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Indonesia Cloud - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Indonesia Cloud Market size is estimated at USD 2.13 billion in 2024, and is expected to reach USD 4.21 billion by 2029, growing at a CAGR of 14.52% during the forecast period (2024-2029).

Key Highlights

The major drivers that fuel the Indonesia cloud market growth are expanding digital transformation across firms, increasing Internet and mobile device adoption around the country, and increased consumption of big data. Next-generation industrial products will be cloud-enabled, and a cloud platform will be required to demonstrate digital business capabilities.

According to a survey by Alibaba group titled Next-Generation Cloud Strategy in Asia, 94 percent of cloud service users in Indonesia hope to increase their investment in cloud technology by 2023, while 92 percent of other businesses in Indonesia plan to complete cloud migration in two years. More than half of the companies plan to increase investment in cloud computing, underlining the importance of cloud infrastructure in supporting business growth. In Indonesia, the focus of investment is on data and AI analytics (62 percent) and cloud computing (62 percent), followed by automation (58 percent) and the metaverse (51 percent).

Moreover, enterprises are using a hybrid cloud to host their e-commerce website within a private cloud, where it is secure and scalable. For other uses, such as placing brochure sites, they utilize a public cloud, which is more cost-effective, and security is less of a concern for such data. This indicates the new cloud strategy is gaining traction in the cloud market. A mix of cloud and multiple cloud solutions is expected to emerge

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as a strong solution in the future.

The players are introducing new cloud backup services to cater various needs of the customer. For instance, in September 2022, Google unveiled Cloud Backup and Disaster Recovery (DR), a service that enables clients to enable centralized backup management straight from the Google Cloud UI. Databases, applications, and cloud storage repositories are compatible with the new backup and recovery solution. Administrators can efficiently manage backups covering a variety of workloads with Google Cloud Backup and DR. They can also produce backups for file systems, databases (including SAP, MySQL, and SQL Server), and virtual machines (VMs) running on Compute Engine, VMware Engine, or on-premises VMware.

On the contrary, Cloud service environments are complex, and complexity brings with it security risks. The public cloud is the most significant risk for organizations transitioning to a hybrid model. This is because security in the public cloud is API-driven, and the security practices employed may need to be improved. After all, developers unfamiliar with the organization's security requirements set up the security protocols. Migrating from a private or public cloud service infrastructure or an in-house data center to a cloud service system is time-consuming and resource-in-depth. The existing approaches and workload should be portable and operable in an on-premises framework and a third-party-managed public cloud.

The COVID-19 crisis has affected the way corporations operate. Due to the improved need caused by the pandemic, local firms are embracing cloud services to enhance efficiency and scalability. Cloud computing can increase competitiveness by cutting costs, enabling flexibility and elasticity, and using resources better. Cloud services and features allowing businesses to prosper include hybrid and multi-cloud clouds, storage, big data analytics, disaster recovery, and data backup. Furthermore, cloud infrastructure services will be critical to the global long-term recovery plans for the post-COVID-19 economy. However, some aspects of the cloud will suffer in the short run.

Indonesia Cloud Market Trends

Public Cloud is Expected to Hold Significant Share of the Market.

Public cloud services have transformed the way companies operate their IT budgets. The pay-as-you-go model lets organizations access diverse services without incurring upfront costs for software and hardware. Traditionally, procuring and operating hardware meant substantial investments, but the cloud's operational expenditure

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approach changes the financial landscape. In confluence with this, the pay-as-you-go pricing model benefits startups and small businesses with limited capital and allows larger enterprises to optimize their IT spending. Apart from this, it encourages experimentation, as companies try out new ideas without committing to significant expenses, which provides an impetus to the market.

Software as a service (SaaS) is a cloud-based model in which a cloud provider develops applications and makes them available to end users over the Internet. An independent software vendor (ISV) may contract a third-party cloud firm to host the application in this model. SaaS applications include a billing invoicing system, customer relationship management (CRM), help desk, and Human Resource solutions. Organizations are deploying the SaaS model to utilize multiple advantages, including the reduced upfront costs of commercial software, the need to establish software on individual machines, service scalability with a firm's growth, integrations with other software applications, and instant updates to all users. For instance, Dropbox is a real example of SaaS. Cloud storage allows firms to store, share, and collaborate on files and data. The users can sync and back up files to access them from any device.

In September 2023, BDO in Indonesia, a member of BDO International Limited, one of the world's largest accounting, tax, and advisory firms, announced a commercial partnership with MVGX Tech, a Carbon Software-as-a-Service (Saas) company that aims to empower corporations, governments, and institutions to take action at every stage of their decarbonization journeys. Through its partnership with MVGX Tech, BDO in Indonesia's client base will be able to kickstart their sustainability journeys and strengthen existing ESG initiatives through MVGX Tech's Carbon Connect Suite.

A private cloud becomes a costlier solution as organizations must create a complete hardware setup. Additional costs of the IT team required to run, maintain, etc., are the other running costs required. These factors make pure private services a costlier solution. Some of the end-users have priority to speed (latency) and confidentiality. In that case, significant data can be stored in an on-premise cloud.

According to Indosat Ooredoo, the e-commerce sector held around 29 percent of the total spending on cloud infrastructure in Indonesia. It was followed by the media and gaming industry, with a share of approximately 22 percent. Along with server and storage consolidation in data centers, HCI is being used to implement private cloud architectures and hybrid cloud architectures. Cloud infrastructure is also being implemented using HCI, combining on-premises private clouds with public cloud services.

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BFSI is Expected to Hold Significant Share of the Market

The banking sector has been using a cloud model through which critical banking processes and applications are migrated to private clouds for better security. Non-critical applications are relocated to the public cloud for agility and cost efficiency. As the majority of a bank's IT spending is done on legacy technology maintenance, managing and maintaining disparate systems, this has forced banks to invest in a hybrid cloud solution, which involves a mix of on-premises, private, and public cloud services, to greater scalability and integrated communication between disparate systems.

A cloud solution enables banks to reveal critical insights throughout the customer journey. These insights further help with customer satisfaction and management programs. Hybrid cloud vendors also aggressively target the BFSI (Banking, Financial Services, and Insurance) sector to ensure they comply with new regulations such as the Revised Payment Service Directive and MFID (Markets in Financial Instruments Directive). BFSI organizations can effectively separate data loads and transfer the relevant part to a cheaper public cloud using cloud systems. This enables BFSI end users the place to store sensitive financial information safely but still scale the resources when needed, proving it to be one of the most suitable types of cloud computing for the BFSI sector.

Cloud is also increasingly being adopted to tackle the issues faced in this sector, such as the increased number of payment transactions without a card, digitization of bank branches, shift to remote work, need for online documentation, etc. The banking and financial organizations can significantly leverage the benefits of on-demand scalable infrastructure services, effective data and storage management, SDI-enabled private cloud infrastructure in pay-per-use models, AI-driven cloud management, and agile operations solutions that embrace their cloud adoption journey. This way, the hybrid cloud adoption can help BFSI end users achieve digital transformation.

Recently, the Indonesian digital bank PT Bank Jago Tbk has established a SaaS banking medium from the banking and financial services provider Mambu. This adoption will form a key basis as the bank prepares to expand into a technology-based institution. Mambu's financial solution platform will underpin Bank Jago's service products, which will foremost include everyday transactions and payments, with programs to branch out into SME lending.

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As we advance, the BFSI segment is also anticipated to adopt more agile ways of working; hence, there should be a continuous review of policies, practices, and controls, updating the firm's continuity and disaster recovery plans and encouraging clients to use digital and other virtual channels wherever required, which is again leading to the adoption of cloud in this sector. Further, according to the Financial Services Authority (Indonesia), as of January 2023, 106 different commercial banks were located in Indonesia.

Indonesia Cloud Industry Overview

The Indonesia Cloud market exhibits a semi consolidated featuring several key players, including many more. These companies actively engage in strategic partnerships and product development initiatives to expand their market presence.

In November 2023, Circles, a technology firm, has rapidly deployed its Circles X telco-as-a-service solution in Indonesia, guided by Google Cloud’s DevOps Research and Assessment (DORA) metrics. This rapid deployment was made possible with the infrastructure-as-code protocol enabled by Google Kubernetes Engine (GKE) and other critical Google Cloud-managed services like CloudSQL, DataProc, Filestore, Cloud CDN, Pub/Sub, and Cloud Storage. Building the digital telco offering on GKE helped Circles and the Indonesian MNO save significantly on costs, eliminate dependencies, and improve developer efficiency and deployment frequency for faster go to market.

In July 2023, Tencent Cloud, the China-based tech group's cloud business, announced a collaboration with Allo Bank, one of Indonesia's most prominent digital banking platforms, to boost digital banking in the country. In this strategic agreement, Allo Bank will leverage Tencent Cloud's local market knowledge and technology solutions that can help scale and streamline the digital banking platform.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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