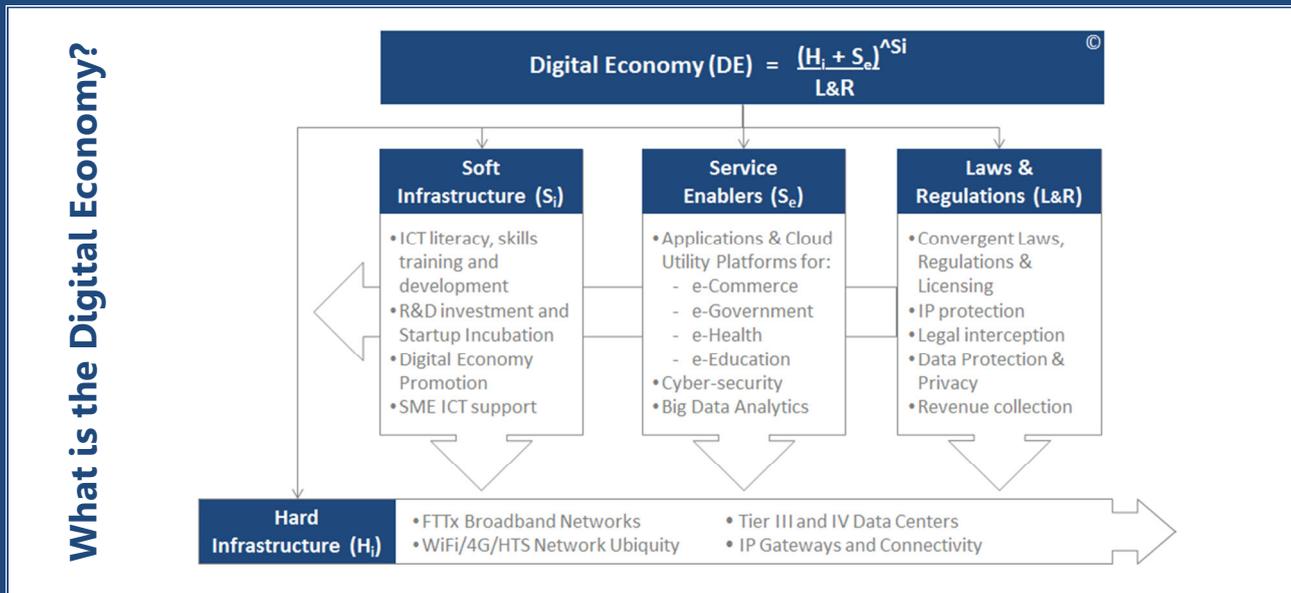


The Digital Economy drive in Thailand has generated significant interest from the private sector, who are keen to identify what it means for the Thai economy itself, its potential socio-economic impacts from an ASEAN regional standpoint, and importantly how they can participate in emerging investment opportunities in the Kingdom.

“Digital Economy” refers to a society that is enabled and supported in every aspect of modern life by digital technologies and markets connected via the internet. Put simply, the Digital Economy is *the* modern economy as it is naturally evolving and therefore does not represent an optional path for Thailand, or any economy for that matter, to remain regionally and globally competitive.



As a policy platform, the Digital Economy describes all the infrastructure, services & enablers the nation requires to develop socioeconomically, technologically, legislatively and competitively.

Benefits of pursuing an integrated Digital Economy policy have been well documented:

1. GDP Growth and National Income:
 - A 10 percentage-point increase in broadband penetration raises economic growth (GDP) by 1.38 percentage points¹
 - Around 21% of GDP growth in advanced economies over the past five years has arisen from the Internet and associated Digital technologies; doubling its contribution from the previous 10 years²
2. Labour Productivity and Jobs Growth
 - Digital Economy adds 10% to labour productivity for SMEs, AND cheaper broadband is correlated with higher growth rates in labour productivity especially in lower-income OECD countries^{2,3}
 - Broadband added 10-14% to the growth rate in the number of jobs between 1998-2002¹
 - The Digital Economy has created 2.4 new jobs for each one lost to technology-related efficiencies²



3. Business Competitiveness and Expansion

- SMEs who heavily use ICT grow and export TWICE as much as their competitors, AND 75% of the economic benefits of the Digital Economy to date have been captured by traditional industries who are leveraging ICT to create efficiencies and competitive advantages²

4. Socio-economic Welfare

- In only 15 years the Digital Economy Revolution in developed countries has achieved a rise in GDP/Capita equal to what the Industrial Revolution took 50 years to achieve²
- Broadband unequivocally improves equitable access to Education, Government & Health services⁴

Thailand's own Digital Economy policy framework was formally announced in late 2014 and continues to evolve, with announcements as recently as mid-March 2015 clarifying and emphasizing the policies relating to National Broadband and Government Data Center infrastructure and operation.

Key features of Thailand's Digital Economy policy include:

- ICT Ministry being renamed as Digital Economy Ministry
- Establishment of National Digital Economy Committee (Chaired by the Prime Minister)
- Establishment of National Broadband Committee (Chaired by Deputy Prime Minister)
 - Broadband network to every village in 2 years;
 - To every home in 3 years (under PPP-JV model)
- Establishment of National Data Center Agency
 - National Data Center grid (40-50 sites, Private Sector-run)
- Structuring of administration and key initiatives along lines of:
 - Hard Infrastructure
 - Soft Infrastructure
 - Investment Promotion
 - e-Government (and e-Health, e-Education) Services
 - Cyber-security (Infrastructure and relevant Laws)
 - State-Owned Enterprise and Agency Coordination
 - Legal & Regulatory enhancements (Telecom and Broadcasting Laws, National Broadcasting and Telecommunications Commission restructuring)

Based on announcements to date, Thailand's Digital Economy policy framework broadly aligns with global best practice in major areas, possibly with one only potential missed opportunity in having the National Statistics Office – an agency both a large potential role and key implications from the Digital Economy – moved out of the Digital Economy Ministry (and to the Office of the Prime Minister).

What are the relevant implications & opportunities of Thailand's Digital Economy policy for private sector investors?

The emerging opportunities for investors from Thailand's Digital Economy drive can be seen in a few key areas including Cloud Services Utility Models, Connectivity & Gateways, Cyber-Security & e-Commerce, and Big Data.

Specifically, there are 5 relevant take-aways from already announced and emerging policy execution which describe the opportunities:

1. National Broadband
 - FTTx infrastructure rollout to pass every village within 2 years and every home within 3 years, consolidating State-Owned Enterprise (telecom and electricity utility) and Private Sector FTTx infrastructure
2. National Data Center
 - Design-build-operate 40-50 Data Centers to form the National (Virtual) Data Center grid
3. Public-Private-Partnership and Outsourcing Policy
 - Government recognition that the private sector is better equipped to deploy and operate hard infrastructure including Fixed & Mobile Broadband, Data Centers and Gateways
 - Announcement that National Broadband Network will be a PPP/JV with the private sector
 - Announcement that National Data Center(s) will be owned and operated by the private sector (or under PPP/JV)
 - Support to struggling State-Owned-Enterprises (TOT and CAT) to engage in JVs (spin-offs) for prioritized sectors including International Gateway/Connectivity, Data Center/Cloud, Mobile
4. Emphasis on developing e-Government, e-Commerce, e-Education and e-Health processes and services with supporting Laws and Cyber-security applications (eg.PKI)
5. A focus on development of Thailand as a Digital Connectivity Hub in the CLMV / ASEAN region

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583 Orchard Road
#06-01 Forum
Singapore 238884

#17-02 Mercury Tower
540 Ploenchit Road
Bangkok 10330, Thailand

www.aec-advisory.com

<https://www.linkedin.com/company/aec-advisory>