



LAZADA IHQ LTD.

A Thriving E-Commerce Success

BACKGROUND

Lazada Group was founded in 2012 by Rocket Internet to bring a high quality online shopping experience to Southeast Asia. Lazada's e-commerce websites originally launched in 2012 in five Asean countries, including Thailand. By 2016, Lazada had recorded an annualized total of US\$1.3 billion in Gross Merchandise Value across its markets in Southeast Asia. In early 2016, the Chinese company Alibaba took a 51% controlling stake in Lazada with a US\$1 billion investment, and more recently increased their holdings by a further US\$1 billion giving them an 83% stake in the company. In 2015, Lazada set up a local subsidiary in Thailand, Lazada IHQ. Ltd, with BOI support.

WHY THAILAND

The digital age has well and truly arrived in Thailand, with 46 million internet users representing 67% of the adult population. Thailand is also one of the world's leaders in the number of social media users, with 47 million Facebook users and 33 million Line subscribers. Along with a huge market, Thailand also has the logistical support of numerous delivery services such as the Thailand Postal Service, Lalamove, Kerry Express, UPS, FedEx and others.

VISION FOR THE FUTURE

In March 2016, Lazada announced it was establishing a product development and marketing hub in Thailand, the Lazada Tech Hub, focused on advancing the design of the company's mobile shopping website and apps. With over 30 million app downloads and 60 percent of its gross merchandise volume already coming from mobile sales, Lazada aims to expand its reach to even more effectively compete with brick and mortar stores, while also allowing smaller companies to set up shop on its e-commerce platform. As well, it is gearing up for greater cross-border e-commerce trade by leveraging parent company Alibaba's dominant position in the burgeoning Chinese market.

“The e-commerce markets in the region are still relatively untapped, and we see a very positive upward trajectory ahead of us. We will continue to put our resources to work in Southeast Asia through Lazada to capture these growth opportunities.”

Mr. Daniel Zhangan
Alibaba Chief Executive Officer

SUPPORTING POLICIES FROM THE GOVERNMENT

As part of the Thai government's vision for creating a new digital “Thailand 4.0”, The National Legislative Assembly approved the establishment of the new Ministry of Digital Economy and Society on September of 2016, which is largely responsible for shaping, planning and developing Thailand's future digital economy. The Software Industry Promotion Agency (SIPA), together with the Ministry of Information and Communication Technology (MICT), also play an important role in supporting businesses in the software industry. Additionally, two new agencies have been set up, the National Digital Economy Committee and the Digital Economy Promotion Agency. They are tasked with fostering an environment geared to innovation, technology and creativity in the digital age.

ATTRACTIVE BOI INCENTIVES

The 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 an exemption or reduction of import duties on machinery and raw materials, as well as corporate income tax exemptions of up to eight years. Non-tax incentives include permission to bring in expatriates, own land and take or remit foreign currency abroad.

Recognizing the importance of the digital economy, the BOI gives priority to investments that are beneficial to the digital sector and the country's technological development. Particularly, high-tech, creative, and service industries that support the development of the digital economy and industries that utilize local resources for that purpose. For example, the BOI offers attractive and extensive investment promotion incentives for embedded software development, enterprise software development, digital content production, high value-added software, and other digital or cloud based services.

Additional information about specific activities relating to the digital economy can be found by clicking [here](#) or contacting the BOI's Investment Promotion Division 4.

