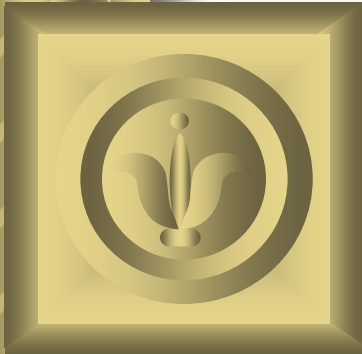


GOVERNMENT POLICY ON ICT INDUSTRY DEVELOPMENT



**Presented by :
Moedjiono
Senior Advisor to the Minister,
Ministry of Communication and Information Technology (Indonesia)**

Bangkok, 18 May 2006

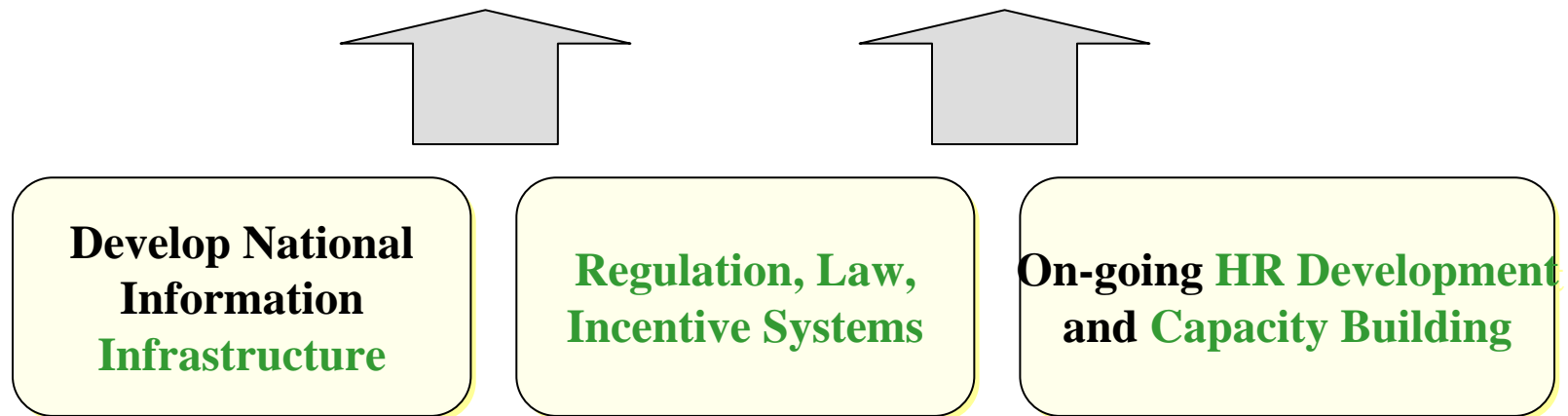
Indonesia's Great Challenges



- **The unique characteristics compared to other countries in particular:**
 - Geographically consisting of more than 17,000 islands
 - Uneven distribution of population with more than 222,6 millions people
 - Diversified cultures with more than 520 ethnic groups and around 300 local languages
 - Newly democracy with current multi-dimensional problems
 - More rural than urban areas
 - Urban Teledensity 11 – 25 %
 - Rural Teledensity 0.2 %
 - ± 43.022 villages without phones (64.4 % from 66.778 villages)
- **Today Infrastructures (early 2006):**
 - Telephone line : 9.4 millions (fixed) and 27.9 millions (mobile)
 - Public phone : 382,000 units
 - Internet Penetration : 1,2 millions subscriber and 12 millions users
 - Internet Kiosks : 261,000
 - Internet Exchanges (IX) : 3
 - ISP : 140 licensees, 35 operational
 - Radio Broadcasting : 1,400 stations (nation-wide and local)
 - TV Broadcasting : 10 nation-wide networks
 - Pay TV : 4 TV cables, 2 DBS TV
- **Total IT market in Indonesia for 2007:** will reach US\$1.9 billion with a compound annual growth rate (CAGR) of 10% from 2002 to 2007 (source: IDC)
- **The Indonesian ICT Vision:** *To establish a global competitive Indonesian Knowledge-based Society based on national values and cultures*

Indonesia's Knowledge Based Society 2025

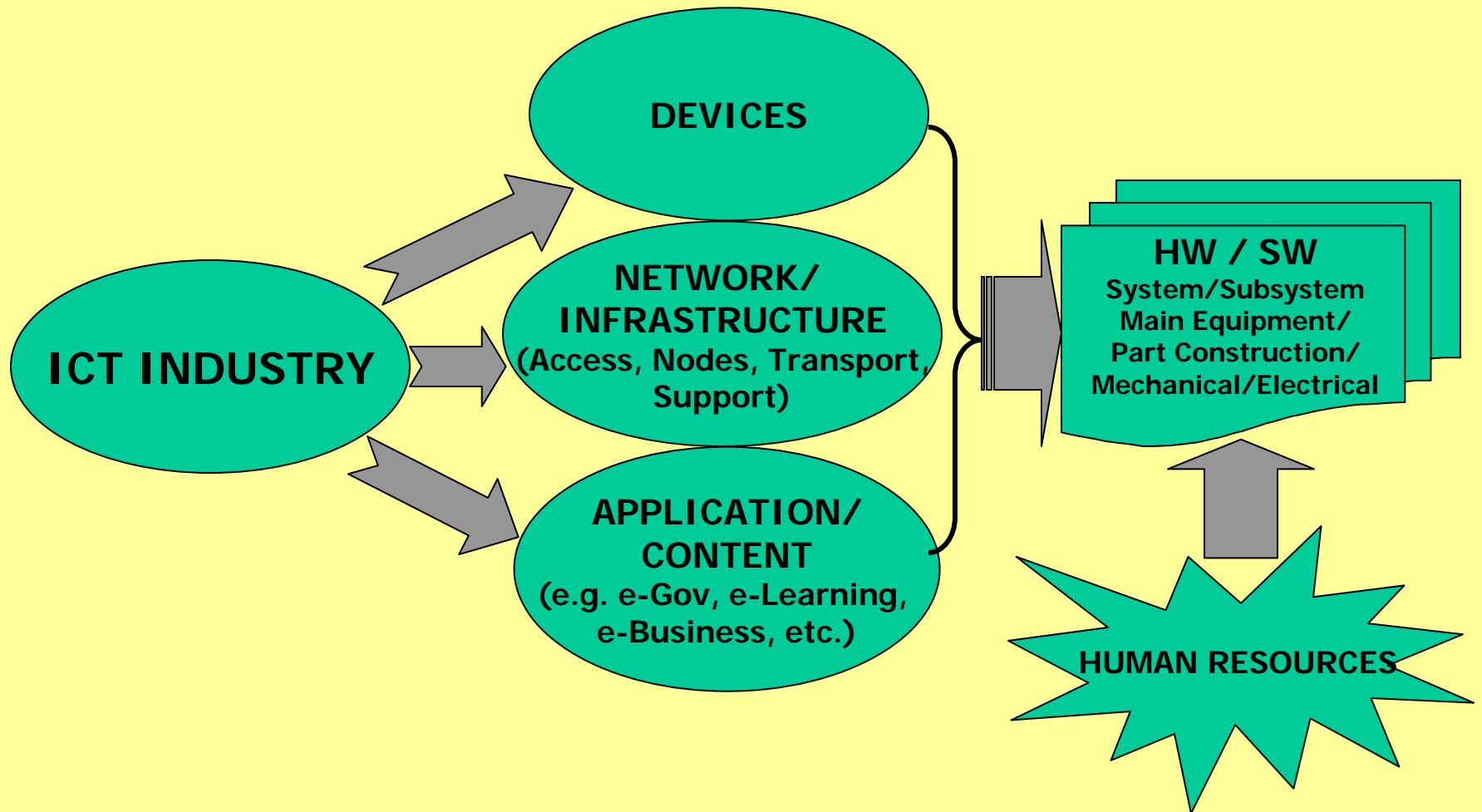
- ▶ 2025, Indonesia to Reach A **Knowledge-based Society**
- ▶ 2020, Recognized as a Country based on ICT
- ▶ 2015, Entering an Indonesian **Information Society**
- ▶ 2010, Reaching 80% Accessibility
- ▶ 2006 – 2009, Government Transparency through ICT (e-Government)
- ▶ 2005, National Campaign, Law and Regulations



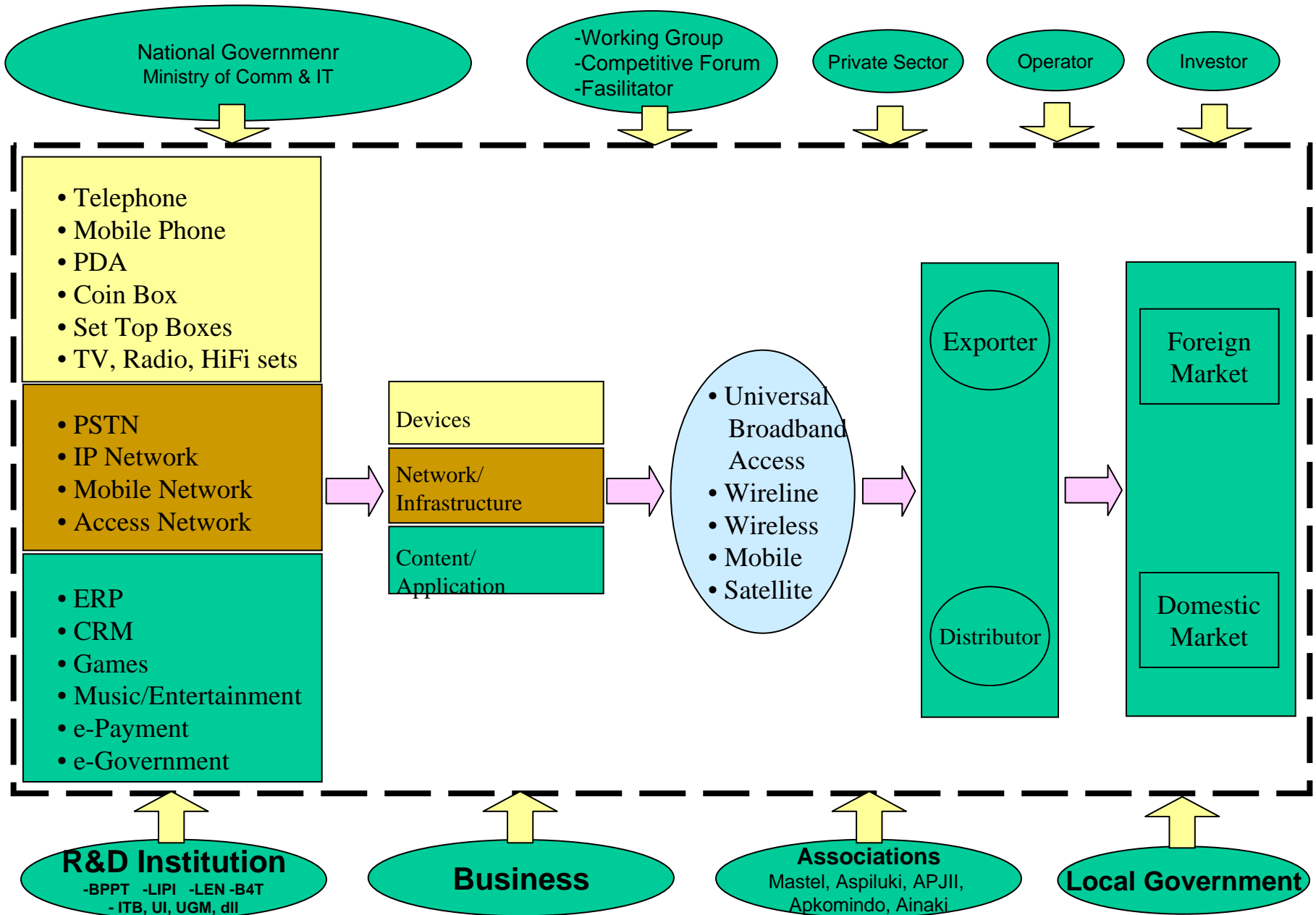
FIVE CORE STRATEGIES

- **e-Indonesia** (includes : e-government, community involvement, legal framework)
- **e-Infrastructure**
- **e-Industry**
- **e-Learning** (includes : tele-education)
- **e-Commerce** (includes : e-purchasing, e-payment, etc.)

ICT INDUSTRY

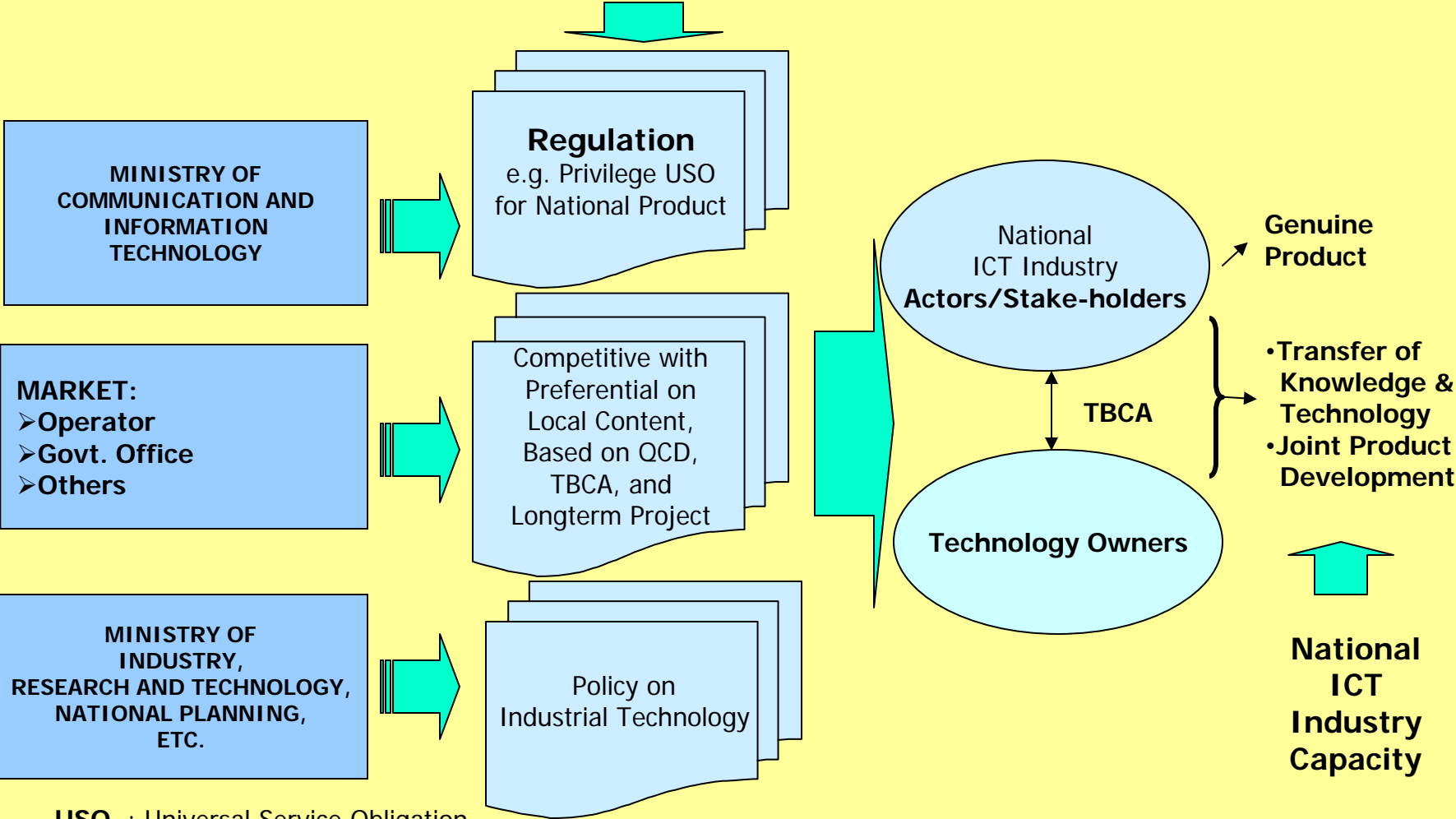


ICT Industry Relationship Framework



ICT INDUSTRY DEVELOPMENT STRATEGY

STAKE-HOLDERS SUPPORT

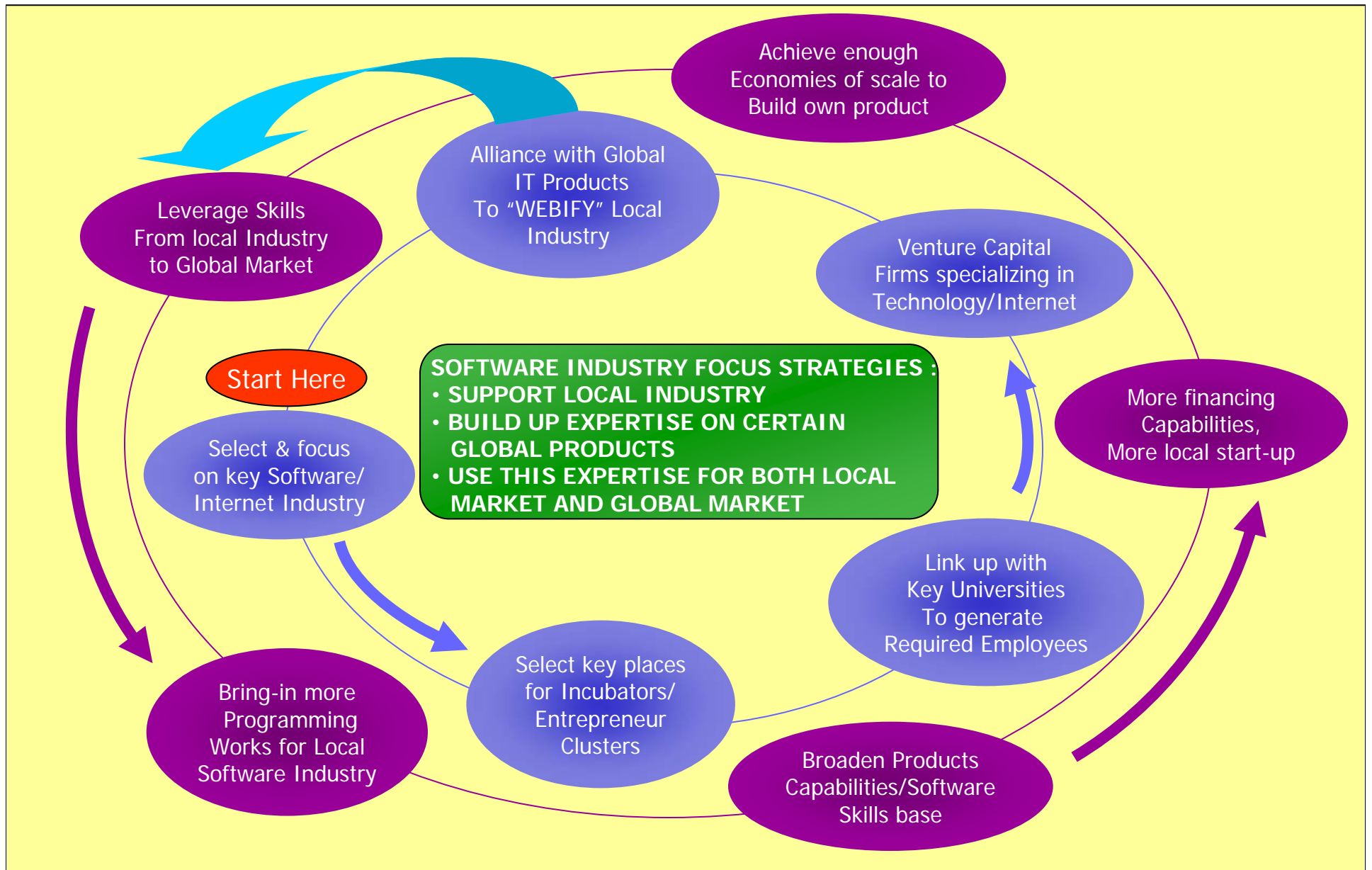


USO : Universal Service Obligation
QCD : Quality, Cost & Delivery
TBCA: Technical Bussness Cooperation Agreement

Factors and Steps to Promote the Strong and Independent National ICT Industry

- **ICT infrastructure** development: developing national capacity in hardware/software production, through multi-stakeholder public-private-partnership projects (longterm, TBCA, QCD) – communication network, internet access, computer and its peripherals.
- **Human Resources** development: to raise the capacity of ICT education and training institution – the outcome to meet industry demand, readiness, productive; awareness building; create competency standard dan certification.
- Create **Law, Regulation, Policy** in ICT industry: ceation, update, promotion, socialization, implementation of Cyber law, e-Commerce law, etc.
- Create a condusive **Enabling Environment**: Domestic Market development which promote the National Product, especially to promote local content, but still in good Quality, Cost and Delivery (QCD) – e.g. e-Government, e-Business, e-Learning, e-Health, e-Employment, e-Environment, e-Agriculture, e-Science, etc.

ICT Industry Development - Software & ICT Services



KEY STRATEGIES TO JUMPSTART INDONESIA'S ICT INDUSTRIES

- LEVERAGE **LOCAL PROGRAMMING TALENT** TO GLOBAL MARKET.
- FOCUS ON SELECTIVE **SOFTWARE/INTERNET INDUSTRIES** :
 - E.G. WEB DESIGN, E-COMMERCE FOR LOCAL INDUSTRIES (TEXTILE, FURNITURE, HANDYCRAFT), B2B FOR COMMODITIES (PETROLEUM, PULP/PAPER, PALM OIL, AGRO-INDUSTRIES).
- KNOWLEDGE/SKILLS TRANSFER THROUGH ALLIANCE WITH GLOBAL PLAYERS THAT HAVE **GLOBAL PRODUCTS** AND WILLING TO OUTSOURCE THEIR PROGRAMMING WORKS TO INDONESIA:
 - IBM, ORACLE, MICROSOFT, SUN, HP, INTEL, etc.
- INVOLVE **UNIVERSITIES** IN UPDATING THEIR CURRICULUM AND FOCUS TOWARDS PREPARING EMPLOYMENT AND ALSO ENTREPRENEURSHIP READINESS THAT MATCH WITH INDUSTRIES STRATEGY.
- LOCAL SKILLS BUILD-UP TO “WEBIFY” **LOCAL INDUSTRIES** WILL STRENGTHEN LOCAL SOFTWARE INDUSTRIES.
- BASE ON THE SAME SKILLS WE CAN ENTER GLOBAL MARKET BY “PIGGY-BACKING” THE GLOBAL PLAYERS.
- CREATE/FACILITATE THE DEVELOPMENT OF **VENTURE CAPITAL** FINANCING THAT SPECIALIZING IN TECHNOLOGY (Need to find suitable format for local market).
- DEVELOP SEVERAL SOFTWARE/INTERNET **INDUSTRY HOTBEDS** SUCH AS BALI, BANDUNG, NORTH SUMATRA, TOGETHER WITH ITS REQUIRED INFRASTRUCTURE :
 - E.G TELECOMMUNICATION BACKBONE.

Thank You