

Indonesia IT Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2024 - 2029

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Report description:

The Indonesian IT services market was valued at USD 4.51 billion in the previous year and is expected to register a CAGR of 12.35%, reaching USD 9.07 billion by the next five years. IT services enable businesses to access the technical information for operational processes and daily tasks. IT expert teams manage these services for organizations across various industries. The increased IT spending, cloud-based offerings, and improvements in the IT infrastructure have bolstered the demand for IT services in Indonesia.

Key Highlights

- Factors such as favorable government regulations, AI, IoT, big data adoption, rising small and medium enterprises, and the establishment of new data centers are increasing the demand for IT services such as consulting and implementation in Indonesia. Data center and cloud services are highly poised to witness positive double-digit growth in the country.
- Indonesia's business process outsourcing (BPO) industry is flourishing due to the rising adoption of cloud computing outsourcing services across the BFSI and IT and telecommunications industry verticals. Advancements such as AI, machine learning (ML), robotic process automation (RPA), and big data analytics propel the segment's growth. Benefits such as enhanced service quality, flexibility, and reduced costs further support the development of BPO services.
- The Indonesian government has relaxed requirements for private cloud providers looking to set up their facilities in the country. This year, the Indonesian government has issued Government Regulation No. 12/2023 on Granting Business Licensing, Ease of Doing Business, and Investment to Business Players in Nusantara Capital City (IKN). The regulation aims to provide certainty, opportunities, and a more significant participation for business players to drive Indonesia's economy in the future.
- As businesses rebuild to recover from the adverse impact of COVID-19, there is an increased demand for IT services among Indonesian companies to optimize their business operations. Indonesia is the fastest-growing IT market. The work-from-home or work-from-anywhere models in the post-pandemic have forced firms to cater to a remote workforce and serve increased online

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demand. Therefore, IT service providers are helping SMEs and large enterprises in Indonesia recover stronger, rebuild better, and enable them to drive their business forward, bolstering market growth.

Indonesia IT Services Market Trends

IT Consulting & Implementation to Propel the Market Demand

- Businesses in Indonesia are adopting new technologies to drive their operations, improve efficiency, and gain a competitive edge in the market. However, keeping up with the new trends can take time and effort, especially for non-IT professionals. This is increasing the demand for IT consulting services in the country. IT consulting and implementation services help businesses make informed decisions and provide customized solutions to customers.
- Increasing demand for consulting services in Indonesia has compelled market vendors to provide end-to-end IT solutions to businesses. Expertise in cloud computing, analytics, and big data, along with partnerships with leading technology vendors, such as AWS, Microsoft, and Google, are propelling the growth of IT services and consulting in the country.
- IT consultants and implementation providers support Indonesia's vision of strategically moving toward the New Indonesia. They are making decisions about transforming and growing existing businesses and scaling new companies using suitable investments. The IT service market in Indonesia is evolving, and vendors are promoting the country's transformation journey by providing high-end consulting services.
- For instance, Kharisma Potensia Indonesia has a team of experts in human resources and provides quality HR consulting that focuses on customer's goals. The company's consultancy process includes strategic plan discussion for problem-solving and project implementation to support organizational effectiveness.
- According to the International Monetary Fund's recent report, the Association of Southeast Asian Nations economies is expected to see a significant domestic demand for IT consulting and implementation in recent years. The rising internet adoption across Indonesia has increased the need for reliable, robust connectivity. According to Indosat Ooredoo Hutchison, a telecommunications provider in Indonesia, internet penetration in Indonesia is expected to reach 86% in the next five years, from 77% in the previous year. The number is expected to increase as digital transformation expands across various markets, including financial services, retail, manufacturing, healthcare, and gaming.
- Indonesia is emerging as one of the fastest-growing public cloud marketplaces in the Asia-Pacific region, attracting investments from all over the globe. The massive increase in IT services startups also contributes to Indonesia's accelerated growth. Many large tech companies are investing in Indonesia and embracing cloud technologies to support digital expansion.
- India's leading strategic consultancy, Redseer Strategy Consultants, recently opened a new office in Jakarta, adding to its global expansion strategy. Redseer Strategy Consultants advises clients on strategy, growth investments, commercial excellence, and digital advisory. The company's expansion in Indonesia is attributed to the country's fast-growing economy, strong demand for strategic advice, and booming internet ecosystem. The company's new hub in Jakarta will enable it to address the rising demand for strategic advice and consulting services in the country, further adding to the market growth.

IT and Telecom Industry to Register Significant Market Growth

- The Indonesian IT and telecom sector is growing significantly as a mobile-centric industry, driven by mobile and fixed broadband subscriptions. Strong economic fundamentals have positioned Indonesia as one of the fastest-growing telecom markets in the world.
- The Government of Indonesia has made digital transformation a top priority in the post-pandemic era. The government announced the digital roadmap for 2021-2024 to promote the country's digital transformation journey. The plan focuses on

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developing a digital infrastructure to improve internet connectivity and create a 5G network for customers nationwide.

- The Indonesian government announced the establishment of a national data center and a telecommunication monitoring center in addition to 5G. Plans for establishing a digital economy are in place to drive the number of startups in the country. IT services from vendors are expected to help develop a tech-focused workforce, offering various levels of training in IT skills, such as cloud computing, big data analytics, and cybersecurity.

- Indonesia has risen as a potential site for investment, with Alibaba Cloud, Google Cloud, and Amazon Web launching data centers in Jakarta, Bali, and Java. Several telecom operators and retail colocation providers are also boosting Indonesia's data center market, building new or modernizing existing facilities, and outfitting them with best-in-class technologies for optimized efficiency.

- Ericsson officially opened a 5G innovation hub in Jakarta at the Centre for Digital Industry 4.0. The 5G Innovation Centre aims to create Industry 4.0 innovations by promoting teamwork across various industry players. Partnership with the Kepala Pusat Industri Digital 4.0 (PIDI 4.0) agency will play a pivotal role in aiding the government's ambitions and developing digital talent.

- GSMA Intelligence states that the recent second wave of 5G rollouts in Indonesia will make the Asia-Pacific region one of the largest 5G markets in the world in the future. Mobile operators see 5G, particularly 5G fixed-wireless access (FWA) services, as a viable alternative to traditional fixed broadband. Indonesia is seeing a rise in the adoption of 5G fixed-wireless access (FWA), with operators such as Telkomsel offering FWA services in Indonesia, thereby increasing the market demand.

Indonesia IT Services Industry Overview

The Indonesian IT services market is fragmented because of the presence of several companies. Some key players are Accenture, Microsoft, Hewlett Packard Enterprise Development LP, Fujitsu Toshiba IT-Services Corporation, Kharisma, TDCX, ABeam Consulting Ltd, Xapiens Teknologi Indonesia, and Cloud4C, etc. Key players in this market are introducing innovative solutions and forming partnerships and collaborations to gain competitive advantages.

- In April 2023, Seneca ESG, a business intelligence company, partnered with ABeam Consulting, a management consulting firm in Indonesia, to extend its enterprise software solutions to customers. ABeam Consulting has recognized Seneca ESG's solution in simplifying and automating ESG data management, analytics, continuous improvement, and regulatory-compliant reporting across SMEs, large enterprises, financial institutions, stock exchanges, and government bodies. ABeam Consulting is focusing on environment, social, and corporate governance and is striving to achieve carbon neutrality by 2030. This collaboration will combine Seneca ESG's and ABeam Consulting's strength areas to offer increased services for centralizing information on multiple ESG requirements and corporate transformation.

- In July 2022, SaaS startup Kapture CRM opened its Jakarta office to expand its foothold in Indonesia. The enterprise-grade, SaaS-based service automation platform will cater to the customers' demands by assisting organizations in better understanding their customers, capitalizing on technology investments, and engaging customers in a way that can lead to higher customer retention. Digital transformation is rapidly growing in the country, with new opportunities for entrepreneurship. Indonesian customers are looking for better customer service, encouraging the market vendors to provide personalized customer service.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION

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1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Attractiveness - Porter's Five Forces Analysis

4.2.1 Bargaining Power of Buyers

4.2.2 Bargaining Power of Suppliers

4.2.3 Threat of New Entrants

4.2.4 Threat of Substitutes

4.2.5 Intensity of Competitive Rivalry

4.3 Industry Value Chain Analysis

4.4 Assessment of the Impact of COVID-19 on the Market

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Growing Emphasis on Leveraging the Core Competencies by Outsourcing Non-core Operations

5.1.2 Rising Digitalization Among Enterprises

5.2 Market Restraints

5.2.1 High Dependence on External Sources to Balance the Skill Deficit

5.2.2 Lack of Updated Technology Infrastructure

6 MARKET SEGMENTATION

6.1 By Service Type

6.1.1 IT Consulting & Implementation

6.1.2 Business Process Outsourcing Services

6.1.3 IT Outsourcing and Managed services

6.1.4 Other IT Services

6.2 By Enterprise Size

6.2.1 Small and Medium Enterprises (SMEs)

6.2.2 Large Enterprises

6.3 By Industry

6.3.1 BFSI

6.3.2 IT and Telecom

6.3.3 Manufacturing

6.3.4 Healthcare

6.3.5 Government and Public Sector

6.3.6 Retail and Ecommerce

6.3.7 Other Industries

6.4 By Region

6.4.1 Java

6.4.2 Sumatra

6.4.3 Kalimantan

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6.4.4 Other Regions

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles

7.1.1 Accenture

7.1.2 Microsoft

7.1.3 Hewlett Packard Enterprise Development LP

7.1.4 Fujitsu

7.1.5 Toshiba IT-Services Corporation

7.1.6 Kharisma

7.1.7 TDCX

7.1.8 ABeam Consulting Ltd

7.1.9 Xapiens Teknologi Indonesia

7.1.10 Cloud4C

7.2 *List Not Exhaustive

8 INVESTMENT ANALYSIS

9 MARKET OPPORTUNITIES AND FUTURE TRENDS

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