ABSTRACT

Indonesia as a nation has proven steady growth of ICT industry for last 5 years of more than 10% even though this number still behind other countries in the Asia Pacific Region. Indonesia must enhancing the growth in order to narrowing digital divide gaps. The ways to narrowing digital divide gaps we are having 3 priorities which are : Infrastructure (Access & Cost), Human Resources (Skill & Usage) and Application (Including content). All statistical indication showing us that potential growth of industry as well as user acceptance is already high, therefore since 2006 until current condition operator is doing massive infrastructure roll-out and marketing activities to push out Mobile Broadband and Mobile Data to enhancing lack of Internet Access and Mobile Data Access in Indonesia.

Strategy being choose by Indonesia and Indosat especially in order to fulfill user needs is by creating trend (lifestyle) then pushing different kind of new innovation and services with lowering down entry barriers especially introducing low tariff for unlimited mobile broadband internet access, with this strategies all user which has mobile phone and in the nomadic situation can easily accessing internet using their on-hand device without using PC anymore or by using broadband modem connected to their laptop or PC.

Result of that activities are proven as follows : enhancing the take up growth of mobile broadband services by 600% annually , increasing internet access user significantly by 100% annually, increasing mobile user penetration by 70% therefore with this result digital divide for Indonesia for sure is getting narrow, especially huge increase for Digital Opportunity Index in Indonesia for 2009 onwards.

ITU-D Regional Development Forum for the Asia Pacific Region

"NGN and Broadband, Opportunities and Challenges"

Yogyakarta, Indonesia, 27 – 29 July 2009

Bridging the digital divide with Mobile Broadband

Teguh Prasetya

Group Head Brand Marketing

PT.INDOSAT, Tbk.

Background

- Growth of ICT in Indonesia for last 5 years always exceed 10% annually.
- Indonesia growth still lesser compare to Malaysia, Singapore, Thailand, Filipina & Australia
- Indonesia must be enhancing the growth towards narrowing digital divide and globalization era

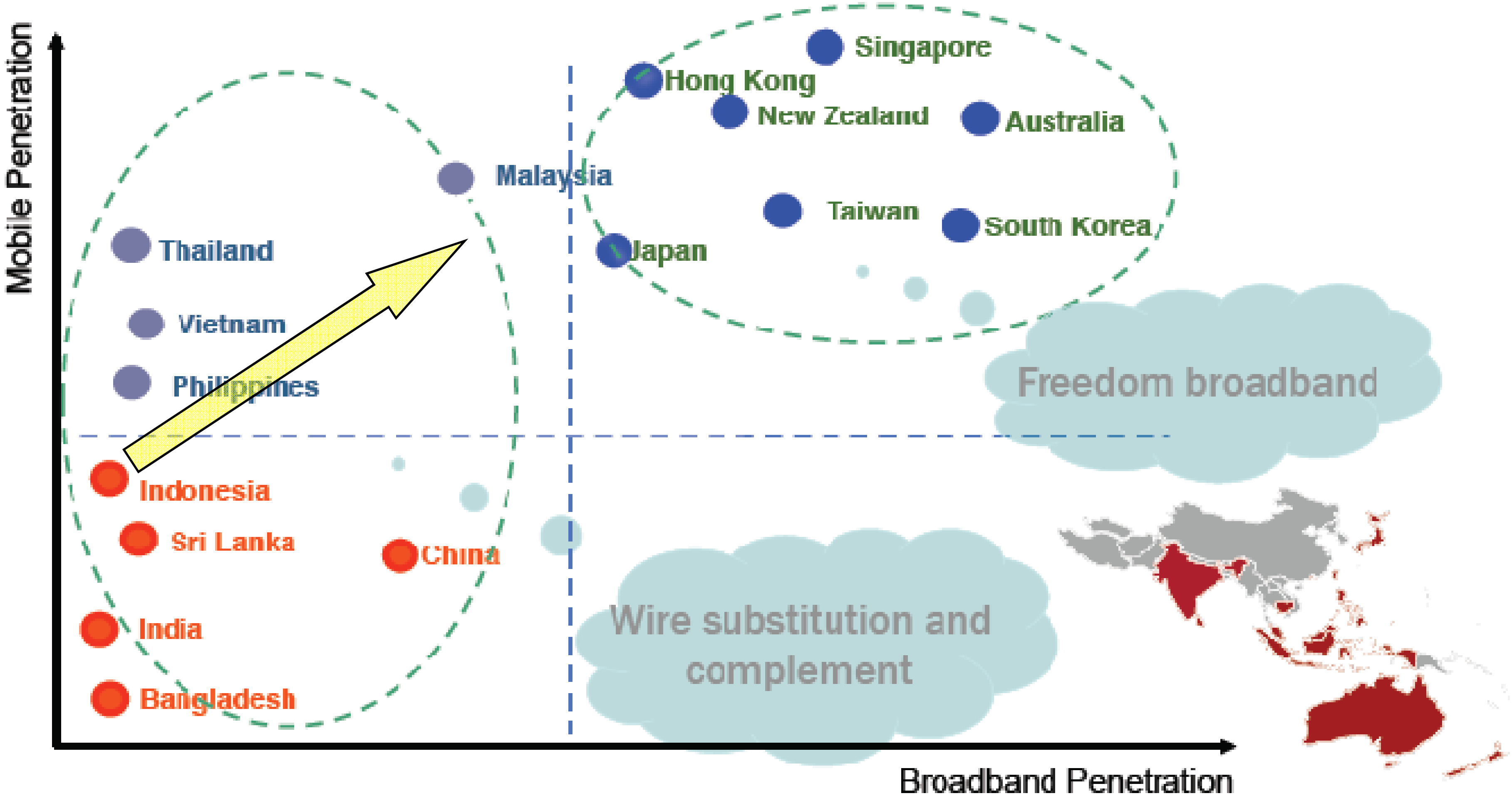
Priority of Narrowing Digital Divide

Divides limit market development

- Access divide
- Cost divide
- Skill divide
- Usage divide
- Content divide

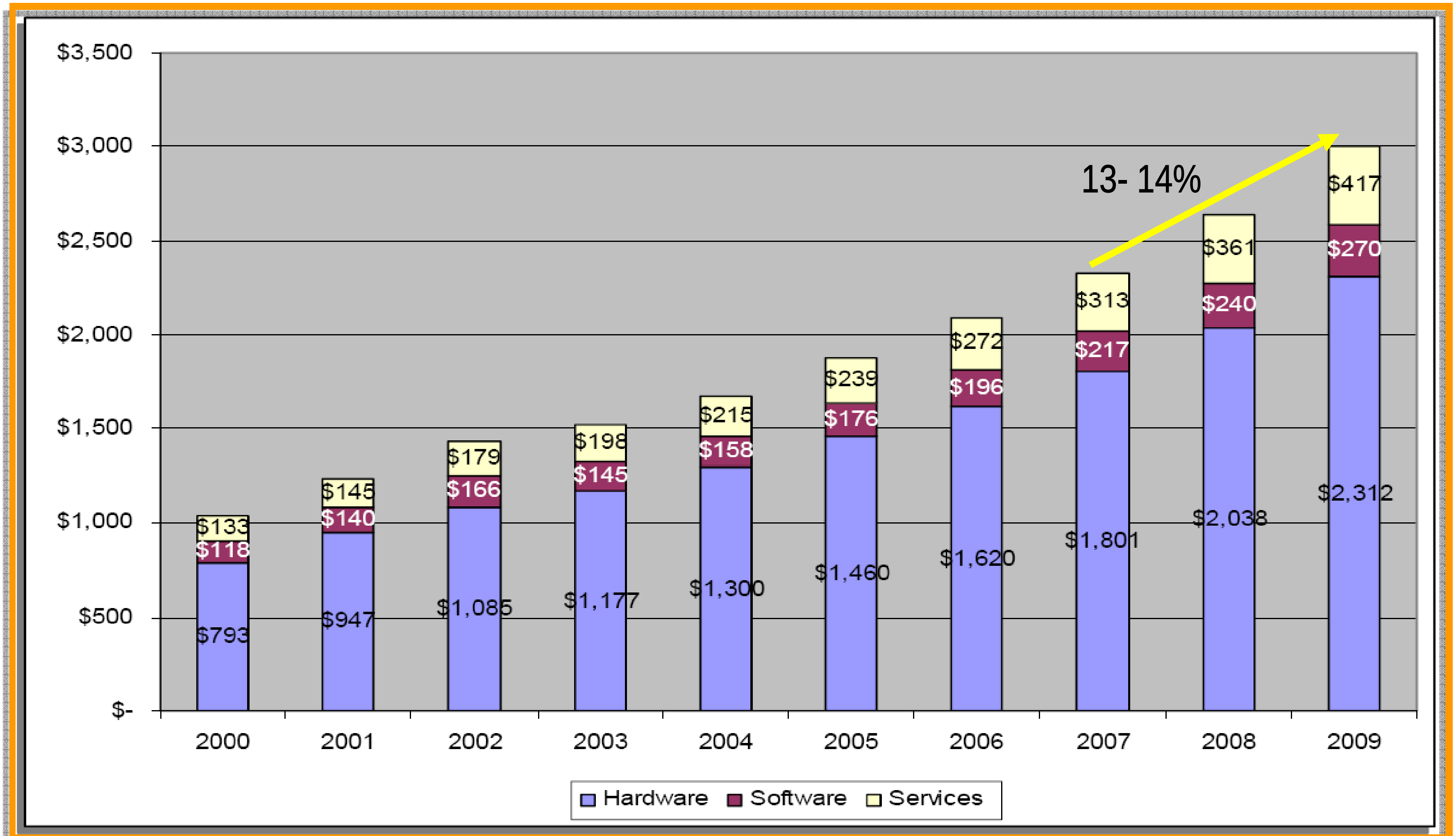
- **Prioritizes By 3 categories :**
  - **1. Infrastructure (Access, Cost)**
  - **2. Human Resources (Skill, Usage)**
  - **3. Application (Content)**

Broadband Growth Opportunities



- With Mobile penetration > 70% (2009) Possibility is widely open

Prospect of ICT in Indonesia



Source : IDC - 2006

Indonesia at Glance

	INDONESIA	INDIA	CHINA	MALAYSIA	SINGAPORE
POPULATION (,000)	230,390	1,110,396	1,315,209	26,396	4,323
INTERNET USERS (,000)	12,000	28,809	137,138	11,392	2,682
INTERNET USERS (PER 100 PEOPLE)	5	3	10	45	62
PHONE CONNECTIONS	14,295	51,273	408,624	4,431	1,849
PHONE CONNECTIONS (PER 100 PEOPLE)	6	5	31	17	43
CELLULAR PHONES	58,770	78,615	433,209	4,431	1,849
CELLULAR PHONES (PER 100 PEOPLE)	26	7	33	75	95

Source : IDC - 2006

Status on May 2009 has been increased by ~ 300 %

- Internet user > 35 millions
- Mobile Phone user > 151 millions

Prediction of IT/GDP Growth

INDONESIA

	2004	2005	2006	2007	2008	2009
Total # of IT Companies	5,522	5,716	5,920	6,139	6,381	6,641
Total # of Employees	147,495	159,493	173,266	188,855	207,934	229,232
Total IT Spending	$1,673	$1,875	$2,088	$2,331	$2,639	$2,999
Software	$158	$176	$196	$217	$240	$270
IT/GDP (%)	0.65%	0.69%	0.73%	0.77%	0.82%	0.88%

SINGAPORE

	2004	2005	2006	2007	2008	2009
Total # of IT Companies	9,901	10,046	10,160	10,273	10,395	10,519
Total # of Employees	124,297	128,736	131,852	134,978	138,704	142,515
Total IT Spending	$3,730	$3,927	$4,029	$4,129	$4,271	$4,419
Software	$586	$621	$659	$705	$755	$806
IT/GDP (%)	3.49%	3.52%	3.44%	3.37%	3.32%	3.28%

MALAYSIA

	2004	2005	2006	2007	2008	2009
Total # of IT Companies	6,250	6,472	6,719	6,970	7,223	7,469
Total # of Employees	334,559	359,762	386,530	414,740	444,391	473,861
Total IT Spending	$2,902	$3,260	$3,677	$4,137	$4,646	$5,156
Software	$425	$456	$489	$526	$568	$616
IT/GDP (%)	2.50%	2.69%	2.89%	3.12%	3.33%	3.52%

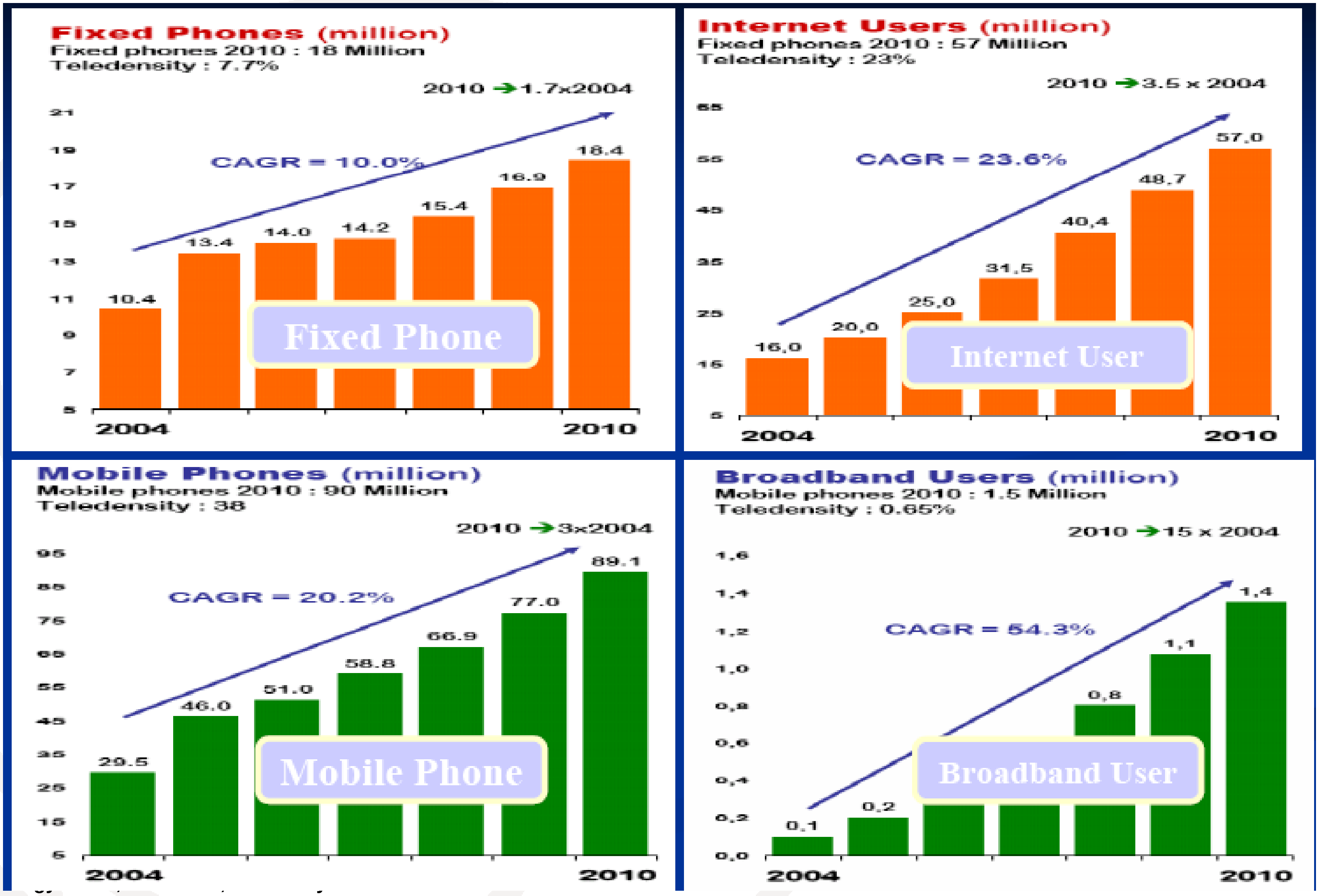
INDIA

	2004	2005	2006	2007	2008	2009
Total # of IT Companies	27,562	29,517	31,269	32,941	34,558	36,212
Total # of Employees	822,490	900,654	972,105	1,040,625	1,107,117	1,176,650
Total IT Spending	$7,377	$9,197	$11,011	$12,978	$15,093	$17,456
Software	$762	$914	$1,092	$1,302	$1,556	$1,847
IT/GDP (%)	1.12%	1.30%	1.46%	1.61%	1.76%	1.91%

Source : IDC - 2006

- IT Company will be increased by 4 %
- IT workers will be increased by 10%
- Annual Growth of IT/GDP is around 6%

ICT growth until 2010



Source: *Business Monitor International and Internal*

Indonesia position for expansion

Mid and Low-End Products			High-End Products		
Country	%	Change	Country	%	Change
1) China	76.1	-6.0	1) China	66.7	1.6
2) Thailand	29.5	6.2	2) Thailand	30.0	10.9
3) Vietnam	10.8	-0.4	3) U.S.	20.8	-4.2
4) U.S.	9.6	-0.7	4) Indonesia	6.7	-1.9
5) Indonesia	9.6	1.2	5) S. Korea	5.0	2.2
6) S. Korea	6.0	2.0	6) Vietnam	4.2	-0.4
7) Malaysia	4.8	0.8	7) India	3.3	-0.6
8) India	4.8	-1.5	8) Malaysia	2.5	-2.8
9) Philippines	4.4	2.6	9) Philippines	1.7	-0.8
10) Singapore	2.0	-0.2	10) Singapore	0.8	-2.5

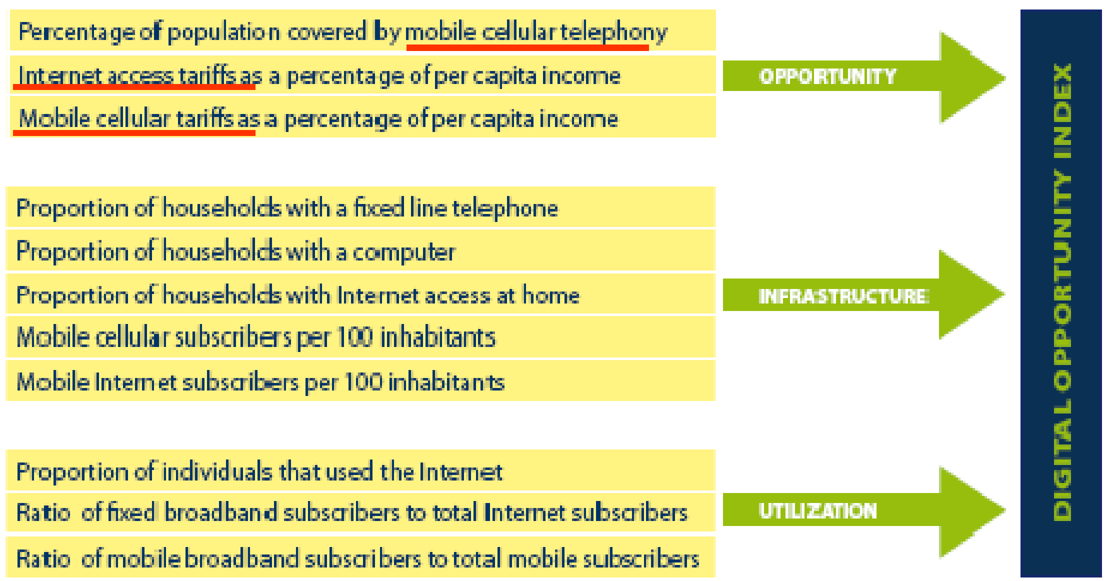
- Top 5 in the world for High-End & Low-End product

Source: JETRO Survey of Japanese Firms' International Operations, March 2006; Source: BoI 2007

Indonesia DOI

Top 6 in the world

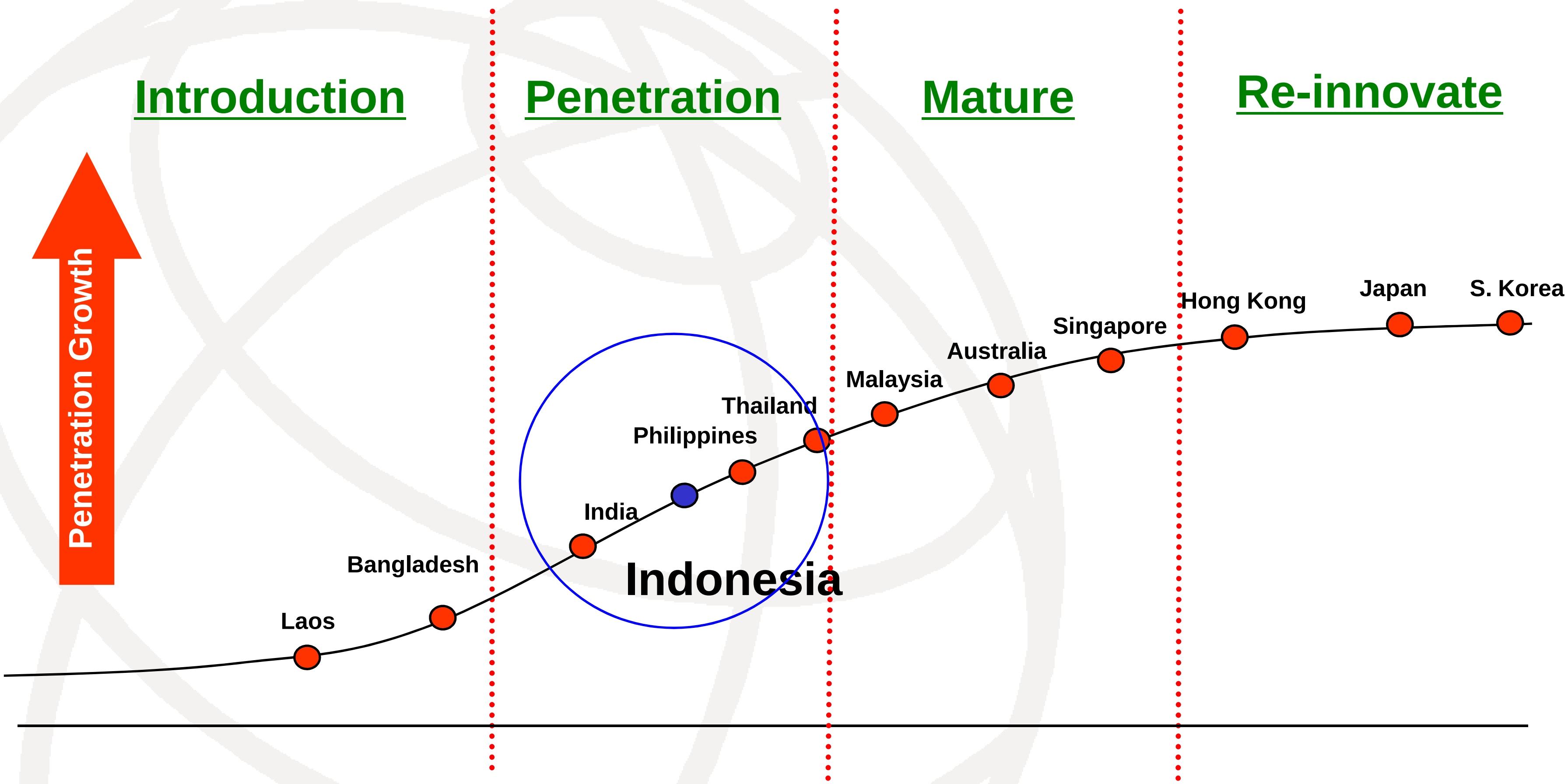
(Growth Digital Opportunity Index - ITU 2006 report)



	Economy	DOI 2001	DOI 2005	Change 2001-2005	Drivers (+.0.2)*
1	India	0.17	0.29	73%	O
2	China	0.29	0.42	46%	I
3	Russia	0.32	0.44	41%	I
4	Hungary	0.40	0.55	37%	I, U
5	Peru	0.28	0.38	37%	O, I, U
6	Indonesia	0.24	0.33	36%	O
7	Brazil	0.32	0.43	35%	O, I, U
8	Poland	0.39	0.52	34%	I, U
9	Japan	0.54	0.71	33%	U
10	Venezuela	0.32	0.43	33%	U
11	Chile	0.40	0.52	32%	U
12	Egypt	0.29	0.38	32%	I
13	Rep. of Korea	0.60	0.78	31%	U, I
14	Israel	0.50	0.66	31%	U
15	Spain	0.47	0.61	28%	U
Average		0.37	0.50	37%	
40 economies		0.43	0.54	27%	

* O = Opportunity I = Infrastructure U = Utilisation

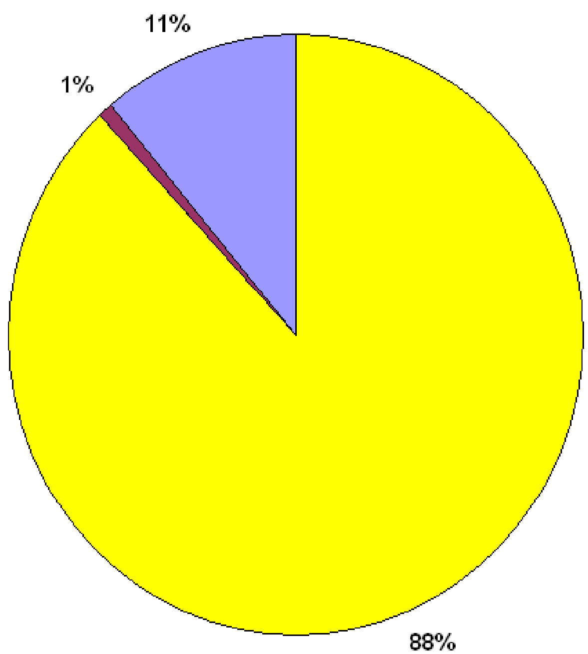
Wireless Industry Life cycle



Indonesia on the penetration stage (huge room to growth)

Indonesian Market: Potential yet Highly Competitive

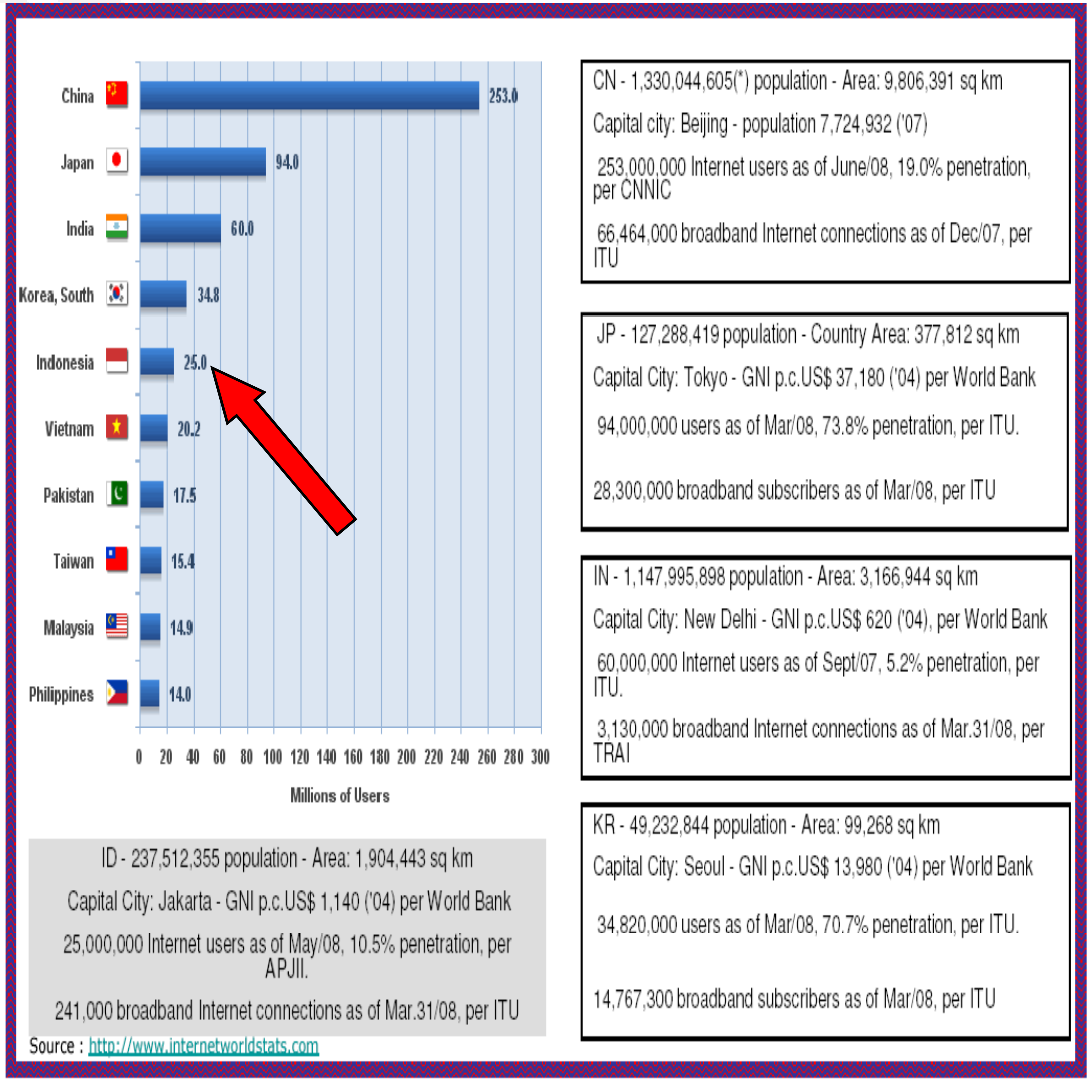
Data Revenue Share of Q3 2007



Data Revenue still very small penetration in total industry of cellular in Indonesia - 2007

Source: Global Matrix 3Q 2007, Media & Company Data

Data User Penetration as of Q1 2008



OUR VISION TOWARDS 2010

Fulfill Everybody needs with Services : Mobile, Broadband, Innovative & Personalize

COMMUNICATION
Anytime, Everywhere & Anything

INNOVATION
Services , Application & Content

PERSONALIZATION
Smart & Adaptive

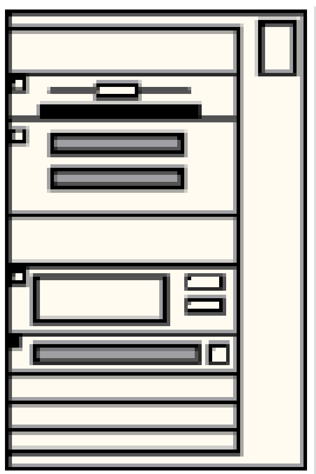
Era of Mobile IT

1970 — *1st Wave*

Number Crunching

- Main Frames

Large computers used to make mathematical and scientific calculations.



1980 — *2nd Wave*

Desktop Publishing

- Personal PCs

1. Word Processing
2. Spread Sheet
3. Data Base
4. Graphics
5. Presentations
   a. PowerPoint.
   b. HyperStudio

1990 — *3rd Wave*

Communication, Creation, Collaboration

- Internet & Telecommunications

1. Desktop Publication
2. Telecommunication
3. Electronic Collaboration
4. Art/Music/Information
5. Education/Medicine/ Leisure/Entertainment
6. Teaching & Learning
   a. Constructivism
   b. Project-based learning

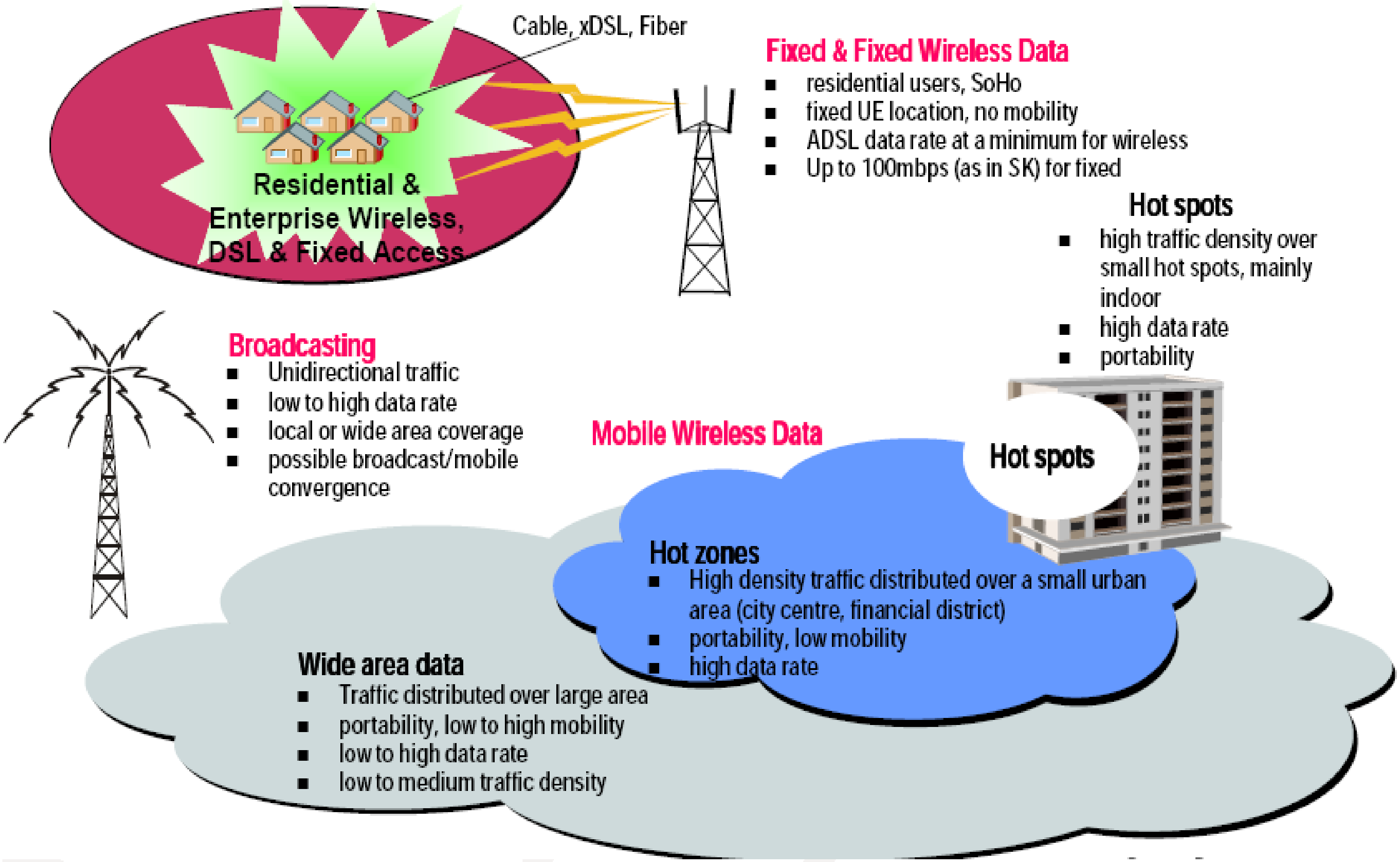
2000 — *4th Wave*

Anyone, Anytime, Anywhere Information (Mobile Technology)

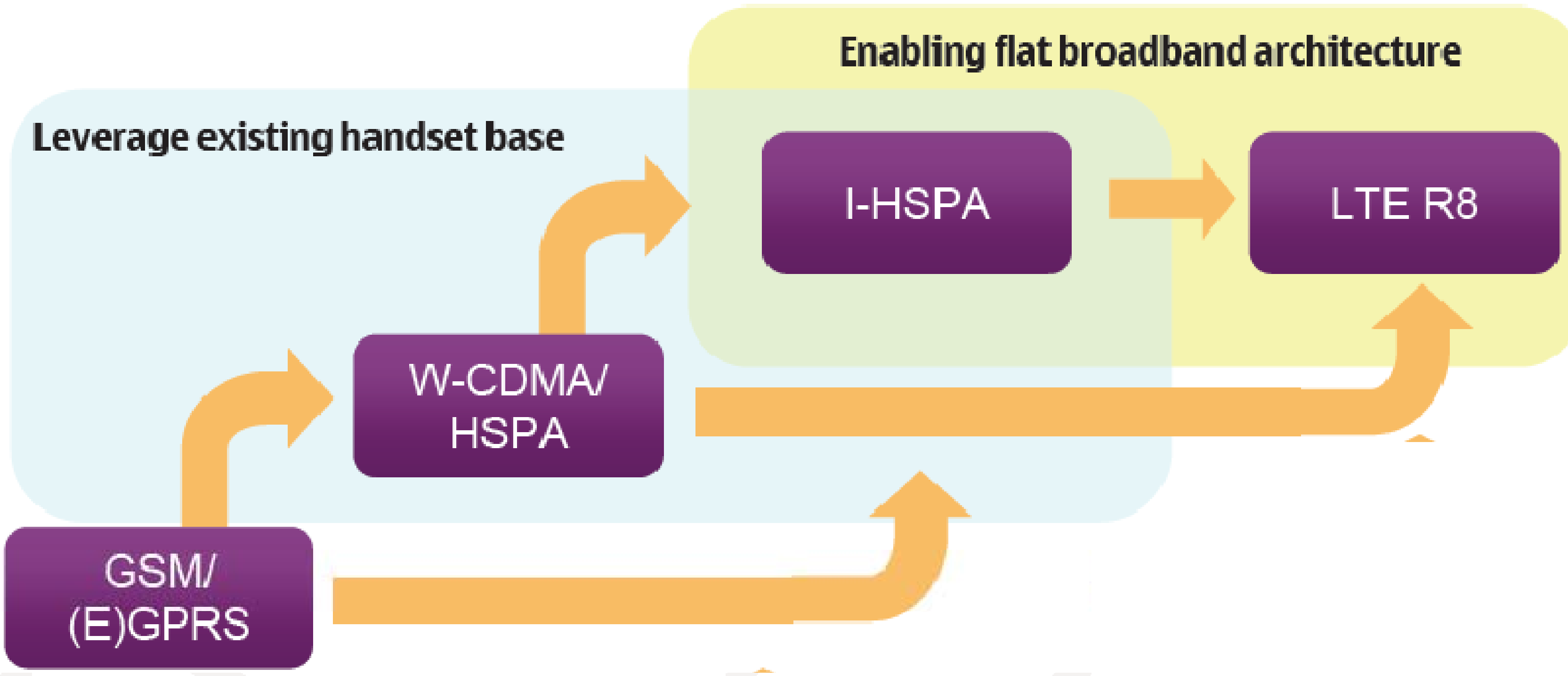
- Personal Digital Assistants (PDA)/PCs
- Satellite to Desktop computer/Internet
- Wireless Devices

1. Teaming
2. Lifelong learning
3. Learning Organization
4. Teaching & Learning
   a. Information Literacy

Variety of Broadband Access

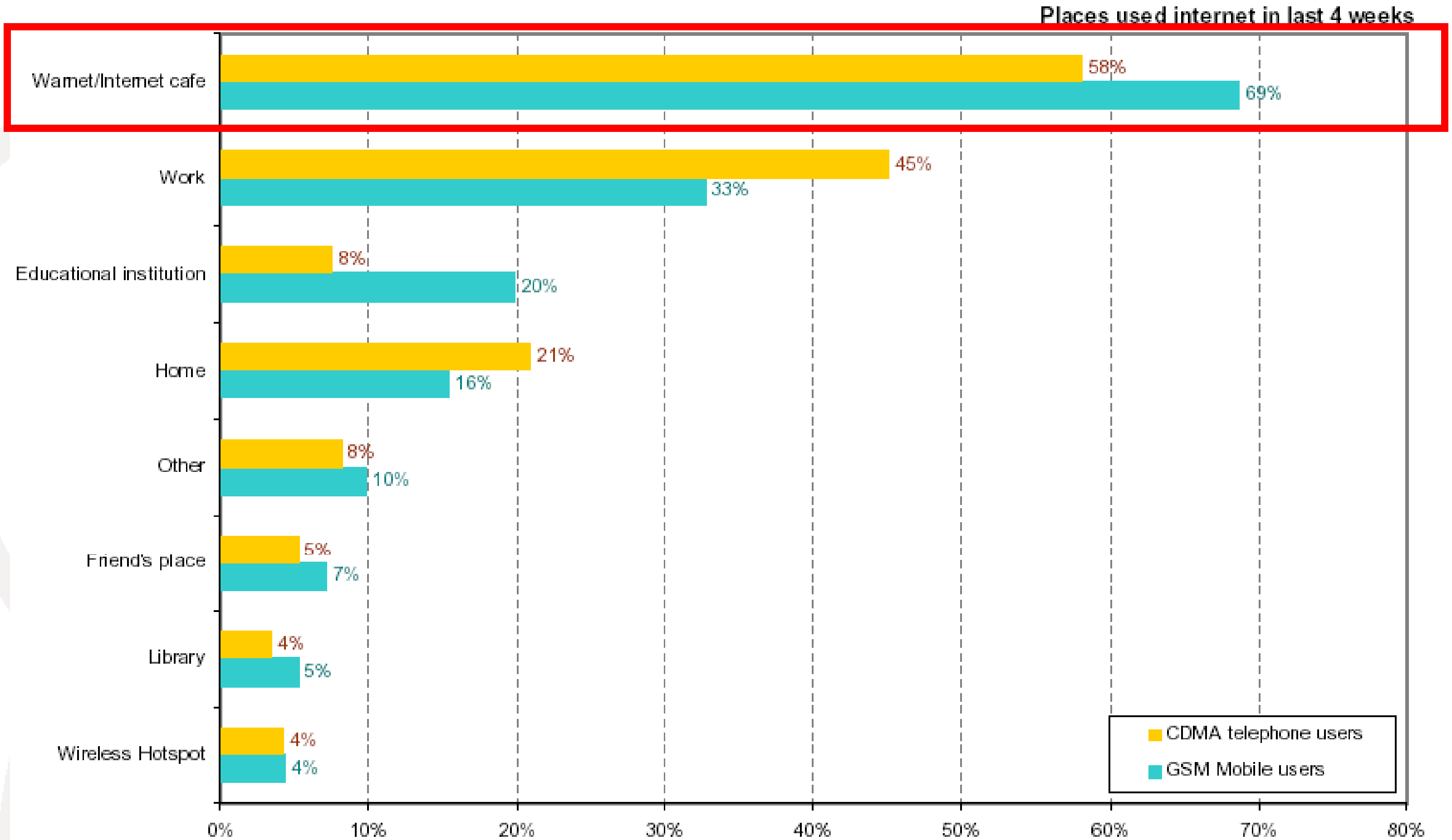


Roadmap of Mobile Broadband



20-200 kbps 1.8-28 Mbps ~ 48 Mbps ~ 100 Mbps

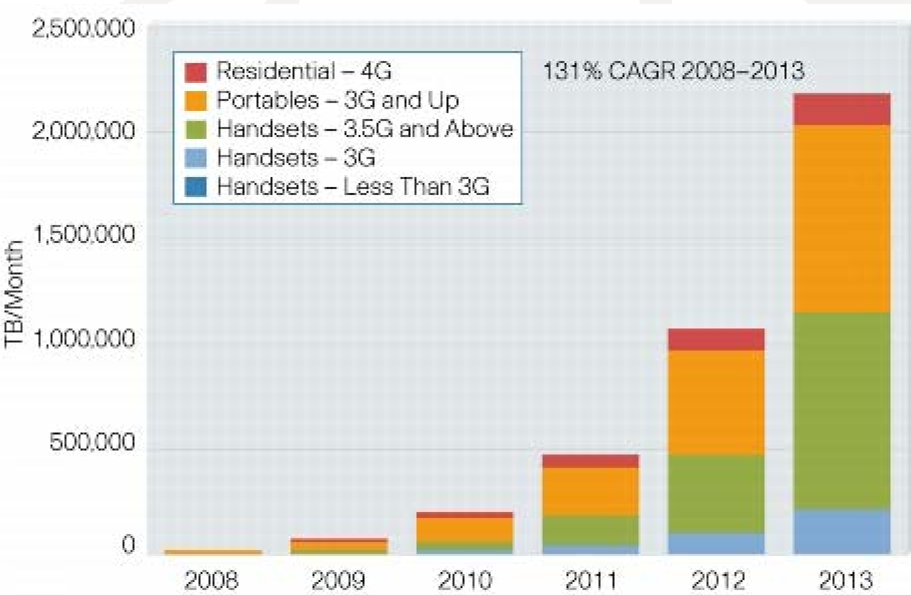
The Facts



More than 60% of mobile user like to use internet café as their access to surf

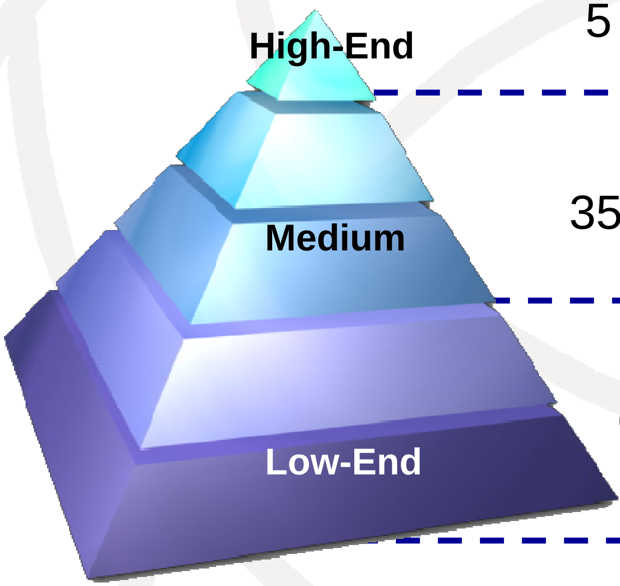
Mobile Data Trend

- Portable & Handset Dominate The Market



From : Cisco - 2009

Where do we start ?



Subscriber		
5 %	Businessman	Information, email
35%	College student, First jobber	Internet surfer, Instant Messenger
60%	High school student,	Mobile cosmetics download

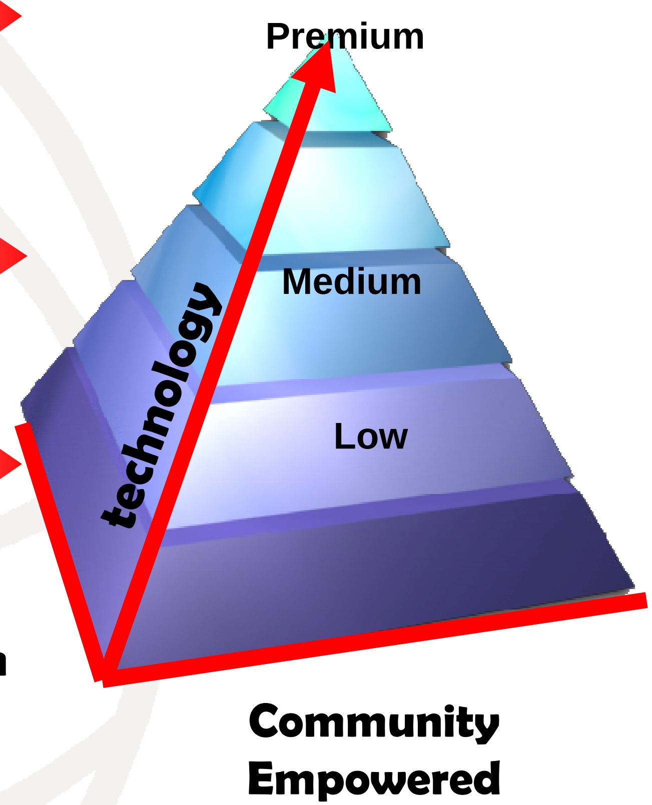
The Challenge to get ‘real’ mobile-user

- Expensive terminal
- Low perception of data & broadband benefit
- Knotty subscription process

Image & Lifestyle Building

Clear Differentiation

Lower Entry Barrier



The Changing Face Of Mobile Broadband Consumer

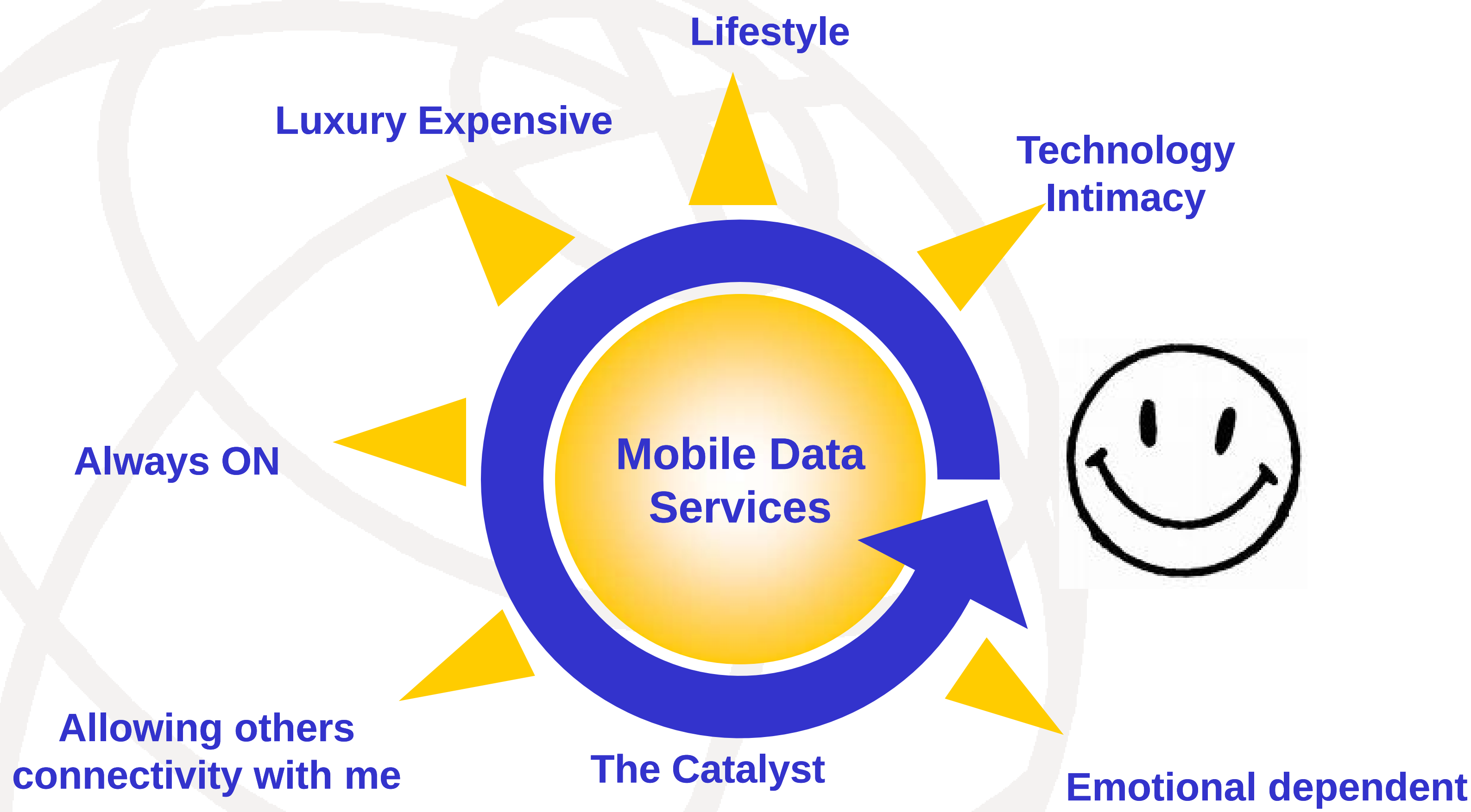


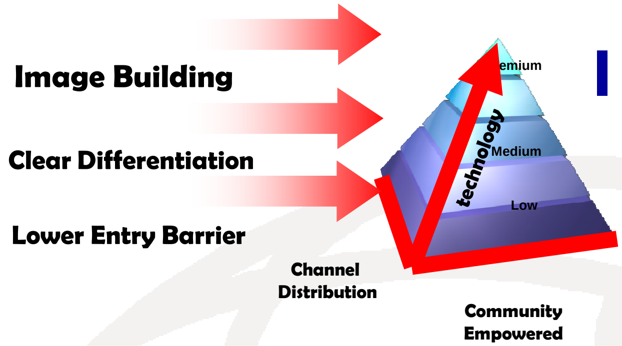
Image & Lifestyle building

Clear Differentiation

Lower Entry Barrier

Mobile data service is transformed from a luxury needs belongs to business segment to emotional dependent as being maintain relationship to all human aspect

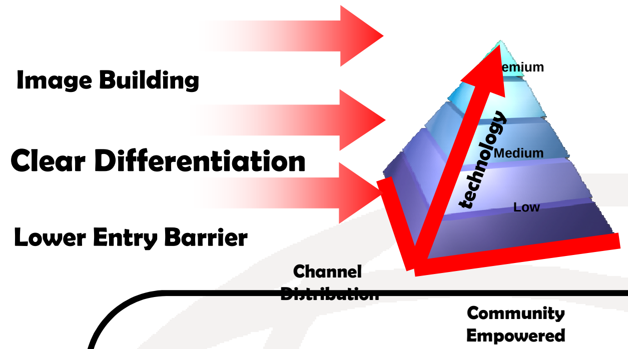
Image building : grabbing behavior



Indosat build its own brand stated the leadership of **innovation** and ownership of good quality services

Co-branding with RIM Blackberry as the well-known dependable data service. The join cooperation is not only based on terminal procurement, but also to **strengthen image of dependable sophisticated services**

Co-branding with Yahoo! As aligned to grab existing ‘PC’ user of Yahoo! To move to **mobile device**.

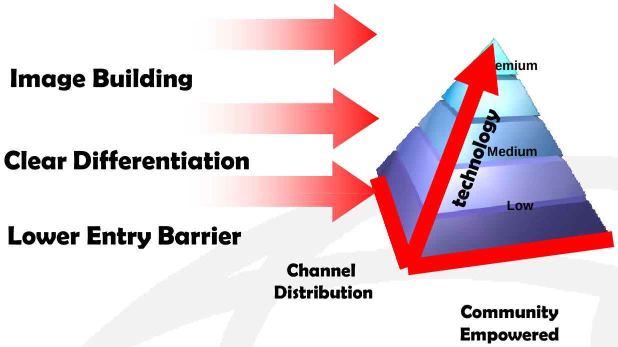


Clear differentiation

Different Segment – Different Approach

Communication to **Business** Segment

Communication to **Youth** Segment



Lower Entry Barrier : tariff & innovations

Different Product-line to penetrate different target market

Premium

- **Unlimited Broadband 3.5G Access**

  Launch as Postpaid broadband with highest speed positioning (2007) & Introducing Unlimited package (2008)

- **Prepaid Broadband Access**

  Was launch by IM2 as Indosat's subsidiary company. Which was 1st broadband prepaid in Indonesia. Positioned for business & medium-high internet user with no hassle of registration mechanism

- **Postpaid & Prepaid Blackberry® ON-DEMAND**

  Prepaid & Post paid BB scheme for weekly & monthly was launch in August 2008 as the 1st blackberry on-demand services in the world

- **I-Go! Menu browser & Super Mall**

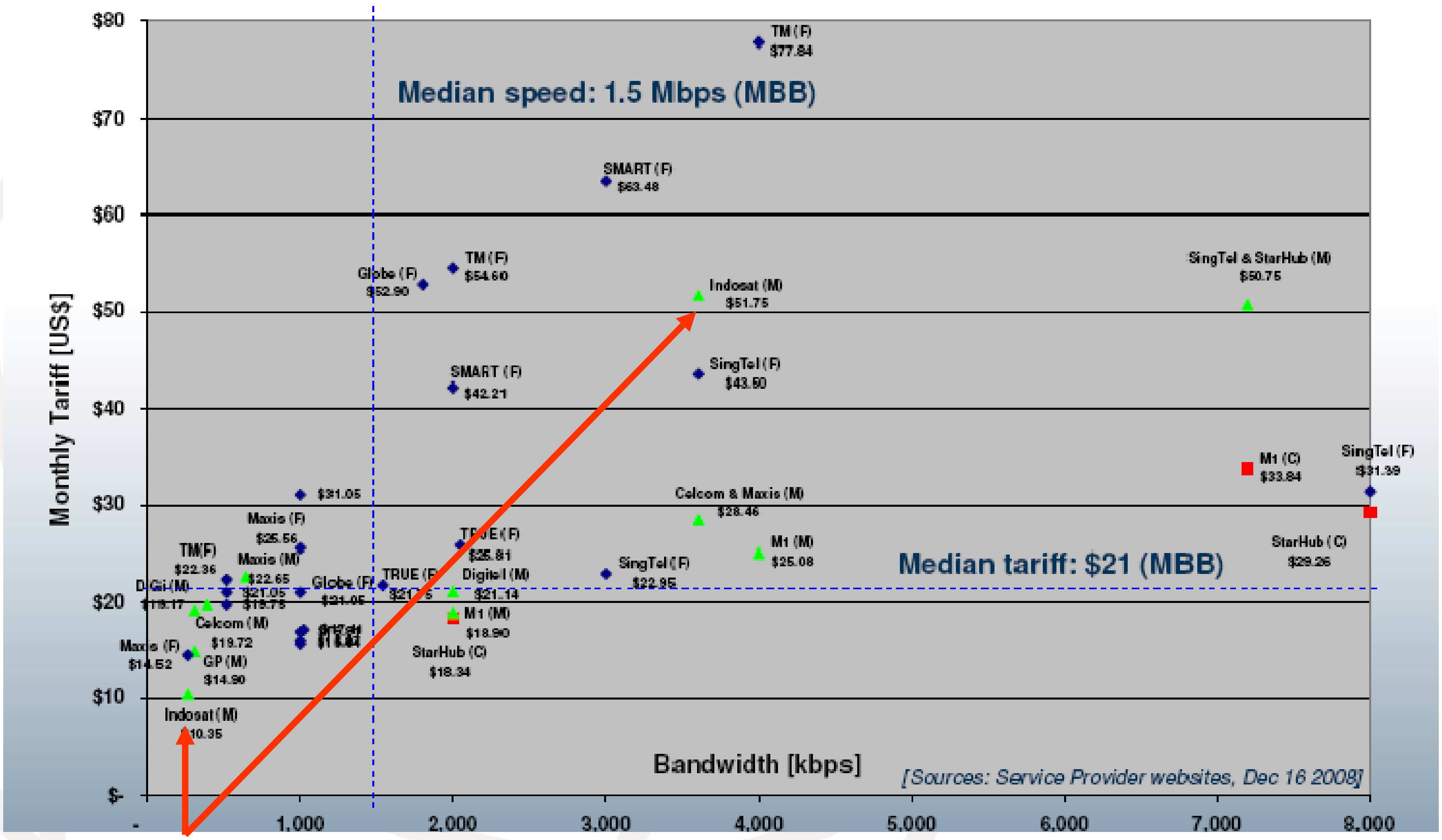
  Customized menu browser powered by Java application. It is hassle free of various short code. Contains of 360 degree of customer needs. From stock price to artist-gossips. From ringtones download to dictionary

- **Cheap basic data/GPRS tariff Rp 0,5-1/kb**

  Design as cheapest basic tariff for internet access via GSM mobile. It provides instant benefit For customer with very low behavior of data usage.

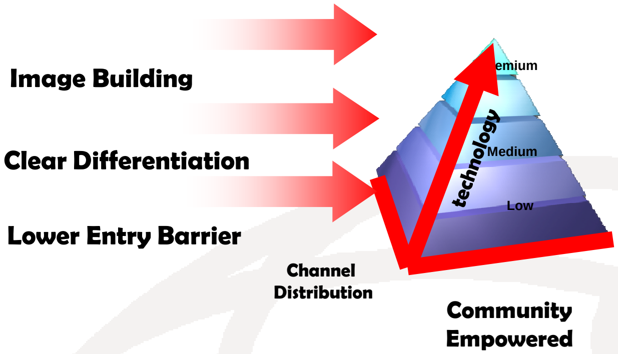
Low End

Regional Broadband Tariff 2008

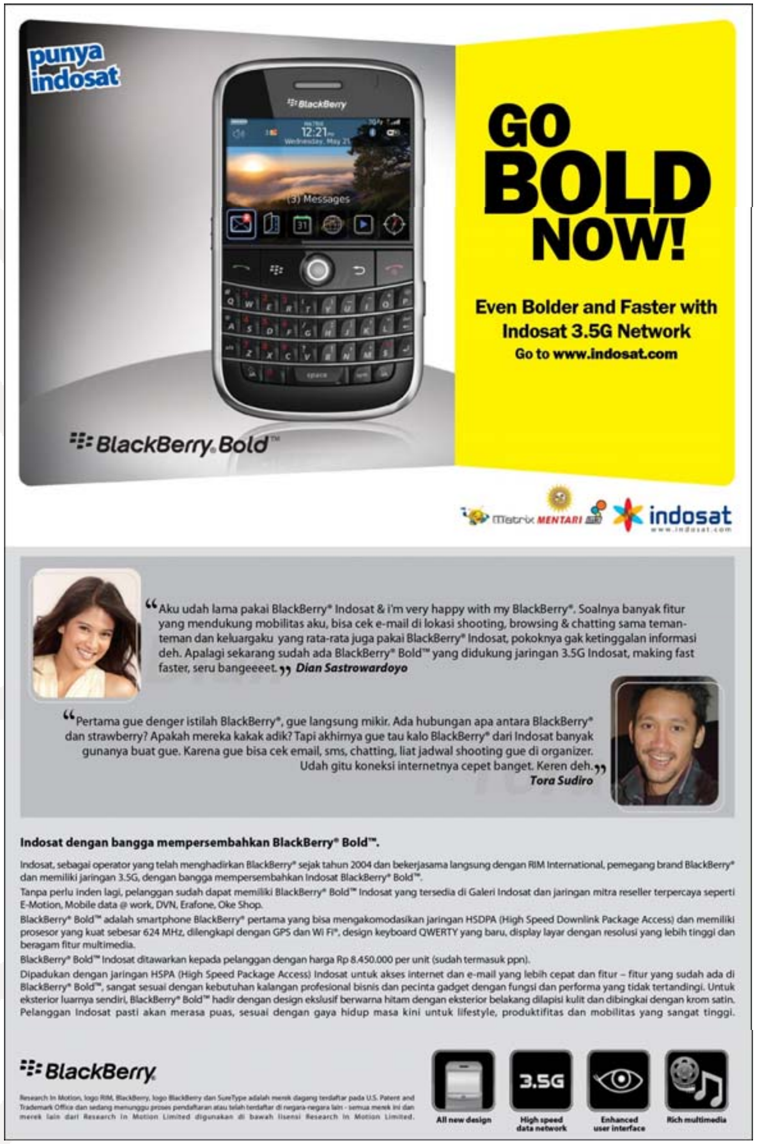


- INDOSAT is VERY AGGRESSIVE

Community Empowered

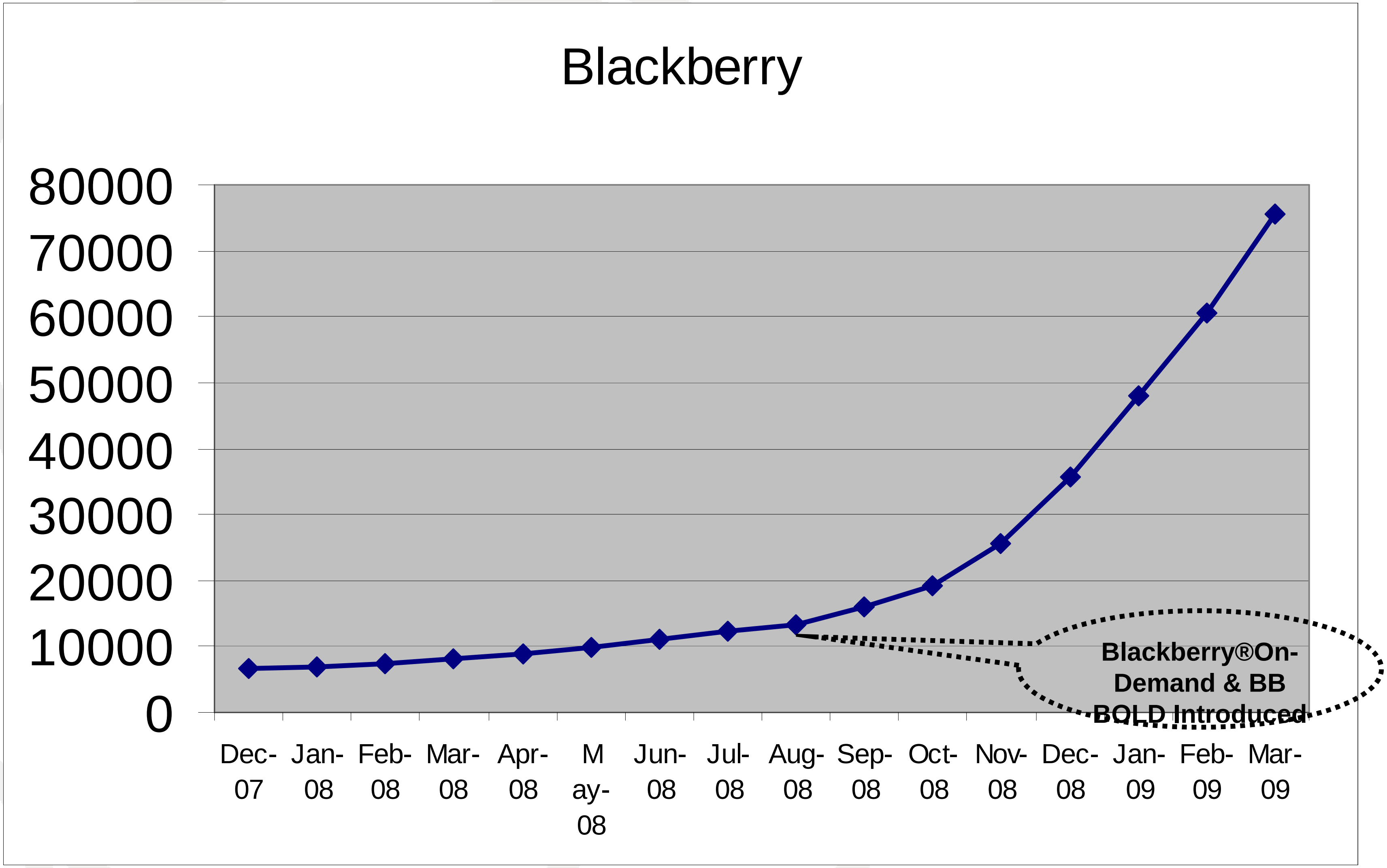


isatbb.com

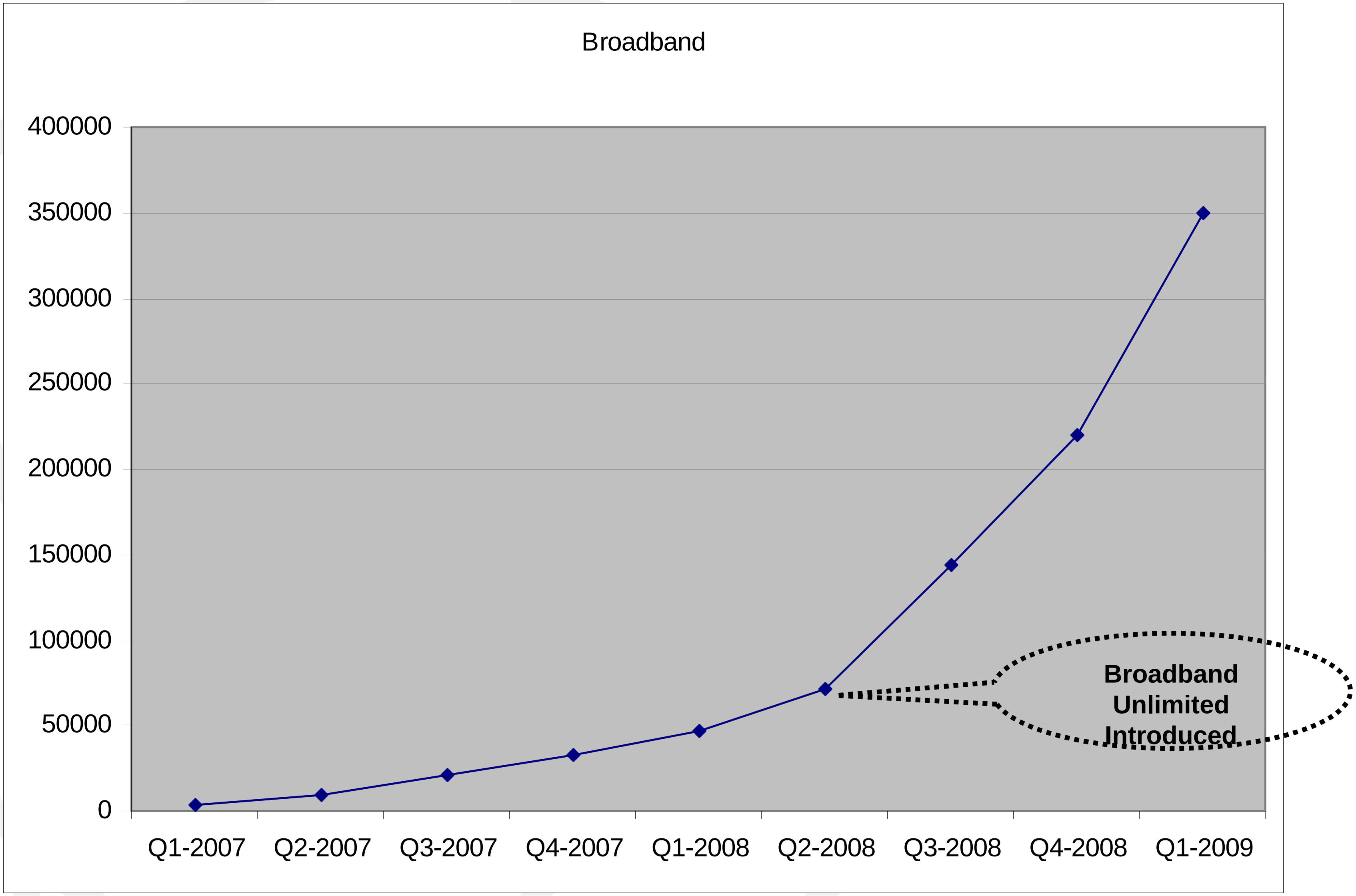


- WEB & Mailing – List
- Social Networking (Facebook, Yahoogroups)
- Gathering
- Blogging
- Word of Mouth Experience Sharing

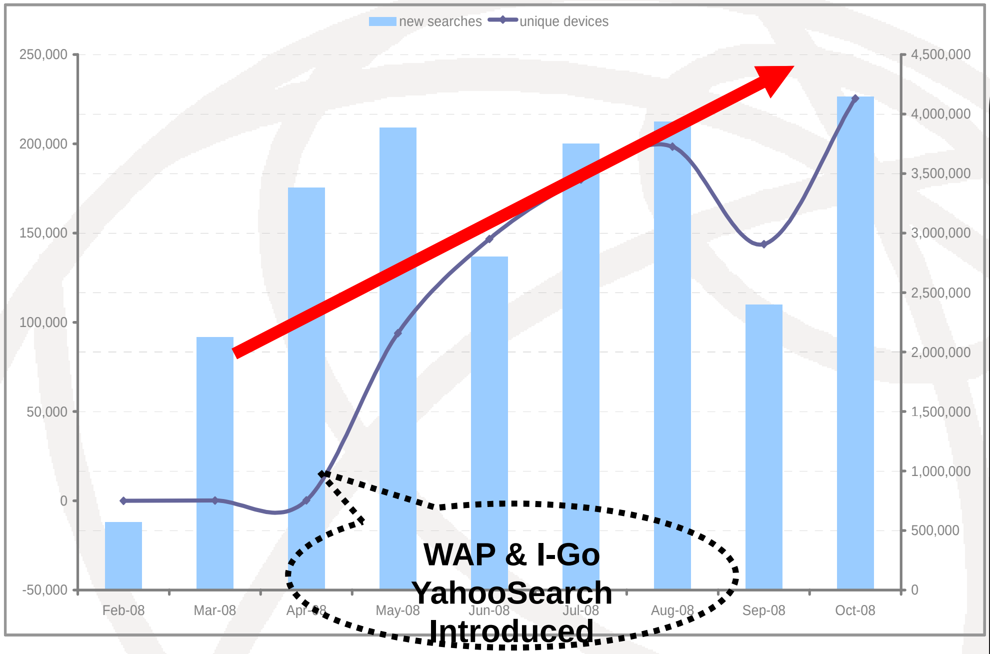
RESULT ➔ Blackberry user : Growth more than 450 %



RESULT → Indosat 3.5G Broadband : Growth more than 600%



RESULT → 3rd largest customer for Yahoo!

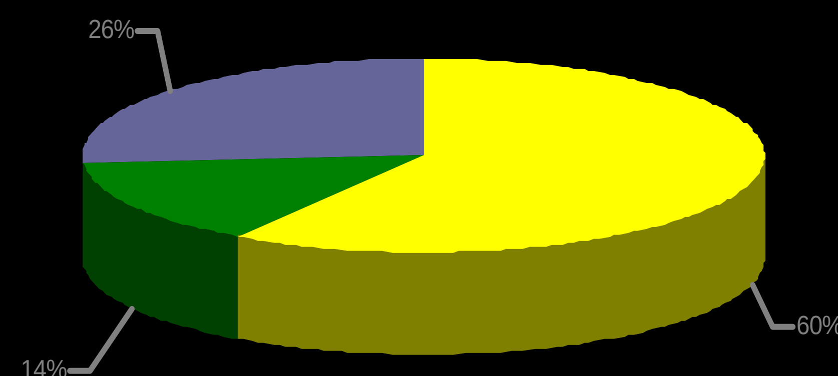


Data Usage growing
to more than 4 million hits per day
(110 million hits per months)

INDOSAT Mobile data user is growing
to more than 9 million user
(30% from total subscriber)

Indosat Yahoo! Go

60% of Yahoo! Traffic in South East Asia Region



RESULTS

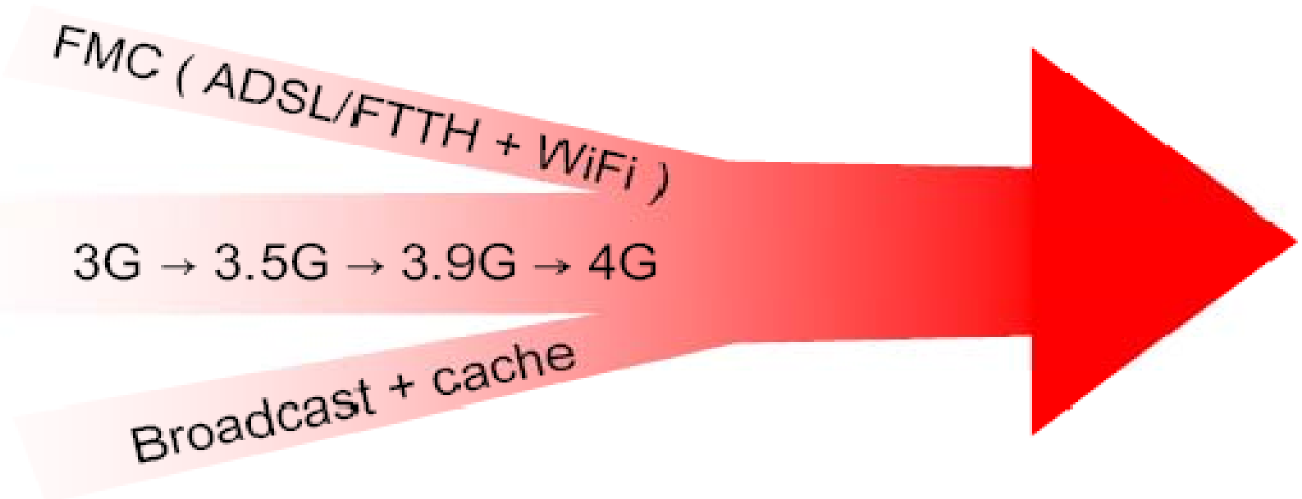
2009 :

- 70% Population Covered by Mobile Phone
- Internet Access Tariff is the cheapest in Region
- Mobile Cellular Tariff is the cheapest in Region
- Internet User is increasing significantly (35 millions)

Digital Opportunity Index will be increased significantly

Final Frontier of Mobile Data Access

- Future data traffic would be very big (50-100 times), unpredictable and download-heavy.
  - Mobile Network cannot solely support all of such traffic.
- Different network should jointly support the total traffic burden, depending on the places and the types of services.
  - It should be seamlessly integrated on one handsets.



- As only the mobile network (3G/4G) can assure "anytime and anywhere (ubiquitous)" communication link, its value will never be diminished.
  - Mobile operators should charge the users, not based on the number of 3G/4G packets, but based on the "total value" they provide.

Conclusion

- Trident Strategy to penetrate lower market of Mobile Broadband & Data services as well as to narrowing digital divide access gap.
- Technology, Human Resources & innovation of content as well as application are ways to lead our journey.
- Changes is a must to stimulate the strategy impact, which are technology, distribution & community development.
- Digital Campaign and Word of Mouth Tools is proven to be an alternative channel to penetrate sophisticated services.

Thank You – Terima Kasih

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Curriculum Vitae

- **Name** : Teguh Prasetya
- **Born** : Surabaya, 6 January 1968
- **Status** : Married with 3 (three) children
- **Education** : Under graduated from ITS (Telecommunication Engineering), Graduated from UI (Management of Telecommunication)
- **Expert Areas** : Telecommunication, Internet, Multimedia & Value Added Services (Marketing, Business, Operation & Engineering)
- **Working Experience**: (Join with PT.INDOSAT since 1990)
  - **Project Manager Multimedia PT.INDOSAT : 1998-2000**
  - **Executive Secretary Board of Commissioner PT. Sisindosat : 1998-2000**
  - **Director of Business Development PT.INDOSATM2 : 2000-2001**
  - **Director of Sales & Marketing PT.INDOSATM2 : 2001-2002**
  - **Director of Planning & Development PT.INDOSATM2 : 2002-2006**
  - **Group Head Mail & Messaging PT. INDOSAT : 2006-2008**
  - **Group Head Value Added Services PT. INDOSAT : 2006-2008**
  - **Group Head Brand Marketing PT.INDOSAT : 2008-now**

    (achievement : Developing & Managing Indosat Mobile Core Services : Matrix, Mentari, IM3 as well as Starone Brand, Getting 3 (three) top brand awards for Matrix, Mentari, IM3 2008 & 2009 , Best GSM Operator 2009 & Best Blackberry Services 2009, Developing Aggressive go to the market services for Indosat Wireless Brand, Contributing more than 75% from total of Indosat Revenue)
- **Organization** : KADIN, APJII, MASTEL, APMI, ORARI, PII.
- **Professional Activities** : Speaker for various conferences, seminars, lecturers on domestic and international
- **Founder member** :
  - Indonesia IN & ISDN User Forum
  - Indonesia Wimax Forum
  - Indonesian Multimedia Provider Association