MARKET NOTE

Amazon Web Services Launches Indonesia Region

Daphne Chung Khyati Agarwal

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Amazon Web Services Launches Indonesia Region

This IDC Market Note covers the key points from the briefing for the launch of Amazon Web Services (AWS) Asia/Pacific (Jakarta) Region in December 2021.

Key Takeaways

- The new AWS Region will provide stable, scalable, and secure cloud infrastructure for businesses in Indonesia. Indonesian and global customers can use, store, and run their workloads directly in Indonesia with the highest security and consistent AWS capabilities as with other AWS Regions.
- AWS has been investing in developing programs to help address the cloud skills shortage, increase talent, accelerate the transformation of Indonesia's digital economy, and support government initiatives.
- Through the local region, customers can move to a modern data architecture, run workloads closer to their users, and have the best support for the broadest set of applications with the highest throughput and low latency.

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IN THIS MARKET NOTE

This IDC Market Note covers the key points from the briefing for the launch of Amazon Web Services (AWS) Asia/Pacific (Jakarta) Region in December 2021.

AWS officially launched its new AWS Asia/Pacific (Jakarta) Region on December 14, 2021. The AWS Region in Jakarta, Indonesia, is the 10th AWS Region in Asia/Pacific and its 26th globally. As with most new developments AWS takes on, the establishment of a local region had been driven by the needs of local customers, such as Traveloka, Qiscus, and The Body Shop, some of AWS' early customers in Indonesia. The new region will provide stable, scalable, and secure cloud infrastructure for businesses based in Indonesia. With the new region, AWS is looking to enable Indonesian and global customers to use, store, and run their workloads directly in Indonesia with its highest security and consistent AWS capabilities as with other AWS Regions.

The AWS Jakarta Region

The launch of the AWS Region in Jakarta is expected to help drive further innovations and greater productivity locally. AWS customers can look forward to the benefits of using cloud services in a local region, such as lower costs, increased agility and flexibility to foster digital innovation, and solutions to their day-to-day problems. AWS plans to invest US$5 billion in Indonesia over the next 15 years and expects its expansion to play an important role in accelerating the market's move to the next digital era. Alongside the local region, AWS is also investing in developing programs to help address the cloud skills shortage, increase talent, accelerate the transformation of Indonesia's digital economy, and support government initiatives. Altogether, AWS expects these programs to create about 24,700 jobs, further fueling the growth of Indonesia's gross domestic product by almost US$11 billion (IDR155 trillion) over the next 15 years.

In the Zone

As with other AWS Regions, the Jakarta Region comprises three Availability Zones (AZ). Each AZ is a logical grouping of one or more datacenters running separately with their own dedicated infrastructure and located geographically apart. The AZs remain connected to each other and form the foundation of AWS' infrastructure. They are connected via private fiber-optic networking for high-speed and low-latency networking between zones, with all traffic encrypted. AWS provides a range of services in which users can architect applications that can be distributed and fail over between AZs without interruption. With three AZs, AWS can provide its local customers with essential services, such as AWS Lambda, Amazon Elastic Container Service, Amazon Simple Storage Service, Amazon DynamoDB, Amazon Kinesis, and Amazon Relational Database Service. The Jakarta Region is expected to run on 100% renewable energy as part of AWS' companywide goal of using 100% renewable energy by 2025.

The AWS Cloud infrastructure platform has a low latency rate, low packet loss, and high overall service quality, which is enabled by a fully redundant 100Gb Ethernet fiber network backbone, with terabits of capacity between different regions. It is designed to survive link failures as no single link can have a significant impact. There is a fully automated software management system to detect failures, which further provides greater fault tolerance. All these features help customers move to a modern data architecture, run workloads closer to their users, and have the best support for the broadest set of applications with the highest throughput and low latency through the local region. Customers can now move new workloads to the local region, consolidate workloads that are already on other AWS Regions back into the local region, and deploy a fault-tolerant hybrid model if they choose to retain

some workloads on other sites, such as the Singapore Region. As a result, customers in highly regulated industries and users looking for lower latency and connections to local sites are looking to move their new workloads to the AWS Cloud infrastructure.

Customers on the Cloud

At the launch, AWS' customer MNC Group shared its experience and plans for its adoption of cloud technologies to transform its business. Yudi Hamka, chief technology officer at MNC Group, the largest media company in Indonesia, shared how the company leverages AWS heavily across various lines of business, from media platforms to super apps and its financial services business. Among the projects the company has carried out, one of the biggest that MNC Group has embarked on was the migration of its entire MNC Portal Indonesia to AWS, to have a scalable, secure, and highly available platform in which it could also adopt state-of-the-art technologies more easily. This massive migration of a platform with 80 million active users consuming vast amounts of content daily was carried out without any glitches through careful planning and close coordination with the AWS team to build out the best architecture, best migration scenario, and best fallback plan. Hamka commended the AWS team for detailing every task required to ensure a smooth and successful project. MNC Group has also recently developed a new platform product called BuddyKu, a user-generated content portal with a social media slant and artificial intelligence (AI) and machine learning (ML) features for the creation and recommendation engines for viewers. Hamka pointed out that this new platform was a crucial capability considering the vast amount of content available on the platform to navigate. He believes it would not have been achievable without scalable infrastructure and a strategic cloud provider to journey together with and accelerate the digital transformation of MNC Group.

AWS also shared the following customer stories:

- Pos Indonesia, a state-owned logistic company, intends to move its critical and core workloads, including those for digital money transfers, to the AWS Jakarta Region. AWS is working with Pos Indonesia on other initiatives. Pos Indonesia expects to place more digital applications and workloads to the local region in the near future.
- Ruparupa, one of the largest retailers in Indonesia, has been using AWS for its ecommerce platform. Having experienced the cost savings, scalability, and reliability of its systems on AWS, Ruparupa is looking to migrate majority of its workloads to AWS. The retailer expects to place more of its data onto the local region to ensure it is compliant with the regulations on personally identifiable information data, which needs to reside in the country. Ruparupa is also looking to leverage the local region to address latency issues and improve its customer experience.
- Tokopedia, a unicorn in the local ecommerce industry, is one of AWS' earliest customers, running its important workloads on AWS. Tokopedia has been leveraging AWS to help the company deliver and manage its core infrastructure, technologies, and speed to access new services while its internal teams are focusing on building competitive capabilities. Tokopedia sees AWS as a strategic partner, working closely with the vendor to continuously improve on cost and use of new technology for innovation.

Skilling Up Programs

Cloud and start-ups are closely linked as most start-ups are cloud-native organizations. Over the past five years, AWS has been investing in the start-up segment as part of its strategy to drive more innovation in Indonesia. AWS has helped more than 1,700 start-ups establish and scale their businesses and has worked with the Ministry of Communication and Information Technology to

support and empower developers to build their start-ups. AWS targets to reach more than 1 million beneficiaries in Indonesia through its corporate social responsibility programs, investment in communities, local technology workforce development, community development, and environmental initiatives. Through collaborations with the Indonesia government, various agencies, educational institutions, and local partners, AWS has trained 200,000 Indonesians in cloud skills. AWS offers more than 500 free digital training courses, with over 200 courses available in Bahasa Indonesia to train locals.

AWS provides comprehensive training programs to small and medium-sized business owners, educating and training them to enable even non-IT people to transform their businesses after graduating. It has also actively sought to address customers' concerns, such as those who were unsure about the use of cloud regions based outside of the country, by helping them gain deeper and more mature understanding of cloud use and how they can deploy and benefit from new technologies, such as AI/ML. With these investments, AWS is committed to Indonesia for the long term and will continue to fuel innovation, drive cloud technology adoption, support skills development, and create jobs.

IDC'S POINT OF VIEW

At the AWS re:Invent 2021 global conference in December, AWS positioned itself as the ideal partner for enterprises in a competitive environment that is increasingly defined by the ability to store and analyze massive quantities of business data. AWS' focus on deepening the vertical integration of the infrastructure services supply chain through local regions will allow the vendor to deliver unique performance capabilities for customers while ensuring efficiency and cost optimization over time beyond just addressing infrastructure cost cutting.

IDC believes the new AWS Jakarta Region will enable AWS to broaden its reach into the local market and expand its wallet share of workloads and customer base as it addresses several challenges and requirements. Organizations that are required to have their data reside in the country, which is especially significant for highly regulated industries, such as government, healthcare, and financial services, will benefit from being able to reside their data and run their workloads locally. Users cite the higher speed to services as an advantage of the local region, and lower latency is important for some industries in which a fraction of a second in transaction speed might mean the difference between making millions and losing millions. For organizations that are uncertain if they can reside their data outside of the country, or prefer to retain data on local sites for integration and access purposes, the local region enables them to achieve these goals.

Indonesia is a growing market for cloud. Its public cloud services market is expected to record a 27% compound annual growth rate in the next five years, making Indonesia the second-fastest country in Asia/Pacific in terms of cloud growth. This has not been lost on hyperscalers as the top players have been investing heavily into the market. Hyperscalers have either already established a local region in the country, such as AWS and Google, or expect to launch one by 2022 in the case of Microsoft. AWS expects to continue its investment in Indonesia not just in technology and skills development of the local technology workforce but also broadly through various initiatives. Ultimately, organizations in Indonesia will gain greater choice and access to capabilities and options to address their needs for innovation and transformation.

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Synopsis

This IDC Market Note shares the key points from the pre-briefing for analysts for the launch of Amazon Web Services' Asia/Pacific (Jakarta) Region, which took place virtually in December 2021.

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IDC Asia/Pacific Headquarters (Singapore)

83 Clemenceau Avenue
#17-01 UE Square, West Wing
Singapore 239920
65.6226.0330
Twitter: @IDC
blogs.idc.com
www.idc.com