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Strategic Insight Report

Jun 2025

Strategy, BE & Execution Group

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Introduction

In this June edition of our Strategic Insight Report, we continue to compile key updates and insights from the technology and telecommunications industry.

We begin with the Global Insights section, featuring options for telco companies seeking to enter the ICT business. Next, we also share the development of the TMT sector in Europe, highlighting potential new growth engines in the region.

In the International News section, we present a comprehensive summary of major developments in the global telecommunications landscape, covering leading operators and emerging technologies worldwide.

Moving to the Domestic Updates, Indonesian operators have made notable advancements. First, we provide news on the Telkom group's development of AI-based solutions for SMEs. Additionally, we share management updates for both Telkom and Telkomsel, following their Annual General Meeting of Shareholders. Next, there's the XLSmart and ZTE collaboration for developing 5G and building future network technology in Indonesia. Finally, we include additional updates from other players and the industry to share the development of the sector as a whole

Happy reading!

Sincerely,
Strategy, BE & Execution Group

Contents

Global Insights

Navigating the ICT Operating model dilemma for telcos

With core connectivity revenues stagnating, telecom companies are increasingly seeking growth in the B2B Information and Communication Technology (ICT) services market. To succeed, telcos must implement operating models that balance leveraging existing synergies with fostering the independence needed for innovation and scalability, supported by agile governance. This enables them to identify opportunities through collaborations, understanding customer needs, and countering competitors. Telcos are uniquely positioned in the digital infrastructure ecosystem to become vital partners in clients' digital transformation, especially in less mature ICT markets. Arthur D. Little's global benchmark of over 100 diversification initiatives shows a growing trend of telecom operators venturing into new areas beyond traditional connectivity.

Note: (1) Includes network equipment support; (2) includes all network/hardware integration and deployment; (3) Verizon only offers cloud storage on a subscription basis
Source: Arthur D. Little

Figure 1. Telco diversification in the digital services domain

Challenges with ICT diversification

Telcos face significant challenges in entering the B2B ICT market due to the fundamental differences between their traditional infrastructure-focused, product-centric model and the ICT sector's demand for constant innovation, agility, and customer-centric, bespoke digital solutions. Success requires a shift in mindset, business models, and capabilities, moving from service-based payments to value-driven partnerships with pricing tied to customer success. Telcos must expand their capabilities beyond core infrastructure to areas like cloud and cybersecurity, increasingly relying on a broad ecosystem of partnerships to access specialized skills and accelerate time to market for new solutions, addressing the complex digitalization demands of businesses while navigating the strategic dilemma of leveraging their inherent advantages without being hindered by their established core operations.

Figure 2. ICT business fundamentally differs from core telecom business

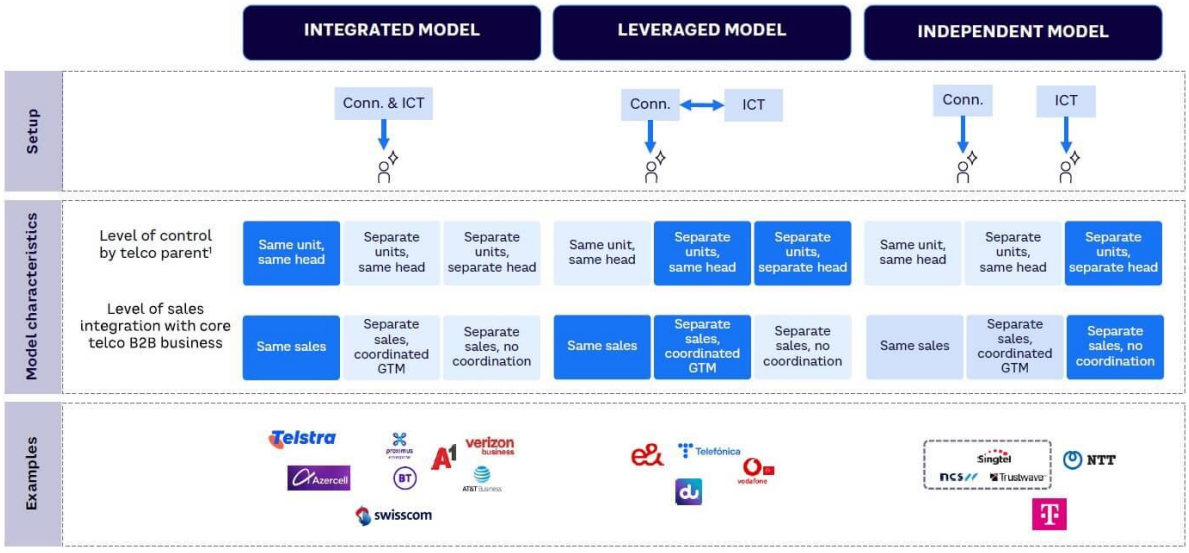
	TRADITIONAL TELCO BUSINESS	ICT BUSINESS
Business focus	Infrastructure & network management	Digital solutions, technology innovation & customer success
Mindset	Stability, reliability, service quality	Agility, innovation & customer centricity
Customer engagement	Service delivery focused on network reliability & retention	Consultative selling with continuous engagement & industry-specific solutions
Revenue model	Fixed-service delivery contracts	Value-based pricing tied to business outcomes (e.g., revenue increase, efficiency, or cost savings)
Partnerships & ecosystem	Limited partnerships focused on infrastructure	Broad partnership ecosystem to access specialized technologies & expertise

Source: Arthur D. Little

Balancing integration or independence

To effectively harness the B2B ICT opportunity, careful considerations for closer integration or independence between telco and ICT are essential. Telcos must evaluate the degree of integration or independence required for their ICT entities vis-à-vis their core telecom business. To this end, various operating models have been adopted across the industry, each with its own implications and strategic considerations. Broadly, these models are categorized into three archetypes: integrated, leveraged, and independent (see Figure 3).

Figure 3. Telco & ICT Operating models



Conn. = Connectivity
Note: (1) Control refers to the degree of influence and decision-making power that parent company has over its ICT business
Source: Arthur D. Little

1. **Integrated Model,** the ICT business remains a part of the larger telecom B2B entity. This model allows for leveraging the established brand and customer relationships and utilizes established infrastructure, resources, and sales channels. The model can facilitate cross-selling opportunities and provide a unified front for the entire range of

services offered, from traditional telecom services to new ICT solutions. However, this approach may limit the agility and innovation typically required in the fast-paced ICT sector.

- **Case Study – Verizon.** Verizon successfully diversified into the B2B ICT market by launching a unified B2B organization in 2019, integrating its core connectivity and ICT businesses. It revamped its go-to-market strategy to a customer-centric, solution-based approach, moving away from product-centric sales. This involved enhancing sales team expertise through training and strategic partnerships, enabling them to better understand customer needs and position Verizon as a trusted advisor, ultimately driving growth in a competitive market.

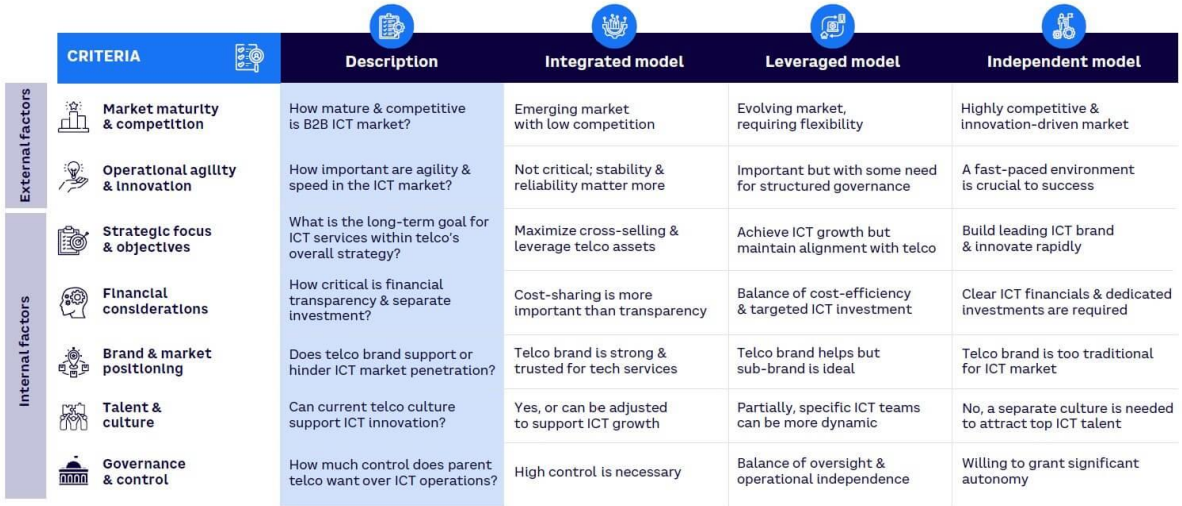
2. **Leveraged Model,** entails the creation of a separate legal entity for the ICT business, which allows for greater focus, agility, and flexibility, which are crucial in the fast-evolving ICT sector. A separate legal entity can foster a more entrepreneurial culture, more akin to that of a tech company than a traditional telecom operator. This autonomy can attract talent and partnerships more aligned with the ICT industry. However, this model risks lower margins; it dilutes the brand and can lead to challenges in cross-selling and existing customer relationships
   - **Case Study – T-Systems.** Deutsche Telekom (DT) successfully diversified into the ICT market by establishing T-Systems as a separate, autonomous entity for its B2B ICT services. This allowed T-Systems the independence to innovate and adapt to market dynamics, while still leveraging DT's extensive network and customer relationships for a coordinated go-to-market approach. T-Systems also forged strategic partnerships and aligned its culture, processes, and capabilities with ICT market demands, enabling it to offer bundled solutions and capitalize on emerging opportunities.

3. **Independent Model**, is a hybrid approach, where the ICT business operates semi-autonomously but still capitalizes on certain resources and capabilities of the parent telecom company. This model allows the ICT arm to benefit from the parent company's scale and resources while retaining autonomy to be agile and innovative. However, the leveraged model can lead to resource-allocation conflicts and strategic misalignments. Managing this model requires careful navigation of potential cultural clashes and operational complexities to ensure both the ICT and the core telco operations thrive harmoniously
   - **Case Study – Solutions by STC.** An independent ICT subsidiary of Saudi Telecom Company (STC), has become a market leader in the Middle East with roughly a 23% share. It offers a wide array of services including system integration, cloud, cybersecurity, communication, and managed services. While its growth has been primarily organic, recent acquisitions have accelerated its expansion. This structure allows Solutions by stc to maintain the agility of a tech startup while leveraging STC's B2B sales teams and client relationships, benefiting from the parent company's brand and extensive access to clients in Saudi Arabia.

Choosing the best model

Various strategic factors influence the decision to adopt an integrated, independent, or leveraged model for ICT diversification (see Figure 4).

Figure 4. Telco & ICT Operating models



	CRITERIA	Description	Integrated model	Leveraged model	Independent model
External factors	Market maturity & competition	How mature & competitive is B2B ICT market?	Emerging market with low competition	Evolving market, requiring flexibility	Highly competitive & innovation-driven market
External factors	Operational agility & innovation	How important are agility & speed in the ICT market?	Not critical; stability & reliability matter more	Important but with some need for structured governance	A fast-paced environment is crucial to success
Internal factors	Strategic focus & objectives	What is the long-term goal for ICT services within telco's overall strategy?	Maximize cross-selling & leverage telco assets	Achieve ICT growth but maintain alignment with telco	Build leading ICT brand & innovate rapidly
Internal factors	Financial considerations	How critical is financial transparency & separate investment?	Cost-sharing is more important than transparency	Balance of cost-efficiency & targeted ICT investment	Clear ICT financials & dedicated investments are required
Internal factors	Brand & market positioning	Does telco brand support or hinder ICT market penetration?	Telco brand is strong & trusted for tech services	Telco brand helps but sub-brand is ideal	Telco brand is too traditional for ICT market
Internal factors	Talent & culture	Can current telco culture support ICT innovation?	Yes, or can be adjusted to support ICT growth	Partially, specific ICT teams can be more dynamic	No, a separate culture is needed to attract top ICT talent
Internal factors	Governance & control	How much control does parent telco want over ICT operations?	High control is necessary	Balance of oversight & operational independence	Willing to grant significant autonomy

Source: Arthur D. Little

The predominant path suggests a preferred model, even though not all criteria may consistently point to the same choice. Ultimately, this approach prioritizes the key drivers for success and accepts that while a few secondary criteria might not align perfectly, the overall model still maximizes the strategic benefits:

- The **integrated model** is favored when maximizing telco assets and brand is crucial, even if some agility is sacrificed. The model works best when stability, cost efficiency, and synergies with the parent telco are the primary focus.
- The **leveraged model** strikes a balance between telco synergies and ICT flexibility to accommodate mixed priorities. It is ideal when a combination of stability and innovation is necessary.
- The **independent model** becomes optimal when market conditions and the need for rapid innovation outweigh the need for alignment with the parent telco. It provides the flexibility needed to compete in a dynamic market.

This approach, which considers the strategic and market-specific factors, tailors the model selection to strategic and market-specific factors, ensuring that the final choice aligns with the core business objectives and market realities.

Key Enablers for ICT success in each model

Successfully venturing into ICT requires telcos to focus on several key enablers, regardless of their chosen operating model:

- **Clear Service Scope and ICT Focus:** Define whether the ICT entity offers comprehensive services or specialized solutions to establish clear market positioning.
- **Robust Governance and Delegation of Authority:** Implement strong governance with clear decision-making authority to ensure strategic alignment while maintaining autonomy.

- **Aligned Incentives and KPIs:** Ensure scorecards, KPIs, and incentives for all sales personnel support the overall objectives, whether through cross-selling or specialized ICT sales.
- **Collaborative Trade and Service Agreements:** Establish defined agreements between the ICT entity and the core telco for areas like sales and support to foster synergy and minimize conflicts.
- **Fit-for-Purpose Processes:** Develop streamlined processes tailored to the specific operating model – leveraging existing frameworks for integrated models, agile workflows for independent ones, and adaptive processes for hybrid models.
- **Advanced Tools and Technology Platforms:** Utilize appropriate tools and platforms, whether shared with the telco for integration or standalone for independence, to support service delivery, innovation, and effective communication.

Telcos must continually reassess their operating model if market dynamics or internal performance indicate misalignment with growth objectives. Triggers for change include intense competition, rapid technological advancements, evolving customer demands (e.g., preference for end-to-end solutions), declining market share, reduced profitability, or customer dissatisfaction. Evolving the operating model to align with both market opportunities and internal priorities is crucial for unlocking new value and sustainable growth in the fast-evolving ICT landscape.

Conclusion
Unlocking the potential of B2B ICT services requires telcos to use a strategic approach that balances innovation, governance, and agility while acknowledging the inherent differences between traditional telco business and the dynamic ICT market:

1. Successful ICT diversification hinges on telcos **ability to evolve, innovate, and strategically balance** their existing strengths with the agility required in the ICT domain.
2. **Choosing the right operating model** — integrated, independent, or leveraged — is crucial for success. Various strategic factors influence model choice.
3. **Clear service scope, strong governance, aligned incentives, streamlined processes, and advanced technology platforms** tailored to the chosen model are necessary.
4. An **effective balance** will secure a telco's position in the current market and lead to future growth and success in the ever-evolving world of ICT.

Source: Arthur D Little

Technology, media and telecom in Europe: the new growth engine or another decade of missing out

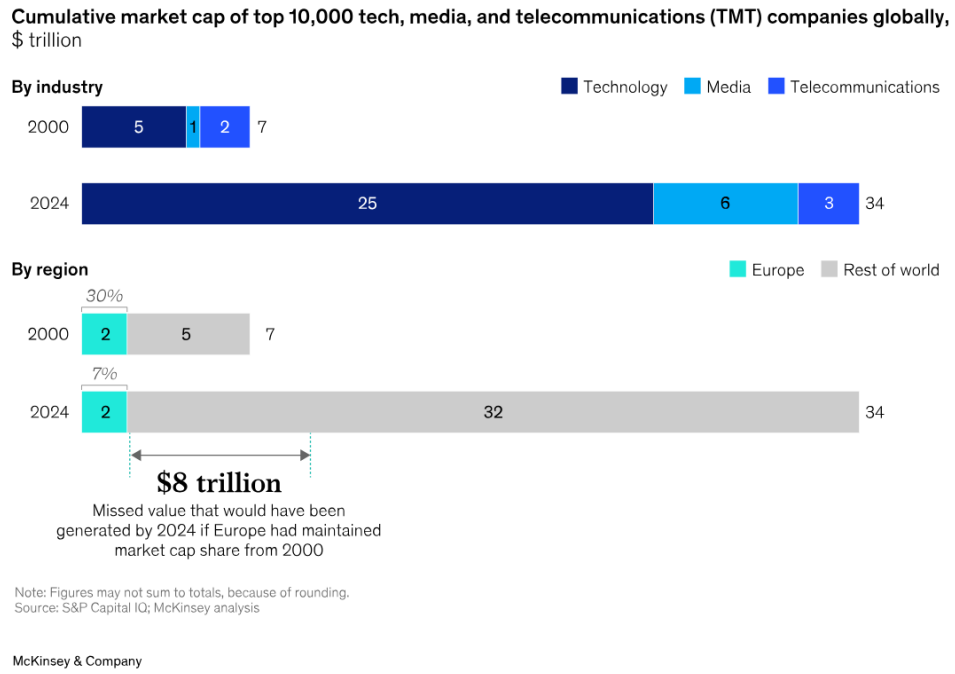
Europe's TMT companies have stagnated relative to their peers' growth in other regions. But several emerging battlegrounds could be the key to the sector's turnaround.

Europe's TMT Lost Decades
Over the past 25 years, the global technology, media, and telecom (TMT) sector has seen explosive growth, with its share of the world's 50 most valuable companies increasing from

40% to 60%, and its market cap rising from $7 trillion in 2000 to $34 trillion in 2023. Technology alone now makes up half of these top companies, up from 20% in 2000. However, Europe has largely missed this boom. Its representation in the top 50 global companies has fallen by about 80% (from 22 to just 4 companies), and its share of global TMT market cap has dropped from 30% to 7%. This decline represents a missed $8 trillion in value that Europe could have captured if it had kept pace.

Exhibit 1

Even as TMT's global market cap has soared, Europe's share has plunged, representing a multi-trillion-dollar missed opportunity.



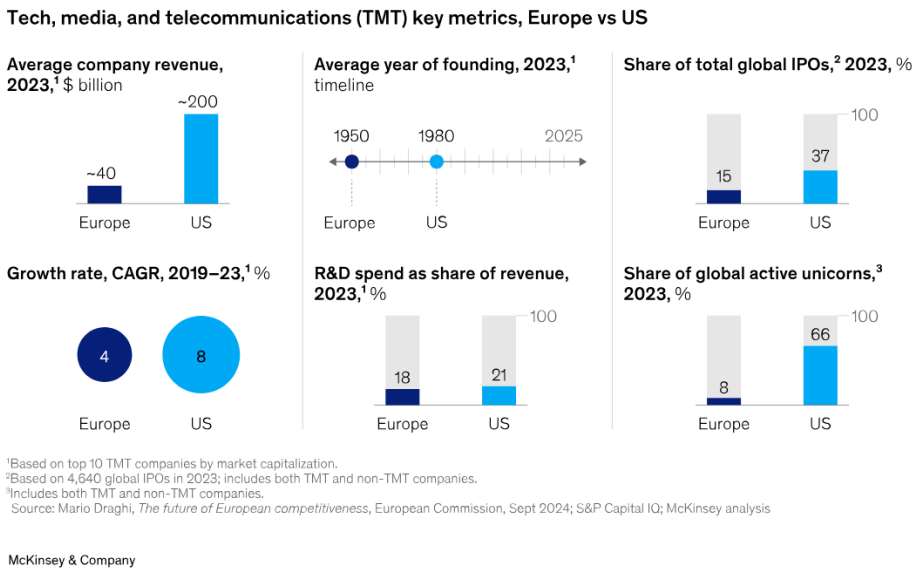
Note: Figures may not sum to totals, because of rounding.
Source: S&P Capital IQ; McKinsey analysis

McKinsey & Company

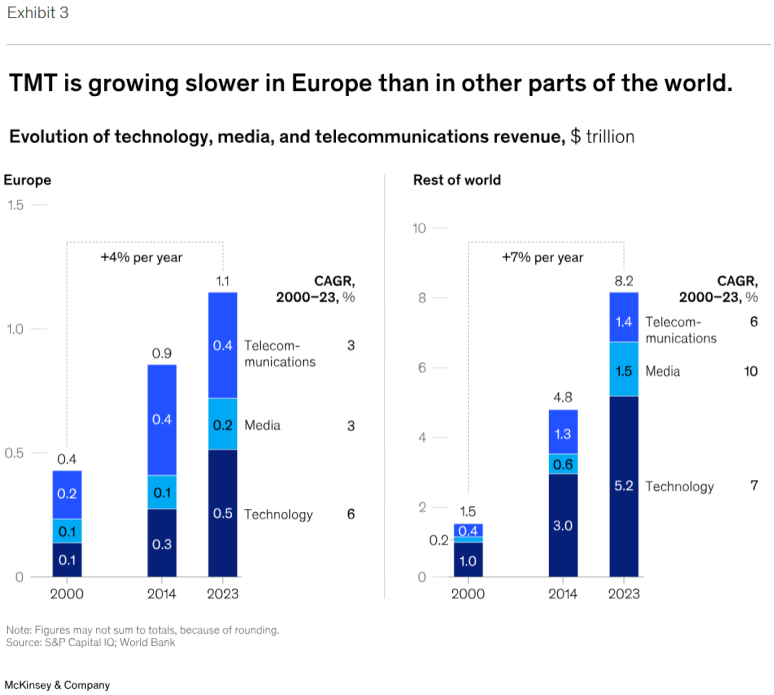
European TMT companies have declined significantly while U.S. counterparts have surged ahead. The number of European TMT firms among the world's 50 most valuable companies dropped by over 60% (from 8 to 3), whereas the U.S. share more than doubled (from 9 to 22). This regional gap is also evident in other key metrics like revenue, growth, global IPOs, and the number of unicorns, all favoring the U.S.

Exhibit 2

European TMT companies are older, earning less, growing slower, and investing less in R&D than their US peers.



For a global context, consider that European TMT revenue roughly tripled over the past 20 years, whereas the rest of the world saw TMT revenues grow by around five times (Exhibit 3). Put another way, the incremental TMT revenue in Europe during this time made up a mere 10 percent of the sector's total incremental revenue globally.



Navigating the New Geopolitical Reality

Europe's potential TMT revival is unfolding amid major geopolitical and economic changes. Four key forces are shaping this landscape:

1. **Mission-Critical Infrastructure**
   Europe is ramping up investment in digital infrastructure to boost data security and economic resilience. Initiatives like the EU's Digital Compass and the Chips Act aim to develop pan-European data networks, quantum computing, and 5G corridors. Over $130

billion annually is needed to close infrastructure and skills gaps. Governments are also funding key tech areas such as AI, cybersecurity, and digital public services.

2. **Sovereign Cloud and AI**
   To regain digital control, Europe is advancing sovereign cloud and AI ecosystems that comply with strict privacy laws and reduce reliance on foreign cloud providers. These technologies are critical for sectors like defense and healthcare. Projects like Gaia-X and the EU AI Act aim to foster trusted AI development, though most companies are still unprepared for regulatory demands, creating both risks and opportunities.

3. **Digital Taxation and Revenue Models**
   New digital taxes are being introduced to ensure foreign tech firms contribute fairly to European economies. This is expected to generate $5–6 billion annually and help fund digital infrastructure. Alongside growth in the digital ad market, these taxes aim to strengthen Europe's economic independence and innovation capacity.

4. **Strategic Tariff Responses**
   Tariffs are prompting TMT leaders to reassess supply chains, seek alternative suppliers, and use scenario planning to manage risks. Strategic adjustments can uncover competitive advantages if grounded in data-driven analysis. This approach helps firms respond to volatile trade policies while protecting long-term value.

Europe's TMT sector is navigating a complex geopolitical environment, but strategic investment in infrastructure, digital sovereignty, taxation, and supply chain resilience could lay the foundation for a tech resurgence.

The TMT Turnaround Opportunities
European TMT leaders are cautiously optimistic about the future, despite acknowledging past underperformance. A McKinsey survey found that 92% of executives admit Europe hasn't led in TMT over the past decade, with many missing key trends like AI and automation. However, 85% believe Europe could become a TMT leader over the next ten years.

This optimism is backed by analysis showing that eight major technological transformations could generate $1.85 trillion in additional spending across Europe by 2030. The most promising areas are AI and next-generation software, data sovereignty, and compute and connectivity—with AI viewed as the biggest growth driver.

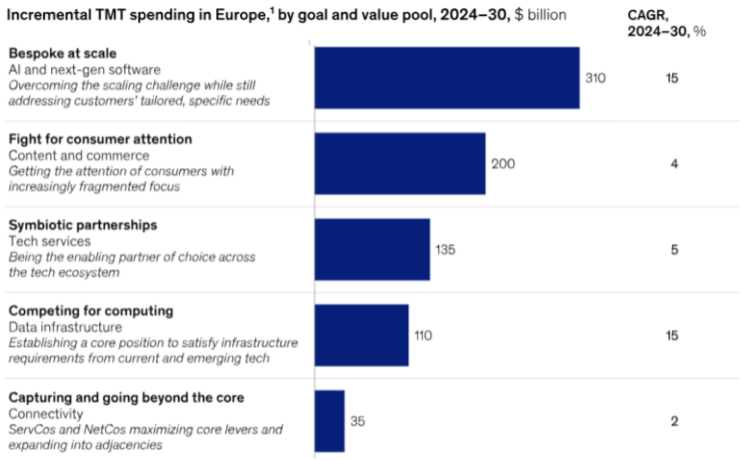
Yet, confidence is mixed. Less than 25% of executives believe Europe is well positioned in compute and connectivity, and many see AI and data sovereignty not only as opportunities but also as major risks if mishandled.

Despite these concerns, five emerging TMT sectors could fuel a significant comeback, with nearly $800 billion in new value projected by 2030 as European TMT spending rises from $1.9 billion to $2.7 billion. These transformations present a critical window for Europe to reclaim its competitiveness in the global tech landscape.

We estimate that in Europe alone, these battlegrounds will be worth nearly $800 billion in incremental value by 2030 as annual TMT spending in the region grows from around $1.9 billion last year to $2.7 billion (Exhibit 4 and table).

Exhibit 4

Five European TMT battlegrounds could create $790 billion in incremental value by 2030.



[1]Technology, media, and telecommunications (TMT) spending by enterprises and consumers in Europe.
Source: Gartner; GS; IDC; Omdia; PQ Media; Statista; McKinsey analysis

McKinsey & Company

Table

At a glance: Here are the five key European TMT battlegrounds.

Goal	Value pool	Incremental spend/growth by 2030	Competitive dynamics	Success factors
Battleground: Fight for consumer attention				
Get the attention of content consumers, whose focus is increasingly fragmented.	Content and commerce	$200 billion with 4% CAGR	— Upwards of 265 million hours of content are uploaded to YouTube annually, compared with just some 15,000 hours of professional film and TV content produced globally every year. Roughly 60% of Gen Z prefer user-generated content over other media options. — Just 5 players (none of which are European) account for 70% of all global video content production spending.	Build deeply relevant, tailored content, leverage partners for wider distribution, drive personalization through advanced technology
Battleground: Bespoke, at-scale				
Overcome the software scaling challenge	AI and next-gen software	$310 billion with 15% CAGR	— Homegrown software companies have difficulty scaling, sales cycles are long and costly, and global software giants have grown their share of the total market from 66% to 76%	Maximize customer retention and expansion, rethink pricing and packaging, identify a large total addressable market, structure operating model for scale, use programmatic M&A

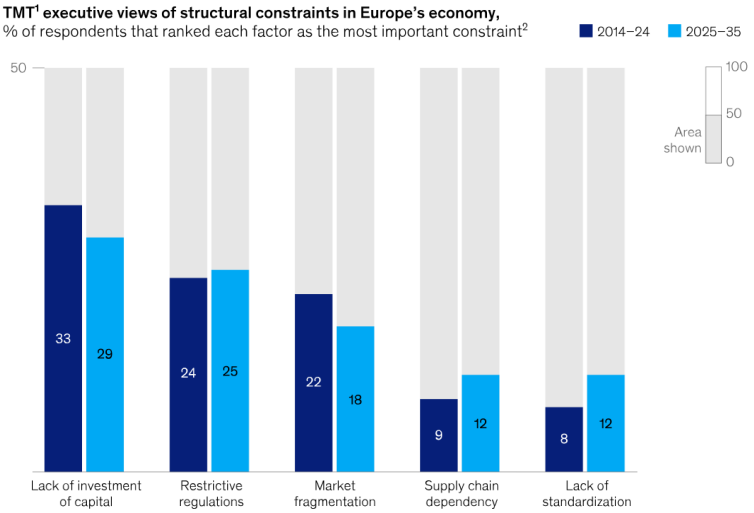
Battleground: Capturing and going beyond the core				
Maximize core levers and expand into adjacencies	Connectivity	$35 billion with 2% CAGR	— Promising opportunities for ServCos in ICT or next-gen connectivity services, increased demand for 5G and IoT fueling growth for tower and fiber-focused NetCos	Maximize traditional value levers, use programmatic M&A to build a consolidated entity for seamless connectivity services
Battleground: Competing for computing				
Establish a core position	Data infrastructure	$110 billion with 15% CAGR	— European market dominated by global hyperscalers, gen-AI-based workloads fueling data center expansion, spurring M&A deals involving midmarket co-locators	To help deal with massive capital requirements, build a consolidated ecosystem through programmatic M&A and partnerships
Battleground: Symbiotic relationships				
Become the enabling partner of choice across the tech ecosystem	Tech services	$135 billion with 5% CAGR	— Growing complexity of tech offerings, increasing spending on vendor-heavy segments, tech architecture becoming more modular, proliferation of possible partners	Focus on outcomes for vendor partners, act as a growth accelerator, enable preferential consumption of partners' products

From good to great opportunities? The five key European TMT battlegrounds

A majority of TMT leaders say these headwinds will remain as barriers to growth for at least the time being (Exhibit 5). The structural foundation for a European TMT turnaround could include frameworks and policies that incentivize innovation, increase access to investment capital, and enable companies to scale.

Exhibit 5

European TMT executives say that the constraints holding back growth and competitiveness in the region are here to stay.



[1]Technology, media, and telecommunications.
[2]Excluding "Other" responses (4%).
Source: Mario Draghi, *The future of European competitiveness*, European Commission, Sept 2024; Enrico Letta, *Much more than a market: Speed, security, solidarity*, European Commission, April 2024; McKinsey European TMT Growth Survey, 2024

McKinsey & Company

TMT Turnaround Opportunities – Key Battlegrounds

European TMT leaders aren't waiting for policy shifts—they're actively investing in growth, with over half of their budgets aimed at high-potential areas. Two of the most promising battlegrounds for Europe's TMT recovery are:

1. Fight for Consumer Attention

- Value Pool: Content and commerce
- Estimated Value: $200 billion by 2030 (CAGR 4%)

a. **Challenge:** Consumers are overwhelmed with content, and attention is increasingly fragmented across platforms and formats—especially among younger audiences who favor digital and user-generated content (UGC).

b. **Competitive Disadvantage:** Global giants dominate content production and platforms. Europe's fragmented languages and cultures make it hard for local players to scale.

c. **Success Factors:**
   - Create culturally relevant, localized content.
   - Partner for broader distribution and visibility.
   - Use AI and analytics to personalize content and target audiences effectively.

2. Bespoke at Scale (AI & Next-Gen Software)

- Value Pool: AI and software
- Estimated Value: $310 billion by 2030 (CAGR 15%)

a. **Challenge:** Software is critical to TMT growth, but European firms struggle to scale due to market fragmentation, complex regulations, and fierce global competition.

b. **Competitive Disadvantage:** Global software giants have increased their market share and benefit from scale, faster go-to-market, and stronger M&A capacity.

c. **Success Factors:**
   - Revenue: Improve go-to-market strategies, pricing models, and focus on retention and expansion.
   - Product: Target large markets from the start, optimize developer output, and focus R&D on scalable innovations.
   - Talent: Attract and retain top talent with competitive pay and a scalable operating model.
   - Dealmaking: Pursue timely, strategic M&A and build new products or businesses with tailored integration.

To regain momentum, European TMT companies must act decisively in these battlegrounds - leveraging local strengths, advanced tech, and smart execution to compete with global leaders and unlock massive new value.

Capturing and Going Beyond the Core (Connectivity)

- Value Pool: $35B by 2030 (CAGR: 2%)
- Key Players:
  - ServCos (retail-facing) struggle with slow core growth and market fragmentation.
  - NetCos (infrastructure providers) are better positioned, especially in towers and fiber, driven by 5G and IoT demand.
- Growth Strategy:
  - ServCos: Boost traditional revenues through upselling and cross-selling; expand into ICT and adjacent services like content or financial offerings.
  - NetCos: Use capital and M&A to consolidate and enhance fiber/tower assets and invest in advanced infrastructure (e.g., edge computing, IoT).

Competing for Computing (Data Infrastructure)

- Value Pool: $110B by 2030 (CAGR: 15%)
- Challenge: Dominated by global hyperscalers; European firms struggle with access to capital and scale.
- Growth Strategy:

- Use M&A to expand footprint, especially in data centers.
- Partner with hyperscalers and innovate in energy efficiency, bandwidth, and low-latency infrastructure.
- Invest in talent and R&D to meet AI-driven demand.

Symbiotic Partnerships (Tech Services)

- Value Pool: $135B by 2030 (CAGR: 5%)
- Opportunity: As tech ecosystems grow more complex, service providers must become the trusted, integrated partner.
- Growth Strategy:
  - Deepen partnerships with vendors, co-develop solutions, and specialize in specific industries.
  - Optimize workforce across regions (onshore, nearshore, offshore) and leverage AI and automation to gain a margin advantage.

Broader Takeaway: Seizing the TMT Opportunity

Up to $800B in incremental TMT value in Europe by 2030 across five battlegrounds: content & commerce, AI/software, connectivity, data infrastructure, and tech services. Europe has lagged global peers for two decades and missed $8T in potential value. The region now has a chance for resurgence, fueled by tech disruptions, geopolitical shifts, and strategic investment. However, it faces stiff competition, structural fragmentation, and must act decisively to avoid falling further behind.

Europe's TMT sector faces a pivotal moment. While past performance shows lost ground, current geopolitical dynamics and emerging technologies offer a fresh opening. To capitalize, European TMT players must double down on innovation, scale smartly through partnerships and M&A, and move boldly into adjacent markets. The challenge is significant-but so is the opportunity.
Source: Mckinsey

International News

a) **SAMENA council, WBBA team to drive broadband in South Asia and MENA.** The SAMENA Telecommunications Council and the World Broadband Association (WBBA) have signed a Memorandum of Understanding to collaborate on expanding broadband access across South Asia, the Middle East, North Africa, and beyond. The partnership aims to promote knowledge sharing, standardization (especially for broadband CPE), policy advocacy, and best practices to accelerate digital transformation in emerging markets. SAMENA CEO Bocar Ba emphasized the focus on underserved regions, policy harmonization, and sustainable broadband deployment. WBBA Director General Martin Creaner highlighted the potential for joint efforts to empower regional stakeholders and support globally aligned broadband development. The MoU also allows for future joint projects and events. (Developing Telecoms)

b) **Vodafone and Three complete GBP 15 billion merger with lofty investment promises.** Vodafone and Three have officially merged in the UK, forming a joint venture called VodafoneThree. While the name lacks flair, it's more straightforward than past attempts like "Everything Everywhere." The two have launched a new website, vodafonethree.com, outlining an ambitious £11 billion plan over eight years to expand and integrate their networks, aiming for nationwide 5G standalone (SA)

coverage by 2034. In the short term, the companies promise seamless network roaming within six months and are injecting £800 million in equity into the venture. Despite both having experience with mergers, combining their complex infrastructures, systems, and suppliers will be a major challenge. The merged entity becomes the UK's largest mobile operator with 27 million customers, overtaking EE. Analysts warn that execution missteps could open opportunities for rivals like EE and Virgin Media O2 (VMO2), the latter receiving spectrum as part of regulatory concessions. Vodafone Group CEO Margherita Della Valle said the merger marks a transformational step in reshaping UK connectivity, while CK Hutchison's Canning Fok emphasized the scale and shareholder value the deal delivers. The industry now watches closely to see if this consolidation lives up to its promises of greater investment, innovation, and economic impact. (Telecoms)

c) **Space Norway launches LEO satellite services via deal with Starlink.** Space Norway has signed an agreement to become an authorized reseller of Starlink, expanding its multi-orbit satellite infrastructure—which already includes GEO, HEO, and LEO satellites. The deal enables Space Norway to offer Starlink's LEO connectivity to maritime clients globally and land-based enterprise customers in EMEA. The service will launch in the coming weeks, with clients able to manage usage and purchase hardware via Space Norway's customer portal. Owned by Norway's Ministry of Trade, Industry, and Fisheries, the company offers hybrid infrastructure including satellites, fibre, teleports, and subsea cables across Europe, the Arctic, Antarctic, Middle East, and Africa. Space Norway says this partnership significantly strengthens its connectivity offerings, particularly for critical enterprise and maritime services. Separately, Eutelsat is reportedly in talks to raise €1.5 billion, potentially increasing the French government's stake from 13.6% to 30%. Meanwhile, Nokia, Colt, and Honeywell are collaborating on quantum-safe satellite networking to secure sensitive data against future quantum threats. (Telecoms)

d) **T-Mobile to use 5G and AI to supercharge SailGP.** SailGP is partnering with T-Mobile, its exclusive U.S. 5G provider, to bring cutting-edge 5G technology to the Mubadala New York Sail Grand Prix (June 7–8). Leveraging T-Mobile's 5G Advanced Network Solutions (5G ANS) — including hybrid/private networks and network slicing — the collaboration enhances race operations, delivers real-time data to teams, and creates a more immersive viewing experience for fans.
Key innovations include:
- Multiple onboard and AI-enabled cameras: These provide dynamic, HD, multi-angle coverage of races, including close-up views from cockpits and wide-angle shots from buoys.
- Autonomous, AI-powered race buoys: These reposition themselves in response to environmental changes and collect real-time data for both racing and broadcast.
- Predictive AI: Analyzes live data to forecast high-action moments and assist race officials with real-time decision-making.
- High-speed 5G broadcasting: T-Mobile's 5G delivers fiber-like speeds at sea, enabling over 16 HD livestreams — a major upgrade over traditional systems.

This tech-driven approach enhances fairness, precision, and fan engagement, helping SailGP push the boundaries of competitive sailing. (Total Telecoms)

e) **The World Bank Cut its 2025 Global Growth Forecast to 2.3%.** The World Bank cut its 2025 global growth forecast to 2.3% (–0.4ppt) due to rising tariffs and uncertainty, marking the weakest non-recessionary pace since 2008. Growth projections were lowered for nearly 70% of economies, including the U.S. (1.4%, –0.9ppt), EU (0.7%), and Japan (0.7%). Global trade is expected to slow to 1.8%, and inflation to remain elevated at 2.9%. A further 10ppt tariff hike could shave another 0.5ppt off growth. Developing countries face long-term setbacks, while China's forecast remains at 4.5%. (Reuters)

Compendium Domestic Insights

Telkom developed AI-based solutions to support Small Medium Enterprises

PT Telkom Indonesia Tbk is significantly expanding its use of Artificial Intelligence (AI) across its business operations, as revealed by Komang Budi Aryasa, EVP Digital Business and Technology, at an IBM-hosted ASEAN Editorial Virtual Forum on June 11, 2025. In collaboration with IBM, Telkom is focusing on strategic AI applications for human resources, legal analytics, and knowledge management systems. The company has also established five core AI business pillars: AI data centers, Graphics Processing Unit (GPU) chips, GPU provision, cloud platforms, and AI service solutions, all driven by consumer demand and market trends. Furthermore, Telkom is developing new AI services tailored for the government, MSME (Micro, Small, and Medium Enterprises), and education sectors. For MSMEs, Telkom provides AI-driven solutions as part of its business-to-business (B2B) services, including AI image processing recognition for product verification on marketplaces and AI-based CCTV analytics for retail businesses, demonstrating an integrated approach to AI solutions for these segments. (Infobank)

Complete list of the latest Telkom Board of Directors and Commisioners

PT Telkom Indonesia (Persero) Tbk has officially revamped its board of directors and commissioners during the Annual General Meeting of Shareholders (AGMS) held on Tuesday, May 27.

Dian Siswarini, former President Director of XL Axiata, has been appointed as Telkom's new President Director, replacing Ririek Adriansyah. Dian resigned from XL Axiata in December 2024 following the announcement of its merger with Smartfren. She brings decades of experience, having joined XL in 1996 and held various leadership roles. Muhammad Awaluddin was named Deputy President Director. Meanwhile, Angga Raka Prabowo, currently serving as Deputy Minister of Communication and Digital Affairs, takes over as President Commissioner, replacing Bambang Brodjonegoro.

New Telkom Leadership Lineup

Board of Directors:

- President Director: Dian Siswarini
- Deputy President Director: Muhammad Awaluddin
- Other Directors: Veranita Yosephine Sinaga, Nanang Hendarno, Seno Soemadji, Henry Christiadi, Honesty Basyir, Arthur Ang, Faizal Rohmadi Djoemadi

Board of Commissioners:

- President Commissioner: Angga Raka Prabowo
- Commissioners: Ismail, Ossy Dermawan, Rionald Silaban, Silmy Karim
- Independent Commissioners: Yohanes Surya, Deswandhy Agusman, Rizal Mallarangeng. (CNN Indonesia)

ZTE signs strategic partnership with XLSmart to enhance digital connectivity and build a future-ready network infrastructure

On May 30, 2025, ZTE Corporation and XLSMART, formed by the merger of PT XL Axiata Tbk and PT Smartfren Telecom Tbk, signed a strategic partnership agreement in Jakarta, Indonesia. This collaboration aims to bolster Indonesia's digital infrastructure by focusing on wireless and energy solutions, including developing a robust 5G network, implementing green energy-efficient technologies, and strengthening the overall digital ecosystem. ZTE will provide comprehensive support for the network integration, ensuring a future-ready, high-performance infrastructure that enhances service quality, customer experience, and accelerates Indonesia's digital transformation. (Yahoo Finance)

Changes in management structure of Telkomsel

At the Annual General Meeting of Shareholders on May 28, 2025, Telkomsel appointed new members to its Board of Commissioners and Board of Directors. Diaz F.M. Hendropriyono was named President Commissioner, with Ahmad Riza Patria, Irfan Wahid, Rico Rustombi, and Chandra A. Setiawan joining as Commissioners. Stanislaus Susatyo was appointed Director of Sales.

As such, the current composition of Telkomsel's Board of Commissioners is as follows:

- President Commissioner: Diaz F.M. Hendropriyono
- Commissioner: Ahmad Riza Patria
- Commissioner: Irfan Wahid
- Commissioner: Rico Rustombi
- Commissioner: Anna Yip
- Commissioner: Yuen Kuan Moon
- Commissioner: Chandra A. Setiawan

Meanwhile, the current composition of Telkomsel's Board of Directors is as follows:

- President Director: Nugroho
- Director of Finance & Risk Management: Daru Mulyawan
- Director of Sales: Stanislaus Susatyo
- Director of Network: Indra Mardiatna
- Director of Planning & Transformation: Wong Soon Nam
- Director of Information Technology: Joyce Shia
- Director of Marketing: Derrick Heng
- Director of Human Capital Management: Indrawan Ditapradana

This leadership update supports Telkomsel’s strategy to accelerate digital and broadband services, strengthen Indonesia's digital ecosystem, lead in 5G technology, and improve business performance. Telkomsel aims to become Southeast Asia’s top digital telco by empowering communities and enabling innovation. (Company Website)

Indosat – GoTo launch Sahabat AI with 70 Billion Parameters and 5 languages

GoTo and Indosat have introduced Sahabat-AI, a 70-billion-parameter open-source large language model supporting five local languages. Integrated into the GoPay app and accessible via sahabat-ai.com, the AI offers multilingual chat services for public and business use.

Indosat also unveiled GPU Merdeka, a cloud infrastructure ensuring data sovereignty by keeping all data within Indonesia. The initiative has been praised as a major step in advancing AI innovation rooted in Indonesian culture and digital independence. (Bisnis.com)

Indonesia's FX reserves held steady at US$152.5bn in May25

PT Indonesia's FX reserves held steady at US$152.5bn in May25, supported by tax, service, and O&G receipts amid external debt payments and BI's Rupiah stabilization. At the end of May 2025, Indonesia's reserves were equivalent to financing 6.4 months of imports or 6.2 months of imports and government foreign debt payments, well above the international adequacy standard of around three months of imports.

Bank Indonesia assesses that these reserves support external sector resilience and help maintain macroeconomic and financial stability. (RRI)

Two Deputy Ministers Appointed as President Commisioners of Operators, Komdigi's director general responds to neutrality issue

The Ministry of Communication and Digital (Komdigi) responded to concerns about potential conflicts of interest after two Deputy Ministers—Nezar Patria and Angga Raka Prabowo—were appointed as President Commissioners of major telecom operators (Indosat and Telkom, respectively).

This is the first time active high-ranking government officials, who are also telecom policymakers, have held such roles in the industry simultaneously.
Komdigi downplayed neutrality concerns, stating that similar dual roles exist in other ministries. Minister Meutya Hafid also supported the appointments, saying the deputy ministers do not need to resign and can handle both roles effectively. (Detik.Com)

Telkom Indonesia (TLKM) Mobile Strategy: Product Simplification to Drive ARPU Upside

- In Jun25, Telkomsel has streamlined its prepaid portfolio, retaining only Simpati and By.U, while discontinuing Telkomsel Lite and Telkomsel Prabayar. The exit of Telkomsel Lite is expected to remove low-end dilution and support blended ARPU improvement.
- Jun25 will serve as the transition point, as legacy starter packs are phased out and the new pricing structure (e.g., Rp35k for 3GB) becomes the standard.
- Looking ahead, Telkomsel is simplifying its product lineup by phasing out high-volume data packages that has significantly compressed data yields.
- The product streamlining strategy is expected to gradually lift ARPU, followed by a broader effort to push fixed broadband penetration. TLKM believes that low mobile ARPU has been a key barrier to FBB penetration.
- ARPU downside risk remains from legacy services; the company targets legacy revenue to shrink to ~5% of mobile revenue over the next 1.5 years. (BRI Danareksa Sekuritas)

WIFI-TLKM MoU Clarified: Monetizing Idle Infrastructure

- TLKM stated that the cooperation with WIFI remains at the MoU stage. The next step involves a trial period, similar to ongoing collaboration with MyRepublic, before moving toward commercialization.
- The collaboration aims to monetize underutilized capacity in existing IndiHome-covered areas, where penetration remains suboptimal. TLKM opts to lease this capacity under a wholesale agreement with no revenue-sharing.

- TLKM clarified that the partnership is limited to areas with existing IndiHome coverage and it has no intention to expand into new areas or commit additional capex. (BRI Danareksa Sekuritas)