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INDONESIA IT SERVICES MARKET OUTLOOK 2026-2031



INDONESIA IT SERVICES MARKET

Strong Growth Fueled by Digital-First Transformation, Cloud Adoption, and Enterprise Demand

MARKET OVERVIEW

The Indonesia IT Services Market was valued at **USD 4.83 billion** in 2025 and estimated to grow from **USD 5.41 billion** in 2026 to reach **USD 9.52 billion** by 2031, at a CAGR of **11.96%** during the forecast period (2026–2031).

-  Anchored in national programs such as Making Indonesia 4.0 and the Golden Indonesia 2045 Vision
-  Rising foreign direct investment in digital infrastructure
-  Sustained enterprise demand for cloud-centric and managed services solutions
-  Large enterprises dominate spending; SMEs delivering the fastest revenue uplift

MARKET SIZE (USD BILLION)



KEY TRENDS & INSIGHTS



1. RAPID ENTERPRISE DIGITAL-FIRST STRATEGIES

Enterprises are rebuilding around always-on digital platforms. Real-time systems, cloud-native stacks and industry 4.0 adoption are driving demand for consulting, migration and managed services.



2. SURGE IN CLOUD-NATIVE APPLICATION MIGRATION

Lift-and-shift has evolved into microservices on hybrid architectures. Local sovereign clouds and private AI infrastructure are expanding needs for architecture, Kubernetes operations and FinOps optimisation.



3. PERSISTENT DOMESTIC SKILLS GAP

Shortage of 500,000 ICT professionals, especially in advanced cloud and DevSecOps. Skills deficits hamper 48% of firms and lengthen project timelines, increasing reliance on external talent.



4. OTHER DRIVERS & RESTRAINTS

- Government "Making Indonesia 4.0" incentives
- Accelerated fintech and e-commerce expansion
- Ageing legacy infrastructure outside tier-1 cities

SEGMENT ANALYSIS

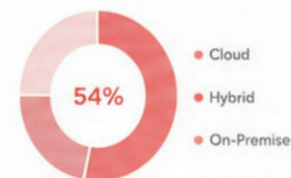
By Service Type (Market Share in 2025)



By Enterprise Size (Market Share in 2025)



By Deployment (Market Share in 2025)



MARKET HIGHLIGHTS



Financial services is the largest vertical, driven by regulatory, security and customer experience needs requiring advanced analytics and real-time processing.



Cloud is the predominant deployment model, evolving into hybrid architectures to balance latency, sovereignty and cost.



Java remains the core market, while fibre backbones and data-centre campuses accelerate uptake in Sulawesi, Sumatra and Kalimantan.



SMEs are the fastest-growing segment as affordable cloud platforms and government support lower adoption barriers.

MARKET SEGMENTATION



By Service Type

IT Consulting & Implementation, Business Process Outsourcing Services, IT Outsourcing & Managed Services, Cloud Services & SaaS Implementation, Others



By Enterprise Size

Small & Medium Enterprises, Large Enterprises



By Industry

BFSI, IT & Telecom, Manufacturing, Retail & E-commerce, Government, Others



By Deployment

On-Premise, Cloud, Hybrid



By Technology

Cloud Computing, Cybersecurity, Data Analytics, AI/ML, Others



By Region

Java, Sumatra, Kalimantan, Sulawesi, Ball & Nusa Tenggara, Others

INDONESIA MANAGED SERVICES MARKET

Core Managed Service Solutions Driving Enterprise Transformation

Mordor Intelligence explicitly segments and details several core managed service lines within the Indonesian ecosystem.

MANAGED SERVICE SOLUTION

MARKET POSITION & CONTEXT

1.		Managed Security Services (MSS)	 <p>The Market Leader (33.05% share) This is currently the largest revenue contributor. Driven by high-profile data breaches and the threat of severe regulatory compliance fines, enterprise boards are prioritizing outsourced threat mitigation, vulnerability scanning, continuous monitoring, and identity management.</p>
2.		Managed Cloud Services	 <p>The Hyper-Growth Engine (16.52% CAGR) This is the fastest-growing segment through 2031. It specifically involves managing the migration, optimization, and daily orchestration of enterprise workloads across hybrid setups and newly deployed local hyperscaler regions (AWS, Microsoft, Google, Alibaba).</p>
3.		Managed IT Infrastructure & Data-Center Services	 <p>Driven by Infrastructure Capacity Influx Driven by the massive influx of foreign data-center capacity in the Jakarta metro and Batam SEZ, enterprises are outsourcing the operational management of their physical co-location footprints, edge nodes, and high-density compute infrastructure.</p>
4.		Managed Network Services	 <p>Optimizing Connectivity & Performance Focused heavily on optimizing traffic, managing SD-WAN architectures, and ensuring low-latency paths as data usage surges and new cross-border subsea cables (like Bifrost and Echo) come online.</p>
5.		Managed Application Services	 <p>Modernizing Critical Business Applications Centered on microservices re-architecture, legacy application modernization, and the management of enterprise cores like cloud-ERP systems, which currently act as the transactional backbone for local industries.</p>



These solution segments collectively enable Indonesian enterprises to enhance security, accelerate cloud adoption, optimize infrastructure, and drive digital innovation.



INDONESIA ICT TALENT GAP: THE 500K PROFESSIONAL DEFICIT

A Qualitative Competency Gap in Five Critical, High-Demand Skill Sets

The **structural shortage** of approximately 500,000 to 600,000 ICT professionals in Indonesia annually is not a deficit of raw IT graduates. Indonesian universities and vocational systems pump out hundreds of thousands of computer science and informatics degrees every year. Instead, the country faces a severe **qualitative competency gap**.

The market is expanding aggressively into AI-ready data centers, hybrid multi-cloud systems, and managed security solutions, but the local talent pool remains largely stuck in basic IT support, desktop administration, and legacy general programming.



The **500,000-professional deficit** is concentrated in **five highly specialized, advanced skill sets**:

1



Artificial Intelligence & Machine Learning (AI/ML)

The Specific Skills:

- Machine Learning Engineering (MLE)
- Data Pipeline Engineering
- Natural Language Processing (NLP)
- AI-driven automation

The Gap:

Industry needs engineers who can operationalize AI models within local enterprise frameworks (like integrating AI into retail telemetry or fintech risk models), whereas local supply is mostly limited to basic data entry or standard SQL analytics.

2



Cloud Architecture & DevOps

The Specific Skills:

- AWS/Azure/Google Cloud/Alibaba certified Solution Architects
- Kubernetes and Docker orchestration
- CI/CD pipeline automation (DevOps)
- FinOps (cloud cost optimization)

The Gap:

Most local IT administrators are trained in physical on-premise hardware maintenance. There is a massive shortfall of talent capable of designing scalable, elastic cloud infrastructure across different hyperscale regions.

3



Advanced Cybersecurity (SecOps)

The Specific Skills:

- Cloud Security Architecture
- Threat Intelligence & Automated Detection
- Incident Response
- Zero-Trust network design
- Identity & Access Management (IAM)

The Gap:

Enterprise demand has shifted toward proactive, real-time threat hunting using AI tools. Most available local talent is only certified in basic firewall configuration or reactive, low-level endpoint monitoring.

4



High-Performance Software Engineering

The Specific Skills:

- Enterprise Java/Go/Python backend development
- API design and microservices architecture
- Native mobile development (iOS/Android)

The Gap:

A huge volume of local graduates are trained in basic web design (HTML/CSS) or simple front-end coding, leaving a massive deficit in engineers capable of handling complex, low-latency transactional backends.

5



Technical Product Management & Agile Methodologies

The Specific Skills:

- Agile/Scrum product management
- Technical Business Analysis
- UI/UX Research
- Systems analysis

The Gap:

Organizations struggle to find tech leaders who possess strong analytical soft skills—such as translating complex corporate objectives into a scalable technical roadmap—forcing many Indonesian firms to look offshore or pay hyper-inflated salaries for senior local managers.



THE BOTTOM LINE

The 500k shortage is a premium-tier talent deficit. Until the local educational pipeline matches the velocity of the billions in foreign direct investment pouring into the country's digital infrastructure, enterprise IT services will continue to rely heavily on expensive, outsourced regional talent, or face intense domestic poaching wars for qualified specialists.

