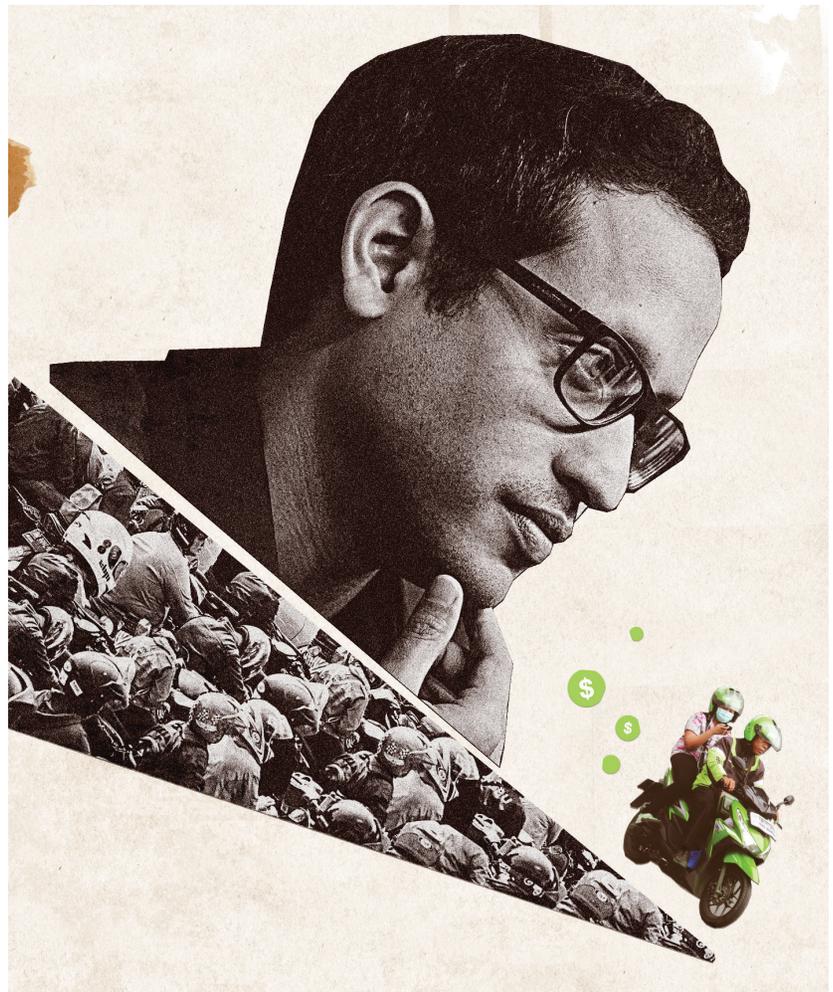


**G**O-JEK WAS FOUNDED IN 2010 AS A telephone booking service for a small fleet of motorcycle taxis called “ojeks.” Designed to formalize the informal ojek industry, the company quickly evolved into a ride-hailing, food-ordering, package-delivering, massage-booking – you name it – service that has expanded rapidly across Indonesia.

Indonesia’s 260 million people make it the world’s fourth most-populous country. Go-Jek brought a new stream of income to hundreds of thousands of them – there are 900,000 registered Go-Jek drivers – lifting many out of poverty. The company’s technology has also increased access to customers for 125,000 businesses through a range of other services including Go-Food, a food delivery service and Go-Pay, a digital wallet that now processes over 100 million transactions every month.

Since launching its app in 2015, Go-Jek has raised hundreds of millions of dollars from investors, including Google, KKR and Warburg Pincus, and is eyeing an IPO at some point in the future. Private equity firms are attracted by the growth potential of Southeast Asia overall, and Indonesia in particular.



## Indonesia's

# TECH REVOLUTION

Internet penetration rates are comparatively low but developing quickly. As the middle classes grow, the potential for strong returns grows too.

Go-Jek’s 33-year-old founder and CEO, Nadiem Makarim, is a Harvard Business School graduate, former McKinsey consultant and native of Indonesia. He and his management team now aim to further bolster the company’s presence in the burgeoning fintech space and to play an even bigger role in increasing financial inclusion in a country where 64 percent of the population currently lacks access to the formal banking sector.

To that end, Go-Jek recently acquired three of the largest and most influential fintech companies in the country: Kartuku, the country’s leading offline payments processor, which serves nearly all of the

Go-Jek CEO **NADIEM MAKARIM** talks with Brunswick’s **DARRAGH OOI** about the ride-hailing service’s ambitions and acquisitions

country’s 100 top retailers; Midtrans, the leading online payment company, which works with over 3,000 online merchants; and Mapan, a leading local community group-based saving and lending network that will provide the company with greater access to the unbanked population.

We met with Makarim to talk about his acquisition strategy, and Go-Jek’s commitment to increasing investor value while it improves quality of life across Indonesia.

### Why do you think Go-Jek has been so successful?

Our growth came about initially because of how visible we were – we had branded motorcycles running around town so a lot of people very quickly found out who we were.

As awareness grew, a huge number of people recognized that the company could provide them with a livelihood. People had been using ojek in Jakarta for years, but it wasn't until Go-Jek that the market really took off. Roughly speaking, our presence cut the price for the consumer down to one third, while at the same time doubling driver incomes. The reason we were able to do that was because we increased the overall market size by four to five times.

This brings me to another reason for our growth – we don't focus on stealing market share from existing businesses; instead we have searched for ways to create new online markets where there weren't markets before.

**And now you're accelerating your presence in payments. Why are you making these acquisitions instead of expanding organically?**

Go-Jek is a technology company and technology is not built by machines, it is built by humans. Specifically, it's built by teams. Our acquisition strategy is exclusively about bringing on the best teams in their respective disciplines. In this case, the acquisitions really represent the best teams in Indonesia's fintech space.

**How do you think the acquisitions will help you realize your vision for Go-Jek in the future?**

Kartuku, as the leading offline payment network, will take our payment wallet from online and only existing within our app, to the offline world in a spectacular way. Midtrans will do the same in the online and e-commerce segment. And Mapan will expand our reach more deeply into the rural and unbanked areas of Indonesia. All three will work together as a very powerful payment ecosystem that will enable us to tackle the three most important segments for payments – online, offline and the unbanked.

**What effect do you expect these acquisitions to have on your internal culture? How will you assimilate them into the Group?**

We wouldn't have acquired these companies if we didn't believe that their cultures would complement that of Go-Jek. We want to maintain the culture and identities in each of the companies because that's what got them to their respective number one positions in the first place. We are asking ourselves how we can learn from each of these companies and as a result elevate the overall Go-Jek Group culture.

**Are there any specific elements within the acquired businesses that you think will help Go-Jek improve?**

Absolutely. For example, Mapan's culture is all about understanding social and community dynamics among the poorer parts of society and knowing how particular products might help them and their families. Their social mission is so deeply ingrained in their culture that we feel it will enhance Go-Jek's strategy as a technology company with social enterprise at its core. They will also help us with how we interact with our driver community.

Kartuku and Midtrans are very focused on B2B and merchants, whereas our DNA is focused more on the consumer. Increasing this merchant mindset will add great value to how we serve merchants' needs and maintain their loyalty.

**Go-Jek is a socially focused business. How much do you think this drive to improve society matters to your investors?**

It is extremely critical. Ninety percent of our employees are Millennials, and Millennials care so much about social purpose in addition to profit. Investors in turn recognize that the biggest competitive advantage you can have as a company is having and retaining the best people, because the best team always wins.

**You've said that in order to win in Southeast Asia, you have to win in Indonesia. How much of a role does national pride play in your strategy?**

Go-Jek is a national champion because we have out-competed some of the biggest tech companies in the world. We're a true testament to how local insight and local connection can add great value and competitive advantage. We want to prove that Indonesia can create world-class products and can compete with the best.

**Finally, what do you think the future holds for M&A in Southeast Asia?**

I think we'll see more and more locally founded coalitions being built. Working together will help local businesses gain scale and show larger foreign entrants to the market that we can compete and be successful. They will have to partner with us or invest in us – they won't be able to operate as successfully here without us.

**DARRAGH OOI** is a Director in Brunswick's Singapore office, specializing in sustainability, corporate reputation and crisis.



**NADIEM MAKARIM**

A graduate of Harvard Business School, Nadiem Makarim worked for McKinsey before founding Go-Jek in 2010, where he is currently CEO. Originating as a ride-hailing call center, Go-Jek now offers a platform for a wide range of services.