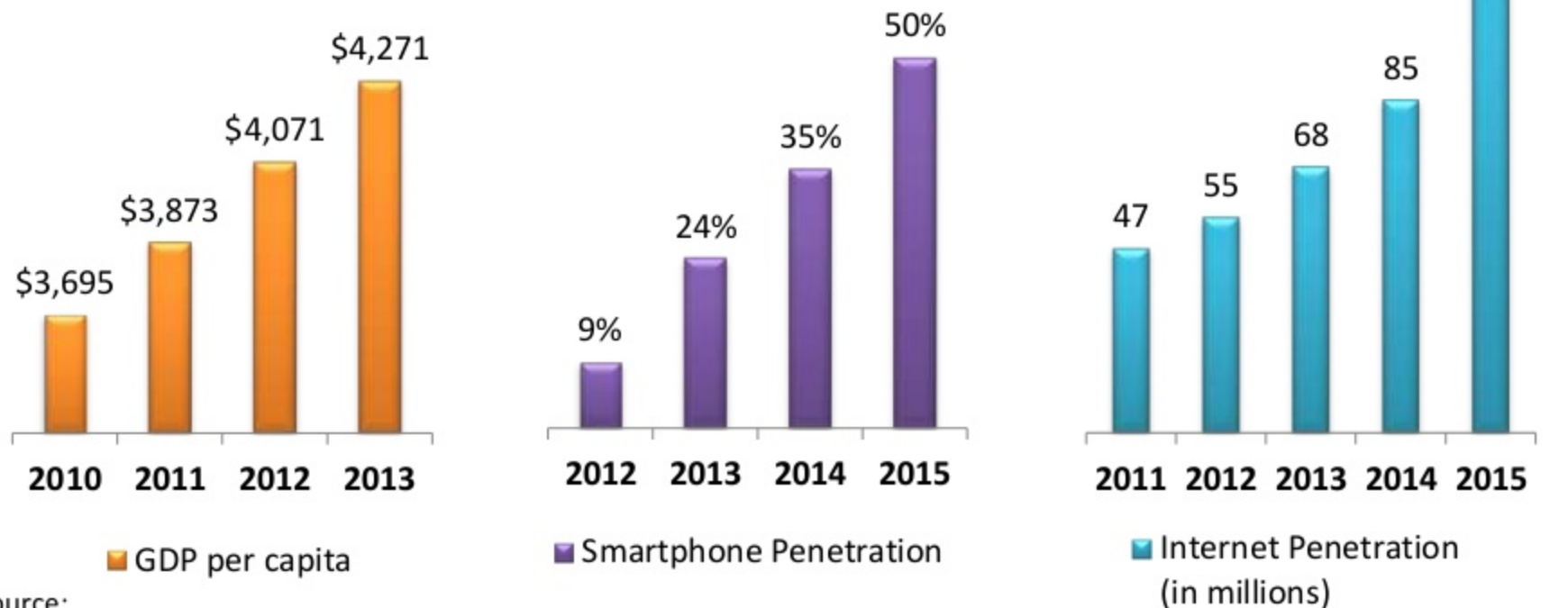


UC Inside, World in Hand

Market Research December 2014 Indonesia

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| 1 | Country Overview |
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| 3 | Mobile Internet business model |
| 4 | Investment enrolled on Internet |

- Population: (July 2013 est.) 251,160,124
- GDP (per capita): (2014) \$4,271
- Mobile phone penetration: (2014) 278 million (110%)
- Internet penetration: (2014) 80 million (32%)
- Facebook: 4th in the world at 70 million users
- Twitter: 3rd in the world at 30 million users



Source:

<http://www.indonesia-investments.com/news/todays-headlines/social-media-in-indonesia-indonesian-facebook-line-twitter-communities/item2330>

<http://telsetnews.com/82221/gandeng-samsung-telkomsel-ingin-dongkrak-penetrasi-smartphone/>

<http://techno.okezone.com/read/2014/05/14/54/984900/di-indonesia-pelanggan-telko-melebihi-jumlah-penduduknya>

Country Overview

Historical Population of Indonesia

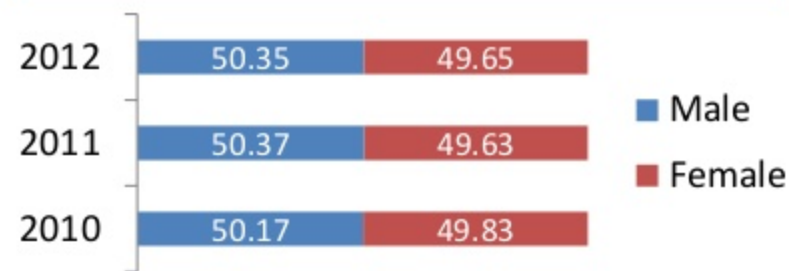
Census	Pop.
1971	119,208,229
1980	147,490,298
1990	179,378,946
1995	194,754,808
2000	206,264,595
2010	237,641,326

Source: www.bps.go.id

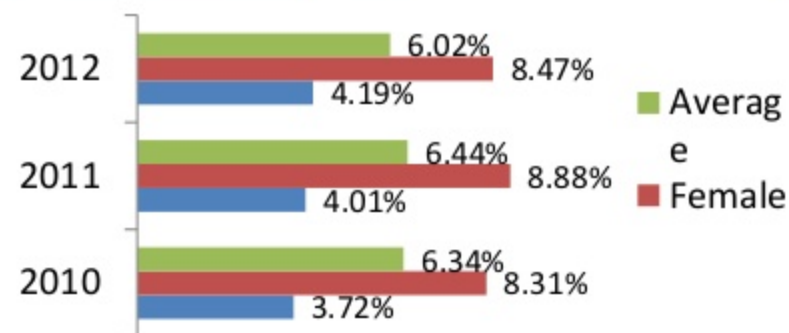
Top 15 Cities

1. Jakarta
2. Surabaya
3. Bandung
4. Bekasi
5. Medan
6. Tangerang
7. Depok
8. Semarang
9. Palembang
10. Makassar
11. Tangerang Selatan
12. Bogor
13. Batam
14. Pekanbaru
15. Bandar Lampung

Gender Ratio



National Illiteracy Ratio



Religious Demographics

Source: <http://sp2010.bps.go.id/index.php/site/tabel?tid=321&wid=0>

Composition	Muslims	Christians	Catholics	Buddhist	Hindus	Others
% total of population 2010	207,176,162 (87.18%)	16,528,513 (6.96%)	6,907,873 (2.91%)	4,012,116 (1.69%)	1,703,254 (0.71%)	1,313,408 (0.55%)

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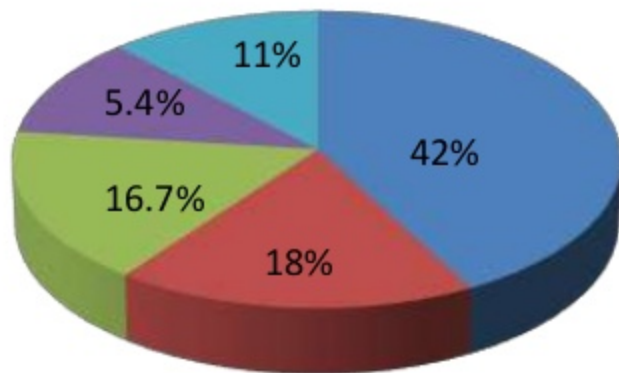
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Mobile Internet ecosystem

- 1 **Telecom industry**
- 2 Handset Manufacturer
- 3 Internet industry

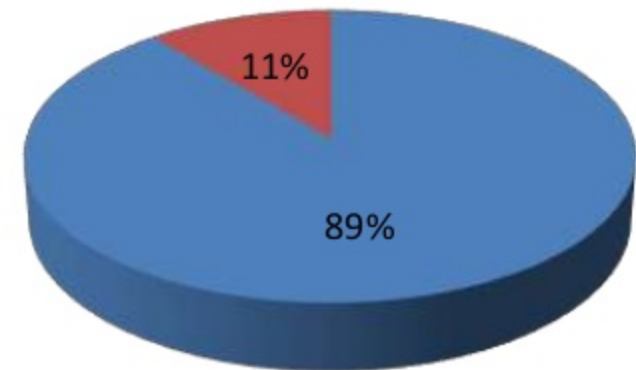
- In Indonesia, there are 6 (formerly 10) GSM/WCDMA & CDMA operators, 1 LTE operator, and 1 WiMAX operator.
- Big 3 telco: Telkomsel, XL Axiata, and Indosat (all GSM operators).
- GSM: Telkomsel, XL Axiata (AXIS merged with XL), Indosat, 3
- CDMA: Smartfren, Telkom Flexi (merged with Telkomsel), Esia, StarOne (merged with Indosat)
- CDMA operators will be gone by 2016. Existing CDMA operators are told to merge or migrate to LTE or be sold to GSM operators.
- Smartfren, the best performing CDMA operator in recent time, is migrating to LTE TDD 2.3GHz from PCS 1900.
- Bolt4G is the country's first commercial LTE operator (data-only) operating LTE TDD on 2.3GHz frequency band. Bolt4G was formerly operating the country's first commercial WiMAX, Sitra Wimax.
- The other WiMAX operator in Indonesia is Berca-owned company called WiGO which serves the eastern part of Indonesia.

Operator's Market Share (%)



■ Telkomsel
■ Indosat
■ CDMA Operators
■ XL+AXIS
■ 3 Indonesia

GSM/CDMA Market Share (%)

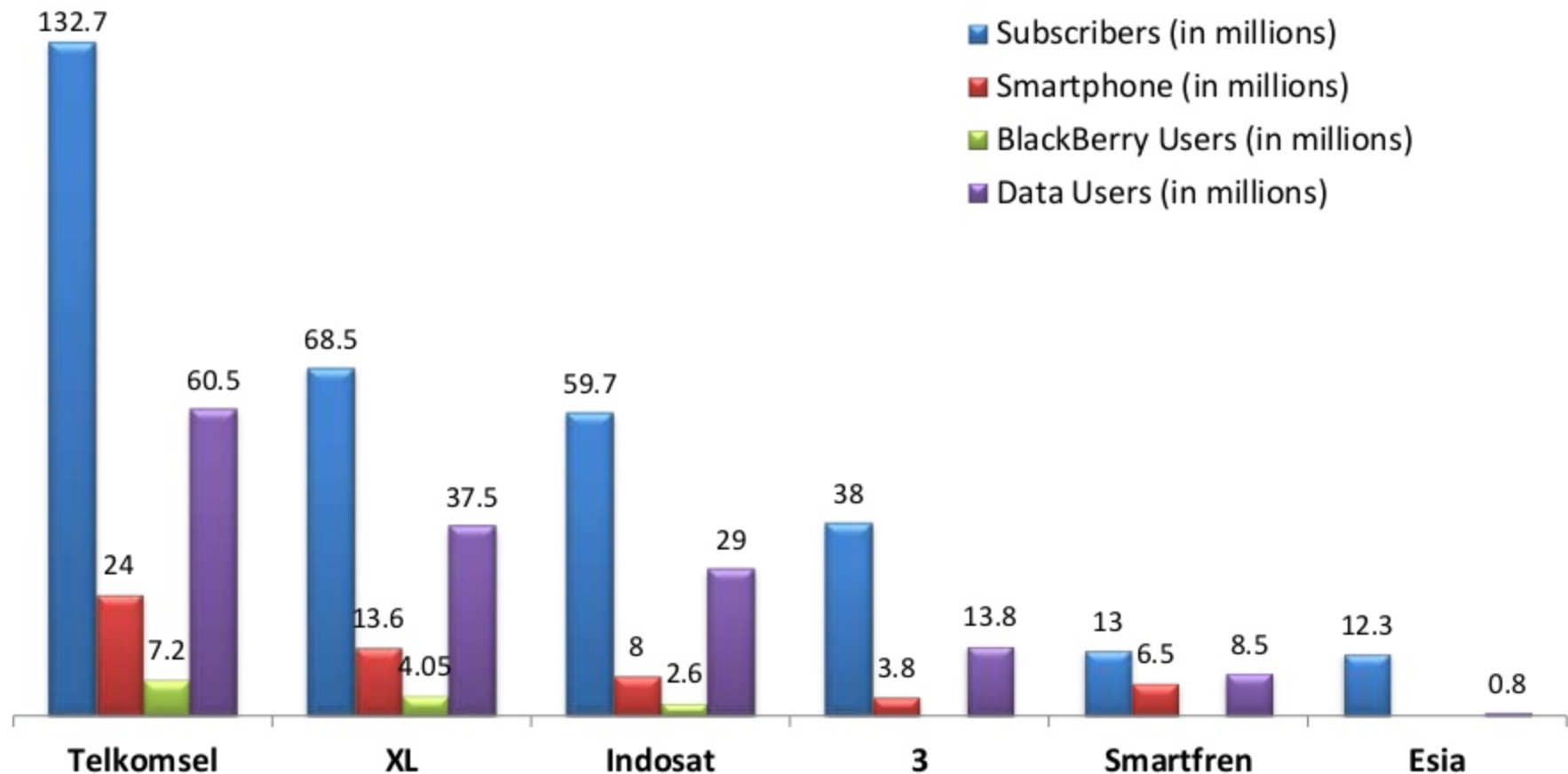


■ GSM
■ CDMA

Source: <http://www.tribunnews.com/bisnis/2013/06/25/telkomsel-xl-dan-indosat-masuk-zona-merah-frekuensi>

By early 2014, there are 240 million Indonesian mobile subscribers and has continuous growth throughout the year. From 2006 to 2010, the annual rate of growth for mobile subscribers is 31.9%.

Source: <http://www.tribunnews.com/bisnis/2013/06/25/telkomsel-xl-dan-indosat-masuk-zona-merah-frekuensi>



Source: (data for 3, Smartfren, Esia are incomplete)

<http://inet.detik.com/read/2014/07/16/081716/2638327/328/berkat-andromax-bisnis-smartfren-moncer>

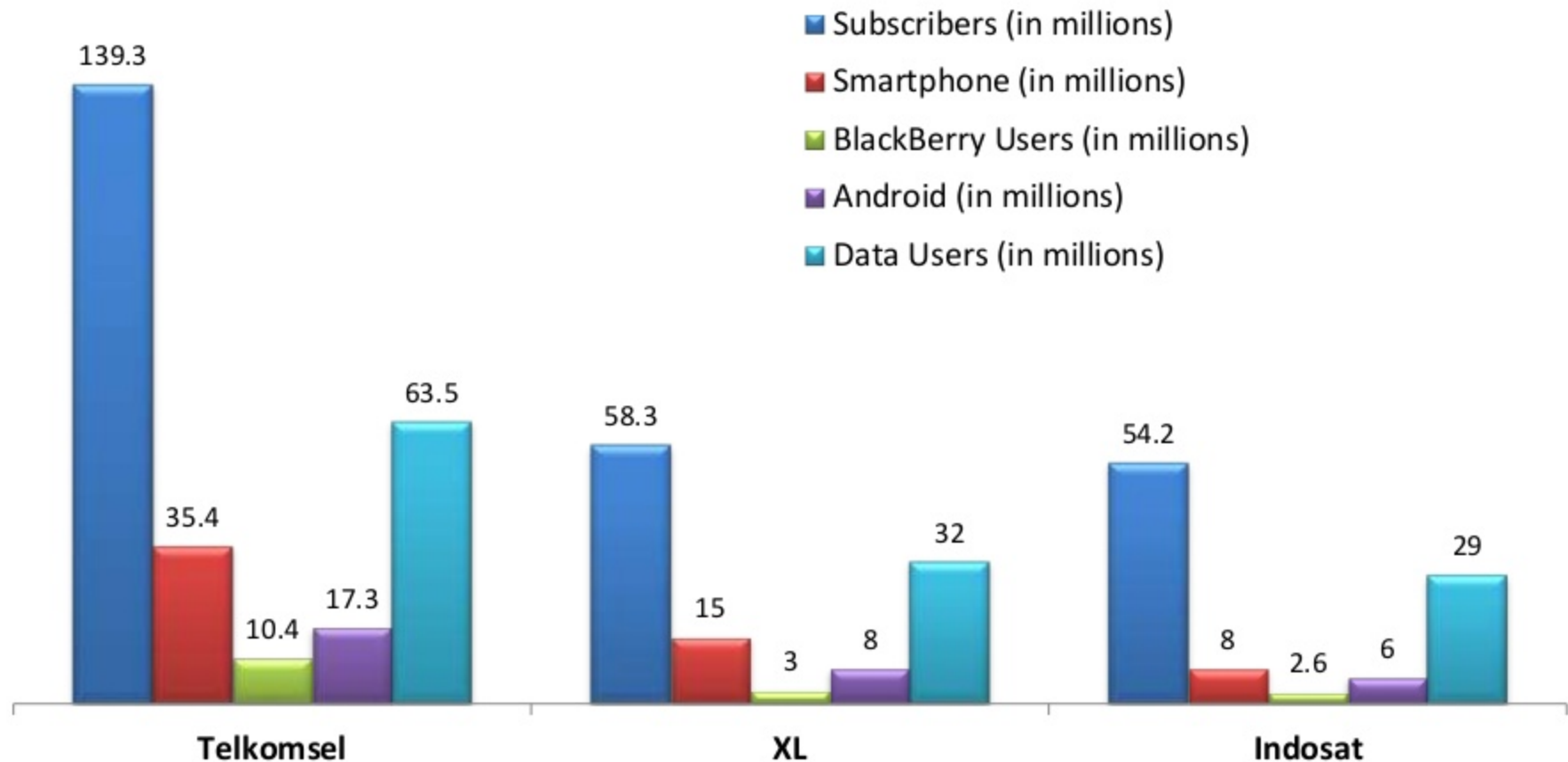
<http://tekno.liputan6.com/read/813266/esia-siap-genjot-pengguna-layanan-data>

<http://www.merdeka.com/teknologi/pengguna-blackberry-di-indonesia-capai-1385-juta-orang.html>

<http://tekno.liputan6.com/read/2078475/smartfren-andromax-kini-jadi-smartphone-sejuta-umat>

<http://www.slideshare.net/yogismobiletech/jumlah-pelanggan-selular-kuartal-i-tahun-2014>

<http://id.techinasia.com/laporan-finansial-operator-gsm-dan-cdma-terbesar-di-indonesia-q1-2014/>



Source:

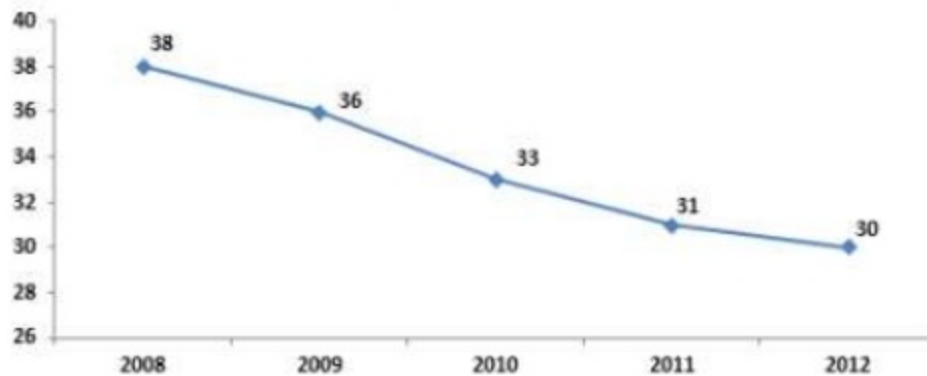
<http://www.indotelko.com/kanal?c=id&it=Indosat-Optimistis-Pelanggannya-tetap-Tumbuh>

<http://inet.detik.com/read/2014/12/10/195833/2773834/328/dibombardir-android-pengguna-blackberry-xl-tetap-setia>

<http://www.tempo.co/read/news/2014/06/06/072583095/Pelanggan-Telkomsel-Android-Lampau-Blackberry>

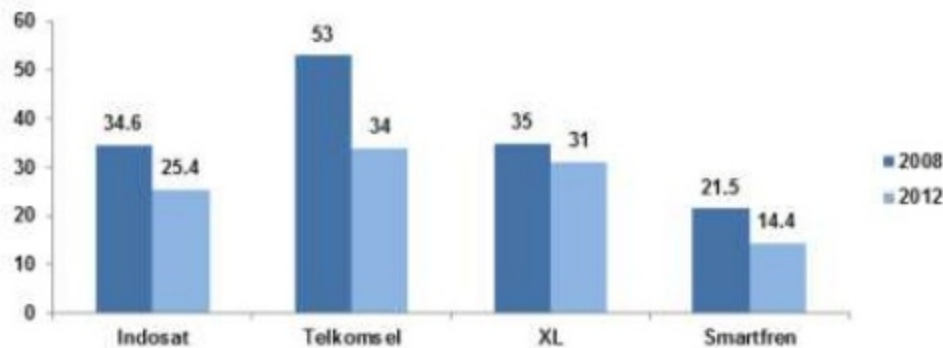
<http://www.beritasatu.com/ipitek/230055-telkomsel-gandeng-17-vendor-smartphone-android.html>

Exhibit 1: Indonesia Prepaid ARPU (Rp'000)



Source: Venture Consulting Analysis

Exhibit 2: Prepaid ARPU (Rp'000)



Source: Venture Consulting Analysis

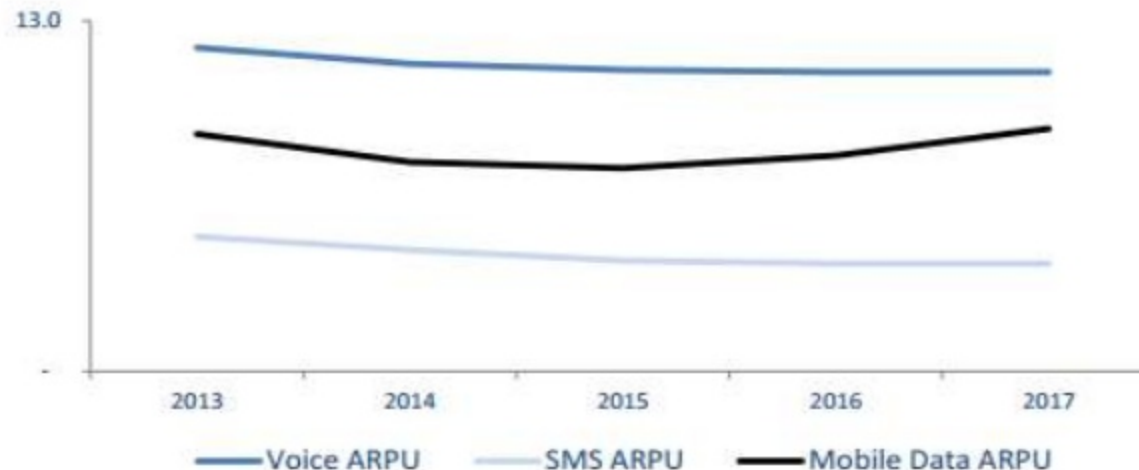
- Initially reduced ARPU was due to massive price war, initiated by the government.
- CDMA operators managed to force GSM operators to reduce their tariffs.
- Recently people use data-based IM, VoIP, etc. thus leads to even less usage of SMS and voice call.
- Tariffs have hit rock-bottom thus there will not be any price war anymore.
- Less usage on SMS and voice also lead to reduced ARPU.

Source:

<http://www.ventureconsulting.com/assets/indo-mobile-Arpu4.pdf>

ARPU seems to declining because of multi-sim usage and availability of cheap mobile phones. With cheap mobile phones, the lower income people can afford to have multiple phones from various operators to benefit from cheap on-net calls.

Exhibit 3: Indonesia ARPU Forecasts (Rp'000)



Source: Venture Consulting Analysis

- Voice ARPU will continue to flatten in the medium term.
- SMS ARPU will continue to decrease, because majority of users will be on smartphones eventually.
- Data ARPU will fall in short term, but will pick up later as users data consumption increases.
- Continued trend of declining ARPU until 2015 where data users will start to enroll for bigger data plans due to increased usage of the mobile Internet and compensate the declining voice and SMS ARPU.

Source:

<http://www.ventureconsulting.com/assets/indo-mobile-Arpu4.pdf>

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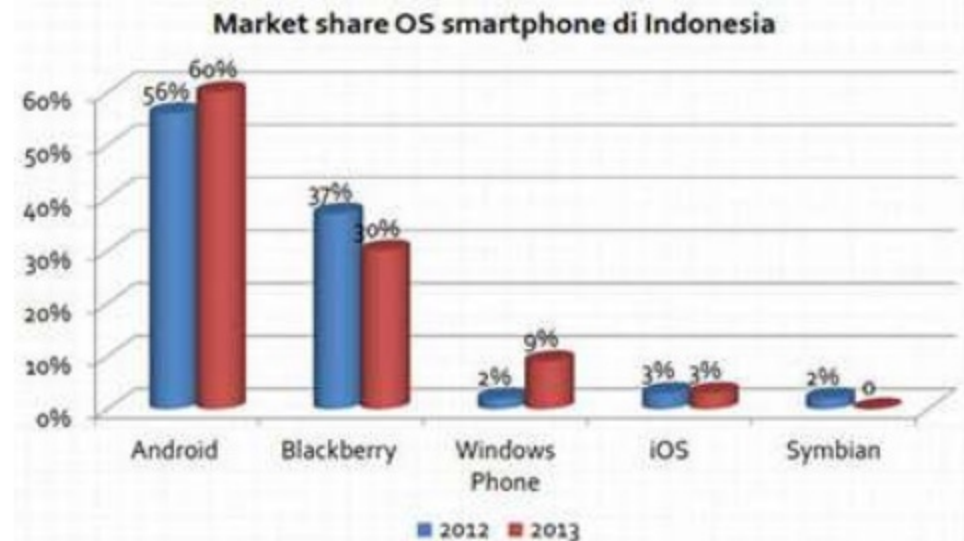
Local mobile handset makers are aggressive marketers trying to be the leading brand.

Top Smartphone Mobile Brand in Indonesia

- Samsung
- Smartfren
- BlackBerry
- Lenovo
- Evercoss
- Sony
- Mito
- Apple
- Nokia
- LG

Others: Huawei, OPPO, ZTE, Xiaomi

Mobile Platform (OS) Market Share (%)



Source:

<http://www.buzzcity.com/l/reports/The-BuzzCity-Report-Vol-4-Issue-3.pdf>

<http://id.techinasia.com/blackberry-kini-nomor-tiga-di-indonesia-dikalahkan-bintang-baru-smartfren-andromax/>

<http://id.techinasia.com/pangsa-pasar-terbesar-android-os-paling-rentan-grafik/>

- Local brands are very aggressive in marketing. Evercoss was the sponsor of the most watched TV program, X-Factor Indonesia and Indonesian Idol.
- Maxtron, Cyrus, S-Nexian, Tiphone, Polytron can be seen in many billboards in the country.
- These local brands cooperate with telcos to do data plan bundling.
- Evercoss ships 16 million phones annually and has 40 models in the market.
- Smartfren Andromax phones can only be used for Smartfren network, thus its sales helps with Smartfren's user acquisition.
- Baidu Browser is preinstalled in Maxtron (not as default browser) and Andromax (as default browser) phones, but uninstallable.

Top Local Mobile Brands in Indonesia

- Evercoss
- Smartfren
- Mito
- Advan

Significant local players: Maxtron, S-Nexian, Advan, Tiphone, Cyrus, IMO, Polytron, Ivo, CSL Blueberry, Tabulet.

Source: <http://www.techinasia.com/evercoss-indonesias-biggest-local-handset-manufacturers/>

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Type	Company
E-commerce	Lazada/Zalora/Foodpanda/Lamido
	Blibli.com
Group buying	Disdus.com
	Dealkeren.com
Online Travel	Traveloka.com
	Tiket.com
Ticketing e-commerce	Rajakarcis.com
Matrimony Portals	Bridestory.com
	Weddingku.com
Online Games	GameQQ.net
	Kotakgame.com
Online Music	Melon.co.id
	Langitmusik.com
Online News	Detik.com

Data from Opera

Top 10 Mobile Websites in Indonesia

No.	Mobile Website
1	Google
2	Facebook
3	Blogspot
4	Wordpress
5	Youtube
6	Detik
7	Yahoo
8	Twitter
9	Wikipedia
10	4shared

Top 10 Android devices in Indonesia

1. Samsung Galaxy Y (GT-S5360)
2. Samsung Galaxy Mini (GT-S5570)
3. Samsung Galaxy Tab 2 (GT-P3100)
4. Smartfren Andromax (Android AD683G)
5. Samsung Galaxy Y Duos (GT-S6102)
6. Samsung Galaxy Chat (GT-B5330)
7. Samsung Galaxy Pocket (GT-S5300)
8. Samsung Galaxy W (GT-I8150)
9. Samsung Galaxy Ace (GT-S5830)
10. Samsung Galaxy Mini 2 (GT-S6500D)

Unlimited Browsing with Opera Mini



The screenshot displays the Opera Mini website with a header featuring the Opera Mini logo and a navigation bar. Below the header, there are several sections: a 'Paket Internet Opera Mini' section with a table of packages for Telkomsel, Indosat, and other providers; a 'Paket Internet Opera Mini Indosat (unc.Mentari)' section; and a 'Paket Internet Opera Mini Telkomsel' section. Each section includes details about the package, such as the provider, the name of the package, and the price. The website also features a sidebar with a search bar and a list of links. The overall layout is clean and organized, with a focus on providing information about unlimited browsing packages.

Provider	Package Name	Price
Telkomsel	Opera Mini	Rp. 2.000 / hari
	Opera Mini	Rp. 2.000 / hari
	Opera Mini	Rp. 2.000 / hari
Indosat	Opera Mini	Rp. 2.000 / hari
	Opera Mini	Rp. 2.000 / hari
	Opera Mini	Rp. 2.000 / hari

Source:

<http://www.techinasia.com/keynote-state-indonesias-mobile-landscape/>



Data from Opera (Jan 2011 & Sep 2011)

Page-view growth since January 2010: 29.2 %
Unique-user growth since January 2010: 49.2 %
Data transfer growth since January 2010: 55.7 %
Page views per user: 593
Data transferred per user (MB): 6
Data transferred per page view (KB): 10

Top 10 sites in Indonesia (unique users)

facebook.com
google.com
detik.com
youtube.com
twitter.com (6)
wapdam.com (5)
yahoo.com
wikipedia.org
kaskus.us (back on the list)
4shared.com (new)

Top handsets for January 2011

Nokia 5130 XpressMusic
Nokia C3
Nokia 2700c
Nokia E63
Nokia 2330c
Nokia 6300
Nokia N70
Nokia 2730c
Nokia 3120c
Nokia 5310 XpressMu

Page-view growth since September 2010: -4.5 %
Unique-user growth since September 2010: 21 %
Data transfer growth since September 2010: 3.4 %
Page views per user: 528
Data transferred per user (MB): 5
Data transferred per page view (KB): 10

Top 10 sites in Indonesia (unique users)

facebook.com
google.com
youtube.com
detik.com
yahoo.com (6)
wikipedia.org (9)
waptrick.com
4shared.com
my.opera.com (10)
kaskus.us (back on the list)

Top handsets for September 2011

Nokia 5130 XpressMusic
Nokia X2
Nokia C3
Nokia E63
Nokia 2330c
Nokia 6300
Nokia 2700c
Nokia N70
Nokia 2730c
Nokia 3120c

Source:

<http://www.operasoftware.com/archive/smw/2011/09/>

<http://www.operasoftware.com/archive/smw/2011/01/>

- Legislators passed UU ITE which is supposed to protect people and businesses from malicious Internet activities (such as DoS, hacking, sniffing, etc.)
- With UU ITE, criminal acts over the Internet can be prosecuted and if convicted will result in jail time.
- Ministry of ICT deployed TrustPositif initiative to block illegal sites (porn, gambling, etc.)
- Some sites like Vimeo, which allow nudity video, Imgur, and Reddit are blocked.
- TrustPositif only blocks (and forces redirect) DNS requests, thus this blocking method can easily be circumvented as seen in UC Browser.
- Internet users can face libel suits and even criminal prosecution for comments posted by other users on their websites. In the case of politician Misbakhun, the Twitter user who accused him of being a corruptor on Twitter got jail time. Misbakhun was previously convicted but overturned by higher court.

Source:

<http://news.okezone.com/read/2014/02/05/339/936399/fitnah-misbakhun-di-twitter-benhan-divonis-6-bulan-penjara>

<http://www.techinasia.com/online-porn-crackdown-vimeo-reddit-imgur-blocked-indonesia/>