

# Connectivity Scorecard 2011

## Indonesia



	Score	Weight
<b>Consumer Infrastructure</b>	0.41 (0.88)*	0.13
<b>Consumer Usage and Skills</b>	0.47 (0.70)*	0.13
<b>Business Infrastructure</b>	0.08 (0.64)*	0.49
<b>Business Usage and Skills</b>	0.21 (0.71)*	0.21
<b>Public sector Infrastructure</b>	0.14 (0.83)*	0.03
<b>Public sector Usage and Skills</b>	0.10 (0.68)*	0.01

\*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

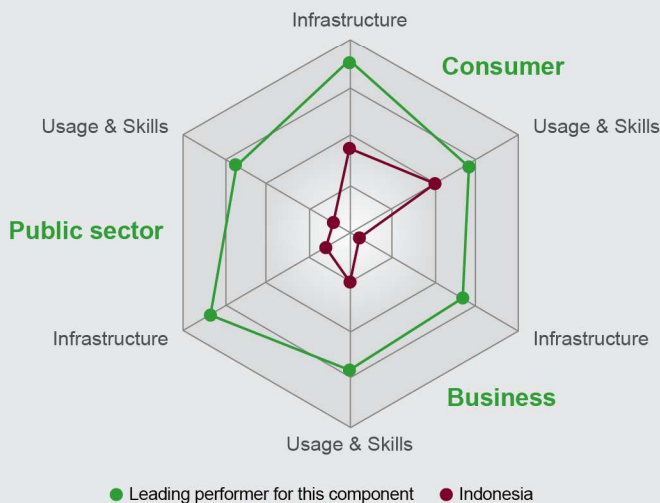


Fig 1: Component Scores 2011

### Overview

Indonesia scores 2.01 and climbs two places to rank 18<sup>th</sup> amongst the resource and efficiency-driven<sup>1</sup> economies on the Connectivity Scorecard 2011.

Indonesia receives the lowest ranking in all of South East Asia, falling far behind Malaysia (the top performer with 6.61), Thailand and Vietnam. The country trails Vietnam, which has a score of 2.73, by five places, indicating a sharp divide between the connectivity landscapes of both countries. Indonesia's performance on the Connectivity Scorecard follows an expected pattern. The country does as well as predicted by its human development and GDP level, achieving a performance that is essentially same as that of India (1.25).

### Strengths

As compared to last year, where Indonesia scored the highest in the consumer infrastructure component, this year it scores the highest in the consumer usage and skills component. The total score on this component now stands at 0.47. This change of leading component can be attributed to mobile penetration increase and high mobile voice minute usage in the country. Indonesia's relatively high literacy rate of 0.92 is driving a high level of basic skills to leverage the benefits of ICT. Even this relative strength in the consumer components is put into context by the fact that the top performer on the index scores more than twice as much with 0.41 vs. 0.88 in consumer infrastructure and almost twice as much with 0.47 vs. 0.70 in the consumer usage and skills component.

In terms of secondary school enrolment, Indonesia scores 0.80. This is slightly above the median relative score on this metric, showing a promising picture of the rising educational levels in the country.

<sup>1</sup> As defined by World Economic Forum [www.weforum.org](http://www.weforum.org)

## Weaknesses

Indonesia scores poorly on the consumer infrastructure component for its fixed broadband and Internet infrastructure, but does marginally better in the PSTN indicator. This is suggestive of the high mobile penetration rates in Indonesia but shows the lack of fixed broadband connectivity and infrastructure required to enrich the current mobile telephony offering being provided to end-users in other parts of the world. Mobile broadband can play a major role in the country's future to become more connected.

Indonesia has a weak performance on virtually all business indicators when compared to most South Asian nations. Regarding business infrastructure, the country scores a dismal 0.08, and in terms of business usage and skills, it scores 0.21, which is quite low when compared to the top scores for these components which stand at 0.64 and 0.71 respectively. This clearly shows the lack of spending by businesses on creating a future-ready environment. Also, these business components that the Connectivity Scorecard weighs very highly (the two business measures account for 70 per cent of the total score) result in a significant setback in Indonesia's overall performance.

The public sector components carry a very small weight (4 per cent) for Indonesia, which is perhaps fortunate as it performs poorly on measures of availability of government services online and public sector spending on hardware, software and services.

## Conclusions

In Indonesia's case, it would appear that the country is performing somewhat below potential. For example, Indonesia appears to perform similar to India, although per capita GDP is certainly higher in Indonesia.

Indonesia has a dedicated telecommunications regulator as part of the Ministry of Post and Telecommunications to address telecom-related issues in the country. The regulator has introduced full competition for many services including DSL. However, for local and long-distance voice services, there is only partial competition and greater reforms are needed to help accelerate the development of further competition in the DSL and the mobile markets.

Rank [*]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

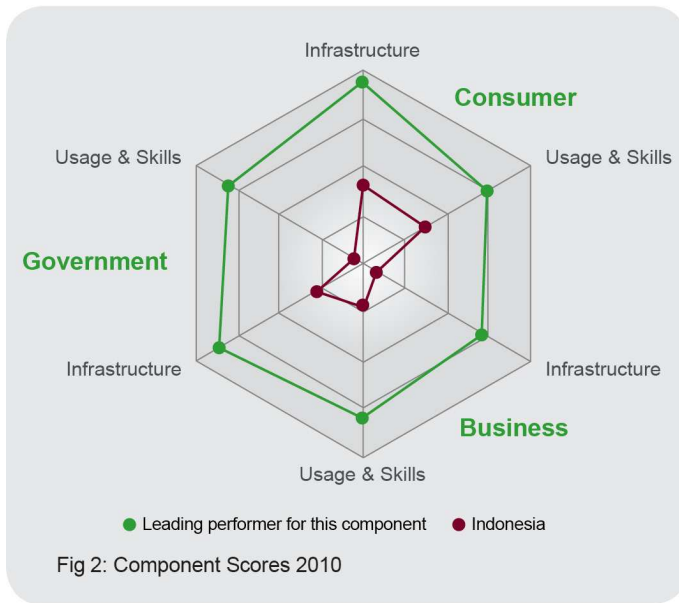
\*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

In terms of education, while Indonesia does better than India, Pakistan or Bangladesh in terms of basic literacy, it is well behind countries such as Malaysia, Latin American nations, Russia and Ukraine in terms of secondary enrolment rates. This would suggest that Indonesia needs to focus on moving up the educational ladder, as a complement to taking the right regulatory steps and adopting the right investment policies to encourage the development of broadband and of the wider ICT sector.

## 2011 vs. 2010

Indonesia scores 2.01 and ranks 18<sup>th</sup> on this year's Connectivity Scorecard 2011, compared to a score of 2.13 and a rank of 20<sup>th</sup> in 2010. For the resource and efficiency economies, two major differences drive the



difference in scores and rankings this year<sup>2</sup>. First, there is the use of new weights that have a particular effect on the split between “infrastructure” and “usage and skills” in the business and public sector components of the Scorecard. Using Conference Board data, it is possible to obtain weights specifically for the relative contributions of ICT capital and labour force improvements to economic growth, from which the split between infrastructure (capital) and usage and skills is derived. In general, this change has resulted in more weight put on the “business infrastructure” component than in previous Scorecards. Further, the inclusion of new indicators has made a significant difference to countries’ relative performance on the business components of the Scorecard, as discussed in detail above.

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country’s performance is measured in relation to the best performing nation in each segment at a given point of time. As with other indices of relative rankings, it is difficult to interpret the Scorecard in terms of absolute “improvements” or “deteriorations” and to make comparisons of scores over time.

## About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of “useful connectivity”. That is, not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector “make use” of connectivity technologies to enhance social and economic prosperity. This “useful connectivity” is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Communicea.

For more information on the Connectivity Scorecard, visit [www.connectivityscorecard.org](http://www.connectivityscorecard.org)

### Business Contact

Kim Jones  
Nokia Siemens Networks  
[kim.jones@nsn.com](mailto:kim.jones@nsn.com)

### Media Contacts

Riitta Mard, Media Relations  
Nokia Siemens Networks  
[riitta.mard@nsn.com](mailto:riitta.mard@nsn.com)

Harith Menon, Communications  
Nokia Siemens Networks  
[harith.menon@nsn.com](mailto:harith.menon@nsn.com)

<sup>2</sup> For more information download the Connectivity Scorecard 2011 Report from [www.connectivityscorecard.org](http://www.connectivityscorecard.org)