

# Thai Digital Business

## Agenda

- Thai Digital Business: Overview
- Thai Digital Business: Outlook
- Thai Digital Business: SMEs Business Opportunities



Business Research  
January 2024

# Thailand's Digital Businesses : Supply Chain Overview

Upstream

Medium & Downstream

## Hardware



HUAWEI



intel.



ZTE中兴

## Software



Microsoft



aCommerce



SME concentrated

## Digital Services



## Digital Contents



## End User



## Digital Infrastructure: Big Data & AI / IoT / Cyber Security



Microsoft



## Internet Infrastructure



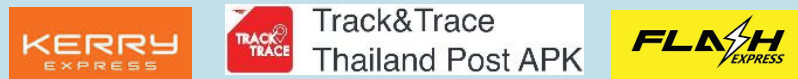
# Thailand's Digital Businesses : Digital business for Digital Transformation

## Examples of Digital Services businesses by type

e-Retail



e-Logistics



e-Tourism



Online Media



e-Advertise



FinTech



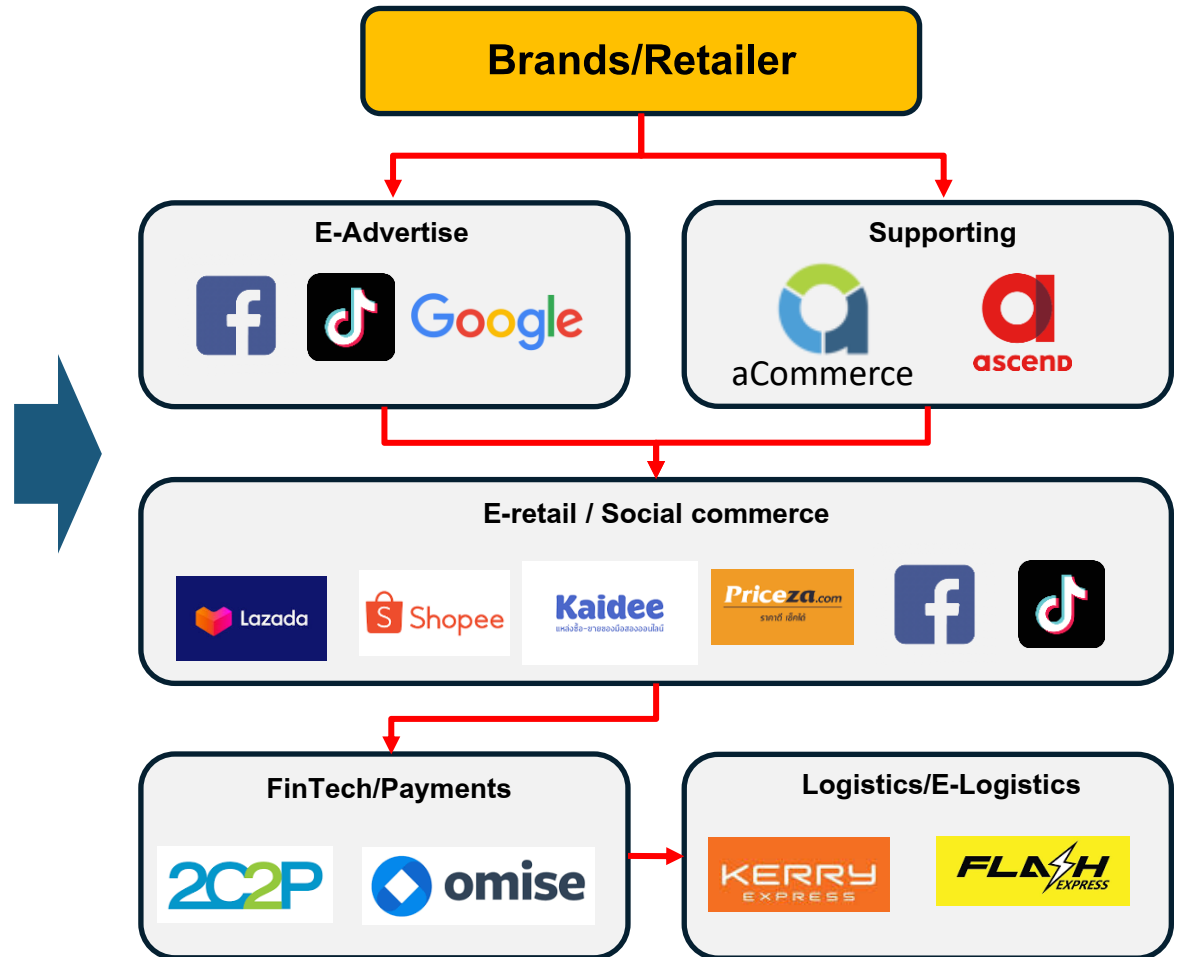
HealthTech



EdTech



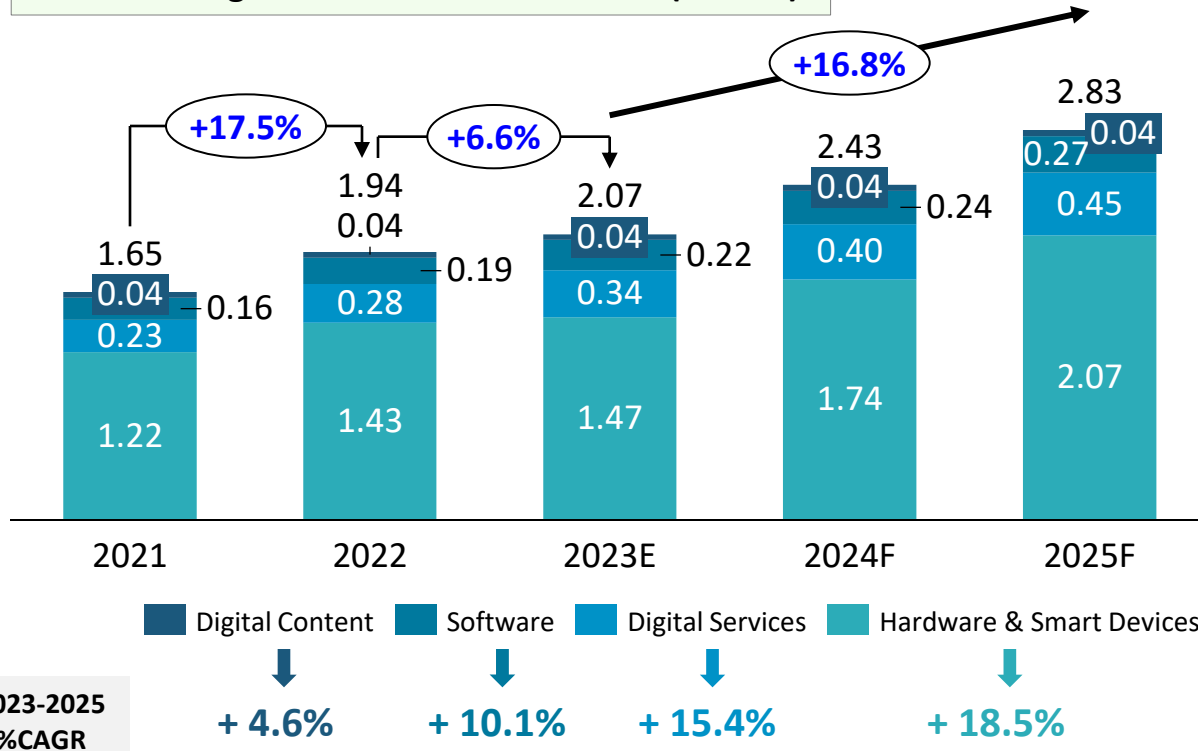
## How Digital service help transform Retail to E-Commerce



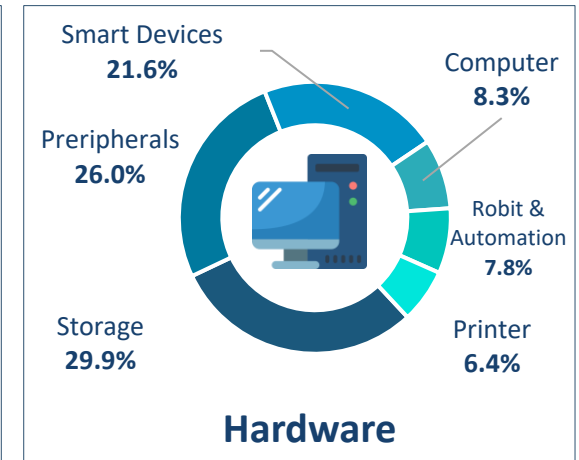
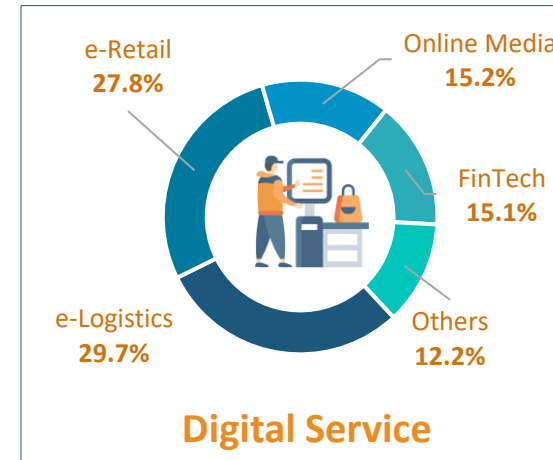
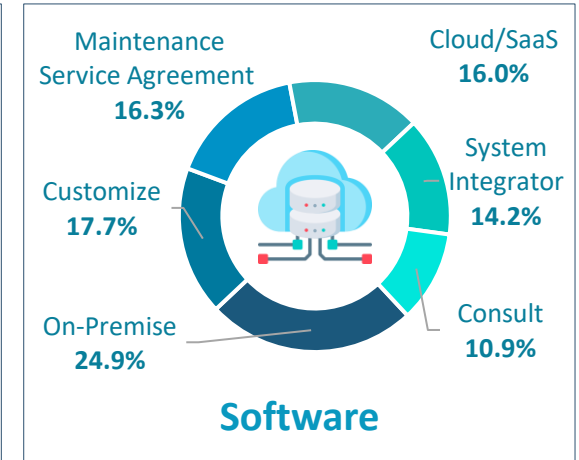
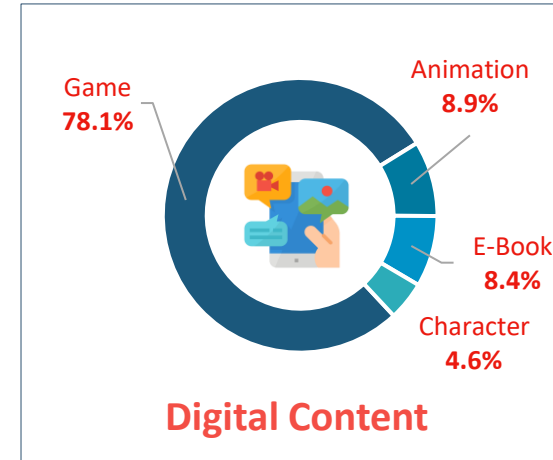
# Thailand's Digital Businesses : Overview

**Digital Businesses** are likely to continue to grow. This is because all sectors are focusing on digital transformation, with the digital services category expanding the most at an average of 23.6% per year as companies focus mainly on providing platform services, while the software category is growing at 12.0% per year as new technologies such as AI, blockchain, IoT and Metaverse emerge, driving this business group to grow more than in the past.

Thailand's Digital Businesses Market Size (Tn THB)



## 2022 Market shares by segments (value)



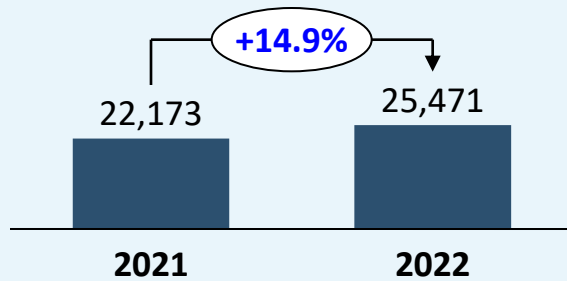
# Thailand's Digital Businesses : Digital Infrastructure & Supporting Businesses



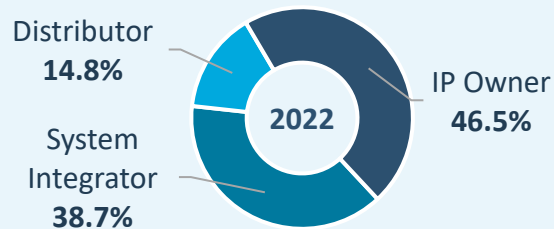
## Big Data & AI

Big Data & AI is a growing trend. In addition, there is a policy to promote and create a digital development plan for the national economy and society, Thailand has developed a National Action Plan for Artificial Intelligence, with the aim of using AI to bring benefits to all sectors by 2027.

Market Revenue (Mn THB)



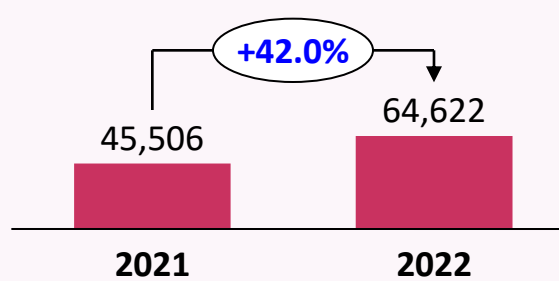
Market value by segment (value)



## Internet of Things

The Internet of Things is a trend that continues to grow. Many factors have contributed to this, such as the development of 5G technology and the promotion of IoT development through the Thailand 4.0 policy. In addition, IoT is starting to play a greater role in Thai people's daily lives, such as the use in home appliances, smart cars etc.

Market Revenue (Mn THB)



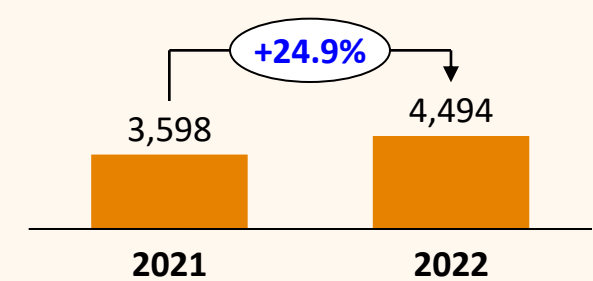
Market value by segment (value)



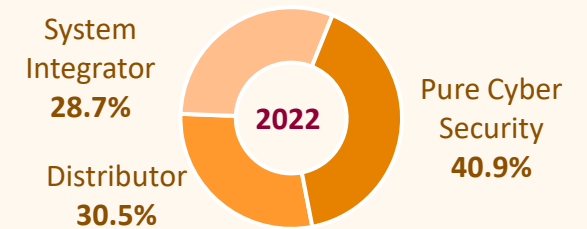
## Cyber Security

Thailand's cyber security is improving. This is partly due to the government's increasing emphasis on cyber security. Relevant laws and regulations have been enacted. In addition, the private sector and the public are becoming more aware of cyber threats and paying more attention to cyber security.

Market Revenue (Mn THB)



Market value by segment (value)





# The government is emphasizing the development of the digital economy to facilitate trade and the capabilities of the country's business

## The 20-Year Digital Economy and Society Development Plan (2018-2037)

### Strategy 2: Boost the economy with digital technology

- **1) Raise competitiveness of Thai businesses with Digital Technology.**
  - ✓ Encourage SMEs, community enterprises and grassroots economic groups to use digital technology to enter business systems and trade through digital media.
  - ✓ Accelerate the use of digital technology to **link Thailand's digital trading system to the global value chain.**
  - ✓ Promote the use of digital technology to **improve the production process of goods and services to increase efficiency and reduce production costs**, such as smart factories, smart agricultural systems.
- **2) Provide economic opportunities for farmers and community enterprises.**
  - ✓ **Generate income by selling products online, promoting community services** and creating new careers such as alternative medicine businesses.
  - ✓ **Provide a comprehensive logistics system to the community to manage transportation of goods and the e-payment system** to facilitate community business.
- **3) Create and foster digital technology startups.**
  - ✓ **Support an ecosystem that facilitates the growth of potential digital technology businesses**, such as capital, business facilitation centers, and the improvement of related regulations.
- **4) Strengthen digital industries and related sectors**
  - ✓ **Support research and development in innovation and digital technology** to strengthen the digital technology industry and target industries that support economic development.
  - ✓ **Promote digital technology investment and business in Thailand, both domestically and internationally, through public-private partnership.**

## BOI's Investment Incentives for 'Digital Industry'

Provide tax exemptions for investment in the following activities:

- **Development of software, digital platform or digital content**
  - The minimum investment capital of each project must not be less than THB 1.5 million per year, calculated on the basis of the expenditure on salaries for Thai information technology personnel additionally employed after the application for investment promotion.
- **Digital Infrastructure:** Data center, Cloud service, International high-speed marine communication circuits
  - Project must provide complementary service for customers located in project such as server co-location, managed service, customer's server backup service, disaster recovery service (DRS), Data Hosting.
- **Digital ecosystem supported business:** Innovation park, Maker space or fabrication laboratory, Co-working space
  - There must be investment in or providing of basic public utility such as high-speed fiber optic communication system, uninterruptible power supply, air conditioning system, fire suppression and accident prevention systems.



**EECd** is an area of the Digital Industry and Innovation Promotion Zone (EECd), which operates according to the target industries in the 3 provinces of EEC. It receives corporate income tax exemption benefits for up to 10+3 years.

4 Stages of the Digital Development Plan



### Strategic Goals

- Increase the proportion of SMEs and community enterprises selling products online to 20%.
- The value of domestic production of goods and services by SMEs increased to 50% of GDP.
- The productivity of SMEs is increasing with digital technology.

# Factors influencing Thailand's Digital Businesses

## Tailwind



**Government support:** The government is committed to promoting digital transformation and has implemented a number of initiatives to support the growth of digital businesses, **such as enacting laws to protect intellectual property, enacting laws to encourage investment in digital businesses, and investing in digital infrastructure development projects.**



**Growing demand for digital product and services:** Consumers and businesses are increasingly demanding digital products and services. This is **due to changing consumer behavior** that is moving toward online transactions, coupled with the population's increasing access to smart devices and the popularity of social media and e-commerce.



**The investment of leading global cloud providers: Google Cloud and Amazon Web Services (AWS) are planning to establish regional data centers in Thailand** at the invitation of the government, which will be an opportunity for Thai businesses to fully access cloud infrastructure.



**The growth of digital platform development:** The growth of Thailand's digital business has led to an increase in the number of entrepreneurs interested in entering the digital platform development market, **especially startups and SMEs that present new ideas and innovations**, which will help support the growth of the Thai digital economy.

## Headwind



**Infrastructure challenges:** Thailand's digital infrastructure still faces several challenges, **including limited access to high-speed broadband Internet in rural areas and the need to upgrade telecommunications networks** to support the growing demand for data and connectivity.



**Privacy and security concerns:** Data privacy and security are becoming increasingly important to consumers and businesses alike. Thailand's personal data protection law, the Personal Data Protection Act (PDPA), came into effect in 2021, **but there are still concerns about the effectiveness of its enforcement.**



**Digital skills gap:** Thailand faces a digital skills gap, with **many workers lacking the skills needed to succeed in the digital economy.** This could hinder the adoption of digital technologies by businesses and also limit job opportunities for Thai workers.



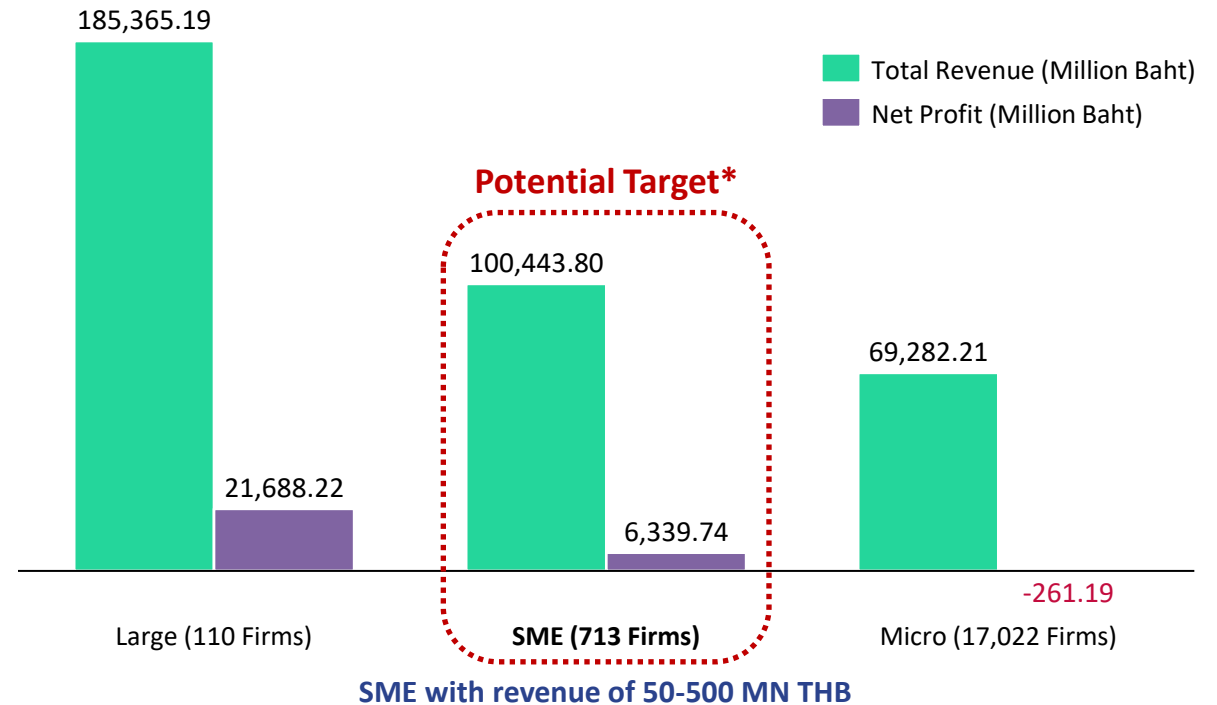
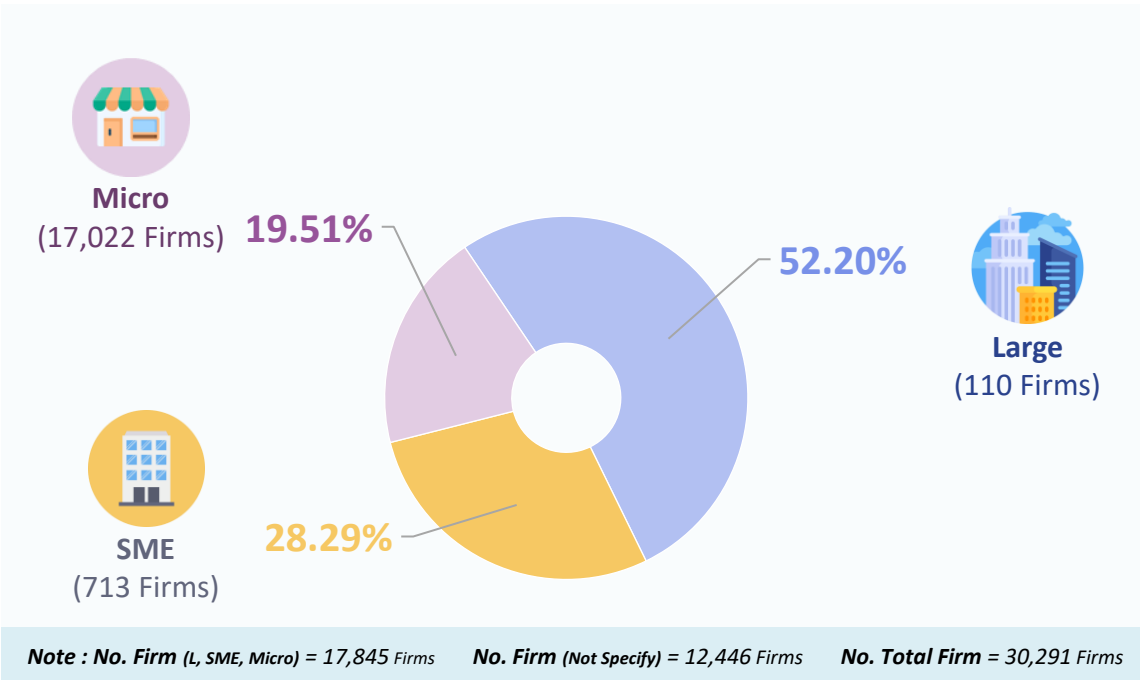
**Global economic slowdown:** The global economy is facing several headwinds, including rising inflation, rising interest rates, and geopolitical conflicts. These factors could **lead to a slowdown in economic growth, which in turn could affect consumer spending and business investment in digital technologies.**

# Thailand's Digital Businesses : Market Overview

Based on selected TSIC groups (in 2022), Thailand's Digital Businesses was valued at 355,091.21 million baht, with large enterprises accounting for 52.20% of the market share. This is followed by SME with 28.29% and micro with 19.51%.

## Share of Digital Businesses Value by firm size (62012, 63111, 64929, 58202, 62011, 62021, 62022, 63112, 70209, 58201)

Market Value (L, SME, Micro) = 355,091.21 Mn THB  
Total Firms = 30,291 Firms

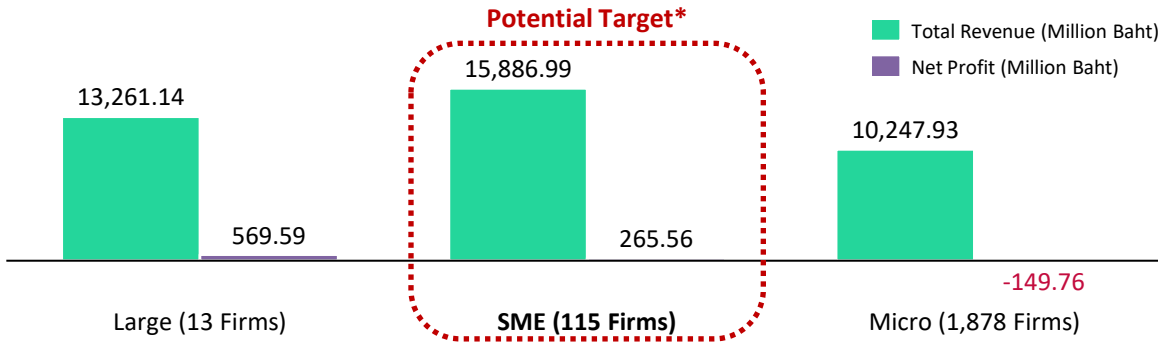




# Thailand's Digital Businesses : Market Overview

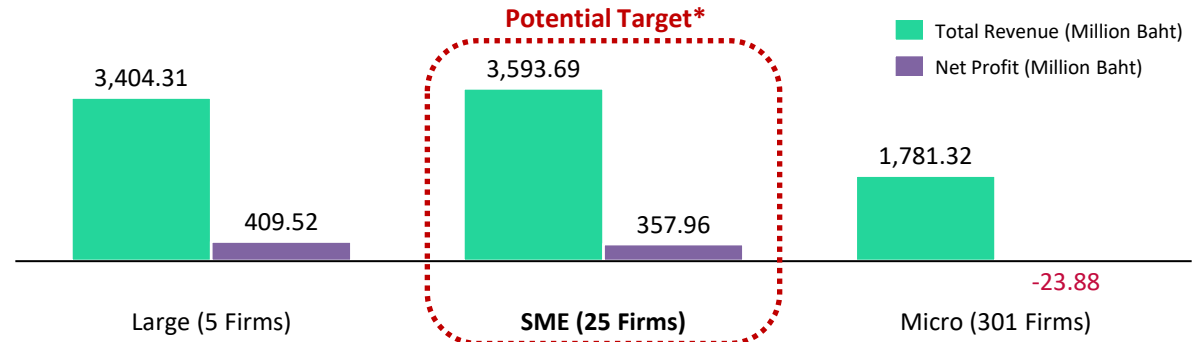
## 62012 : Computer programming activities (except web pages and networks programming activities)

Market Value = 39,396.05 Mn THB  
Total Players = 3,275 Firms



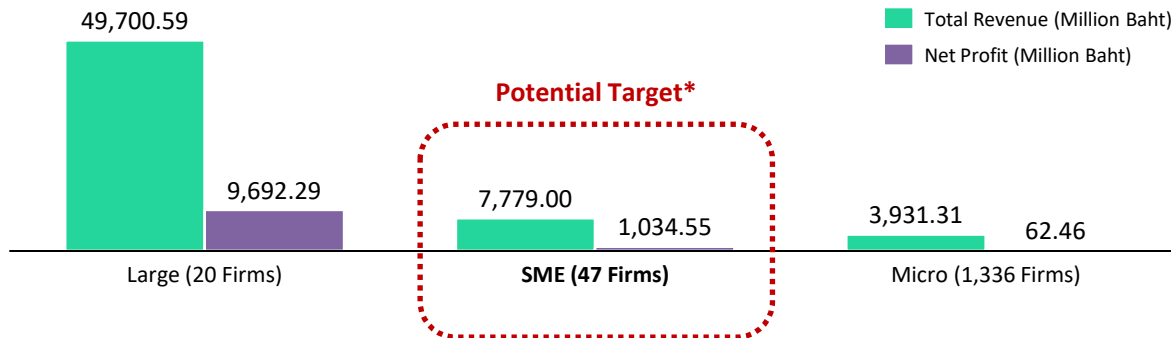
## 63111 : Data processing activities

Market Value = 8,779.32 Mn THB  
Total Players = 476 Firms



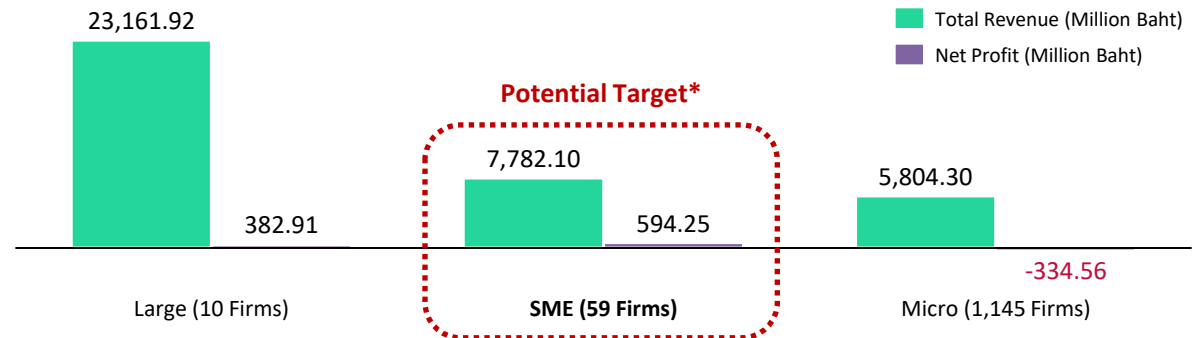
## 64929 : Other credit granting, not elsewhere classified

Market Value = 61,410.90 Mn THB  
Total Players = 1,928 Firms



## 58202 : Software publishing (except software games)

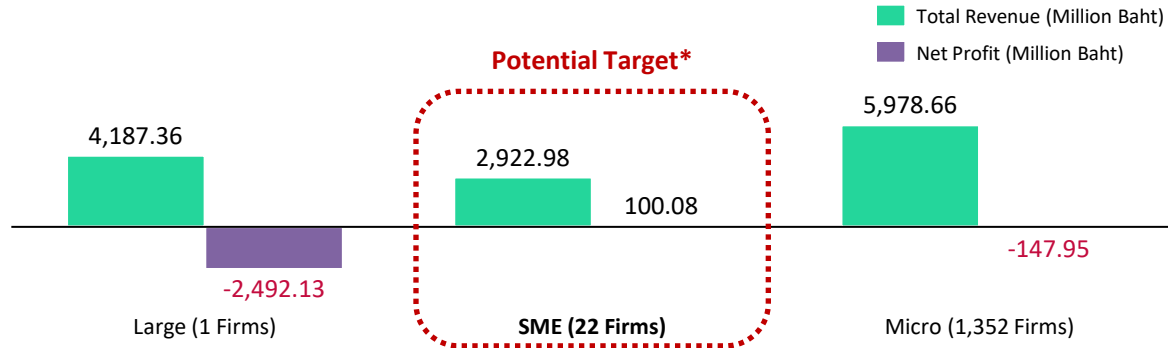
Market Value = 36,748.32 Mn THB  
Total Players = 2,153 Firms



# Thailand's Digital Businesses : Market Overview

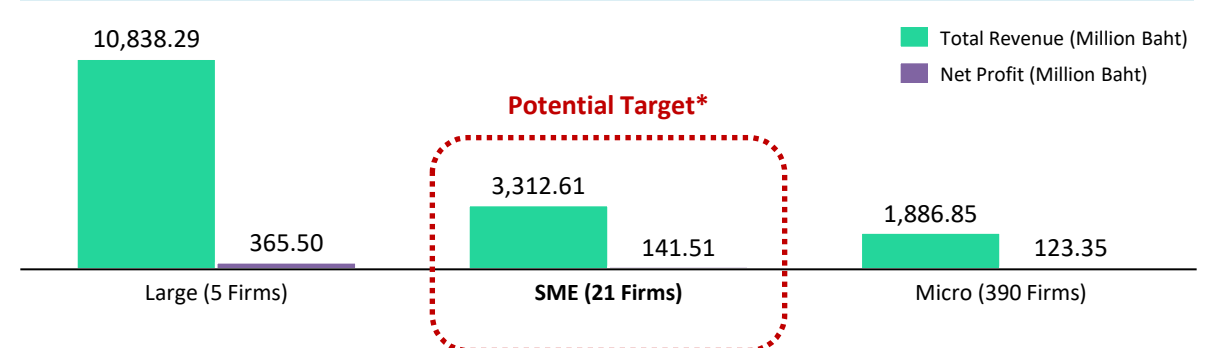
## 62011 : Web pages and networks programming activities

Market Value = 13,089.00 Mn THB  
Total Players = 2,415 Firms



## 62021 : Hardware consultancy activities

Market Value = 16,037.75 Mn THB  
Total Players = 652 Firms



## 62022 : Software consultancy activities

Market Value = 33,965.21 Mn THB  
Total Players = 2,189 Firms



## 63112 : Web hosting

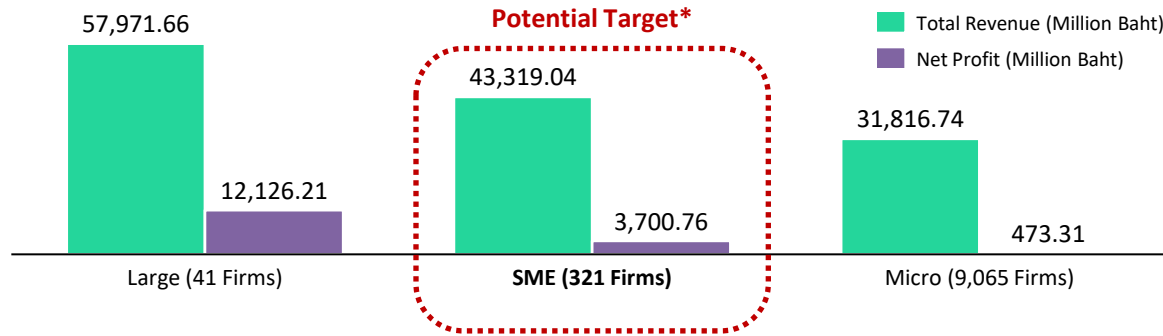
Market Value = 5,617.95 Mn THB  
Total Players = 535 Firms



# Thailand's Digital Businesses : Market Overview

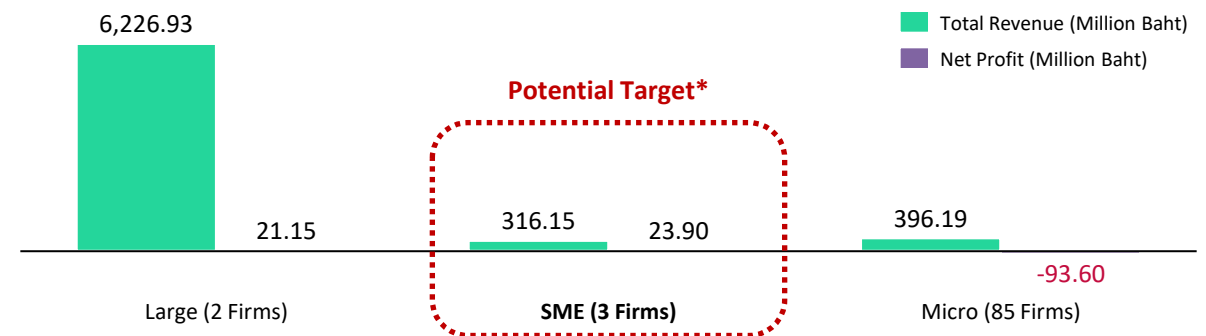
## 70209 : Other management consultancy activities

Market Value = 133,107.44 Mn THB  
Total Players = 16,442 Firms



## 58201 : Software game publishing

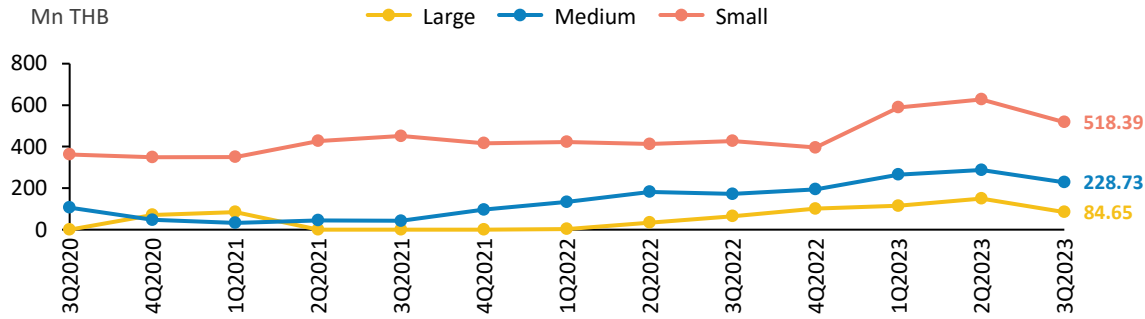
Market Value = 6,939.27 Mn THB  
Total Players = 226 Firms



# Thailand's Digital Businesses : Loan Outstanding

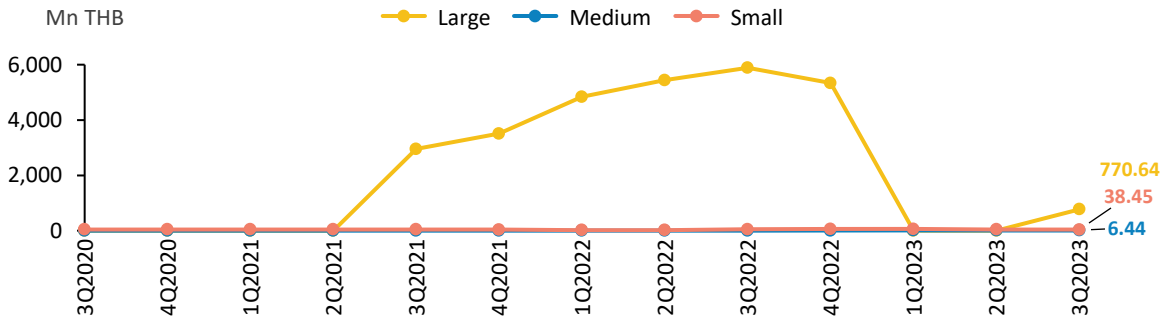
**62012** : Computer programming activities (except web pages and networks programming activities)

Loan Size\* = 831.77 Mn THB



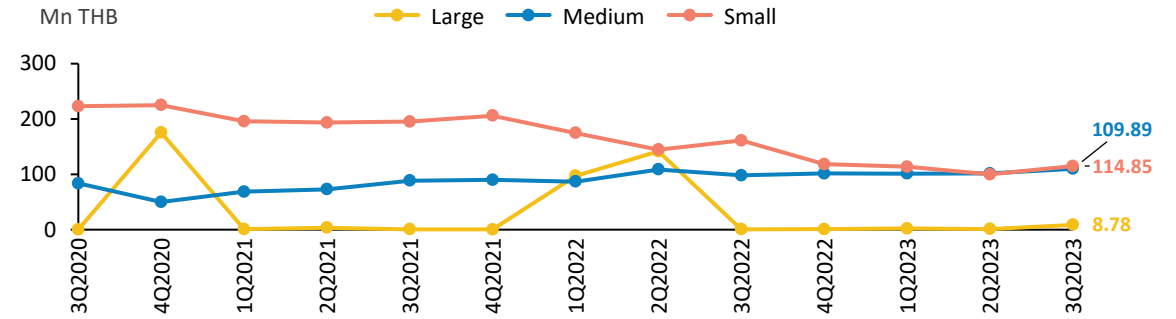
**64929** : Other credit granting, not elsewhere classified

Loan Size\* = 815.53 Mn THB



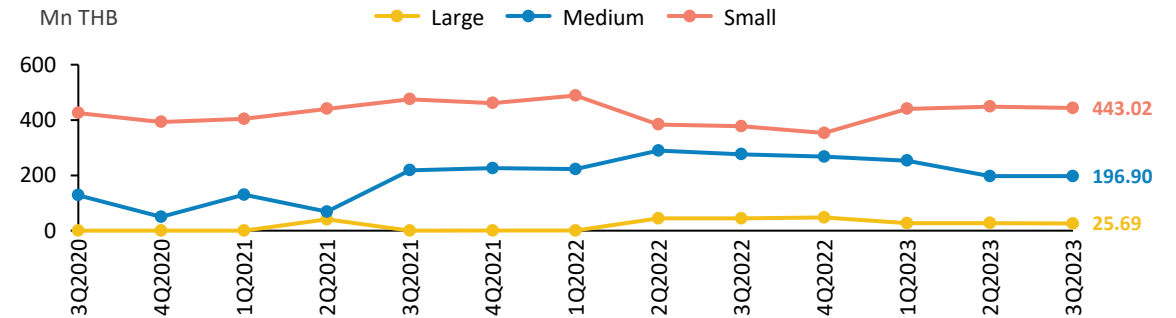
**63111** : Data processing activities

Loan Size\* = 233.51 Mn THB



**58202** : Software publishing (except software games)

Loan Size\* = 665.61 Mn THB

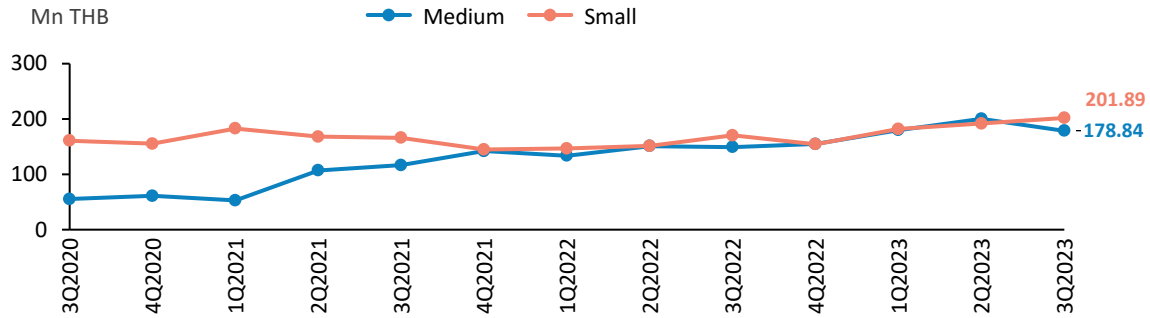


\* Data as of 3Q2023

# Thailand's Digital Businesses : Loan Outstanding

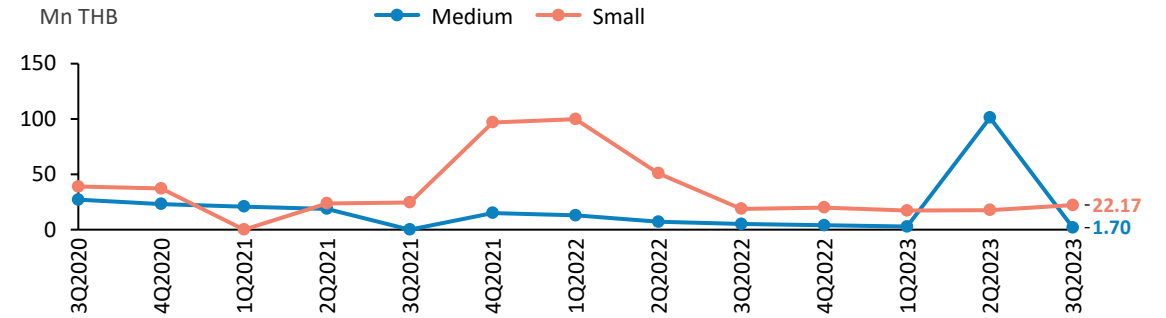
## 62011 : Web pages and networks programming activities

Loan Size\* = 380.73 Mn THB



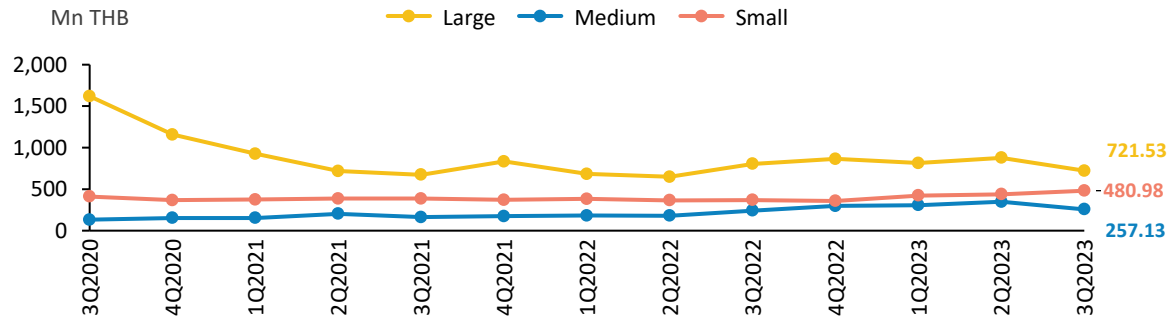
## 62021 : Hardware consultancy activities

Loan Size\* = 23.87 Mn THB



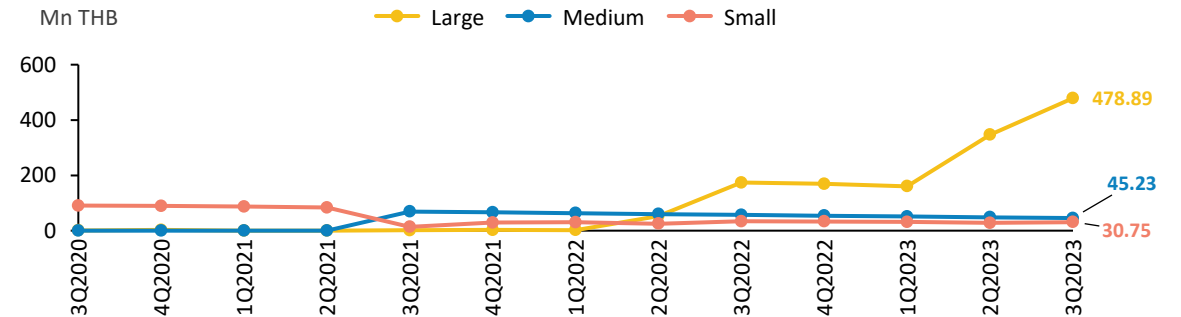
## 62022 : Software consultancy activities

Loan Size\* = 1,459.65 Mn THB



## 63112 : Web hosting

Loan Size\* = 554.87 Mn THB



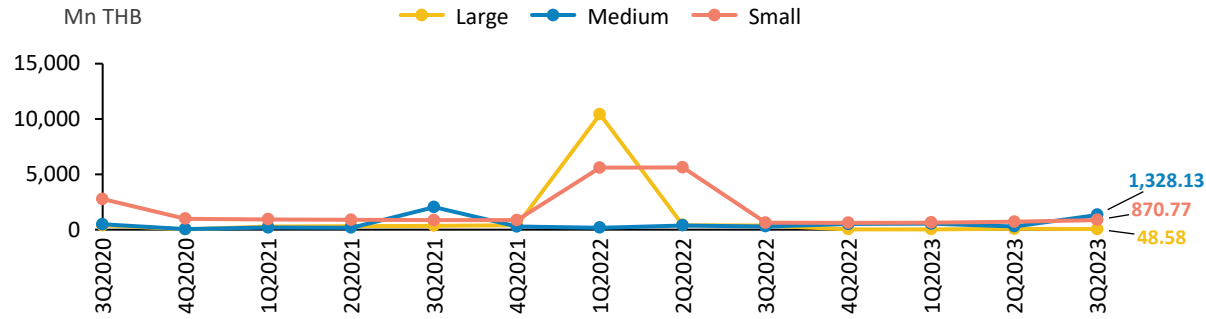
\* Data as of 3Q2023



# Thailand's Digital Businesses : Loan Outstanding

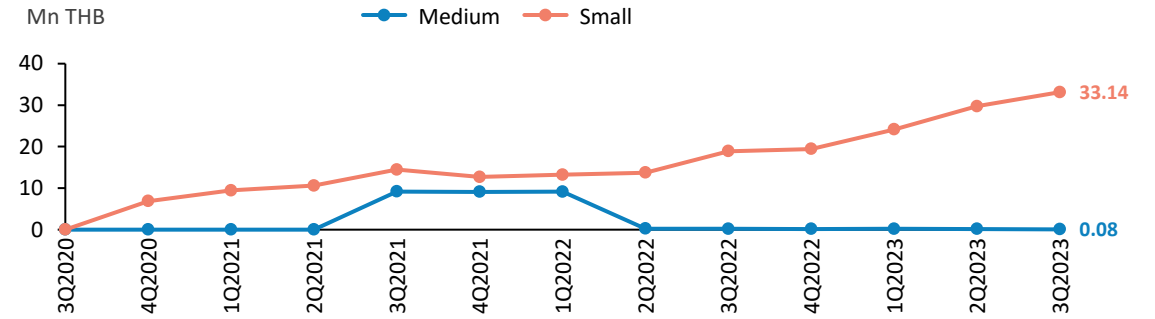
## 70209 : Other management consultancy activities

Loan Size\* = 2,247.49 Mn THB



## 58201 : Software game publishing

Loan Size\* = 33.21 Mn THB



# End of Presentation

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# LH BANK BUSINESS RESEARCH



**Thanapol Srithanpong, Ph.D.**  
Head of Business Research



**Nantapong Pantaweesak**  
Senior Industrial Specialist



**Cheawchan Srichaiya**  
Senior Industrial Specialist



**Watcharapan Niyom**  
Senior Industrial Specialist



**Sri-Ampai Ingkhakitti**  
Senior Industrial Specialist



**Taratnon Sritongterm**  
Senior Economist



**Wilanda Disorntetiawat**  
Senior Economist



**Nawatch Hansuvech**  
Senior Thematic Specialist

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