



## **Thailand Embarks on the Journey to Digitization**

*A transformation leading to the new face of Thailand as the digital hub of Southeast Asia*

Thailand aims within 10 years to be the digital hub of Southeast Asia. Guided by this vision, the government has been moving forward in all areas of development and introducing policies designed to transform the country into a cutting-edge economic powerhouse.

Digital technology is already the driving force behind Thai economic growth and an integral part of people's lives. In a population of 68 million, 48 million Thais use smartphones, 46 million use the Internet (a remarkable penetration rate of 67 per cent), and 46 million use social media. The country's digital-market landscape is fully geared to the fast adoption of new technologies, and places Thailand well along the road to becoming a digital economy.

### **Thailand 4.0 model**

To propel this transformation forward and promote innovation, the government introduced the "Thailand 4.0" economic model, which concentrates on digital improvements that enhance the quality of life and at the same time promotes productivity and efficiency.

The Thailand 4.0 concept gives public and private partnerships an important role. While the private sector takes the lead through its business activities and investments, the government serves as facilitator and promoter. In this way, more investment in digital-technology-based industries is encouraged, the government providing sufficient incentives to invest in the targeted industries.

The Thailand Digital Economy and e-Government Development Plan (2016-2018) has been prepared as a blueprint for revolutionizing government operations, business practices and people's lifestyles.

### **Digital infrastructure backed by core technologies**

Core technologies are to be promoted to ensure the appropriate infrastructure and a supportive environment. These include biotechnology, nanotechnology, advanced-material technology and digital technology. The enabling services will be research and development, human resource development, electronic design, engineering design, scientific testing and standards testing. These industries are to enjoy high levels of incentives, such as corporate income tax exemptions of up to 13 years.

Five pillars of the digital economy have been identified – hard and soft infrastructure, promotion and innovation, service infrastructure, and society and knowledge. To make these conceptual pillars a reality, hard infrastructure is already being developed to begin with. The national broadband network has been improved, 10,000 WiFi locations are being designated and the number of submarine Internet cables is being doubled.

### **Legal update**

In terms of soft infrastructure, 12 state laws have been improved, including those addressing security and the protection of personal information. In service infrastructure, e-government services will connect all government databases, increasing convenience and efficiency in information management.



Developments like these earned Thailand a 11<sup>th</sup> ranking in the Asia-Pacific according to the International Telecommunication Union's ICT Development Index 2016.

E-commerce, digital content and hard and soft skills are also being keenly promoted. In 2015-2016, the total value of the e-commerce market in Thailand grew by 12.42 per cent, from US\$64 billion to \$72 billion. This major trend confirms that Thailand's electronic infrastructure is more than ready.

**Digitalized creative content**

Regarding digital content, animation is an emerging but already robust industry in Thailand, with a total market value forecast at approximately \$117 million in 2017. Contributing to this sizeable market are world-class production quality, talented personnel and cost efficiency, which are the main reasons Thailand is one of the leading choices for outsourced animation services.

Gaming is another closely watched industry, enjoying double-digit growth and a significant market value of \$375 million in the 2017 forecast. Thailand is ranked second in ASEAN after Singapore for the number of game developers, and its mobile-game revenue is substantial.

In addition, computer graphic, visual effects and Line stickers are also among the top activities.

**Supporting eco-system**

Finally, "lifelong learning" and remote education services are being provided to 3,600 community digital centers.

Knowing the importance of an interconnected ecosystem, the government is promoting startups, venture capital sources and accelerators through various measures. Thanks to government support, the number of funded startups in Thailand increased from three in 2012 to 78 in 2016. And funding for startups rose by more than 120 per cent from 2012-2016. At the same time, leading banks and telecommunication companies, as well as real estate firms, are offering accelerator programs to help startups flourish.

**Nurturing citizen 4.0**

In terms of human resources, the country has a vast pool of highly skilled labor and competitive income levels.

Looking ahead, the government realizes that the private sector's demand for experts, especially in the area of science and technology, will be high as the digital sector continues growing. In response, it established a Strategic Talent Center (STC) to identify available specialists and researchers in these fields and match their talents with the private sector's needs.

With all of these developments on track, Thailand is one giant step closer to becoming the digital center of Southeast Asia within 10 years.

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