THAILAND: LAND OF DIGITAL SMILES

Thailand’s reputation as a business-friendly country for foreign investment made it a leading center of commerce in Southeast Asia in the 20th century. Through a combination of low tax rates, world-class infrastructure, cost-effective workforce, and strategic geographic location, Thailand has emerged as a globally recognized destination for service and industry sectors. Now in the 21st century as trade shifts towards the internet and technology, Thailand is transforming itself into an economy that not only embraces the industrial, but the digital as well. The digital revolution has already greatly changed the way 67 million Thai citizens interact with the world and each other. Thailand has 35 million internet users and 30 million social network users. Currently, there are 96.4 million mobile phones in usage in Thailand with 34.6 million are smart phone users.

The government plans to establish the Ministry of Digital Economy and Society to replace the existing Ministry of Information and Communication Technology and a National Digital Economy and Society Committee led by Thailand’s prime minister. In order to prepare itself for the new digital economy, the Thai government has developed a large scale program that includes reshuffling government agencies to align synergies and produce a digital economy framework revolving around 4 aspects of development and 5 strategies. The 4 areas for development are: digital commerce, digital entrepreneur, digital innovation, and digital content. The 5 strategies to ensure these 4 aspects are successfully implemented focus on hard infrastructure, soft infrastructure, service infrastructure, digital economy promotion and innovation, and digital society.
1. Hard Infrastructure
   • National fiber optic broadband network
     - Gigabit bandwidth fiber coverage nationwide in 3 years
   • National wireless 3G and 4G broadband networks
   • Expansion of Wi-Fi coverage nationwide
   • Public and private sector data center and cloud infrastructure development

2. Soft Infrastructure
   • E-payment and E-transaction standards
   • Data privacy protection and cyber-security laws
   • Facilitation and promotion of e-commerce activities
   • Computer emergency response team readiness

3. Service Infrastructure
   • Rules and regulations for implementation of digitization of government and public services
   • The application of E-logistics to facilitate trade and supply chain management
   • Data service innovation

4. Digital Economy Promotion and Innovation
   • Low cost enabler technology for e-commerce for SMEs
   • Encourage and facilitate ICT HR development
   • Establishing a data bank of useful digital content for use by local developers
   • Encourage and promote fail-safe data centers and large scale cloud computing facilities for both public and private sectors

5. Digital Society
   • Digital ICT technology to improve life quality of disabled individuals
   • Implementation of smart cities in Thailand
   • Enhanced medical services in Thailand, especially technologies to reach remote areas
Thailand offers a wide variety of opportunities for investors interested in Thailand’s IT sector and digital economy sector. The following are examples of various opportunities available to investors.

**DATA CENTERS**

Data centers ensure cloud services, connected devices (internet of things), and mobile apps quickly and efficiently relay data to users around the world. Not only are data centers crucial for consumer and enterprise usage, but data centers are also necessary for establishing “smart cities”. As data becomes more and more crucial for everything from determining traffic light patterns to conveniently storing thousands of photos and videos in the cloud, data centers will become the necessary infrastructure for a successful 21st century economy. Construction of public and private sector data centers as well as promotion of data centers is a core aspect of Thailand’s digital economy initiative. The strategic location of Thailand continues to attract data center investment from the private sector. In the first quarter of 2015, TCC Technology, Digital Port Asia, and SuperNAP International have committed investments in data centers in Thailand that total approximately US$30.8 million.
The startup movement in Thailand is growing, dynamic, and innovative. Thai startups have become well known in the region for developing innovative solutions in e-commerce, payment, and shared economy sectors, among others. A unique aspect of the Thai startup ecosystem that is a rarity among global startup cities is the small amount of accelerator and incubator programs and a focus on coworking spaces. Thailand currently only has 7 accelerators nationwide, but Bangkok alone has 11 coworking spaces and more continue to appear around the country from Phuket to Chiang Mai. Coworking spaces in Thailand have already achieved in a short time what other startup communities in the region have still been struggling to achieve – a genuine startup community. The collaborative and communal philosophy of a coworking space allows tech entrepreneurs, investors, developers, creatives, and technology leaders to work side by side amidst an environment that promotes the free exchange of thoughts insights, ideas, support, and innovation. Some of the largest coworking spaces in Thailand include Hubba, Launchpad, Pah Creative Space, and The Hive.

Startups in Thailand also benefit from Thailand being ASEAN’s electronics hub. Easy access to OEMs, electronics components, and prototyping facilities have allowed startups focused on the Internet of Things (IoT) to turn their ideas into actual devices. Drivebot, a Thai startup that has gained international recognition, has developed a small device that can monitor a car’s health. It is able to alert the driver via a smartphone app whenever the car has an issue, and also monitors driving behavior and gas mileage. Drivebot is just one of the many new, young hardware startups that have developed innovative solutions for everyday issues. Already Thailand has multiple programs devoted to hardware startups such as: Maker Zoo, MakerSpace, and Startup Factory.
The growth of the Thai startup ecosystem and Thailand's innovative startups has attracted the attention of foreign venture capitalist firms, accelerators, and incubator programs and the development of local equivalents. These firms are now recognizing the exciting developments going on in Thailand and have begun to tap into this new hub of innovation.

- **500 Startups** – The US startup investor/accelerator 500 Startups announced in early 2015 a new investment fund of US$10 million called “500 TukTuks” dedicated to investing in Thai startups. 500 Startups has previously invested in Thai startups in their 2013 Southeast Asia investment fund called “500 Durians”.

- **Softbank Venture Korea** – The Korean venture capital arm of the Japanese Softbank Group, took a 23% equity stake in Thai online gaming operator Ini3 Digital in 2014.

- **Disrupt University** – A Thai based organization, Disrupt University provides guidance and practices from Silicon Valley. The members of the university are successful Silicon Valley entrepreneurs and former executives of global tech companies.

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**Meet Drivebot**

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**Type**: Connected Device  
**Description**: A plug-in device that monitors the health of a vehicle and alerts the user whenever the vehicle has an issue. Drivebot is a graduate of the DTAC Accelerator incubator program.  
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A Notable Thai Startup

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**Golden Gate Ventures** – An early stage venture capital firm focusing on Southeast Asian startups, Golden Gate Ventures has offices in Singapore and San Francisco. Golden Gate Ventures was a lead investor in the seed round funding for the Thai based mobile dating app Noonswoon.

**Ardent Capital** – One of Thailand’s first local venture capital firms. Ardent Capital is a lead investor in one of Thailand’s leading e-logistics startups, aCommerce, and has invested in companies all over Southeast Asia.

**CyberAgent Ventures** – A leading Japanese venture capital firm, Cyberagent Ventures established a permanent office in Bangkok in 2014. Cyberagent Ventures has invested in aCommerce, a leading e-logistics company, and Priceza, one of Thailand’s most popular price comparison websites.

**InVent** – The venture capital arm of Thai telecommunication company AIS, InVent focus specifically on funding innovative Thai startups.
SUPPORT FROM GLOBAL TECHNOLOGY COMPANIES

Thailand’s potential to become a major digital economy hub in ASEAN has attracted interest from some of the largest technology firms in the world to support the Thai government’s push for a sustainable digital economy. This assistance will greatly help establish the foundations for robust digital development in the future.

Intel Corporation - The world’s largest chip developer has offered to show the Thai government how it assisted other countries in developing their own digital economies. In Thailand, Intel now offers localized training courses in information and communication technology that are designed to enable individuals and SMEs to develop their digital literacy.

Microsoft - In February 2015, Microsoft announced that it would establish a Microsoft Innovation Center at the main facility of the National Science and Technology Development Agency. This new innovation center will partner with government agencies with the goals of educating a new generation of IT workers, developing cutting edge software solutions that will enhance Thai SME’s efficiency and competitiveness, aiding the growth of Thailand’s IT industry, and fostering innovation and entrepreneurship through Microsoft’s various incubation programs.
EMC – The world’s largest information management company has begun to offer training courses and programs to train Thai university students in Big Data and related technologies in order to make Thailand a hub to train data science professionals.

Cisco Systems – The world’s largest IT networking firm has stated its interest in supporting Thailand’s Digital Economy by collaborating with the Thai government on national broadband initiatives, data centers, internet gateways, cloud service infrastructure for Thai SMEs, e-government services, etc.

INNOVATIVE WORKFORCE

A core component of Thailand's digital economy initiative is an education system that is able to produce the next generation of technology leaders, entrepreneurs, thinkers, and innovators. Thailand is home to a number of universities with top tier technology programs that produce high quality IT professionals every year. The leading tech schools in Thailand include: Chulalongkorn University, Sripatum University, Kasetsart University, King Mongkut Institute of Technology, Chiang Mai University, and Rajamangala Institute of Technology. Bangkok University’s School of Entrepreneurship and Management and Thammasat University have become well known centers of entrepreneurship and innovation due to their close relationship with Thailand’s startup community.
ACCESS TO MARKETS

The ASEAN bloc is one of the fastest growing regions in the world. 2015 is the year that the ASEAN Economic Community (AEC) comes into effect. Thailand is in a unique position to play a major role in this economic bloc of 600 million consumers, which has a combined GDP of more than 2 trillion dollars. As the largest economy in mainland Southeast Asia, Thailand has become a hub of commerce for the fast growing Cambodia, Laos, Myanmar, and Vietnam (CLMV) markets. International headquarters established in Thailand will have a key advantage over competitors in other geographies as they can tap many of the world’s most exciting emerging economies.
DEVELOPED NETWORK OF SUPPORTING ORGANIZATIONS

Organizations supporting the growth and competitiveness of Thailand’s Digital Economy Initiative include:

**Incubators**
- Software Park Incubator
- True Incube
- DTAC Accelerate
- AIS The StartUp
- National Science and Technology Development Agency’s Business Incubation Center
- Mseed
- I4-X Accelerator
- TechGrind Thailand Incubator

**Coworking Spaces**
- Anchor Coworking Space
- Busy Bees @ 115
- Glowfish
- Guru’s Box
- Hubba
- JOINT Workspace
- KoHUB Lanta
- Launchpad
- Ma’D
- Muchroom
- PAH Creative Space
- Phuket Coworking
- Pun Space
- The Sync
- Third Place
- The Hive
- The SEA
- Makerspace
- Maker Zoo
- The Startup Factory
Government Agencies & Bodies

- **Thailand Science Park** - The Thailand Science Park (TSP) was set up in 2002 as a fully-integrated R&D hub for science and technology. It is managed by the Technology Management Center (TMC) of the National Science and Technology Development Agency (NSTDA) under the Ministry of Science and Technology. The park was established to promote greater innovativeness and encourage more R&D activities within the technology intensive sectors. In addition to advanced facilities and business space, the TSP offers a full range of value-added services to support technology businesses.

- **Thailand Software Park** – The Park is an organization under the National Science and Technology Development Agency. The park was designed to strengthen and grow Thailand’s domestic software industry by engaging with stakeholders from all industries of Thailand both industrial and service.

- **National Electronics and Computer Technology Center (NECTEC)** – The NECTEC is a designated research center under the authority of NSTDA. Its main responsibilities are to undertake, support, and promote the development of electronics and computer technologies through research and development activities.

- **National Software Industry Promotion Agency (SIPA)** – SIPA is an organization designed to promote Thailand’s software industry, support research and technology transfer, assist in fostering the software industry’s growth.
• **Electronic Transactions Development Agency (ETDA)** – The ETDA was established to develop, promote, support electronic transactions in Thailand, and provide the necessary IT infrastructure that facilitates electronic transactions, and assisting Thai businesses involved in electronic transactions.
• **Electronic Government Agency** – The Electronic Government Agency was established to develop, manage, and provide services related to basic e-Government infrastructure as well as lead the development of both technological and human capital for future e-Government applications and infrastructure.
• **The National Broadcasting and Telecommunications Commission (NBTC)** – NBTC is an independent state regulatory body which was established in 2010 to allocate Thailand’s radio spectrum and regulate the broadcasting and telecommunications sectors.
• **Association of Thai ICT Industry (ATCI)** – The ATCI encourages the use of ICT to strengthen the Thai economy and society through trade and cooperation and promotes the sustainable growth and development of the ICT sector.
BOI INVESTMENT INCENTIVES

Thailand Board of Investment (BOI) offers a wide range of tax and non-tax incentives for projects that meet national development objectives.

Tax-based incentives include exemption of import duties on machinery and raw materials used in manufacturing export products, and corporate income tax exemption of up to eight years. Non-tax incentives include permission to bring in expatriates, own land and take or remit foreign currency abroad.

As part of its efforts to help develop the Digital Economy, the Board of Investment (BOI) offers attractive investment promotion incentives to a range of activities involved in activities related to the Digital Economy:

Electronic design, embedded systems & software, cloud service, and technology industrial zones (i.e. science and technology parks, software parks, data centers) are classified as activities of special importance and benefit to the country.

Projects in electronic design, embedded systems & software, cloud service, data center, software park and science park are granted 8-year corporate income tax exemptions without being subject to a corporate income tax exemption cap, as well as exemptions of import duty on machinery and import duty on raw or essential materials used in manufacturing export products, and non-tax incentives.
Projects in **enterprise software** and/or **digital content** are granted 5-year corporate income tax exemptions without being subject to a corporate income tax exemption cap, as well as exemptions of import duty on machinery and import duty on raw or essential materials used in manufacturing export products, and non-tax incentives.

In addition, projects that **manufacture advanced technology electrical products with the capability of connecting with the internet network** (Internet of Things) are granted a 5-year corporate income tax holiday, exemptions of import duty on machinery and import duty on raw or essential materials used in manufacturing export products, as well as non-tax incentives.

Projects in **electronic devices for wireless/optic fiber telecommunications** are granted 8 years of corporate income tax holiday, exemptions of import duty on machinery and import duty on raw or essential materials used in manufacturing export products, as well as non-tax incentives.

Projects in **E-commerce** can only obtain non-tax incentives.

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**FOR FURTHER INFORMATION**

The Thailand Board of Investment (BOI): www.boi.go.th
Thailand Software Park: www.swpark.or.th
Thailand Science Park: www.sciencepark.or.th
Association of Thai ICT Industry (ATCI): www.atci.or.th
National Broadcasting and Telecommunications Commission: www.nbtc.go.th