

**Technology, Media and
Telecommunications Predictions 2018**

Southeast Asia Infographics

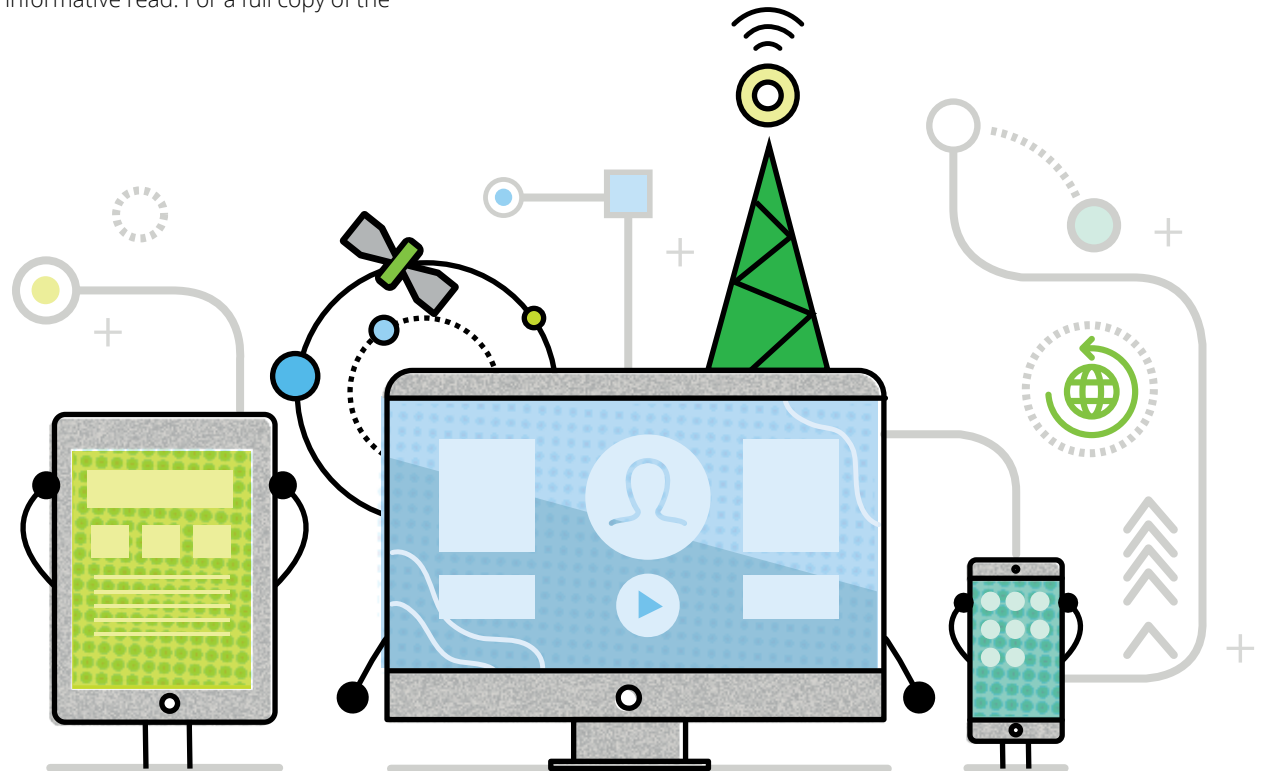
About Deloitte's TMT Predictions

Deloitte's Technology, Media and Telecommunications (TMT) Predictions is an annual report that presents Deloitte's view of the major trends over the next 12-18 months that are likely to have significant medium to long term impacts for companies in the TMT and other industries. The Deloitte perspectives are built around hundreds of discussions with industry executives, analysts and commentators, along with tens of thousands of consumer interviews.

For the 2018 edition of the TMT Predictions report, Deloitte's TMT practice in Southeast Asia has once again included its "Southeast Asia perspectives" for a number of the global TMT predictions. We are pleased to present a brief snapshot of some of the predictions in this publication.

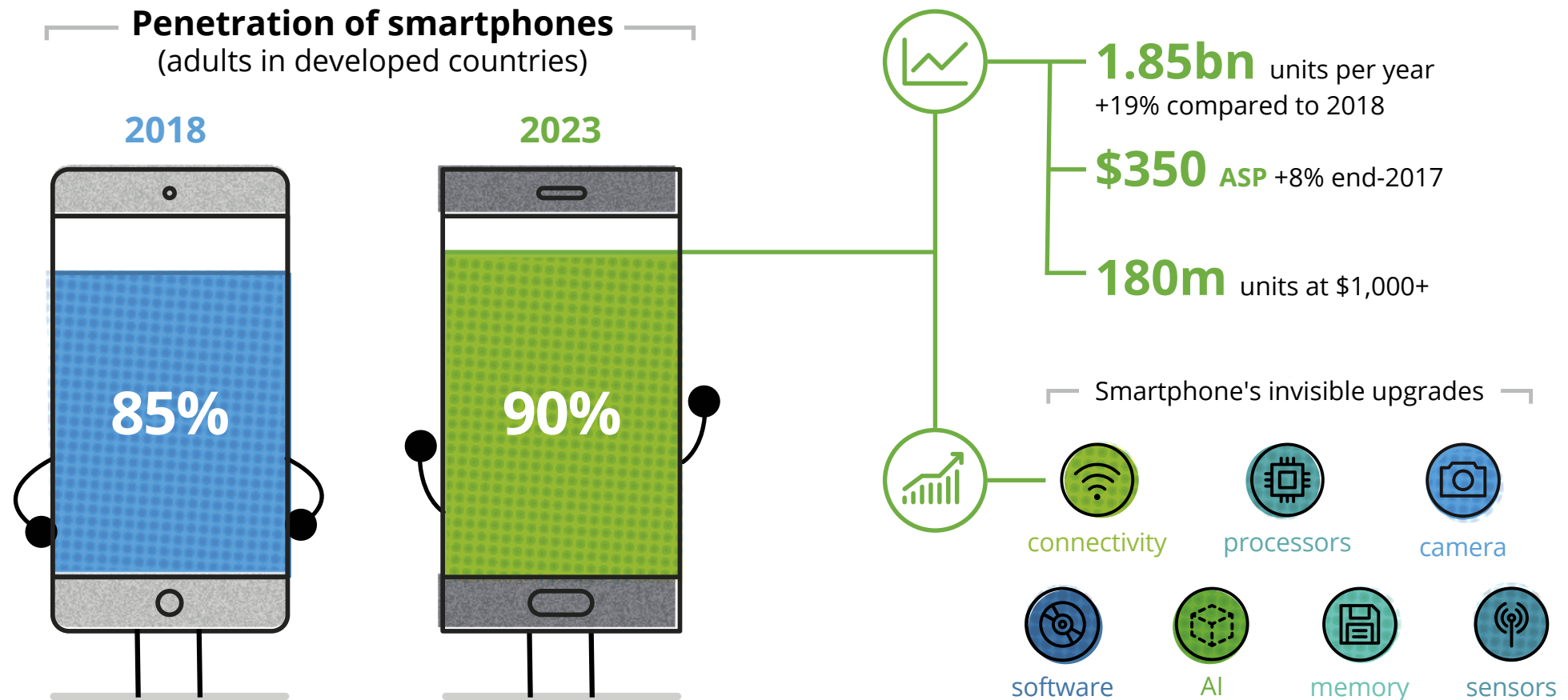
We hope you find this year's edition of TMT Predictions to be a stimulating and informative read. For a full copy of the Southeast Asia edition of the 2018 TMT Predictions report, please visit

www.deloitte.com/sg/sea-tmt-predictions-2018



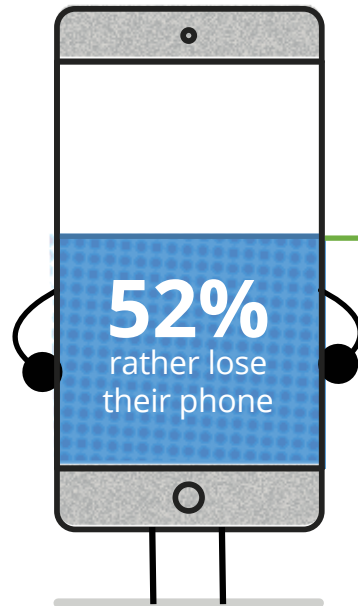
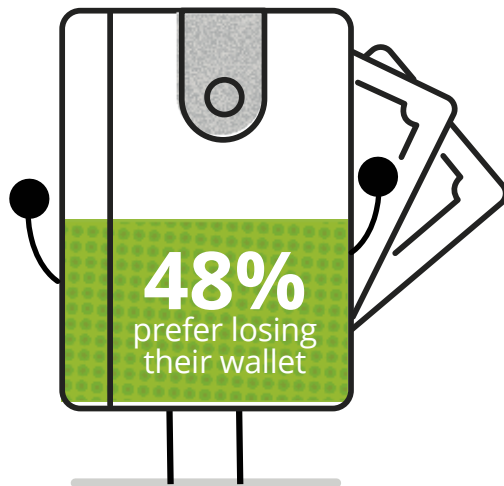
The future of the smartphone: the era of invisible innovation

Deloitte Global predicts that by the end of 2023



In Southeast Asia, we see

Would you rather lose your wallet or your phones? (millennials in Indonesia and Singapore)



What's in your phone? (Reasons why millennials would rather lose their phone than their wallet)

(Reasons why millennials would rather lose their phone than their wallet)



Credit card information



Financial and personal data



The unknown - do not know what you are losing



Sentimental information

Innovation required: Mobile-first



Seamless digital user experience



Integration with mobile payments



Exploration of fintech solutions

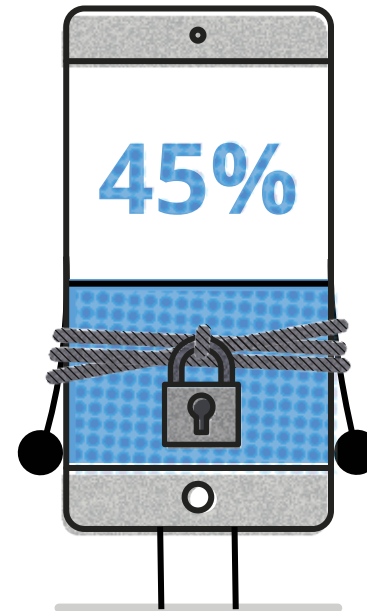
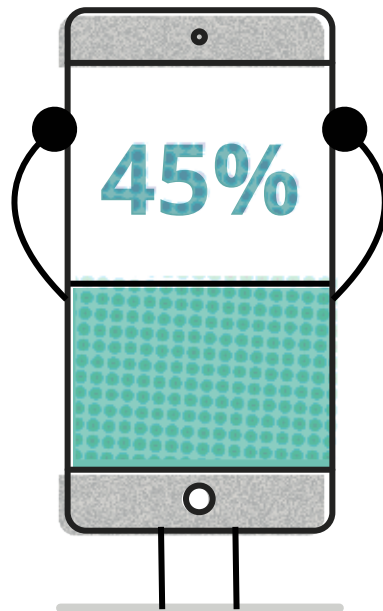
Source: TMT Focus Group in Indonesia and Singapore, January 2018
"Millennials" refers to focus group participants aged between 18 and 35

Smartphones are useful, but they can be distracting

Deloitte Global predicts that in 2018

Global adult smartphone users

will worry
they are
using their
phones
too much



will try to
limit their
phone usage
in various
ways

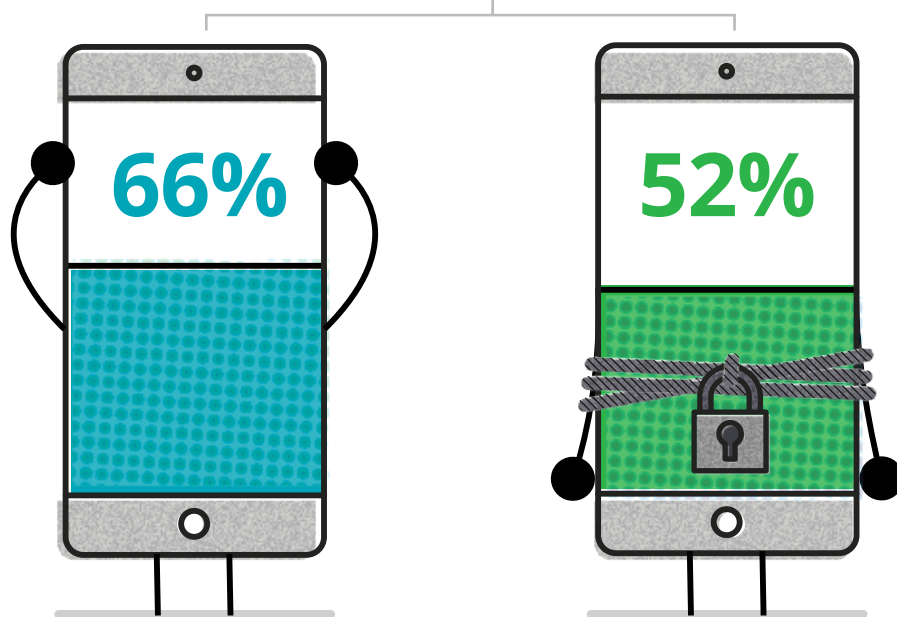
2/3 18-24 year olds feel they use their phone too much

50 no. of times people look at their smartphone in 2017

<3% are truly addicted to their phones

In Southeast Asia, we see

Millennials in Indonesia and Singapore



worry that they use their smartphones too much

intend to limit their phone usage

It is a ubiquitous and useful tool...



An alarm clock to wake up in the morning

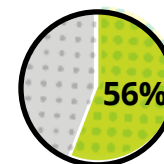


A channel to stay connected via social media

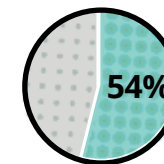


A constant source of information/news, entertainment

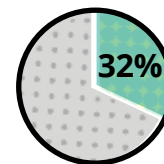
Common tactics to curb smartphone usage...



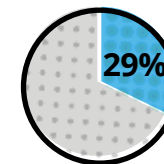
Refrain from using smartphones during meet-ups with friends and family



Turn off notifications or use "Do Not Disturb" mode



Keep the phone "out of sight, out of mind"



Engage in a "Social Media Detox"

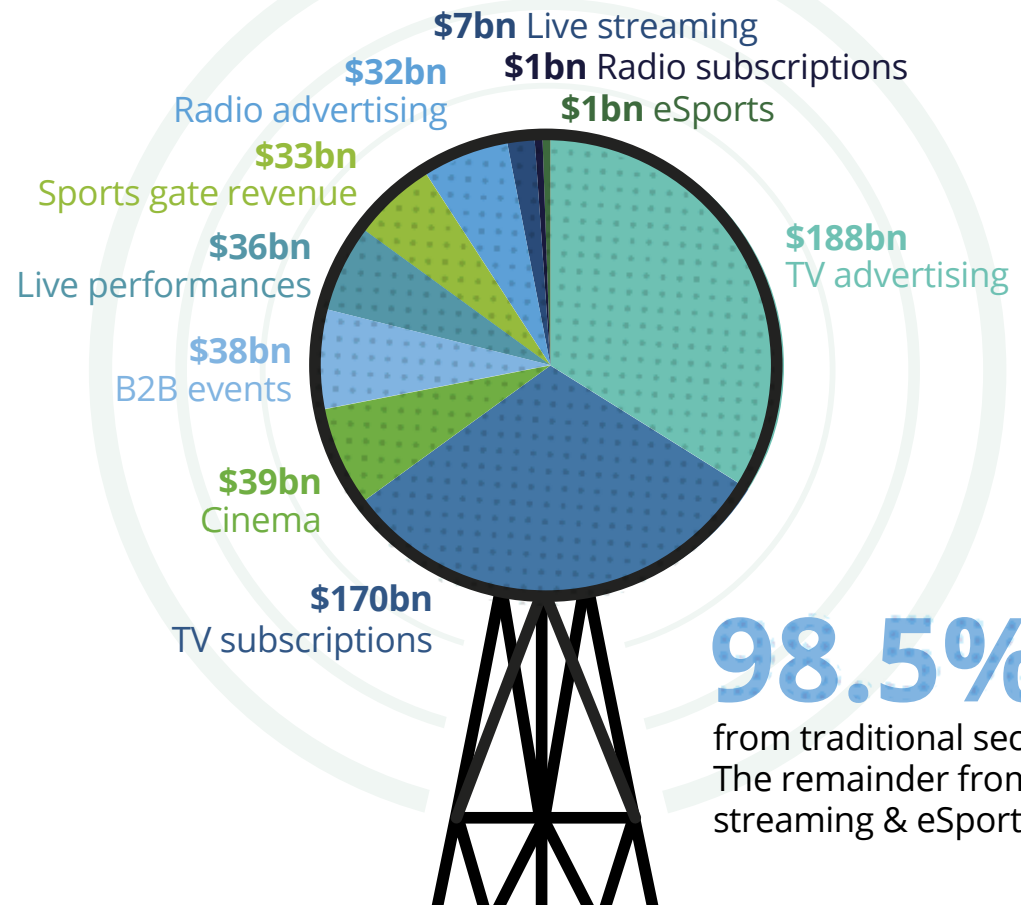
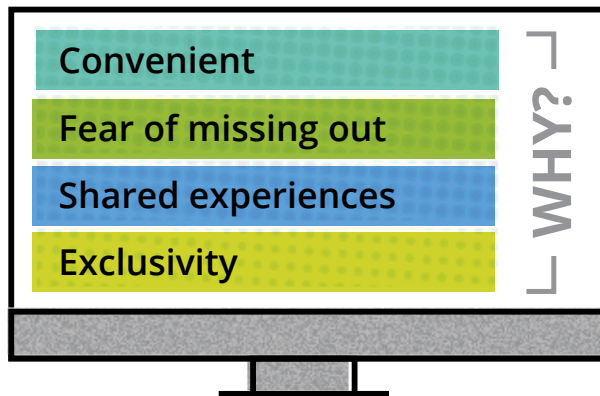
Source: TMT Focus Group in Indonesia and Singapore, January 2018
 "Millennials" refers to focus group participants aged between 18 and 35

Live thrives in an online world

Deloitte Global predicts that in 2018

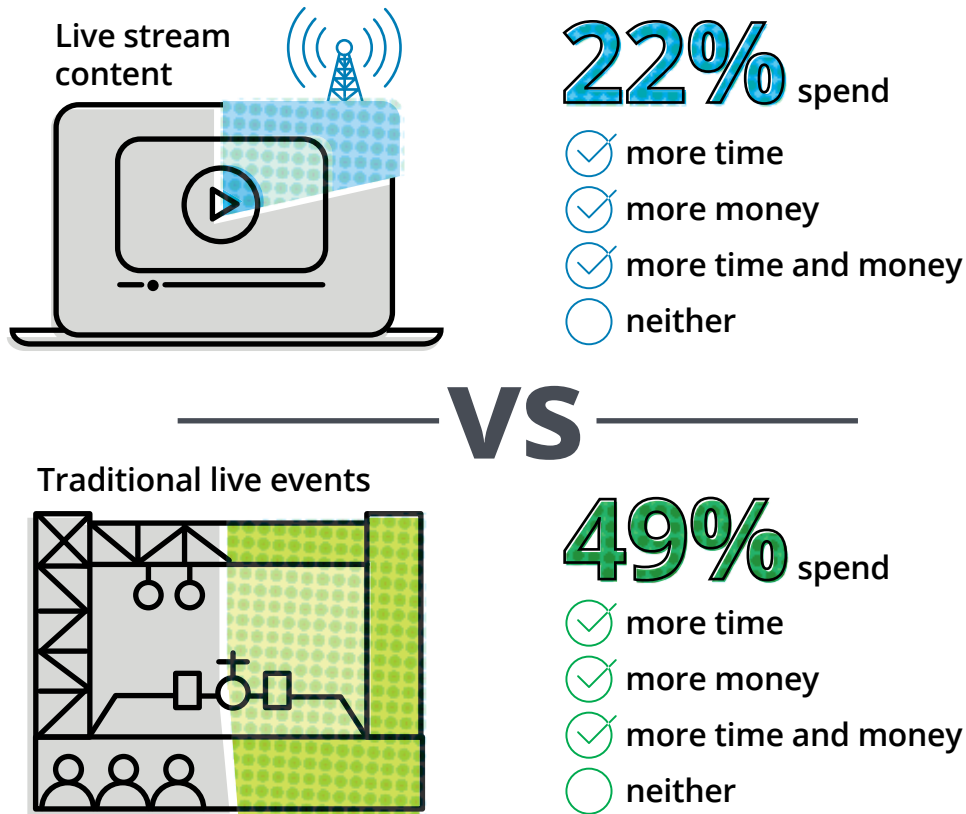
LIVE broadcast & events will generate

\$545
BILLION
in direct revenues



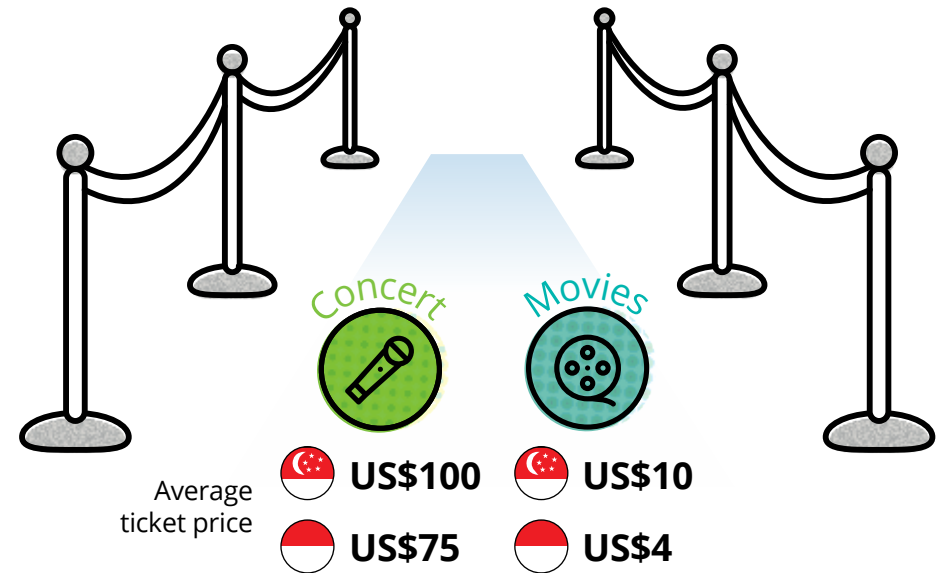
In Southeast Asia, we see

Millennials in Indonesia and Singapore



Consistent with the Global findings, revenue from live streaming in Southeast Asia is small.

The money still lies in **traditional live events** although live stream content is relatively more affordable for the consumers.



Source: TMT Focus Group in Indonesia and Singapore, January 2018
 "Millennials" refers to focus group participants aged between 18 and 35

Digital media: the subscription prescription

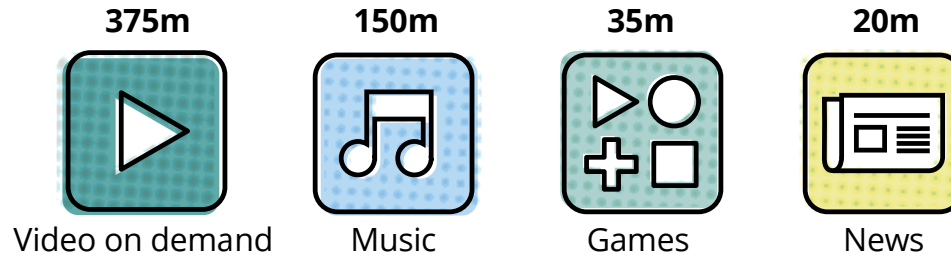
Deloitte Global predicts that there will be

580 million subscriptions

& about

350 million subscribers

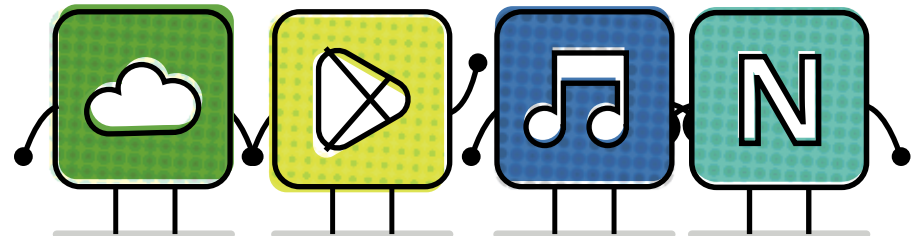
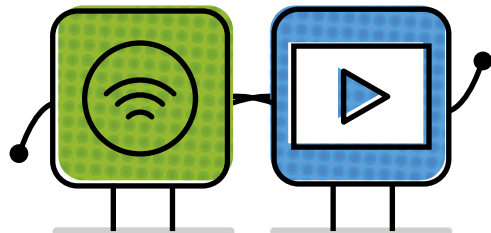
this should be a 20% increase year-on-year



20% of adults will have access to
2018: 5 subscriptions
2020: 10 subscriptions

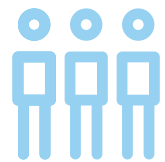


2018 **Two** online subscriptions
50% of adults in developed markets
2020 **Four** online subscriptions

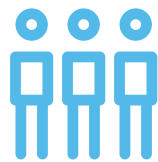


In Southeast Asia, we see

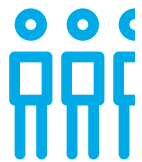
Out of 10 people in Southeast Asia...



3
with 0 media
subscription



3
with 1 media
subscription



2.5
with 2 media
subscriptions

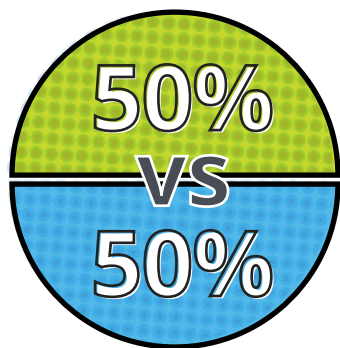


1
with 3 media
subscriptions



0.5
with >3 media
subscriptions

On average...



have **~1**
digital media
subscription
(Southeast Asia
edition)

have **2**
digital media
subscription
(Global edition)

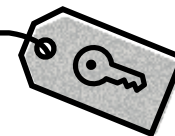


In the coming years, it is unlikely that we will see a surge in the number of subscribers in **Southeast Asia** due to:

- availability of free substitutes
- no compelling value proposition in media subscriptions



Globally, we expect to see an average of 4 online subscription per adult in 2020, and 20% of them are predicted to have around 10 subscriptions.



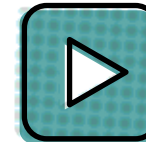
Key reasons for subscribing

1. Quality of content
2. Convenience

Top 3 Paid Subscriptions (Global and Southeast Asia)



#1 Music
(e.g. Spotify)



#2 Video content
(e.g. Netflix)

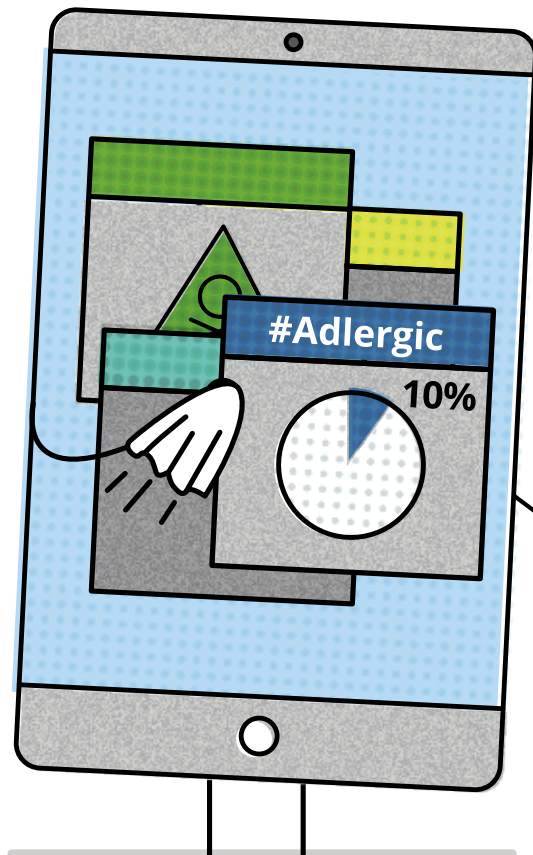


#3 Other - News,
office apps

Source: TMT Focus Group in Indonesia and Singapore, January 2018
"Millennials" refers to focus group participants aged between 18 and 35

Is there an #adlergic epidemic? Adblocking across media

Deloitte Global predicts that



80% ADULTS

in North America

use at least one ad-blocking method, of which

50%
use two

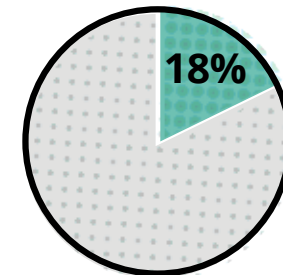
10%
use four+

#ADLERGIC

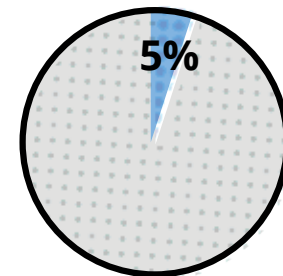
0%

No one blocks all adverts

Heaviest
adblockers
(four+)



18-34 year olds

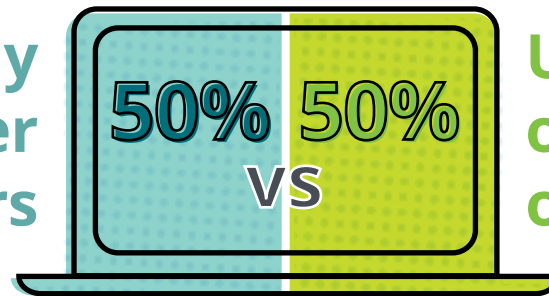


45+ year olds

In Southeast Asia, we see

Millennials in Indonesia and Singapore

Do not use any form of ad-blocker on computers



Use some form of ad-blocker on computers

Criteria for good ads

- #1 It is relevant to the viewers
- #2 It should not be forced upon a viewer, e.g. Squarespace sponsorship-style ads
- #3 It contains engaging stories, e.g. Panda Cheese with 6.6 million viewers on YouTube as of February 2018

Examples of bad ads

- #1 Ads with "not-clever-enough" algorithm, e.g. when ads recommend hotels for a trip that was completed months ago
- #2 Ads with limited user control, e.g. ad that starts without viewer volition and cannot be skipped

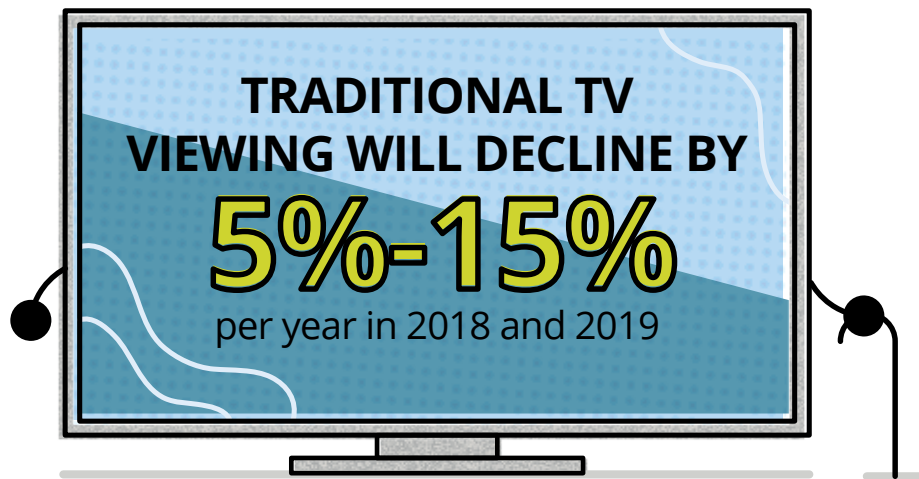
Breakthrough/innovation of ads in the mobile gaming world

In certain games, players can voluntarily choose to watch a short ad in exchange for virtual currency or items to enhance their gaming experience

Source: TMT Focus Group in Indonesia and Singapore, January 2018
 "Millennials" refers to focus group participants aged between 18 and 35

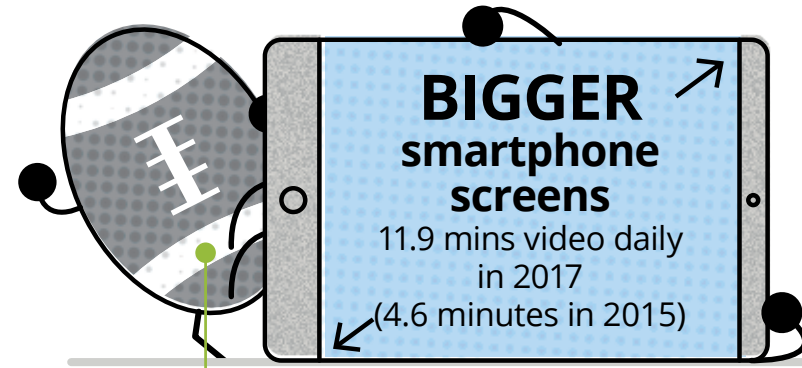
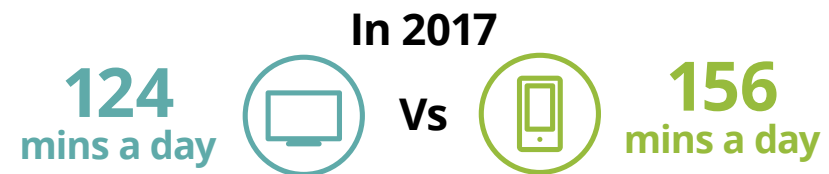
The kids are alright: no tipping point in TV viewing trends for 18-24 year olds

Deloitte Global predicts that in the US, Canada and the UK



THERE IS NO TIPPING POINT

The last seven years has shown a similar rate



MOST POPULAR SHOW

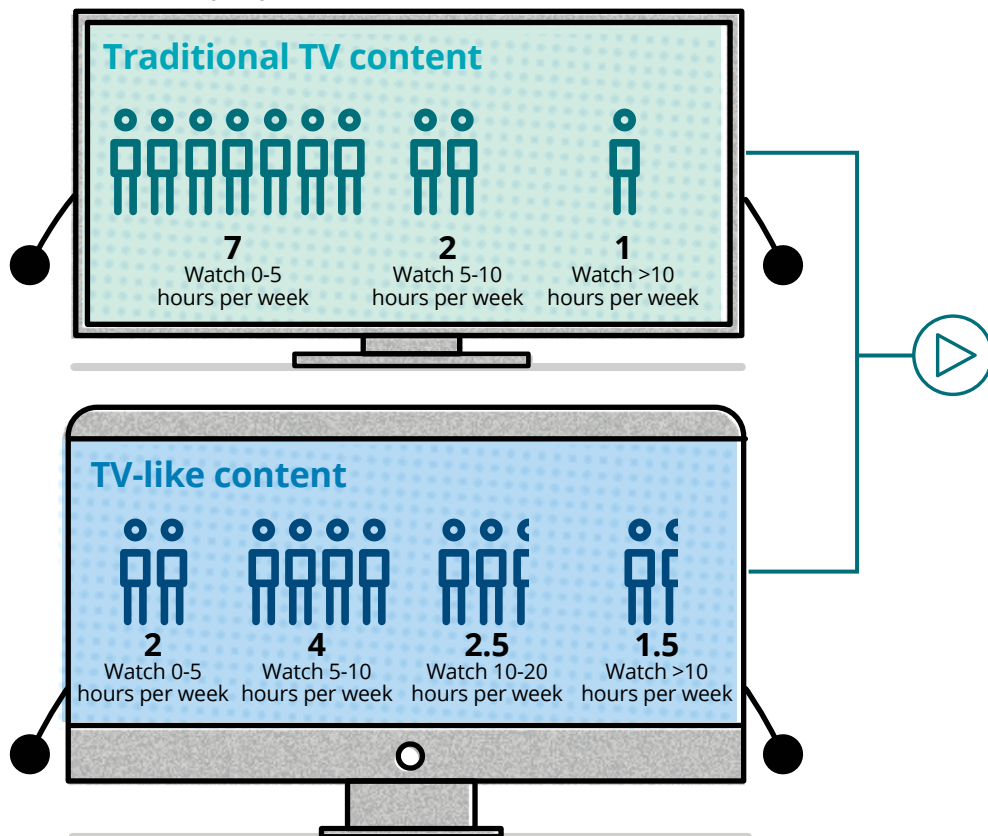
18-24 year olds have been lured by

smartphones, computers, social media, streaming online video like YouTube & Netflix

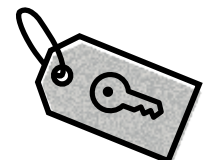
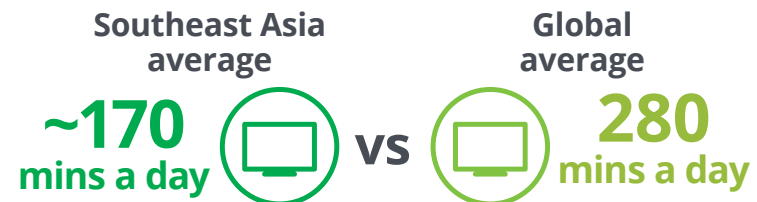


In Southeast Asia, we see

Out of 10 people in Southeast Asia...



Compared to Global, people in Southeast Asia **spend less time watching TV**



Key drivers to watch TV-like content:



#1 Accessibility to exclusive content



#3 Ability to binge watch



#2 Limited availability of content on Traditional TV



#4 Diverse and niche channel

Source: TMT Focus Group in Indonesia and Singapore, January 2018
 "Millennials" refers to focus group participants aged between 18 and 35

Mobile only: wireless home internet is bigger than you think

Deloitte Global predicts that

20% of homes

with internet access in North America will get all of their internet data access via mobile-only networks

Faster speeds & higher caps

10% in 2013

20% in 2018

Up to 30%-40% in 2022

WIRELESS-ONLY internet
will increase as an option for more people as we move to 5G

Young people
x2
as likely

When there is **NO OTHER CHOICE**
e.g. rural residents

Lowest income bracket homes

Single people
OVER 40%
more likely

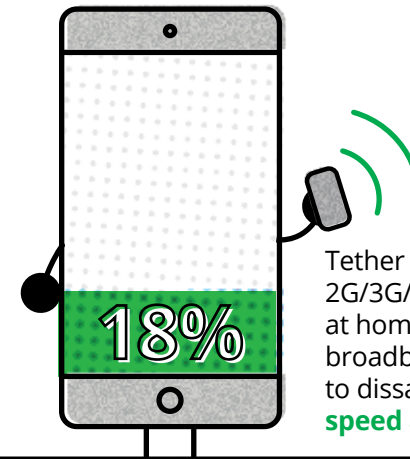
In Southeast Asia, we see

91%

have a wireline home internet connection, and offload mobile data to WiFi when at home



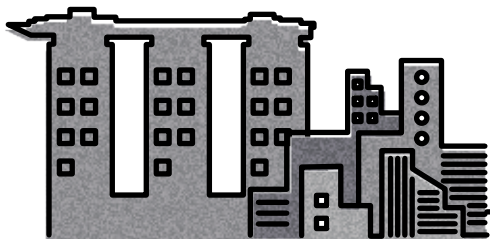
Almost no one plans to cut the fixed broadband cord.



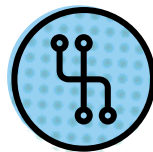
Tether from their mobile 2G/3G/4G connection while at home despite having a broadband connection due to dissatisfaction in **network speed and latency**

Clearing Telco's name

In Singapore, respondents perceive Telcos are culpable for bad service experiences



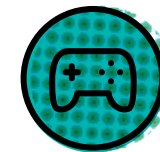
To minimise broadband cord cutting, telcos can consider...



Offering "Wifi Mesh" system instead of a stand-alone router, to cover every corner of the house and adjust to more data-heavy digital consumer patterns



Investing in probes to identify and target potential areas of disruption and improve customer service



Customising packages e.g. offering high speed network packages for gamers at a price premium (gamer package)



Source: TMT Focus Group in Indonesia and Singapore, January 2018
"Millennials" refers to focus group participants aged between 18 and 35

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Southeast Asia perspectives

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