



AstraDigital

# Navigating Indonesia Tech Startup Investment Report 2024



## **Astra Digital**

Astra Digital (PT Astra Digital Internasional), was established on 19 April 2018 as a digital & strategy arm of Astra Group. Astra Digital aims to be at the forefront of digital innovation and delivers new value propositions to Astra customers. By upholding 6 Digital Pillars, namely Digital Ventures, Venture Building, Strategy & Consulting, Digital Marketing, Data Intelligence, and Academy & Technology, we aim to support the digitalization efforts of Astra Business Units. In addition, we also operate digital ventures with full support from Astra Group businesses.

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01

# Executive Summary

Key highlights and insights at a glance



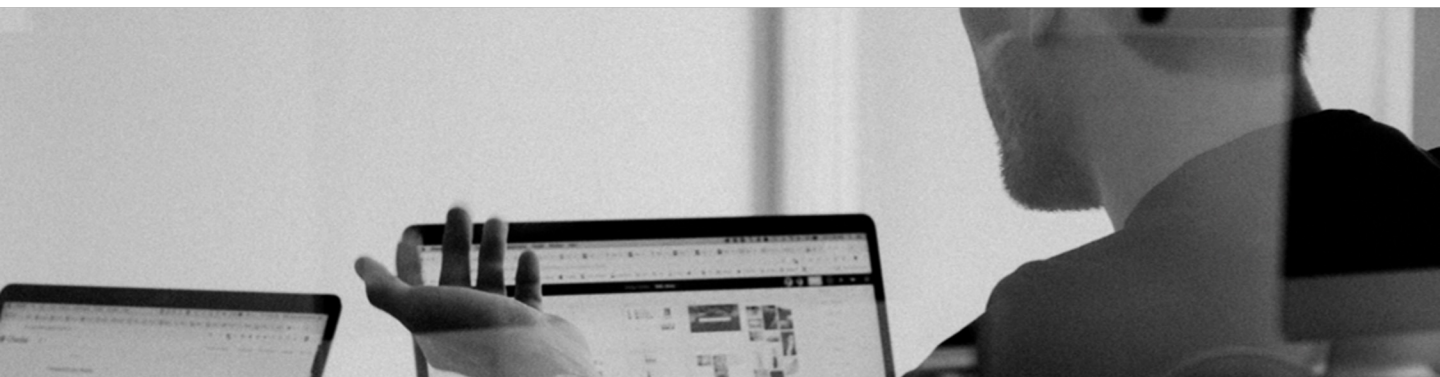


# Executive Summary

**Indonesia's digital economy, driven by over 185.3 mio internet users (66.5% of Indonesia's population), is one of the fastest growing in Southeast Asia. Key factors like increased smartphone use and strong e-commerce adoption have made the country a hotspot for digital investments and innovation. As the market evolves, startups are adapting to shifting investor priorities and increasing competition, highlighting the need for resilience and strategic execution to sustain long-term success.**

In 2024, digital investments shifted focus as startups prioritized sustainable profitability over rapid growth due to more selective funding environment and increased investor scrutiny. Many companies optimized operations, reduced costs, and demonstrated clearer paths to financial stability. Mergers and acquisitions played a key role in market consolidation, helping companies to strengthen their positions and achieve operational efficiencies.

Both local and foreign investors in 2024 adopted a more cautious approach, moving away from growth-at-all-costs to emphasizing financial health, scalability, and resilience. Valuations became more conservative, focusing on cash flow, customer retention, and operational efficiency. This shift highlighted the preference for startups with strong business models and proven results.



Startups will focus on blending online and offline strategies for better customer engagement. Meanwhile, high-growth sectors like Healthtech, Deeptech, and Agritech are set to attract investment due to their innovation, sustainability impact, and long-term potential despite their smaller market size.

Indonesia's digital ecosystem is set for continued growth and innovation. To seize this potential, all stakeholders involved must build partnerships, improve infrastructure and talent, promote sustainability, and maintain sustainable business models. These steps will ensure Indonesia's resilience and leadership in Southeast Asia's digital transformation.





02

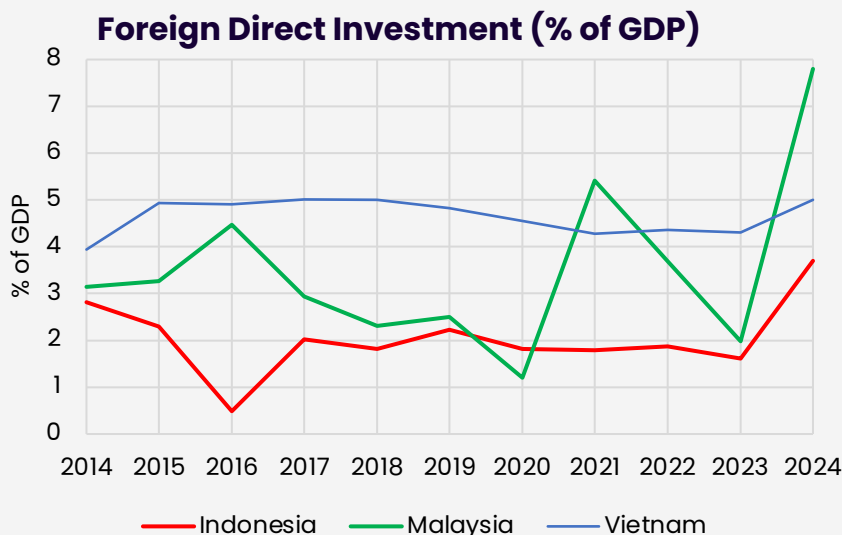
# Investment Landscape

Overview of Indonesia's investment  
milestones and challenges



# Investment Landscape

## 01. Indonesia is lagging in FDI compared to neighboring countries



Source: World Bank, IMF, Reuters, Mida.gov.my, Vietnam Plus

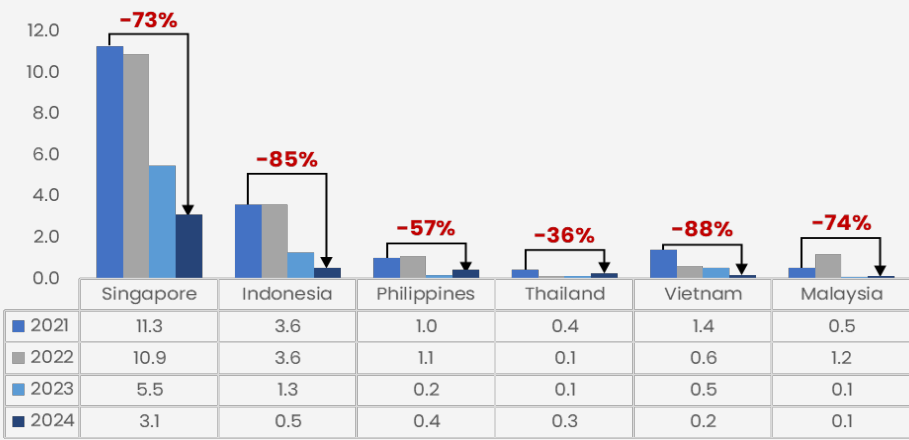
- Over the past 10 years, **Vietnam** is able to **maintain its FDI to GDP ratio at consistent values** between 4–5%. This success is supported by the development of a **strong relationship with its business communities** and the **streamlining of its regulatory framework**, which includes efforts such as simplifying licensing procedures and easing foreign ownership restrictions.
- In **2016**, there is **significant drop in Indonesia's FDI to GDP ratio**, dropping to its 10-year lowest point following the **plunge in oil prices** during the period. This is in contrast to **Malaysia's FDI to GDP ratio** which **reached one of its highest values** in the last 10 years. Although **both are commodity exporters**, **Malaysia maintained its FDI to GDP ratio** by attracting foreign investors through **economic diversification**, mainly driven by the **electronics sector and semiconductor production** (as 6<sup>th</sup> biggest semiconductor exporter globally).
- In **2020 Malaysia's FDI to GDP ratio fell under Indonesia's** FDI to GDP ratio for the first time in 10 years, reflecting heavy impact of the COVID-19 pandemic on Malaysia. In **2021, Malaysia recovered**, reaching its 10-year highest. 61.4% of this investment (worth RM 29.5 bio) is **investment into manufacturing sector**, mainly in electrical and transport equipment.
- In **2023, Indonesia's FDI to GDP ratio** was at **1.6%**, **lower than neighboring countries** like **Vietnam (4.3%)** and **Malaysia (2%)**.
- In **2024, Indonesia and Malaysia** experienced a **surge in its FDI to GDP ratio**. **Malaysia's growth** in FDI is **contributed by its manufacturing sector**, especially the strong performance of electrical and electronics industry. **Indonesia's growth** in FDI to GDP ratio may be attributed to the **growth of Indonesia's mining and metal refining sector**.
- Tech giants** like Google and Microsoft have **pledged significant investments in Malaysia**. Google is investing USD 2 bio to build its first Southeast Asian data center, while Microsoft plans to invest USD 2.2 bio over the next four years starting in 2024. In contrast, **global tech company investment into Indonesia has been minimal**, with one of the notable investment being an investment commitment from Apple with value of USD 1 mio.

**Attracting more foreign investments into Indonesia** could be facilitated by **improving transport and logistics infrastructure, reshaping regulations** to be more **investor-friendly**, and **developing the workforce and talent pool**.

# Investment Landscape

## 02. Indonesia's startup equity funding value dropped quite significantly compared to neighboring countries

Total Startup Equity Funding Value (in USD bio)



Source: DealStreetAsia; Statista; Internal Analysis

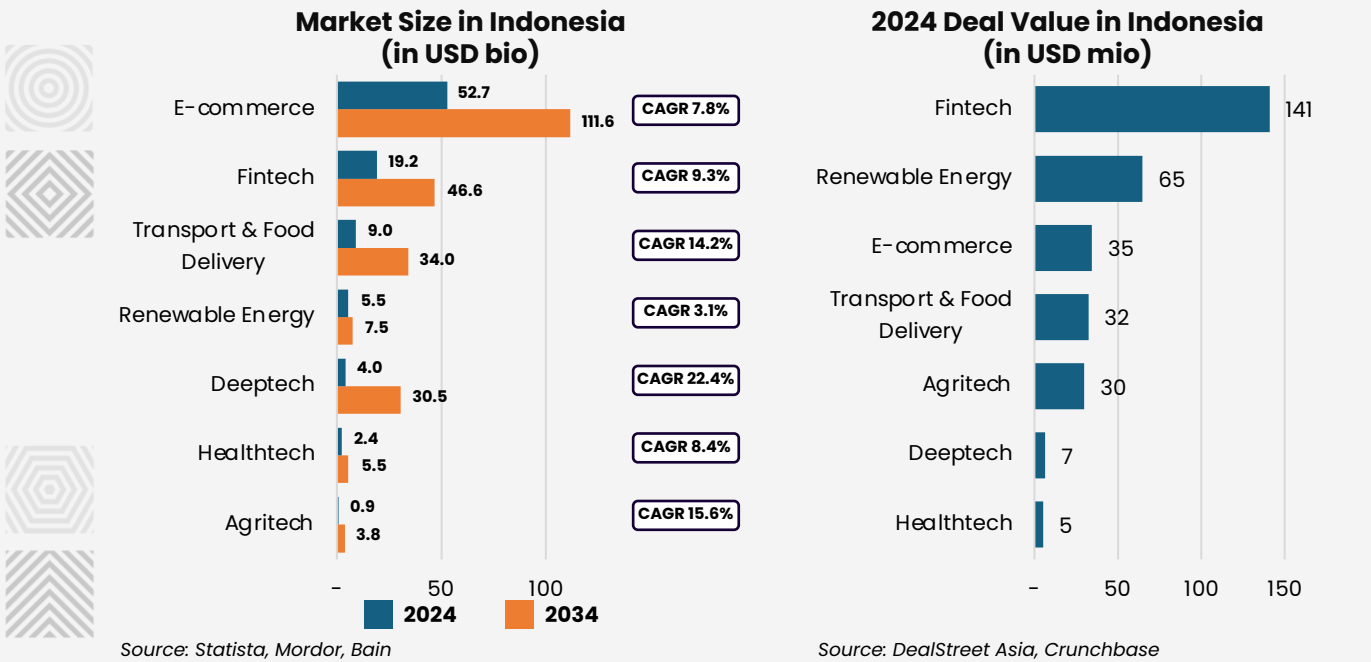
Mirroring the drop in FDI in Indonesia, startup equity funding in Indonesia dropped to its lowest point in the past 4 years (–85%). This downward trend was also observed across key Southeast Asian countries between 2021 and 2024, with **Singapore (–73%)**, **Vietnam (–88%)**, and **Malaysia (–74%)** experiencing significant declines. **Several macroeconomic and sector-specific factors contributed to this trend:**

- **Indonesia** saw an **85% drop in funding**, from **USD 3.6 bio in 2021** to **USD 0.5 bio in 2024**. This decline is driven by a range of macroeconomic factors, including the **rise in global interest rates** (from 0.25% in 2021 to 4.5% in 2024), **global inflation**, **currency fluctuations**, **tightening liquidity**, which have increased borrowing costs and reduced investor interest. At the same time, **weakening GDP growth** (from 5.3% in 2022 to 5.03% in 2024) and **regulatory uncertainty**, particularly in fintech and digital sectors, have further undermined investor confidence and contributed to a more cautious investment climate, slowing down funding rounds.
- **Singapore's startup ecosystem**, the strongest in Southeast Asia, saw a **73% funding decline**, from **USD 11.3 bio in 2021** to **USD 3.1 bio in 2024**. This drop is largely due to a **valuation reset post-pandemic**, leading investors to adopt a more cautious stance.
- **Vietnam** experienced the **most severe decline in funding**, plummeting from **USD 1.4 bio in 2021** to just **USD 0.2 bio in 2024**, marking an **88% contraction**. The **funding boom of 2021** led to **overvaluations**, prompting investors to pull back significantly in subsequent years.
- **Malaysia and Philippines** saw a drop in funding from 2021 to 2023, despite a slight increase in 2022. **Philippines benefited from stronger fintech policies**, while **Malaysia attracted more foreign investment**.
- **Thailand also experienced a decline in funding from 2021 to 2023**, but **showed a slight recovery in 2024**. This rebound was driven by **government support**, **digital and green tech incentives**, and **improved political stability**. Thailand actively promoted digital and sustainable startups during this period.
- In 2025, **Indonesia's startup equity funding** will continue adjusting after the challenges of **2021–2024**, a period of **seeking stability**, **rebuilding resilience**, and **adapting to investor expectations**. However, **recent fraud cases in agritech and fintech** have raised concerns about **governance**, **transparency**, and **financial discipline**. This may lead to **stricter due diligence**, **lower valuations**, and **more cautious investments**, impacting both private and public markets.



# Investment Landscape

## 03. E-commerce, Fintech, and Transport dominate Indonesia's digital economy, while sectors like Healthtech, Deeptech, and Agritech gain investor attention for their growth potential



- **E-commerce dominated** Indonesia's digital market at **USD 52.7 bio in 2024**. However, the market secured only **USD 35 mio in deals** despite being Indonesia's largest digital market. This reflects the **sector reaching maturity** and **high capital demands**, which **limit new entrants**.
- **Fintech** is Indonesia's second largest digital market, **valued at USD 19.2 bio in 2024**. Fintech recorded a **deal value of USD 141 mio**, driven by digital payments, financial inclusion, and growing demand for innovation.
- **Transport & Food Delivery** digital market in Indonesia is **valued at USD 9 bio** and **recorded USD 32 mio in deal value in 2024**. Although **growth may be limited** to a few players, **investor interest remains strong**, driven by opportunities in **ride-hailing, last-mile delivery, and mobility solutions**.
- **Renewable Energy** market is **valued at USD 5.5 bio** and recorded a **deal value of USD 65 mio**. While its **market is small**, its **long-term potential keeps investors engaged**, though **growth depends on clear and consistent policies**.
- **Deeptech (AI & Blockchain)** market at **USD 4 bio in 2024** secured **USD 7 mio deal value in 2024**. Its strong **22.4% CAGR** shows **rapid growth driven by AI adoption and user expansion**, though the **sector remains in its early stages** and needs further evaluation.
- **Healthtech** market valued at **USD 2.4 bio in 2024** remains essential driven by **increasing healthcare demand and telemedicine adoption**, securing **USD 5 mio in deals**. There is **steady interest** in the sector, with **players looking to build on existing conventional healthcare connections** and evolution of **digital health innovations**.
- **Agritech**, one of the smallest markets at **USD 886 mio**, attracted **USD 30 mio in deals**. Despite its size, its **15.6% CAGR** signals **growing investor confidence**, driven by demand for **agricultural innovation** and **technological advancements** improving efficiency and productivity.

**E-commerce, Fintech, and Transport & Food Delivery currently dominate the market**, attracting investment for their size and steady growth. Meanwhile, investors should also consider **sectors like Healthtech, Deeptech, and Agritech**, which are gaining attention for their rapid growth and future potential.



03

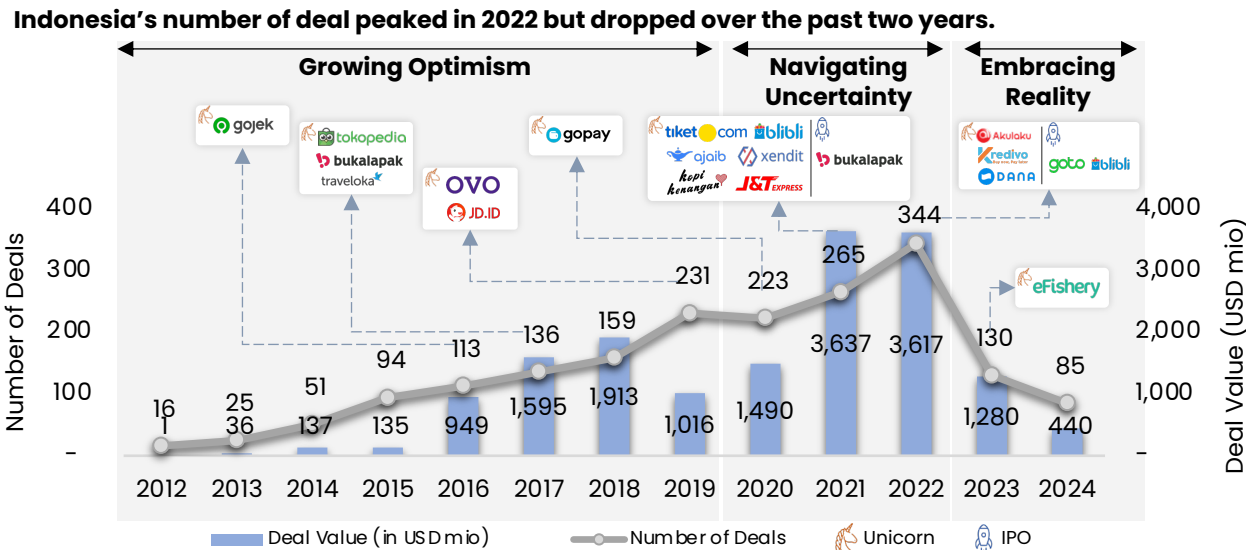
# Startup Investment Paradigm Shift

Evolution of investment trends shaped by  
market dynamics and technological  
advancements.



# Startup Ecosystem Paradigm Shift

Indonesia's startup ecosystem has evolved from rapid expansion in growing optimism era, through a period of navigating uncertainty, and now entering a phase of embracing reality which is what we define as a paradigm shift



Source: Crunchbase, Bain, Statista, DealStreet Asia

- From 2012 to 2019, startup investment in Indonesia grew, the strong momentum created optimism about the potential for startups to scale quickly as valuations climbed multiple times leading to high investor interest on startups. This period saw the rise of several unicorns, starting with Gojek in 2016, followed by Bukalapak, Traveloka, and Tokopedia in 2017. JD.ID and OVO joined in 2019.
- Between 2020 and 2022, investment activity peaked, with new unicorns emerging such as GoPay (2020); Tiket.com, Bilibli, Xendit, Kopi Kenangan, Ajaib, and J&T Express (2021); and Kredivo, Dana, and Akulaku (2022). However, as more startups completed their IPOs, some struggled to meet profitability expectations. Combined with the transparency resulting from going public, highlighted financial challenges in the startup companies, this led to a setback in investor confidence toward startups.
- By 2023–2024, the ecosystem began to shift toward a more cautious and selective approach. Valuation corrections became widespread across the startup ecosystem, and many startups adjusted their operations to focus on long-term sustainability rather than rapid expansion. Compared to previous years, the number of new unicorns declined, with only eFishery achieving that status in 2023. Later fraud findings at eFishery added to investor concerns and highlighted the heightened focus on governance, transparency, and solid business fundamentals.
- Despite higher risk, early-stage investors can earn significantly higher returns, typically around 5–10 times, while later-stage investments generate lower returns, around 2–4 times. Later-stage investors may also face losses due to market saturation, intense competition, or post-IPO decline.

We believe the paradigm shift discussed above reflects lessons from the dot-com bubble that parallel current trends. Future growth of the startup equity funding market may also follow historical gradual recovery of the dot-com bubble.



Source: Yahoo Finance

- The dot-com bubble (1990s–2000s) saw inflated stock prices with the Nasdaq index peaking at 5,048 in the year 2000.
- Following overvaluation, the market corrected as investors realized many internet companies were not financially sustainable. By 2002, most dot-com stocks collapsed, and blue-chip tech stocks like Cisco and Oracle lost over 80% of their value.
- Following the crash, only companies with strong fundamentals and resilience survived, becoming some of today's most powerful businesses. The market slowly recovered, growing at a much more stable rate.

# Startup Ecosystem **Paradigm Shift**

**Both startups and investors are moving inline with the paradigm shift**

	Growing Optimism (2012–2019)	Navigating Uncertainty (2020–2022)	Embracing Reality (2023–present)	Case Study
Startups	<ul style="list-style-type: none"><li>• Entering expansion and aggressive market capture</li><li>• Focus on growth-at-all-cost mindset with aggressive customer acquisition and generous marketing expenses</li></ul>	<ul style="list-style-type: none"><li>• Steep valuation with high multipliers</li><li>• Emphasis on unit economics to reduce cash burn and extend runway.</li></ul>	<ul style="list-style-type: none"><li>• Shift to focus on sustainable growth with emphasis on profitability</li><li>• Valuation correction</li><li>• Start to provide and integrate AI solutions into business and product</li></ul>	<p>Gojek</p> <ul style="list-style-type: none"><li>• Established in 2010 and launched its app in 2015, drew users via heavy subsidies and continues to expand its reach by launching a wide range of ventures to penetrate diverse markets such as transportation, food delivery, logistics, e-commerce, and digital payments</li><li>• Became a unicorn in 2016, emerging as Indonesia’s first unicorn</li><li>• Gojek merged with Tokopedia in 2021 to strengthen market position and GoTo was publicly listed in 2022</li><li>• GoTo sold 75% of Tokopedia in 2023 and also closed down various of its ventures such as GoTicket, GoLife, and exited Vietnam , Thailand, and Philippines market as effort to reach profitability</li></ul>
Investors / Corporates	<ul style="list-style-type: none"><li>• Focus on early-stage funding but quickly picked up growth-stage startups as startups mature</li></ul>	<ul style="list-style-type: none"><li>• Shift towards growth-stage startups as ecosystem matured, leading to a surge in unicorns</li></ul>	<ul style="list-style-type: none"><li>• Focus more on sustainable growth and profitability rather than aggressive expansion</li><li>• High prudence in due diligence</li></ul>	<p>East Ventures</p> <ul style="list-style-type: none"><li>• From 2015 to 2019, made 30–40 investments annually in companies like Tokopedia and Traveloka, to capture financial returns in an emerging tech market</li><li>• In 2023, focused on directing and supporting portfolio companies, becoming more selective in backing founders, and creating impacts for the ecosystem.</li></ul>

**As a result of this shift in the startup ecosystem, some observable impact include:**

- 1. Fewer choices in the market**  
Many smaller startups have shut down, leaving customers with fewer product and service options dominated by big players.
- 2. Less discounts from reduced marketing incentives**  
Startups have scaled back on burning cash for growth, so customers are seeing fewer promos, discounts, and freebies.
- 3. Customers are making decisions with increased caution**  
Due to past frauds and shutdowns, customers are more cautious and prefer startups with strong credibility.
- 4. Increased market consolidation**  
Larger players are acquiring or merging with smaller startups to expand market share and streamline operations.
- 5. Investors are conducting more thorough scrutiny**  
Investors are doubling down on due diligence, including analyzing financials, market potential, company governance, risks, management background check, and operational efficiency.





04

# Emerging Trends

Strategic movements and developments  
influencing investment decisions



# Emerging Trends

Several notable trends were observed that will have further impact on the investment landscape in Indonesia in the coming years. These includes:

01



**Focus on Core Business and Market**

Startups are strategically exiting unprofitable business units to minimize inefficiencies and reallocate resources toward core operations, aiming to improve financial sustainability and long-term viability.

02



**Amplify Core Business by Entering Adjacent Sectors**

Startups implement strategic initiatives to scale operations, strengthen market positioning, and create long-term value, while enhancing efficiency by expanding into complementary sectors that support their core business.

03



**Increased AI Adoption Among Startups and Emergence of Ecosystem Enablers**

Artificial Intelligence (AI) is becoming a key part of deeptech innovation, helping drive automation, data-driven decision-making, and the development of intelligent systems across various industries.

04



**Investors Actively Driving Startups Beyond Funding**

Investors are now seen as more than just financial backers. They provide management expertise, connections, insights, and knowledge to help startups grow and succeed.

05



**Competition from Global Players Entering Indonesia**

Competition is intensifying as foreign companies expand into new markets, including Indonesia, to counter the global economic slowdown that has also impacted Asian economies.

06



**Evolving Government Initiatives & Regulations**

Government have tightened rules to enhance oversight, protect consumers, and prevent fraud amid rapid startup growth and past fraud cases.

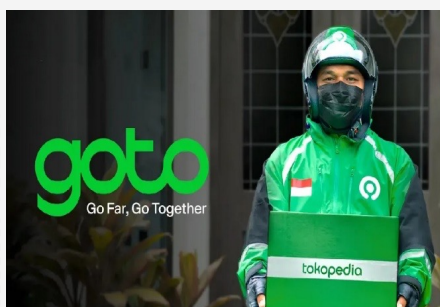
# Emerging Trends

## 01 Focus on Core Business and Market

**In response to financial sustainability challenges, startups are shifting away from unprofitable or non-core business units. By shutting down non-core or underperforming segments, they can streamline operations and enhance efficiency.**

**Startups are adopting several approaches to improve financial sustainability and streamline operations, including:**

### 1. GoTo Group



- GoTo Group has implemented key changes to enhance profitability and operational focus. As part of this strategy, GoTo discontinued several non-core services such as GoLife and GoTix, platforms that showed limited growth potential and lacked strong synergies with its core commerce and on-demand services.
- Additionally, GoTo exited unprofitable markets, leaving Thailand in 2021, Philippines in 2022, and Vietnam in 2024. Moving forward, GoTo Group will focus on more profitable regions like Indonesia.

### 2. Bukalapak



- Bukalapak has discontinued its physical goods marketplace and shifted to virtual products.
- This decision is driven by the physical goods marketplace often operates on thin margins, leading to persistent losses due to high logistics expenses. By shifting to virtual products, Bukalapak aims to adapt to market challenges, optimize resources, and sustain growth.
- Additionally, the Indonesian e-commerce landscape is highly competitive, with major players like Tokopedia, TikTok, and Shopee, making it difficult to maintain profitability in the physical goods sector.

### 3. Grab



- Grab discontinued its GrabKitchen services in Indonesia on December 19, 2022, after four years of operation.
- The decision to shut down GrabKitchen was partly due to inconsistent growth. The service experienced fluctuating performance, leading Grab to reassess its viability within its business model.
- This move aligns with Grab's broader strategy to adopt an asset-light business model and reducing operational complexities.

# Emerging Trends

02

## Amplify Core Business by Entering Adjacent Sectors (1/2)

Startups are unlocking new growth opportunities by expanding into complementary sectors through strategic moves such as mergers and acquisitions (M&A), regional expansion, and business diversification. These strategies help drive long-term growth and strengthen their competitive edge.

Startups are adopting several approaches to accelerate growth and capture untapped market potential, including:

1. **Fintech platforms, including peer-to-peer lenders and payment gateways, are expanding into sectors such as digital banking and multifinance to provide broader financial services and reach underserved market segments.**



- Akulaku identified an opportunity to strengthen its digital financial ecosystem by entering the digital banking space.
- To support this move, the company acquired a 34,45% stake in Bank Neo Commerce and became its controlling shareholder.
- Through this acquisition, Akulaku deepened its integration with the bank, particularly in the lending segment, by applying its experience to expand credit offerings.
- This collaboration supports more efficient capital flow within the ecosystem and may contribute to reducing Akulaku's funding costs over time.



- Amartha identified an opportunity to broaden its financial services beyond peer-to-peer lending, which had primarily served rural women micro-entrepreneurs.
- As part of this effort, Amartha acquired 100% of PT Bosowa Multi Finance, a licensed multifinance firm under the Bosowa Group.
- The acquisition enabled Amartha to access multifinance licenses and expand into areas such as vehicle, equipment, and consumer financing. This move supports Amartha's goal of reaching a wider customer base and offering more comprehensive financial solutions over time.



- Payment gateway market was becoming more competitive, with pricing pressure and fewer opportunities for differentiation. In response, Xendit expanded its services by diversifying into card issuing, banking-as-a-service, and financing options.
- In 2022, Xendit acquired PT Globalindo Multi Finance (GMF) and PT Emas Persada Finance (EMAS), merging them to strengthen its position in the financing sector.
- Xendit also acquired a 24.2% stake in Bank Sahabat Sampoerna, as part of its move into financial services for SMEs.



# Emerging Trends

02

## Amplify Core Business by Entering Adjacent Sectors (2/2)

2. **Ride-hailing platforms are expanding beyond transportation by offering financial services like payments, lending, insurance, and digital banking. These efforts help them better serve users and driver-partners and strengthening their overall ecosystem.**



- Gojek began expanding into financial services through GoPay, its digital wallet. To deepen its financial offering, GoPay acquired a 22.16% stake in Bank Jago.
- This strategic investment allowed Gojek to integrate digital banking features directly into its app, enabling users to open and manage Bank Jago accounts seamlessly. The integration supported Gojek's goal of offering more complete financial solutions to users and merchants within its ecosystem.



- Grab started its financial services journey with the launch of GrabPay in 2016, enabling cashless payments in its app.
- In 2017, it invested in OVO and gradually increased its ownership to around 90% by 2021, making OVO its main payment platform in Indonesia.
- To expand beyond payments, Grab acquired a 21.8% stake in Superbank in 2023. This allowed Grab to offer digital banking services like savings and micro-lending in its app, targeting underserved users such as driver-partners and small merchants.

3. **E-commerce platforms are increasingly expanding their operations by building their own logistics infrastructure and acquiring businesses to diversify their services.**



- Blibli expanded its business by acquiring Tiket.com, Ranch Market, and Dekoruma, integrating travel, premium retail, and home & living. This strategy improved efficiency, optimized resources, and expanded services.
- It also operates its own logistics arm, BES (Blibli Express Service), to support faster and more reliable delivery.
- Blibli's expansion efforts helped maintain investor confidence, with its IPO remaining relatively stable – down only 8% from IDR 450 to IDR 412 per share as of April 30, 2025.



- Shopee has developed its own logistics ecosystem through Shopee Xpress, a dedicated end-to-end delivery service.
- Shopee Xpress handles order fulfillment, first-mile pickups, warehouse operations, and last-mile delivery.



- Lazada developed its own logistics network through Lazada Logistics to support its e-commerce operations across Southeast Asia.
- The logistics system includes fulfillment centers, sorting hubs, and delivery services that help improve order handling and delivery efficiency.

# Emerging Trends

03

## Increased AI Adoption Among Startups and Emergence of Ecosystem Enablers

AI is steadily growing in Indonesia with a 27.9% CAGR. Startups in fintech and healthcare are beginning to adopt it, supported by initiatives that promote AI use in digital innovation and economic development.

### 1. AI adoption in startups

- **Fintech**

A 2024 survey by the Fintech Indonesia Association (AFTECH) found that fintech players have begun adopting AI-based technologies, with data analytics leading at 54.2%, followed by facial recognition at 44.1%, fraud detection at 35.6%, automation at 25%, and integrated credit scoring at 25%.



Adopted AI-based technologies such as machine learning for credit scoring, fraud detection, and customer profiling. These tools help improve risk assessment, speed up loan approvals, and enhance security across its digital lending platform.



Focuses on automation in financial operations. The platform simplifies invoicing, payment tracking, and reconciliation for SMEs by automating manual processes, improving efficiency without relying heavily on AI technologies.

- **Healthtech**

AI adoption in Indonesia's healthtech sector is accelerating, with hospitals and healthtech startups leveraging AI for tasks such as early disease detection, patient identification, and risk scoring.



Develops an AI-powered hospital information system which offers clinical decision support tools to assist healthcare professionals with diagnostic recommendations and accurate documentation for insurance claims.

### 2. Creation of tech-related programs



- **Microsoft AI Founders Club** empower B2B startup founders committed to accelerating their business growth through Artificial Intelligence. It offers personalized coaching from Microsoft Executive Advisors across various AI domains, including engineering, finance, and go-to-market strategies.



- **Sahabat AI** is an Indonesian large language model (LLM) designed to elevate local languages and promote linguistic diversity developed collaboratively by Indosat and GoTo. Sahabat AI serves as a shared platform to enhance government services and support businesses in unlocking AI-based solutions.



Alpha JWC Ventures and Pijar Foundation Announce Launch of the Artificial Intelligence Institute for Progress (AIIP)

- **Alpha JWC** launched its Artificial Intelligence Institute for Progress (AIIP) initiative alongside Pijar Foundation, aimed to be at the forefront of AI innovation in Indonesia.

# Emerging Trends

## 04 Investors Actively Driving Startups Beyond Funding

The Indonesian investment climate has changed the role of venture capitalists. With startups facing a complex business environment, regulatory challenges, and competition, investors must now play an active role in supporting and guiding these companies. By offering strategic help, industry insights, and operational advice, investors can help startups achieve sustainable growth.

Several notable VCs initiatives in Indonesia include:

### Astra Digital – Astra InnovLab

- Astra Digital launched Astra InnovLab following its annual digital innovation competition, Astranauts, to support early-stage startups in developing their products.
- Astra InnovLab's 12-week program includes coaching and mentoring with industry experts, networking opportunities, as well as introduction to Astra's related business units for potential piloting and collaboration.

**ASTRA**  
INNOVLAB

### Mandiri Capital – Zenith

- Mandiri Capital launched the Zenith program, a startup accelerator designed to strengthen businesses and innovators across various sectors in Indonesia.
- Upon successful graduation and integration with Mandiri Group's business units, Mandiri Capital aims to further support the growth of these startups through equity investment.

 **zenith**  
by mandiri capital

### BNI Ventures – BNV Arcade

- BNV Arcade is a platform launched by BNI Ventures in July 2024 that allows startups to develop innovative ideas that can be integrated into the BNI Group ecosystem.
- Through BNV Arcade, it is hoped that synergy can be strengthened to ensure business continuity between startups and BNI Group's business units.

**BNV**  
**ARCADE**  
YOUR INNOVATION PLAYGROUND

### BRI Ventures – Sembrani Wira

- BRI Ventures launched Sembrani Wira, an accelerator program designed to nurture and accelerate digital startups through mentorship from industry experts, technical training, and tailored support, aiming to help startups strengthen their foundations and enhance their scalability.
- By equipping founders with the right tools and guidance, BRI Ventures hopes these startups can grow, be prepared to advance to the next stage, and become sustainable businesses.

**SEMBRANI**

# Emerging Trends

## 05 Competition from Global Players Entering Indonesia

**With Indonesia having a promising market with its large population and potential customer base, players from neighboring countries are increasingly looking toward Indonesia to grow and expand its business.**

**Several market entries into Indonesia have been successful with strong backing from its parent company:**

### Lazada Backed by Alibaba



- Lazada entered Indonesia with support from Alibaba's capital and technology.
- Leveraging Alibaba's logistics network, Cainiao, Lazada improves delivery efficiency, cuts delivery times, and lowers costs, allowing it to compete on price, scale, and service quality.

### VinFast Enters Indonesia



- VinFast entered Indonesia to meet the growing demand for sustainable transportation and take advantage of government incentives for electric vehicles.
- The launch of VinFast Taxi offers an eco-friendly, affordable transport option in Indonesia's busy cities, supporting the shift to greener mobility.

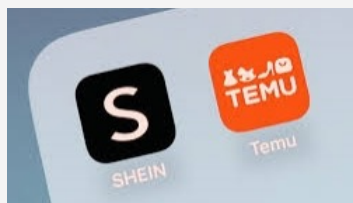
### TikTok Takes Controlling Stake in Tokopedia



- TikTok's parent company, Bytedance, acquired 75% of Tokopedia, allowing them to have control over operations of Tokopedia.
- This allows the GoTo group to focus on profitability but reduces its influence on Tokopedia's strategy and the e-commerce market.

**However, several efforts to enter the Indonesian market have been less successful due to market saturation and the Indonesian government's protectionist regulations.**

### Shein and Temu



- Shein and Temu are Chinese online shopping apps offering low prices, which are eroding local businesses' market share.
- Because of this, Indonesia's Ministry of Communication and Informatics has announced plans to block Shein and Temu as efforts to protect Indonesian local MSMEs.

### JD.ID



- JD.ID is the Indonesian branch of Chinese e-commerce giant JD.com.
- One of the reasons why JD.ID had to close down was because it operates an inventory-heavy business model which inflates its inventory and logistics cost, causing it to be less efficient and loose competitiveness compared to other players.



## 06 Evolving Government Initiatives & Regulations

**The government has introduced measures to strengthen market oversight, enhance consumer protection, and mitigate fraud risks in response to growing development in the startup space and several fraud cases that occurred recently.**

### Entry of Competitors from Outside Indonesia

- Foreign companies bring in new business models, technology, and capital, which disrupts local markets and takes up market share of local players

### Local Business Protection

- Indonesian government enforced local content requirement via Peraturan Pemerintah No. 29/2018 as amended by Peraturan Pemerintah No. 28/2021 which requires the use of local products in various industries.
- Another government protection outlined in Peraturan Presiden No. 10/2021 as amended by Peraturan Presiden No. 49/2021 which commonly referred to as Indonesia's Positive Investment List. For example, retail pharmacy business in Indonesia which can only be owned by MSMEs and cooperatives.

### Unfair & Fraud in Lending Practices

- There has been concern over unfair lending practices including predatory interest rates and abusive debt collection.
- The fast-growing lending sector with weak oversight has increased fraud and complaints including illegal platforms and misuse of funds.

### Stricter OJK Regulations

- OJK introduced POJK No. 10/2022 and POJK No. 40/2024, replacing the previous POJK No. 77/2016, with stricter requirements for companies to always maintain minimum equity of IDR 12.5 bio and maintaining equity ratio at 50%, also increased initial capital from IDR 1 bio to IDR 25 bio.
- OJK instructed licensed P2P lenders (via OJK circular letter) to reduce their daily interest rates, aiming for a maximum of 0.3% in 2024 and 0.1% in 2026 for consumptive loans.

### Sustainability

- Indonesia seeks to achieve net zero emission by 2060, following Paris Agreement.
- With growing importance of greenhouse gas reduction globally, Indonesia aims to follow the path of developed countries that prioritize greenhouse gas reduction such as Germany and USA.

### Standardized Greenhouse Gas Emission Reduction

- Peraturan Presiden No. 98/2021 was established to standardize greenhouse gas emission reduction, reflecting Indonesia's commitment to achieve targets of the Paris Agreement.
- POJK No. 14/2023 was established to regulate carbon trading supporting greenhouse gas emission reduction

### Global Implementation of Data Protection Laws

- Increased digital adoption in Indonesia have increased concerns around data protection.
- There has been a significant global shift towards enhancing data privacy such as EU's General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA) with stringent standards for user consent and data protection.

### Personal Data Protection Law

- UU No. 27/2022 on Personal Data Protection (PDP) regulates how personal data is collected, processed, stored, and shared and requires businesses to get clear consent before using personal data.
- The law provides that companies failing to comply with PDP requirements may face administrative sanctions up to 2% of their annual revenue. As a result, many companies have appointed dedicated data officers to ensure regulatory compliance.



05

# Key Takeaways

Direction and guidance to stakeholders in the digital investment space to adapt to key trends



# Key Takeaways

**Acknowledging market challenges, startups must adapt, prioritize long-term profitability, and rebuild trust. Investors should increase prudence, focus on fundamentals, and actively support growth. Additionally, strong regulations and investor-friendly environment are key to a thriving market.**

## 1 Startups

- **Focus on answering changing customer needs to stay relevant in the market**  
The changing customer preferences may be addressed by driving technological advancements and innovation and building a scalable product ecosystem.
- **Shift from short-term growth to sustainable long-term profitability**  
To ensure competitiveness in the current climate with investors being more selective, favoring startups with clear road to profitability and cost-conscious business models, sustainable cash flows, and lower burn rates.
- **Strengthen Core Operational Efficiency**  
Beyond cutting burn rate, startups should invest in improving internal processes (e.g., supply chain, tech stack, talent productivity) to build a lean and scalable organization.
- **Selectively choose investors that aligns with long-term goals**  
Prioritize investors that will be able to provide strategic guidance beyond capital over investors solely seeking short-term gains and early exits.

## 2 Investors

- **Practice increased prudence and scrutiny in due diligence process**  
Thorough research and careful vetting of business models, financials, leadership, and investors in cap table are essential to mitigate risks and fraud cases in the future and ensure startup's credibility.
- **Prioritize startups' business fundamentals over short-term valuation gain**  
Prioritizing a startup's business fundamentals and long-term value creation mitigates risks and increases the likelihood of sustainable returns by focusing on solid growth strategies.
- **Stay active in startup sourcing and hands on in shaping portfolio startups**  
Proactively identify startups with strong fundamentals and actively engage in their growth, offering guidance to improve profitability, mitigate risks, and ensure sustainable long-term success.

## 3 Government

- **Create robust and consistent regulations to avoid reoccurrence of fraud**  
Strong and consistent regulations are essential to prevent fraud and close regulatory loopholes. Clear policies and strict enforcement will help maintain investor confidence and market stability.
- **Synergy between stakeholders to collectively create regulations**  
Government, associations, and other stakeholders need to align their efforts to address challenges unique to startups and ensure that regulations are not only practical and responsive but also promote a thriving environment for startups.
- **Enhance infrastructure to foster favorable climate for investments**  
Streamlining investment processes such as obtaining business license will create a more predictable and efficient environment, fostering a favorable climate for investments and making it easier for startups to exit and IPO in Indonesia.

**Despite the ongoing challenges the market continues to face, the collective efforts of all stakeholders—startups, investors, and the government—will gradually but steadily contribute to a stronger and more sustainable market climate.**

