

EXECUTIVE SUMMARY

Indonesian digital economy is growing rapidly. According to the Southeast Asia Internet Economy Report 2019, Indonesia's internet economy is valued at \$40 billion with a compounded annual growth rate of 49 percent since 2015 and projected to reach \$103 billion in 2025. These numbers are the highest among Southeast Asian countries. Internet users in Indonesia are estimated at 171 million users, which shows a huge potential not only in terms of market size for digital economy but also as a source of expert workers in the field of information technology that can empower the nation's economic growth. Realizing this potential, Indonesian government launched several initiatives such as the national 1000 digital startups program to increase the number of startups. As of 2019 there are more than 2.163 national startups across the country and the number continues to increase. Some startups have even reached the Unicorn status with valuation of more than US\$1 billion such as Gojek, Tokopedia, Bukalapak, and Traveloka.

Despite these promising numbers, the amount of youth unemployment in Indonesia remains one of the highest among Southeast Asian countries at 16,15 percent. In terms of educational background, the highest open unemployment rate came from vocational school (Sekolah Menengah Kejuruan/SMK) with 8,63 percent of total SMK graduates are unemployed. On top of that, the third-highest number of unemployed graduates came from the Computing and Informatics department amounting to 228.554 graduates in 2018. On the other hand, the number of information technology experts in Indonesia, especially for coding is still low. Based on a survey of 150.000 IT graduates, only 56 percent work as software developers. It has been reported that Indonesia needs 100.000 coding experts each year and the demand is estimated to increase by 55 percent in the next 10 years. This shows an existing gap between graduates' quality and the qualification required by the industry.

A study from Bekraf in 2018 shows that 29,1 percent startups cited manpower as the second biggest issue other than funding. The lack of coding experts created a 'talent war' which has been a problem for many startups especially those at lower levels than the Unicorns. This 'talent war' occurred when a startup loses its top talent who is getting hijacked by other startups who can afford to offer more benefits. Such loss can greatly impact the startup's development. In fact, this problem is experienced by the startup owned by one of our team members. These reasons are the background of our proposed solution for the problems: Techademy Coding

School.

Techademy is established as a non-formal education entity, specializing in coding. Unlike other coding schools, Techademy will be targeting potential students from SMK graduates especially those from the Computing and Informatics department. Techademy will use a coding bootcamp education model, where students will participate in intensive study sessions to accelerate the learning process. Each student has to attend an offline session that will last 8 hours a day, 5 days every week, for a period of 8 weeks. Students can also access our online learning material system, which is something that not every coding school has. In the initial stage, Techademy will set up a training facility in South Jakarta in order to attract potential students as well as startups that need coding experts and may become our hiring partner. For the next stages we will set up more training facilities in other cities having a large number of startups to reach a broader market. At the later stage, Techademy will also implement hybrid education system by combining online session and offline class, in order to increase production capacity while keeping the fixed cost at minimum.

We understand the importance of affordability in education. We also note that SMK students may not always have the financial capacity to pay for coding school tuition fees that are usually more expensive compared to other type of courses. This is what makes Techademy different from existing coding schools. We offer a payment scheme that will allow students to pay the tuition fee once they graduate from Techademy and get a job. In order to cover the initial fee for our operations, we are partnering with peer to peer lending platforms. The scope of this partnership is lending platforms will assess potential student's credit rating, which is one of the requirements to be accepted in Techademy other than passing the technical exam. Once they are accepted as Techademy students, they will engage in an Income Sharing Agreement. Lending platforms will transfer the amount of tuition fee to Techademy. At this point, students do not have to pay anything to Techademy until they graduate. Once they get a job, they will have to allocate a certain percentage of their income as installment to pay back the tuition fee.