

CALIFORNIA STATE UNIVERSITY SAN MARCOS

PROJECT SIGNATURE PAGE

PROJECT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE

MASTER OF BUSINESS ADMINISTRATION

PROJECT TITLE: An Analysis of Business Strategies for
Economic Growth and Expansion of Digital and Online Tech
Industry: Southeast Asia and United States

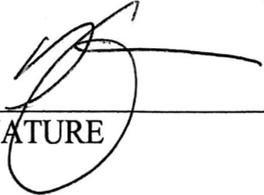
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PRESENTATION DATE: 08/07/19

THE PROJECT HAS BEEN ACCEPTED BY THE PROJECT COMMITTEE IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION.

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An Analysis of Business Strategies for economic growth and expansion of Digital and Online Tech Industry: Southeast Asia and United States

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GBM 685

08.02.2019

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EXECUTIVE SUMMARY

Indonesia, an emerging market, has the attention of the global economy. Being a part of the ASEAN (Association of South East Asia Nations) the economic growth has been remarkable in all regions. Many foreign investors and start-ups have ventured to the ASEAN and have profited due to simplified tariff structures, reduced and removed tariffs, barriers and restrictions (ASEAN, 2019).

Regardless of the undeniable economic success ASEAN has had, the real question is whether the US Market could economically benefit by applying the same business strategies that Southeast Asia has implemented in the online platforms and e-commerce industry. Many foreign countries and investors are scrambling to take part in the exploding market in Southeast Asia. But is it too late for the US to join the bandwagon? It appears so. Western distribution channels were already set up in ASEAN yet the US missed out on a golden opportunity. In fact, they failed when they attempted to replicate eBay as mobile users increased and online connectivity soared in ASEAN. Why? They did not give the customer what they wanted. Many mobile users who were English speaking grew the gaming and eSport market into a billion dollar industry in within the ASEAN. The unicorn startup and Singapore born Sea Company, an online gaming platform company now has successfully expanded into e-commerce and digital payment services. How did they have such success? They truly met the needs of their targeted market, Southeast Asians.

Extensive research was compiled of the similarities and differences of the online tech industry in South East Asia and the United States. An additional two week in person observation analysis was conducted. This included Sea company power point presentations, meetings, interviews and ongoing Q/A with management and staff at the Shopee Division in Jakarta Indonesia. It was found that the US was already in the mature stage of the Product Life Cycle of digital online tech industry compared to the growth stage Southeast Asia was experiencing. It would be impossible for the US to expect the same Southeast Asia e-commerce business strategies to work and have the same end results. First and foremost, the US simply does not have the favorable demographics to start. The US being a mature economy with limited growth opportunity in the three areas of focus; online gaming, e-commerce and digital payments, the US did not have the surge in economic growth nor a rise in a middle class which has increase individual purchasing power. The Sea Company has honed in their product development to accommodate and cater to the Southeast Asian customer. This is where the US has failed when trying to enter into Asian markets. The Southeast Asian customer has now become the focus and the Sea Company is dominating the gaming platform industry, growing the ecommerce and expanding the digital financial services in this specific market. The

tremendous success of the Sea Company has gained the attention on the world, especially since it is the first Southeast Asian Tech Firm holding an US IPO on the NYSE in 2017.

Through analyzing the Southeast Asian market, their competitors, the online platform industry and the success of the Sea Company, from the Macro context to the micro level, specific findings show how the US online-ecommerce industry emerged and developed very differently. By using a PESTLE analysis, an Industry analysis, SWOT Analysis and an Internal Organizational analysis it was found that the Sea Company was set for success in ASEAN based of the following four findings:

1. The focus was placed on needs and desires for Southeast Asians, with region specifics based on culture, religion and habits.
2. The Government, especially in Indonesia supports and encourages growth of the digital tech market and promotes foreign investment.
3. The urbanization and consumer growth are steadily increasing as poverty levels continue to rapidly decline and consumer spending has increased
4. The macroeconomic and government stability of the ASEAN has provided a platform for economic progress, trust and globalization.

This growth though is not without some concerns. There is concern over how citizens will build trust in public and political institutions, adapt to online methods of payment, if the government will establish fair laws for the citizens, implement appropriate online platform regulations and decrease the level of corruption within. Southeast Asia will continue to have opportunities for international and foreign investors as their growth will continue beyond online platforms. We see the expanding markets into e-commerce and digital financial services rapidly growing. The US also will benefit in different ways from this growing economy even though they will not be able to reincarnate this type economic growth as the ASEAN has. The US cannot step in to Southeast Asia and attempt to introduce their own online platforms and expect to take over market share. The US has its own online platform and e-commerce giants domestically, as in the case of Amazon. Southeast Asia though has no need for an international e-commerce business to come in and introduce their way of doing tech business. Rather Southeast Asia is growing their own talent, boosting the success of Southeast Asians and showing the world how they can innovate, adapt to change and have real success. Southeast Asia will happily take the financial support of foreign investors in most cases but as of now Southeast Asia has its own startups and plans for what Southeast Asians need, want and desire. In the end, Southeast Asians know what they want and how to get there. What they do need is the foreign

investments. This is were established and developed countries play an important role in the future growth of Southeast Asia.

INTRODUCTION

Indonesia has standout demographics that have not gone un-noticed. Having high life expectancy, a young population, abundant natural resources, fiscal discipline, fairly stable political environment and low inflation rates have attracted foreign investors in the recent years (ASEAN, 2019). This thesis will provide a structure for understanding the region, the socio-cultural and the growing economy of the ASEAN. An overview of online platform/e-commerce industry for US and Southeast Asia will be analyzed and compared. A two week internship of an Indonesia based e-commerce online platform company, Shopee, was conducted to provide first hand observations of the company's operations. Recommendations for the future of the e-commerce online platforms for the US and Southeast Asia will be given at the conclusion of this paper.

ASEAN

Indonesia, the 4th largest nation, is a part of the up and coming powerhouse, the ASEAN. The ASEAN composed of Indonesia, Brunei, Laos, Thailand, Vietnam, Philippines, Cambodia, Malaysia, Burma and Singapore have become “one vision, one identity, one community (ASEAN, 2019).” It was during the late summer of 1967 that five foreign ministers, Tun Abdul Razak of Malaysia, Adam Malik of Indonesia, S. Rajaratnam of Singapore, Narciso R. Ramos of the Philippines, and Thanat Khoman of Thailand, the founding fathers came together for a four day long negotiating session. Working through differences, issues and concerns they eventually were able to build a strong foundation that would overall support the main goal of having peace, security and economic growth for all Southeast Asians. In 1967 this was the creation of the organization, ASEAN (ASEAN, 2019).

The founding fathers proclaimed ASEAN as representing “the collective will of the nations of Southeast Asia to bind themselves together in friendship and cooperation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity” (ASEAN, 2019). The Philippine Secretary of Foreign Affairs, Narciso Ramos, stated it perfectly why the ASEAN was needed. “The fragmented economies of Southeast Asia,” he said, “(with) each country pursuing its own limited objectives and dissipating its meager resources in the overlapping or even conflicting endeavors of sister states carry the seeds of weakness in their incapacity for growth and their self-perpetuating dependence on the advanced, industrial nations. ASEAN, therefore, could marshal the still untapped potentials of this rich region through more substantial united action.”

SUCCESS OF THE ASEAN

As the organizational structure grew, constraints were removed and economic expansion was pursued producing positive impact for all ASEAN members. Currently all members have benefitted from the reductions of tariffs and the relocation of many foreign manufacturing facilities into Southeast Asia. It was the initial increase in the export industry and the creation of factory employment that grew the middle class. This new expansion of a middle class has turned into a substantial amount of new consumers looking to purchase goods and services, especially through mobile devices. More recently, as of 2015, the ASEAN Economic Community (AEC) has become the regional economic integration agenda in ASEAN, with a highly desirable market of \$2.6 trillion USD and over 622 million people (ASEAN, 2019).

PESTLE ANALYSIS: INDONESIA

Due to the first hand observations of the Sea Company, located in Jakarta, Indonesia, it was necessary to analysis the macro-environmental factors on why the Sea Company, choose to expand into Indonesia. In addition to Indonesia, the Sea Company has expanded into Malaysia, Thailand, Taiwan, Vietnam and the Philippines.

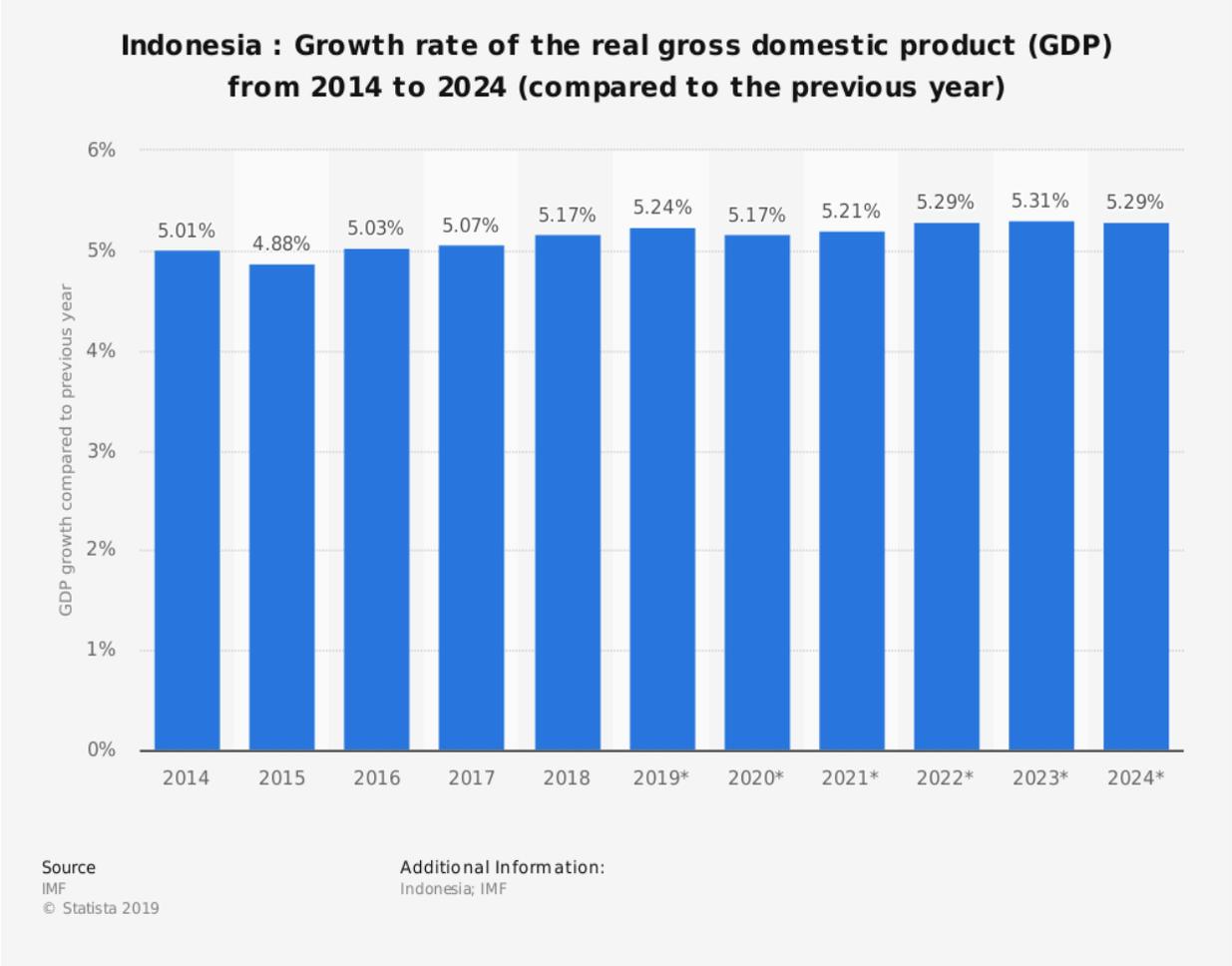
POLITICAL FACTORS

Indonesia has had a complete transformation in the political structure when the authoritarian rule of General Suharto came to an end in 1998 (HISTORY, 2010). This transformation period was known as the Reformation. To prevent any type of dictatorship emerging again, Indonesia was set up as a constitutional democracy. Political stability has been recently strengthened when in the 2009 elections, Indonesia had the first re-election of President Susilo Bambang Yudhoyono, who was the first president to be democratically elected for a second term. President Yudhoyono's administration has made great progress in anti-corruption and human trafficking (U.S. Dept of State, 2019). The Government of Indonesia (GOI) has a 550 member House of Representatives (DPR) and 128 member House of Regional Representatives (DPD), and still continues to face many challenges while working through the democratic transition. There are many areas of concern pertaining to the social unrest between central and local governments, the separatism of Aceh and Papua and the Free Aceh Movement (GAM), complications of implementing decentralization, natural disasters, on-going high level corruption, inability to bring economic benefits to all Indonesian citizens and slow to pass important political, economic, and security legislations (Oba, 2017).

ECONOMIC FACTORS

Indonesia a developing country, is the largest economy in Southeast Asia. The Government of Indonesia (GOI) has been proactive in increasing GDP growth by focusing on accelerating and expanding Indonesia economic development. Two key factors are Foreign Direct Investment (FDI) and Exports. FDI plays an important role in economic growth as it encourages countries to integrate. Developing countries such as Indonesia depend on the FDI for further national development from other developed countries. Indonesia would not be able to provide the funding itself that is needed for the national development that is desired. The Indonesian Exports has played an important role in the overall economic growth. These exports generate income, to help import raw materials, capital goods and develop infrastructures to further Indonesia's economic growth and prosperity. Indonesia has had a steady GDP growth at about 5% over the last five years and is expected to continue this course for the next 5 years according to www.statista.com (2019). This growth

in addition to the GOI contributions, has been due to Indonesian demographics, the geographical location, abundance of natural rich resources and timing. Interesting though exports for Indonesia has been declining since 2012 due to low commodity prices and weak domestic consumption (Trading Economics, 2019). Oil, gas, vegetable oils and machinery are still Indonesia’s top exports. However due to a decrease in the amount of exports and an increase of imports due demand of private consumption, the government continues its efforts in reducing the country’s current account deficit. In efforts to decrease imports the GOI has decided to hold off on fixed investments. There is always a trade-off between growth and the need for stability. There still though remains economic risks due to the current global trade tensions (Trading Economics, 2019).



Inflation, measured by the consumer price index (CPI) has shown Indonesia to have a stable rate history over the past 5 years. Providing such low and stable inflation rates is a positive asset for future economic growth for Indonesia.

SOCIAL-CULTURAL FACTORS

Being the fourth largest country by population and a median age of 30.2, Indonesia has roughly a current population of 267 million. Over half of the population is urban and has a median life expectancy of 73 years old. With education expenditures at 3.3% of the GDP (2014), Literacy, defined by those 15 years and older, 95.4% of the population can read and write. Composed of over 300 ethnic groups and over 725 spoken languages, in 1930 Bahasa Indonesia became the standardized Indonesian language (CIA World Factbook, 2018).

Highly diverse, Indonesia may have the highest Muslim population but also has a fairly large amounts of Protestants, Catholics, Hindus and Buddhist. Even with multiple religions being practice in Indonesia there is still concern over radical Islam, attempting to make their presence in the domain of politics with violent outbreaks. Religious intolerance, leading to violence has been on the rise. According to research by Setara Institute (2017), in 2016 there were 208 incidents or events where violations towards freedom of religion or belief with 270 violent actions. When compared to the previous year, there was a slight increase of 12 incidents and 28 actions. As defined by Setara Institute, “an incident describes the occurrence of discrimination or persecution, while an action describes the nature of the discrimination. This explains why one event, can involve multiple actions, for example both blasphemy and intimidation.”

TECHNOLOGICAL FACTORS

During the modernization era of Indonesia, transportation advancements such as railroads, waterways and ports, airports and private vehicles have facilitated economic development and productivity. More recently, information technology and communication systems has opened Indonesia to the world. Internet technology has opened up a whole new level of modernization to Indonesia as it exposes the population to the diverse world around them through You tube, Facebook, twitter and providing global access to an unlimited amount of information. Currently, digital innovation is front and center for the advancement the Indonesia. With only 40% of Indonesia population using smartphones, there is plenty of room for growth in this industry (Meryana el al., 2019). Within the last five years, Indonesia has almost doubled the amount of cellphone usage. The growth from 2015 to 2019 is phenomenal. The increase in mobile devices, specifically smartphones, means more of Indonesia’s population have access to the internet.

Smartphone Growth in the Asia Pacific:

Number of Smartphone Users (in million)	2015	2016F	2017F	2018F	2019F
China	525.8	563.3	599.3	640.5	687.7
India	167.9	204.1	243.8	279.2	317.1
Indonesia	55.4	65.2	74.9	83.5	92.0
Japan	51.8	55.8	58.9	60.9	62.6
South Korea	33.6	34.6	35.6	36.5	37.0
Philippines	26.2	29.9	33.3	36.5	39.2
Vietnam	20.7	24.6	28.6	32.0	35.2

Source: eMarketer

LEGAL FACTORS

According to the Annual Corruption Perceptions Index, which offers a ranking system of the public sector corruption in 180 different countries, Indonesia was listed as 89 out of 180. With a score of 38/100, Indonesia was listed as a highly corrupt country. Usually low scores come from countries where democratic foundations are not stable. However, Indonesia has had an improvement in score over the last five years. In 2015 the score was 36, by 2018 it had improved to 38.

The GOI has worked toward a structural reform. By implementing social programs such as the National Program of Community Empowerment (PNPM), Sustainable Development in the National Development Plan (RPJMN), and PAMSIMAS Program, the continuation of Water Supply and Sanitation for Low Income Communities Project. The GOI has also made it a priority to provide healthcare and education to every individual in Indonesia. Many new rules, regulations, tax reforms and improvements in labor laws and company laws,

has drastically reduced poverty rates by half, since 1999 ((Meryana et al., 2019).

ENVIRONMENTAL FACTORS

Indonesia, comprised of over 17,000 islands lies between the Indian and Pacific Ocean. Rich in natural resources such as petroleum, tin, natural gas, nickel, timber, bauxite, copper, fertile soils, coal, gold, and silver have provided the country with profitable exports. In addition to natural resources the country's location has placed them at a geographical advantage. Indonesia shares many borders with many countries and due to being so diverse, Indonesia also shares many cultural similarities with neighboring countries. Similarities between Indonesia and neighboring countries are not only territorial and cultural but also for the economic needs. Being a member of the ASEAN has positioned Indonesia to participate in the Free Trade Agreement has economically boosted not only Indonesia but ASEAN economic positioning on a global level. Indonesia's vast ocean area has been an advantage as ships became one of the main ways transport imports and exports to and from foreign countries. Currently land and ocean corridors are being used and constructed.

Amazingly Indonesia, despite some strain and tension, has managed to keep fairly peaceful relationships with Malaysia, Philippines, Australia, and Papua New Guinea. Although geographically positioned for ideal trading through land and ocean corridors, the location of Indonesia does not come without natural disaster threats. Due to active volcanoes, reoccurring earthquakes and tsunamis thousands of people have died recently. In 2018, Indonesia suffered three of top ten deadliest natural disasters according to US News and World Report. In July and August, a 6.4 and 6.9 magnitude earthquake took 468 lives. By late September, a 7.5 magnitude earthquake which brought with it 20 foot tsunami, brought devastation to Sulawesi Island, leaving 330,000 people homeless and 2,783 dead. In December, a tsunami killed 430 people, triggering a state of emergency on the west coast of Java.

On a more global scale, Indonesia, as a member of the ASEAN, has committed to Low Carbon Development and Green Economy recently at the conference in Bali in October of 2018.

FINANCIAL PROFILE AND STRUCTURE: INDONESIA

With poverty rates receding in rural and urban areas, a steady economic growth and low inflation rates, Indonesia has shown impressive economic growth despite some tragic financial events. Indonesia pushed through the 1998 Asian Financial Crisis and the 2007-2008 Global Financial Crisis, with proof of stability as their GDP per capita continued to increase around 5% annually. The last recorded GDP in 2018 was \$1042.17 Billion USD. In the past two decades the GDP per capita has risen by 70%. The 2018 GDP per capita for Indonesia was \$4284.70 (TRADING ECONOMICS, 2019). Indonesia's top exports are coal briquettes, palm oil, petroleum gas and rubber. These exports are typically headed to China (\$25.88B), the US (\$19.9B), Japan (\$19B), India (\$15B) and Singapore (\$14.B) (OEC, 2019).

ECONOMY OF SIZE

With a population of greater than 267 million people, a reduction of poverty rates by almost half in the last twenty years, Indonesia is the 10th largest economy according to purchasing power parity. Driven by domestic demand the growth of Indonesia is expected to continue to rise at a steady rate. This growth though has been strategically planned through Indonesia's National Long Term Development Plan, called the RPJPN. The plan spans for a 20 year period from 2005 to 2025 and divided into four 5 year segments with focus on set objectives during the year periods (The World Bank, 2019).

The RPJPN plans to build on economic development within Indonesia by establishing goals that will modernize and improve efficiency in the agricultural and mining form industry. Building this as a base for the economy, they plan to create and sustain global competitiveness within the manufacturing industry. The advancement of the service industry lies heavily on how Indonesia will embrace new ways of thinking, working and conducting business as the digital innovation rapidly develops and is being transformed by telecommunications, the rise of technology and e-commerce.

FUNDING AND FINANCE

According to the Indonesia Investment (2019) reports "Total investment of IDR 11,913.2 - 12,462.6 trillion cumulative for five years is needed to attain the average economic growth target of 6.3 - 6.8 percent per year." Of this 12,000 trillion IDR it appears in 2014 only 18% of the funding came from the government tax and non-tax revenues. This included foreign and domestic financing and grants (Meryana et al., 2019). Funding from foreign sources, in the form of grants ultimately strengthen and improve the overall national development. The goal is to implement and obtain Indonesia's Masterplan for Acceleration and Expansion of the Indonesia's Economic Development (MP3EI)

which is to be one of the ten major world economies by 2025. The private sector, in the form of public private partnerships (PPP) plays a vital role in accomplishing this goal since the majority of financing will be expected to come through this type of framework. Indonesia being a market economy, is dominated by state owned enterprises and large private business groups, which only make up a fraction of the active companies in Indonesia yet dominate the domestic market. However it is the small and medium sized businesses which make up the majority of the active companies that account for 60% of Indonesia's GDP. These smaller companies provide the strength and the framework of the Indonesian Economy (Meryana et al., 2019).

While the GDP has shown steady growth, Indonesia's current account deficit has increased in the Quarter of March 2019 to \$6.9 Billion USD compared to the previous year, of \$5.34 Billion USD. With a decline in exports and government spending increasing, a deficient is inevitable as more money goes out then comes in. However it is smart spending that has kept Indonesia out of dangerous levels of deficit. Indonesia's primary budget deficits have been incurred from infrastructure development and long term economic planning (TRADING ECONOMICS, 2019). Infrastructure development and long term planning are needed to support an emerging market for future growth.

Regarding exports from Indonesia to the worldwide market, it is the Indonesian Export Financing Agency (LPEI) that provides the financing and advisory to support Indonesia's competitiveness in global markets.

CAPITAL MARKETS

Current Capital Markets in Indonesia are smaller compared to other Southeast Asian countries and emerging markets due to low capital market utilization in finance investments and underdeveloped securities and equity markets. Along with the slow development of the banking sector, conventional and Islamic, less than "40% of Indonesian adults own a personal bank account." (Meryana et al., 2019) This simply means that Indonesia has plenty of room for growth in this area and capital markets will have to grow to keep up with the economic demands of the Indonesia.

INDONESIAN STOCK EXCHANGE

The Indonesia Stock Exchange (IDX) was established in 1912 during the Dutch colonial era. Though the IDX experienced gradual growth, it had a long period of inactivity due to World War I, World War II and power transitions between the Dutch and Indonesians. It wasn't until 1977 that the IDX was reactivated by President Soeharto (Indonesian Stock Exchange, 2018). The Indonesians did not have much trust in Capital Markets at this time. However with incentives, the support of the local government and with the merging of

Surabaya Stock Exchange and Jakarta Stock Exchange into the IDX, the market has been rapidly growing since.

According to Stockmarketclock.com, currently the IDX holds the 25th ranking of market capitalization out of the 144 stock exchanges that are tracked. As of March 2019, the stock market capitalization to GDP ratio for IDX was 59.98%.

An area of interest in IDX is the 30 stocks that are held that align with the Islamic Sharia, the Islamic Law. Indonesia's Islamic capital market started with the first Islamic mutual fund issued in 1997 (Indonesia stock exchange, 2018). Being a country with a high Muslim concentration, developing and improving the Sharia Banking will only aid in the future economic growth of Indonesia.

BANKING SYSTEMS

Indonesia had 115 commercial banks and 1,630 rural banks as of March 2018. The largest three banks hold 45% of the total banking assets (U.S. EMBASSIES, 2019). These banks are state owned: Bank Mandiri, Bank Ralcyat Indonesia, Bank Negara Indonesia and BTPN. The Central Bank of Indonesia (BI) works as an independent state institution, providing foreign exchange supervision and regulation of payment systems (U.S. EMBASSIES, 2019). Rural banks were established to serve all financials needs in the rural communities.

One area of development found in the banking system is the Islamic Banking sector. According the U.S. Embassies report in February of 2018, Islamic Banking held 3.93% of the total banking systems assets. It maybe unclear to some what the difference is from conventional banking and Sharia banking if not familiar with the practices of Islam. The Sharia banking was formed off of the values taken from Islamic teachings. It is the National Sharia Council of Majelis Ulama Indonesia (MUI) and the Sharia Supervisory Board that supervise banks compliance with the Islamic Law (Tahir, 2017). One key take away pertaining to the difference in Sharia Banking, is that payment and withdrawal of interest is not accepted in the Sharia Principles.

TAX SYSTEM

Being a tax driven country, the Indonesian government has a variety of taxes that are being collected from companies, investors and individuals. Tax revenues, according to the OECD's 2018 report are fairly low compared to other countries at a similar income level such as Malaysia and the Philippines.

Focusing on corporate income tax, generally a 25% tax applies. However there are several exemptions to this tax rate. Companies that list 40% or more of their total shares on the IDX can obtain a 5% tax cut. Small and Medium

Enterprises (SME) that have less than IDR 50 billion (\$3.8 billion USD) have a 50% tax discount and for individuals/institutions who gross profit under IDR 4.8 million (\$363,000 approximated USD) annually only have a 1% income tax tariff (Maraya et al., 2019). Due to the globalizing economy, Indonesia has also implemented many free trade agreements which drastically reduces the import duty rates.

INDUSTRY SITUATIONAL ANALYSIS: DIGITAL ONLINE PLATFORMS

WHAT IS AN ONLINE PLATFORM?

Various definitions exist regarding the meaning of an online platform. For a better understanding of the Sea Company, online platform is defined as follows, “A platform is a group of technologies that are used as a base upon which other applications, processes or technologies are developed “ (TECHNOPEDIA, 2019). For a personal computer, the platform is a part of the hardware where the operating systems can be ran on. At the start of the platform development only certain applications could be ran on platforms that the applications were designed for. Currently we see new standards-based interfaces allowing application programs to run on multiple platforms. Software tools have also been developed that allow applications to run on multiple platforms.

WHAT IS E-COMMERCE?

E-Commerce is the ability for buyers/sellers to conduct business over the internet. Depending on what the product or service that is being sold there are various business models that can be followed from the business and/or consumer perspective. The e-commerce industry follows either a B2B, B2C, C2C or C2B business model. A hybrid model, B2B2C, is found when an online business partners with another business to increase customer base and earned revenue ideally reaching an even larger market they were not exposed to prior to a partnership.

PORTER’S FIVE FORCES MODEL

1. Competition and Rivalry within the industry:

According to iPrice.com an aggregator is something that simplifies shopping by comparing online retailers (Crew, 2019). In the last quarter of 2018 they analyzed the fierce competition that exists in e-commerce in Southeast Asia. By focusing on online traffic, social media followers, app rankings, and the number of employees in the quarter it was found that The top three e-commerce platforms are Lazada (183.4 million visits) Tokopedia (153.6 million visits) and Shopee (147.6 million visitors). Currently Lazada would be Shopee’s greatest competitor according to the iPrice report (Crew, 2019). Lazada and Shoppe serve multiple countries within Southeast Asia. Lazada dominates 4 of the 6 they operate in but Shopee dominates in Indonesia and Vietnam, two countries that are most important e-commerce regions in Southeast Asia. Of note, Tokopedia holds the highest traffic in Indonesia however they only operate in Indonesia. In Indonesia according to the iPrice report for Q4 2018, Tokopedia took first followed by Bukalapak,

Shopee was third and Bukalapak 4th. What is most impressive for Shopee, being a young start up as of 2015, they increased their visits by 74% during this quarter. Amazingly Shopee came out on top as number one for the 1st quarter of 2019 for all of Southeast Asia. Shopee was able to maintain their growth from the previous quarter primarily due to an increase in Indonesia and Thailand users (Tan, 2019). Currently e-commerce marketplaces are launching new services to differentiate themselves from one another and are in a head to head battle to one up each other through faster service, acquisitions and developing additional partnerships. All rivals need to anticipate the next disruption in the digital tech world and get on board before the competition does.

2. Potential of new entrants into the industry:

The opportunities for new entrants into the online platform and e-commerce are available in Southeast Asia. In the early 2000's Southeast Asia swarmed with online tech start-ups. Currently new entrants would only be a threat if they can not only keep up with the current e-commerce powerhouses but actually surpass them in providing better, faster, highly personalized content through leveraging mobile services, personalizing content with data analytics, AI and the Internet of Things (IoT). It is the social commerce that needs to be watched as the social media industry becomes its own Marketplace. As in the case of Facebook marketplace. Having approximately 2.38 billion monthly active users in the first quarter of 2019 according to statista.com, Facebook is the largest social network worldwide. This creates a huge advantage for the social media giant as they have connection with multitudes of potential customers across the globe.

3. Power of Suppliers:

The power of the suppliers in the e-retail industry may be moderate typically but not for Shopee. This runs high for Shopee as they depend solely on the suppliers. Shopee works as a C2C business model primarily working as an asset-light marketplace where Shopee does not warehouse items but relies on over 70 courier service providers to provide the logistic support (Tisunov, 2019). Shopee has been evolving into a B2B2C/hybrid model but still rely heavily on consumers for buying and selling products that are listed on Shopee platform.

4. Power of customers:

The power is high within the customer. Customers have the choice of switching between online e-commerce sites within seconds as they can click out of one site and open another. The entire industry is driven by the needs, wants and desires of the consumer/customer. Internet access gives customers access to numerous products, services and substitutes with ease (Evans & IDG Contributor Network, 2015). E-commerce customers can be influenced by social media influencers, price sensitivity, feedback, and others types of reviews. Not only do the e-commerce business' have to compete with one another on providing the optimal e-commerce customer experience but they also need to protect their own reputation, image and branding. A good reputation may be hard and time consuming to build but it can be easily destroy and sometimes the damage can be devastating for the business.

5. Threat of substitute products:

As mentioned above in the power of the customer, substitutes are everywhere within the Internet itself. Since switching costs are low and buyer propensity to substitute is high, the challenge of e-commerce is to establish a relationship with the customer that will hopefully create the loyalty the ecommerce business is striving for (Evans & IDG Contributor Network, 2015).

UNITED STATES: OVERVIEW OF E-COMMERCE

E-commerce has been evolving over the last decade for the USA. It is projected to grow from \$505 billion USD in 2018 to over \$735 billion USD by 2023 (Clement, 2019). According to the U.S. Commerce Department, online sales increased by 15% in 2018 but still only represent 14.3% of the total retail sales. There are many online retailers but Amazon, the e-commerce giant is by far the most popular e-retailer in the US. Generating over \$235 billion USD in 2018 and captured nearly half of the U.S. e-commerce market. It is Amazon's Marketplace that is the dominating segment in sales. It is forecasted by end of 2019 that marketplace sales will be more than 70 percent of Amazon's overall e-commerce business (Thomas & Reagan, 2018).

Amazon is hardly the only online marketplace platform that is available. On eCommerceCEO.com a list of 10 best e-commerce platforms were compared and rated. Amazon wasn't listed here although they offer their own online platform, Amazon Services that offers the complete e-commerce package for small to large companies to establish or rehabilitate their online business marketplace. The level of integration that occurs at Amazon is what creates this sales and marketing powerhouse. Many other online platforms do not have the means to directly compete with what Amazon has to offer. Other successful and rated best e-commerce platforms on eCommerceCEO.com included BigCommerce, Shopify, 3dcart, Woocommerce, Volusion, Prestashop, Weebly, Squarespace, Magento and Wix. Individuals looking to start their online business may need something more catered to their needs and their specific market they are targeting. As mentioned though online business owners who are looking to market across channels will somehow end up on Amazon. The US is aware of the market share Amazon holds and it maybe the way to scale any online business. In the end, Amazon will profit through their marketplace, whether through an Ad, an affiliate link, an auction or a consignment setup. Even as Amazon grows it is the stepping stone that many first time entrepreneurs need to join the online business world. As these small, medium and large online business grow they too get to experience a successful online business that if it wasn't for Amazon, they might not have ever had.

SWOT ANALYSIS: US ONLINE E-COMMERCE PLATFORMS

Strengths:

Due to Amazon dominating the industry, focus is placed on Amazon's position in the US. Amazon has its own Amazon Web Services (AWS) that is a secure cloud service platform. A key strength that Amazon holds on to is being

the founding fathers of e-commerce back in 1994. Amazon runs a B2B and B2C business model. As the marketplaces evolve many are forming into hybrid models that offer more than one type of business model as Amazon does. Jeff Bezos, the founder and CEO of Amazon contributes the success to low cost structure and wide variety of merchandise (Jurevicius, 2019). This in itself has built an impressive brand image for Amazon. Even though Amazon dominates in the US there are 100's of online platforms that a consumer could list services and products to sell.

Weakness:

The biggest weakness for all online e-commerce platforms is the lack of the personal touch. Even though the development of AI will bridge this gap it cannot replace human to human interaction nor the desire to physically touch and hold a product prior to purchasing (Khorana, 2019).

Opportunities:

As e-commerce grows and use of online services grow, the need for security over identity and financial information will remain a high priority. The online platforms that can provide this security will gain the trust of e-commerce consumers, which will only help develop and nurture the consumer loyalty to the online platform. The up and coming relationship between the online e-commerce world and the brick and mortar stores maybe the answer to the lack of personal touch in the online shopping experience. With data analytics and AI, the opportunity for the online and offline markets (OMO) to merge will increase the likelihood of delivering the best customer experience ever (Gao, 2018). This ultimately will be the future of retail.

Threats:

The threats will have no boundaries as the world becomes more connected. The competition will continue within the US between Walmart, eBay and Amazon but international e-commerce giants such as Alibaba and Otto may pose more of a threat on a much larger global scale.

SOUTHEAST ASIA: OVERVIEW OF E-COMMERCE

Indonesia has a growing digital economy and is forecasted to add 50 million new internet users between 2015 and 2020 (Ariffin, 2018). With social media usage thriving, according to the ASEAN Post, 40% of all e-Commerce sells come from Social e-commerce. Indonesia's e-commerce sector in 2018 was made up of \$5 billion USD from formal and informal e-retailing through online platforms such as Lazada, Shopee and Tokopedia. The driving force for this e-commerce surge is the smartphone usage. Unlike the US or Europe where the digital revolution evolved from personal computers to laptops and tablets, Indonesia simply skipped all of the small changes of the digital revolution and stepped straight into iOS and Android smart phone era. The McKinsey Report, shared that 75% of Indonesia's online shoppers use a mobile device and more than 40% of the population use smart phones currently. For e-Commerce to flourish, the users must be digital savvy and comfortable using online marketplace and social platforms. This does not seem to be a concern for Indonesia having the third largest population of Facebook users in the world (Clement, 2019). One area of concern is connectivity, to promote this growth, basic Internet access is necessary and may not be readily available to rural areas. But with Indonesian Government's full support of the tech industry growth this shouldn't be an issue that they could not eventually overcome. While e-commerce grows the Indonesian Government are working on policies and regulatory frameworks for this booming industry.

SWOT ANALYSIS: SOUTHEAST ASIA ONLINE E-COMMERCE PLATFORMS

A SWOT Analysis was discussed with the Head of the Government Relations at Shopee about the industry that surrounds online platforms, e-commerce and e-pay in Indonesia. The following are the areas that were highlighted in our discussion.

Strengths:

Overall one of the largest strengths Southeast Asia has is the size of their population. According to the US Census Bureau as of July 2019, Indonesia has about 267 million people, coming in as the fourth most populated country. The US is only slightly larger with about 330 million people, coming in third. Another strength pertaining to the population is the number of mobile phone users. As the mobile phone becomes cheaper and easier to access, more Indonesians are being introduced to the online world. There isn't resistance to these changes either. According to the Department Head of Government Relations of Shopee Division, Indonesians are willing to adapt to all technology changes. What strengthens this is the support the Indonesian Government has for the digital tech industry including startups, SME's and the online e-commerce industry. Although the Indonesian Government is stepping into to

developing regulations for the industry they do not want to create boundaries or discourage interested investors. They want to establish supportive measures and incentives to encourage the economic growth of the digital tech industry not to suppress it, in any way.

Weaknesses:

One weakness that the entire digital tech industry faces is the limitation of 4G service that only serves the big cities. Many smaller cities and rural areas only have 3G capability which greatly limit the speed. This becomes a problem when a mobile user with 3G will take up to ten times longer to open up and move through e-commerce and online gaming applications. Time is precious and in the digital tech industry, every second counts.

Another weakness is the low credit card penetration. This may be a weakness for e-commerce since typically a credit or debit card is used to pay for transactions. Since Indonesia has a large percentage of individuals who do not even use the banking systems, this can be preventing valuable transactions from occurring. It is the Fin Tech industry that is working on developing cash-on-delivery methods and alternative payment methods.

Opportunities:

Although credit card penetration was mentioned as a weakness, other payment methods are being developed. Although these methods, such as Sea Company, AirPay are effective, they remain uncentralized. According to the Department Head of Public Policy and Government Relations the ultimate goal would be to centralize the POS systems, to have the transaction and level of supply happen simultaneously in real time. This would be the most efficient for a time sensitive market. Southeast Asia has flourished off the opportunity of catering to region specifics based on country localization which strengths their position in Southeast Asia and lessens the threat of outside e-commerce giants from possibly entering the market and taking market share.

Threats:

The threats are ongoing since the development of technology is constantly changing. The competitors in e-commerce are driven by traffic but this can quickly change as customers can easily switch between e-commerce platforms. Each e-commerce platform must stay alert to all emerging technologies that speedup and simplify the overall process of e-commerce. If they do not implement these emerging technologies they might just be out of business.

FUNDAMENTAL COMPANY ANALYSIS: THE SEA COMPANY

The Sea Company, formerly known as Garena

A PowerPoint presentation followed by personal interview with the CEO of Garena Indonesia was conducted to discuss the success of Sea Company. The following is a summary of the conversation and PowerPoint, supported by information found directly from the Sea Company Website.

The Sea Company, an internet based online platform, originally known as Garena, was founded in Singapore by Mr. Forrest Xiaodong Li in 2009. Garena is the distributor of the top-grossing game, League of Legends in Southeast Asia.

Garena started with online PC games in 2009, including the popular multiplayer online games. As they moved into developing and publishing online games, they saw the trend and demand for mobile digital content. In 2015 Garena shifted their focus going beyond the hardcore gamers they currently marketed to and offered mobile gaming to the consumer who plays here and there or the consumer who wants to be entertained for ten minutes as they ride the MRT Train home. PCs confined people to their homes and majority of the working class were not at home for hours to play online games. Being already in the market, the Sea Company had an advantage over any other online gaming companies who were just entering the market for mobile gaming. The Sea Company had already established their brand and reputation.

The first developed and published mobile royale game by Garena was Free Fire. By the Q4 in 2018, Free Fire was the fourth most downloaded game in the world. As the followers grew for Garena, focus was placed on infrastructure, the power of influencers and the concept of eSports. Although eSports took off with League of Legends in 2011, a game published by Riot games, and launched from Garena's online gaming platform, the concept of eSports brought communities together and was an instant hit. ESports landed in a special market of gamers who wanted to be with others who enjoyed gaming as they did and desired to gain self-improvement in their genre of gaming. In 2015, eSports was brought to Indonesia for the first time, consisting of 7-10 professional gaming teams from around the world representing their own countries. In a three day period, the CEO of Garena Indonesia stated it drew in 6-10 thousand people each day. This was success.

From 2015 on Garena grew substantially. Marketing merged with co-branding of local banks and popular brands as Garena focused on eSports and bringing the best of the OMO experience to the consumer. Garena's gaming business continued to grow and expand as they introduced their own Fintech

app service, AirPay. IN 2018 Garena entered a strategic partnership with Tencent, an extremely successful dominate online platform in China. Garena will now have first rights of refusal to publish Tencent’s PC and mobile games in Southeast Asia and Taiwan (Fernando, 2019).

MISSION, VISION AND CORE VALUES

Mr. Li was inspired by Steve Jobs famous 2005 Stanford commencement speech. Mr. Li took Steve Jobs words to heart when he stated, “The only way to do great work is to love what you do.” With his education and passion in tech, media and telecommunications, Mr. Li was driven to better the lives of all the individuals throughout Southeast Asia and Taiwan. The Mission of the Sea Company: “Our mission is to better the lives of the consumers and small businesses in our region with technology.”

The Vision of Sea Company: “Our company vision is “connecting the dots,” and our name, Sea, also symbolizes that vision as it is the sea that connects our region. We are proud to be connecting the dots across our entire region – connecting online game players through Garena, connecting buyers and sellers through Shopee and enabling payment access through AirPay.”

The Core Values of Sea Company: “Sea is a deeply values-driven organization. We strive to build an institution that will last for generations and evolve with time and that is founded upon our core values. Our core values are the foundation of it all.”

Found on the Sea Company website, is a list of the core values. The statements of, “ We Adapt, We Serve, We Run, We Commit, We Stay Humble,” is the base of the company culture.

GOODS AND SERVICES OF SEA COMPANY

Garena: Online Gaming Platform

Garena is a digital entertainment and social platform where users have access to PC and mobile online games. Currently Garena serves 7 markets in Southeast Asia. Beyond being just a platform, Garena is an exclusive operator to games such as League of Legends, Point Blank and Arena of Valor. Garena is also the lead organizer of the popular eSports events in Southeast Asia and Taiwan.

AirPay: Digital ePay

AirPay is a new digital financial service platform that provides e-wallet services through the AirPay App. This allows for easy and convenient way of payment. Since AirPay serves as a network to hold funds and is not an ATM service requiring a bank account, they are able to reach the individuals who do not use any form of banking systems. This opens up an online e-commerce market to a segment that may not have been able to purchase anything online without having a bank account.

Shopee: e-commerce

Shopee is currently a leading e-commerce platform in Southeast Asia and Taiwan tailored to each of their marketing regions. Shopee has created a convenient way for buyers and sellers to interact with online shopping, shipping and provides logistical support for both seller and buyer.

SHOPEE INTERNAL ANALYSIS: FINANCIALS, RESOURCES AND CAPABILITIES

The Sea Company listed as the first Southeast Asia IPO on the NYSE in October 2017. Why the NYSE? According to the NYSE, International companies are exposed to more liquidity, diversified investors, analyst coverage, traded in USD and are gaining the American Consumer awareness. It is costly for an ADR but it appears to be well worth it for the Sea Company, it appears they generated more than \$844 million USD on opening day (Russell, 2017). Currently Tencent is the main beneficiary of Sea Company with about 40% of stocks and raised \$884 million USD in in October of 2017. Having the backing of Tencent gives investors the confidence in the Sea Company. Although Tencent provides the confidence for investors, the Sea Company on its own has successfully developed Free Fire, a game that came in as the fourth most downloaded game in the world in 2018. It is the success of Free Fire that has truly allowed the expansion of the Sea Company. Forest Li, Founder and CEO, mentions the success had allowed them to transition into being more mobile centric, from being a publisher into self-development and the success of Free Fire has given them “a passport to spread [their] wings.” Shopee and AirPay were born thanks to the unremarkable success Garena has had.

Shopee emerged in 2015, late to the e-commerce market compared to its competitors Lazada and Tokopedia has taken over as the number one spot in terms of monthly users as of May 2019 (Cordon, 2019). When interviewing the Head of the Department of Government Operations in the Indonesia Shopee and asked about how Shopee has had outstanding success, even though they entered the e-commerce market late, he stressed how Shopee was very region

specific and focused on what the consumer truly wanted. Currently Shopee offers the “Shopee Guarantee” which helps build trust between buyers and sellers, since buyers only need to pay for the product once it is received. One competitive advantage, Shopee has had from the beginning was the “zero fees” concept. Shopee did not charge seller fees, listing fees or commission fees. This fueled the competition in the e-commerce market. Lazada the 7 year old e-commerce company, currently owned by the Alibaba Group and Shopee’s greatest competitor, eventually stopped all commission charges to zero in 2018 to encourage sellers to reduce prices and overall boost transactions (Huang, 2018).

Shopee was described by Tech in Asia as one of the 5 most disruptive ecommerce startups seen in 2015. The real question became how was Shopee able to start late and take over the market. Being a part of the Sea Group, Shopee was able to tap into the existing resources that were available and strategically seek out like-minded talented people with experience in the ecommerce field. The core group though of Shopee was made up of new graduates driven with passion. According to the Head of Government Relations, the average age at the Indonesia Shopee is 26 years old. Shopee continues to grow rapidly because of how well they understand their market and workforce. With emphasis placed on learning and development, Shopee has various structural programs for employees to grow within the company. Shopee in 2017 was listed as one of Asia’s most effective workspaces (HRM Asia, 2019).

Not only does Shopee support their internal staff they support all of the sellers. In 2016 Shopee launched the Shopee University, a series of workshops easily found online, to help sellers optimize their business, learn about scalability and how to effectively and efficiently fulfil and deliver orders. In person or online these workshops offered are free. Shopee is committed to supporting growth for all SMEs, entrepreneurs and individual sellers in all of Southeast Asia and Taiwan.

OBSERVATIONAL ANALYSIS: THE SEA COMPANY – SHOPEE

A two week in person observation analysis was completed. This included company power point presentations, meetings, interviews and ongoing Q/A with management and staff at Shopee in Jakarta Indonesia. The following is this author's perception and overall understanding of how Shopee operates.

COMPANY CULTURE AND APPEARANCE

After security and identification checking, a scanning badge permitted access to the floors I had requested to visit. Access was only granted to Shopee floors, the badge would not allow you to enter any area that you should not be. Security was taken very seriously. Shopee consisted of the 22nd to the 26th floor in the beautiful CITI Bank high rise in the middle of the bustling city of Jakarta. There were a dozen women and men waiting for interviews when I walked up to the receptionist. All of the Shopee employees smiled and acknowledged each person walking through the doors. Everyone appeared happy to be there, dedicated to their job and ready to work. With bright orange and crisp white colors, Shopee has an inviting appeal. All desks and chairs are ergonomic and set up in long lunch table manner, facing one another. Each employee has their own desk area where all are encouraged to personalize their own section. Employees mingled with one another and many had lunch with one another in the Shopee cafeteria, where a variety of free delicious bento style box lunches were served. Each of the four floors had individual kitchens with snacks, drinks and tea. One of most popular rooms within each floor was the prayer room. Flip flops and shoes lined the outside door as individuals entered the room. Part of Shopee's culture is to embrace and welcome those of different cultures and religions, and with a high Muslim population, a prayer room is a must for employee satisfaction and retention.

COMPANY STRUCTURE

Working in an open transparent environment, where managers and department heads sit among the staff, the environment is set for open communication to encourage ideas to flow amongst one another. Small clear glass meeting rooms are available for work meetings, presentations and classes. The physical structure of Shopee reminded me of how the importance of company culture was presented on the Sea Company website. Internal events and Big Day Out events were organized by regional officers for team building. Sea Town Hall was a physical meeting, where Mr. Li and the management team would meet with employees to be able to engage in a two way dialogue. The overall theme was that Mr. Li wanted to empower the employees of Sea Company. By providing talented individuals with a platform

to grow, Mr. Li wanted to have each employee grow into their full potential and encourage them to make a real difference in society.

The Sea Company Structure is built around a team building approach. The structure and what each team consists of is placed openly on the website. Labs team of highly talented software engineers from around the globe, innovating and creating value in the consumer services and platforms is their number one focus. In addition to this, a Product Management Team and Product Design Team from conceptualizing, development and design, with emphasis placed on the needs of diverse consumers, pay attention to small detail that adds value to the consumer's experience. The Sea Company is highly organized and people oriented. Numerous teams of Software, Operations, Database, Security and Networking were clearly defined on the Sea Website. Garena had additional teams of Game Technical Operations and Game Operations were Shopee has unique teams of their own of Business Development and Partnerships, Cross border e-Commerce, Data Analytics, Design, Engineering and Technology, Marketing, Operations, People and Product Management. When conducting personal interviews with three of the employees of the Government Relations and Operations, a sub team working closely with the Marketing Team for Shopee, all three employees could tell me exactly what their role was and how it was an important part of the overall mission of the Sea Company. It was apparent in their statements that the pride and dedication was not only to Shopee but to the entire Sea Company.

BUSINESS STRATEGIES

After in depth power point and lecture was provided by the head of the Department (Team) I was able to understand the chronological order of the development of e-commerce in Indonesia. Before the 2000's, the internet penetration was low in Indonesia, the online e-commerce behavior was almost nonexistent and stakeholders were not ready to invest in in the idea of online retail. There was a lack of investors at this time. GoJek, an on demand transportation network service, via motorcycles, was an Indonesian start up. Even the concept of GoJek was pulled back slightly prior to 2010, when it was noted that the stakeholders were still hesitant to partake in such a concept (Cosseboom, 2015). GoJek since has become the first unicorn company in Southeast Asia.

It was 2010-2014 when interest in the tech industry surged and the internet and online capabilities became more readily available to anyone who had a mobile device. This was the investment era for Indonesia. Anyone with an idea could pitch their ideas to investors even with only a conceptual idea and nothing written on paper. At this point stakeholders became global and Banks now prepared to support the development of e-commerce. The

government supported the growth of startups while continuing to support the SME's of local entrepreneurs. Programs were set up to help SME's with financing and practical knowledge to bridge the gap between SME's entrepreneurship and business success.

The e-commerce business model for Shopee's online retail has been C2C (consumer to consumer). Other e-commerce models exist such as B2B (business to business) working like a directory, an example of this is Alibaba, the international trade site. The B2B2C/Hybrid is how Amazon is set up and Shopee currently working towards evolving into a hybrid model too. There is one large difference between how Shopee and Amazon work. Shopee, provides the shipping service for the seller to the buyer so Shopee does not have to operate warehouses to store products as in the case of Amazon. Shopee's focus is providing the best possible experience to the seller and the buyer. What differentiates Shopee from other e-commerce platforms is being mobile-first. Shopee was designed to be used for the everyday individual mobile device user. This was intentional as the parent company hyper-focused on the surge of mobile device users. They also started the free shipping concept, free to list, free of commissions and set up the market place to be extremely easy to use for individual and corporate sellers (Tang, 2019). Shopee quickly became a huge competition for any preexisting e-commerce markets.

OVERALL PERCEPTION OF SHOPEE

Shopee is highly organized, carries a positive vibe and appears to follow the mission, vision and core values of the parent company, the Sea Company. The employees I interacted with seemed motivated, excited and loyal to Shopee. After attending work meetings and sitting in on employee discussions I saw how the Mr. Li's ideals of encouraging communication and openness played in the overall satisfaction of the employees. Within the meeting everyone was encouraged to talk, share ideas and had to report on the status of their responsibilities within the department.

After a few informal lunch interviews with the employees of Shopee, I noticed a common theme. All three employees had full time jobs prior to working at Shopee but choose to leave their employment for Shopee. Why? All three mentioned things related to feeling important, growing with the company and enjoyed the environment they worked in. All of which are important in retaining valuable employees.

Management worked alongside of the day to day staff, sharing a large desk, set up like a school cafeteria. The management did not act, dress or behave any differently among the staff which seemed to keep the work environment at ease. It was more of a cultivating and nurturing environment

than one based off a hierarchy model of “do what I say because I am a higher rank than you.”

The overall work environment was warm and welcoming. Painted with oranges and yellows each floor felt lively and clean. Each of the floors that Shopee occupied in the Citibank high rise had a kitchen with cold drinks, water and snacks, always stocked. In one corner of each floor there were 6-8 bean bags placed near a large HD TV. This provided an area where employees who needed or wanted to take a break could go and relax. Regularly I saw a couple of employees at a time head over to this area, relax for a bit and then head back to work. A large cafeteria, taking up half of a floor, provided light breakfast snacks and drinks, two choices of box lunches and even dinner for those who needed to stay late. For those who finished their lunch early, there were pool tables, ping pong and darts available for them. All of this was free of charge to the employee and they were encouraged to use these amazing amenities. All of these added benefits contributes to high employee satisfaction and retention. Happy employees will increase productivity. Increased productivity helps the company thrive. Shopee is thriving.

From a financial stand point, Shopee is being supported and nurtured by the parent company, Sea Company. One very important factor in how the Sea Company provides support and not control over how Shopee is ran in each region. The Sea Company allows each Shoppe to run according to the needs of the people within the specific region. They understand the importance of hiring local people who have the knowledge and the physical presences to tailor Shopee to be region specific, not only by their preferences but how the region interacts with e-commerce and adapts their platforms to that region (Sea Limited, 2019). There is not a one size fits all and Shopee has used this to become the leading ecommerce platform in Southeast Asia.

After seeing how Shopee became the leading ecommerce platform the next question is how can Shopee remain on top? Since competition will never go away in a fast paced, ever changing industry, Shopee will continue to focus on scalability through the support of the Parent Company, Sea Company. For now though, on a more specific ecommerce level, Shopee will be fine tuning speed, delivery and overall customer satisfaction. As attention spans on the mobile user become less and less and ecommerce is expected to extremely personalized, Shopee will have to beat out other ecommerce competitors by providing excellent customer service and experience.

FINAL ANALYSIS

RECOMMENDATIONS AND FINDINGS FOR US

For the US, e-commerce has been evolving over the past decade, gradually improving and becoming easier for all types of Americans to become engaged with. It is projected to grow from \$505 million USD to over \$735 million USD by 2023 (Statista, 2019). Amazon by far is the most popular and largest e-retailer in the US, generating over \$235 billion USD in 2018. Online sales though only account for 9.6% of all retail sales. In comparison in 2016, 1/5 of Chinas retail sales occurred through the internet compared to only 8.6% of the US. The UK, South Korea and Denmark all have higher e-retail sales than US (Statista, 2019). It does not have to do with mobile phone availability either. In 2019, 96% of Americans owned a cell phone and 81% of these owned a smartphone (PEW, 2019). The United States as diverse as it is may need to continue on personalizing shopping. What is it that keeps US e-retail sales comparatively low? It could be that e-commerce in the US could benefit from following the strategy of Southeast Asia where e-commerce is built off the needs, wants and culture of specific regions. Ecommerce may need to develop this by tailoring e-retailing to the needs, wants and personality of each state in the US. Of course we see this being done on an individual basis with cookie profiling but this is specific to the mobile user who continues to use the internet. For some individuals browsing the web maybe overwhelming and due to limited internet use, they may not have the personalized data collected to make the online experience actually easy and efficient. With as many mobile users as there are in the US, the amount of ecommerce sales has potential for growth. It is to determine what consumers are missing in the e-retail experience that prevents them from engaging more frequently and consistently.

It is difficult to make recommendations for the US that would not pertain globally. As the Online to Offline (O2O) experience gains importance, the relationship between the online retailer and the offline retailer will have to be developed. This relationship will benefit e-commerce and brick and mortar commerce. There has been a lot of attention draw to the ecommerce industry but it still only accounts for a small percentage as mentioned. The O2O experience may help increase the e-retail sells for the US as consumers are able to experience the sensations that are missed in e-retail. Many shoppers want to touch, feel, smell or see the product first hand prior to purchasing and it is this method that may fill that gap. It maybe the face to face interaction that consumers need to feel confident with buying online. No matter how technologically advance the world becomes there will always be a need for physical human interactions and this may be why e-commerce has not taken over all of the retail industry.

RECOMMENDATIONS AND FINDINGS FOR SOUTHEAST ASIA

Indonesia is forecasted to add some 50 million new internet users between 2015 and 2020 (Ariffin, 2018). With social media usage thriving and the availability of mobile cell phones this number may be even higher. In the ASEAN post (2018) highlighted the McKinsey Report, mentioning that Indonesia's e-commerce sector in 2018 was made up of \$5 billion USD of formal and informal commerce of buying and selling through messaging platforms of WhatsApp and Facebook. According to the ASEAN post, social commerce accounts for 40% of all e-commerce sales.

The true driving force is the smartphone usage within the country. Unlike the US where digital evolution evolved from personal home computers, to laptops and tablets to smartphones, Indonesia skipped it all. There was no need to evolve when the smartest, easiest and most efficient way of accessing the internet was now through the use of a hand held smart phone. The McKinsey report also showed that 75% of Indonesian online shoppers used mobile devices and more than 40% of the current population own smart phones. For e-commerce to flourish as it has, it requires tech-savvy users who can adapt quickly to a highly digital tech world. It is obvious this is not hard for Indonesians to learn and quickly adapt to the internet since Indonesia is listed as the fourth largest country of Facebook users and one of the largest Instagram users (Jakarta Post, 2018).

Areas of concern though is basic access to the internet. In many rural areas, connection and availability is scarce and limits the individuals within these area. Many are also limited to 3G. This causes an issue as many apps and platforms need to be able to run off 4G. There needs to be an increase in broadband service for the ecommerce industry to provide the quality service that they proclaim (Rohman, 2013).

When discussing the growth of Shopee with the Head of Government Relations at Shopee Indonesia, he quickly spoke about the need to support and help the sellers become the best that they can be. Shopee currently is supporting the emergence of local players, in all regions the individual seller is needed since Shopee works as online marketplace and does not carry any inventory. Shopee though is already ahead in this area of business development and continue to find ways to improve in it. They currently provide Shopee University, a series of workshops to help sellers optimize their business, learn about scalability and how to effective and efficiently fulfill and deliver orders. This is not done in a generic way for all sellers either. Shopee not only makes these resources available to the sellers but will actually reach out to sellers based off their high performance (high performance is determined by Shopee based on collected data), which are called Power/Preferred Sellers.

Shopee will establish and maintain direct relationships with all Power/Preferred Sellers that comply with the requirements to obtain such status. Shopee does hold the reputation that they have built very highly and expect all sellers to meet these high standards. It is the highly maintained relationships that build stronger seller acquisition success. Shopee has devoted departments of Service by Shopee (SBS) to promote the sellers. For example, Shopee has a Seller Assistant, a feature that helps organize, track and manage seller's orders.

In order for Shopee to keep their promise to provide customers an easy, fast and secure online shopping experience they constantly need to look towards improving logistics and trade efficiency. Delivery and fulfillment is a key function in Shopee Operations. Consumers want to be able to shop efficiently and quickly for what they want and expect to receive it in the same way. Shopee uses different ways of delivery but has stepped into this area by the development of SPX, Shopee's own limited delivery system. This plays an important role in Shopee's goal of reaching economic and trade efficiency. However to be more efficient, the Head of Government Relations explained the importance on centralizing the revenue and stock in real time. At the point of sale, the money is exchanged and this is happening in real time, but what is needed is a system that can immediately update the amount of product in real time. A system like this could keep inventory updated allowing the seller to know when to push products out that are sitting in inventory too long or when to reorder products to prevent sellouts.

Improving e-payment capabilities is a must for the ecommerce industry. As the Central Bank works with the FinTech industry to develop regulations, maintain confidentiality and develop online security, there is a need for other e-payment methods (Chopra, 2017). Shopee is doing this through their development of AirPay. It may be a temporary benefit as more online shoppers build confidence in the banking sector and use banking options that may be available to them. Allowing for AirPay, apps that are not a banking system, is a current fix to reach mobile buyers who do not use the banking system.

CONCLUSION

The Internet of Things (IoT) is the way of the global future. The IoT is a collection of the billions of devices that are connected to the internet that establish global connectivity. This allows for collection and sharing data into a digital information systems that ultimately works toward making the human environment more efficient, smarter and measurable (Ranger, 2019). As the IoT collects and shares data on individuals, the internet experience for all users becomes more personalized and unique. There may have been attention recently brought to the use of cookies, data collection and privacy but it has not stopped or held back the majority of the world from using the Internet and enjoying its conveniences. E-retail continues to rise and become more efficient. The young and old, adapt to the online world. Advancement of technology has simplified applications to be “user-friendly” for all ages. Indonesia is a perfect example of this as mobile users soar and they adapt to conveniences of the Internet with ease. Southeast Asia may have gained attention for innovation that has created disruption in a very powerful economic way but it differs in how the US has taken the successful gradual steps and revamping of innovation to develop into economic powerhouse. Following two different paths, it is near impossible to compare the development and future of ecommerce industries in these very different countries due to demographics, resources and political factors. One powerhouse plan is not better than another or more effective. It simply is a matter of timing. As the world becomes more global, it will not matter which country got there first as much as it will matter which country can stay ahead and come out on top.

The reputation of the US for hundreds of years was seen as a rich and powerful country built from individuals who had more opportunity and equality than any other country. The US provided freedom and choice for all. The birth of the American Modern Democracy that evolved out of the US has helped build the wealth, culture and economy that is seen today. Just as the US has evolved over time, Southeast Asia has found their own opportunities to grow economically and support their citizens as they become a huge emerging market. Southeast Asia, similar to the US, has many different languages, religions and cultures that make up its population. It seems that unity and acceptance of others is the first step to building a stronger country. The US was able to be built from this concept from birth but as for Southeast Asia it needed to change the decades of authoritarian rule it was suppressed under. In the case of Indonesia, a constitutional democracy was only established after the fall of President Suharto in 1998 (Meryana et al., 2019).

In the case of importance of demographic factors, the US and Southeast Asia differ so greatly that the business strategies built for each country’s economic development and growth would be useless in the other country. It is

demographics that ultimately drive the economy, once stability and order has been established. This has been seen as the US has evolved over hundreds of years and is now being seen as Southeast Asia emerges.

The US may only greatly benefit from Southeast Asia's economic growth from an investor perspective. Since demographics play such an important role, it would be near impossible for the US to step into Southeast Asia and expect the citizens to adapt to the US way of e-commerce. This is why eBay ultimately failed in China (Wang, 2012). What the US could learn from Southeast Asia, as seen in the Sea Company business strategy, would be to understand how important demographics, culture and local behaviors are to economic growth and expansion. The US should not be interested in changing these factors to tap into emerging markets but better yet see how they can mold their business' and companies to fit these valuable attributes that foreign markets have. In the end it is the consumer who holds the power. If a company, foreign or domestic can give the people what they want, then only then do they have a genuine competitive advantage over their competitor.

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