

EAST VENTURES: UPLIFTING INDONESIAN SOCIETY THROUGH THE DIGITAL ECONOMY

SCALING IMPACT IN ASIA:
ACHIEVING PURPOSE AND PROFIT



INTRODUCTION

This case study was developed in conjunction with the report “Scaling Impact in Asia: Achieving Purpose and Profit”. It is part of a collection of stories that aims to illuminate and provide insights into the impact journey of investors and businesses in Asia.

The report and case studies are jointly developed by the Centre for Impact Investing and Practices (CIIP), Singapore Management University (SMU), and Accenture. In producing this study, our aim is to inspire and encourage more to make every dollar invested in Asia deliver positive, measurable impact. Through these in-depth case studies, we hope to extend the scope of existing research in Asia by providing tangible, real life examples from practitioners on the ground.

As part of our efforts to broaden the impact universe, we sought to speak with and showcase a range of organisations, from traditional impact investors and companies,

to those who are not typically recognised as agents of impact. These diverse types of organisations are reflective of the broad commercial landscape within which the private sector operates, and we hope they serve as relatable examples for readers on various parts of the impact journey.

The rich and nuanced story told in the ensuing pages is the product of several deep conversations with leaders of the organisation(s) featured. We dug deep into how decisions are made, probed at dilemmas faced, dissected challenges and setbacks, and identified key actions that maximise impact. Thank you to those who participated for your time, insights, candid responses, and above all, your willingness to share about your journey, so that others may learn and be inspired.

You can find our report “Scaling Impact in Asia: Achieving Purpose and Profit” [here](#).



EAST VENTURES

VENTURE CAPITAL (VC) FUND

HEADQUARTERS

Singapore and Jakarta

GEOGRAPHY FOCUS

Indonesia, Southeast Asia, and Japan

SECTORS

Digital solutions that are sector-agnostic

STAGES

Early to growth stage

LATEST FUND SIZE

Venture Fund IX: US\$150M

Growth Fund II: US\$400M

INVESTMENT HORIZON

Venture: 6 – 7 years

Growth: 4 – 5 years

MISSION

To enable high potential companies to grow by developing and utilising technology, thereby empowering a more inclusive and prosperous society and economy



Photo provided by East Ventures.

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INVESTING IN DIGITAL SOLUTIONS TO ADDRESS SOCIETAL PAIN POINTS

East Ventures (EV) is the largest venture capital (VC) fund in Indonesia, investing in early-to-growth stage digital solutions across Southeast Asia and Japan. Ranked in 2019 by Prequin as the “Most Consistent Top Performing VC Fund” globally, EV has experienced marked success with its funds. Since its founding in 2009, EV has made many notable investments, including in unicorns such as Traveloka and Tokopedia, and high-growth ventures such as Kudo, which was acquired by Grab. EV’s internal rate of return (IRR) hovers around 70% across its Southeast Asia funds.¹

EV invests in digital solutions that solve the pain points of local communities in Southeast Asia, including by increasing access to education and optimising end-to-end logistics, creating seamless and safe payment processes, and democratising access to commerce. For example, Tokopedia, one of EV’s portfolio companies, is a digital consumer-to-consumer (C2C) marketplace that increases access to goods and services for consumers across Indonesia. Founded in 2009, it crossed the one-billion-dollar valuation in 2017 and has reached 99% of Indonesia’s districts as well as 12 million domestic merchants.²

EV seeks “to make every aspect of society better, more efficient, cheaper, and more prosperous”³, with a focus on long-term value creation, leveraging digital solutions to address fundamental challenges. EV’s Co-Founder and

Managing Partner Willson Cuaca observes that “digital technology has the potential to give everyone a level playing field.” EV believes that digitalisation is the key to creating a flywheel effect for impact, allowing small wins to accumulate over time and create momentum. This leads to greater impact by improving access to goods and services to individuals from different social classes, backgrounds, and geographies. With digital technology solutions as its focus, EV has been able to connect a vast number of players, consumers, and businesses across Indonesia in an affordable manner. Its portfolio companies leverage technology to access real-time flows of transactions and data and enable solutions to scale quickly in a low-cost manner while remaining inclusive.

In addition, owing to the depth and breadth of the needs and opportunities for digital transformation in Indonesia, EV believes in adopting a multi-stakeholder approach. EV works with key partners and stakeholders including governments, business groups, and accelerators within the start-up ecosystem to advance Indonesia’s digital landscape. For example, in collaboration with Indonesia’s Ministry of Communication and Information Technology, EV actively supports various start-up accelerators by providing mentors, judges, and investors in programmes such as Impactto, a start-up studio. EV has also collaborated with Indonesian property developer Sinar Mas Land and other VC and investment firms to launch the Urban Gateway Fund, which will invest in start-ups developing smart city solutions.⁴

¹ Tech in Asia (2019). [How East Ventures became a top venture capital firm in Southeast Asia](#)

² Tokopedia (2022). [Tokopedia About](#)

³ East Ventures (2021). [‘It’s time to believe in the nation’s capability’: Willson Cuaca](#)

⁴ East Ventures (2022). [Sinar Mas Land partners East Ventures, others to launch smart city fund](#)



Photo provided by East Ventures
– photo of Cuaca

BUILDING INDONESIA'S DIGITAL ECOSYSTEM

EV is actively driving broader stakeholder value by helping to lay the foundations of Indonesia's digital infrastructure. EV believes this is indispensable to build up the flywheel effect of positive impact for the nation. For example, EV was the first investor in Indonesia to focus on Software as a Service (SaaS) in 2013, with the intention of providing affordable cloud-based solutions for Indonesia's micro, small, and medium enterprises (MSMEs). EV's focus on investing in innovative digital solutions has allowed it to play a key role in building Indonesia's digital infrastructure.

EV is dedicated to working with leaders in Indonesia to propel the country towards what Cuaca calls a "digital golden era." Cuaca believes that this golden era of digitalising Indonesia should be one that is inclusive and "evenly beneficial to all regions across the country." As Indonesia's digital infrastructure becomes more established, solutions that serve the needs of the community will be more easily developed and delivered at scale commercially.



"If you want to help someone in the jungle, you first need to build a road – it is only once we have digital infrastructure in place that we can do impact investing in a scalable way."

**WILLSON CUACA,
CO-FOUNDER & MANAGING PARTNER,
EAST VENTURES**

88% of EV's portfolio is made up of information, communications, and technology (ICT) verticals across e-commerce, direct-to-consumer (D2C) and retail businesses, FinTech, EdTech, AgriTech, artificial intelligence (AI), data management, cybersecurity, and Internet software and services.⁵ Its portfolio companies are involved in developing Application Programming Interfaces (APIs) and digital infrastructure in the industries it operates in.⁵

⁵ East Ventures (2022). [East Ventures Sustainability Report 2022](#)

For example, EV's investment in Tokopedia alone is estimated to contribute to about 1.5% of Indonesia's economy through its Gross Merchandise Value (GMV)⁶ and has helped to build Indonesia's e-commerce infrastructure by connecting businesses to markets across the country. Warung Pintar, another investment, focuses on digitising and empowering small family-owned shops by equipping them with digital Points of Sale (POS) and Wi-Fi, amongst other digital solutions.

By investing in e-commerce infrastructure, EV is helping to form the backbone of a digital ecosystem for D2C brands, MSMEs, and entrepreneurs to reach new customers and contribute to Indonesia's digital transformation. In helping to continually strengthen Indonesia's digital infrastructure, EV plans to bring in more capital to accelerate and scale the impact it creates through its investments.



“With the EV-DCI, we are starting conversations and using our influence to get actors to take the first step to help our country (towards further digitalisation).”

**WILLSON CUACA,
CO-FOUNDER & MANAGING PARTNER,
EAST VENTURES**

To push boundaries further, EV launched its inaugural annual Digital Competitiveness Index (EV-DCI) in 2020 to set a baseline understanding of digital economy outcomes in Indonesia. EV's aim with the EV-DCI is to track Indonesia's digital adoption as a key enabler for achieving the United Nations Sustainable Development Goals (UN SDGs), promoting digitalisation to achieving a more inclusive and equitable economy in Indonesia. Hence, the EV-DCI maps out the growth and analyses the strengths and weaknesses of Indonesia's digital economic landscape. It tracks digital competitiveness across a comprehensive set of provinces, cities, and sectors according to three sub-indices: readiness of human resources, use of digital technology, and level of expenditure related to digital technology. Since its launch, the EV-DCI has served to track Indonesia's progress and draw attention to areas with the greatest need for support and intervention, from both the public and private sectors.⁷

EV believes that partnerships and collaborations with governments, business groups, and society are essential for building a sustainable future. Support from its established and like-minded limited partners (LPs) was critical in enabling them to build the EV-DCI. The EV-DCI 2022 report was produced with perspectives and support from Indonesian policy makers and government bodies such as the Coordinating Minister for Economic Affairs, the Coordinating Minister for Maritime Affairs and Investment, and Indonesia's Ministry of Economics.⁸ This allowed EV to ensure that the EV-DCI was relevant to key stakeholders. At present, the EV-DCI serves as the basis for the development and digitalisation of MSMEs in rural areas and supports the People's Consultative Assembly (MPR RI) in developing regulations for Indonesia's digital economy.

⁶ Tokopedia (2019). [LPEM FEB UI Research: Tokopedia Accelerates Digital Economy Equity in Indonesia](#)

⁷ East Ventures (2022). [Digital Competitiveness Index 2022](#)

⁸ East Ventures (2022). [East Ventures, collaborates with Katadata and PwC Indonesia, released East Ventures – Digital Competitiveness Index 2022 Report](#)

The COVID-19 pandemic further accentuated the importance of collaboration between public and private sector partners for EV. When COVID-19 broke out in Indonesia, EV launched the initiative Indonesia PASTI BISA (IDPB) to help address Indonesia's severe shortage of medical equipment, especially polymerase chain reaction (PCR) test kits and oxygen concentrators. EV worked alongside Indonesia's Ministry of Health, the Indonesian Embassy in Singapore, Indonesian diaspora communities, its portfolio companies, as well as individual and corporate donors to raise funds, source materials, and distribute equipment through IDPB.

The initiative successfully raised over US\$1.2 million in 10 days to provide 1,450 oxygen concentrators to hospitals across Indonesia. The systems put in place through IDPB in digital logistics software and asset management, as Cuaca shares, are "still used to this day by the Ministry of Health to distribute many types of medical supplies." Ultimately, this joint public-private initiative built up essential data and technological infrastructure for the broader healthcare system while also demonstrating EV's commitment to social impact through digitalisation.

EV's move toward sustainability and impact is well-aligned with the Indonesian government's priorities. Indonesia's G20 Presidency⁹ this year has initiated country-wide momentum to align industry policies with the SDGs and promote inclusive economic growth. This has led to a national focus on issues such as digital trade and sustainable global value chains, spurring sustainable investment for global economic recovery, and inclusive and sustainable industrialisation through Industry 4.0. This represents a growing opportunity for EV to work with like-minded leaders to support Indonesia's sustainability transformation at a national level.

TAKING INTENTIONAL STEPS TOWARDS SUSTAINABILITY AND IMPACT

While EV has not historically identified itself as an impact fund, it is purpose driven and holds itself to high standards of value. The fund's core values of "Integrity, Empathy, and Excellence" reflect its commitments as an investor and what it looks for in entrepreneurs. As a sustainable investor, EV employs a "practical approach" to impact, with a strong emphasis on first developing a strong core business. EV believes that strong founders and their teams will be able to grow their companies to develop good products and defensible business models. As businesses become stronger and more sustainable, EV then supports them in developing more deliberate and focused impact strategies.



"To deliver impact, we first need to build the system of 'muscles' it requires, which in the commercial world is a strong core business model."

**WILLSON CUACA,
CO-FOUNDER & MANAGING PARTNER,
EAST VENTURES**

⁹ G20 (2022). [High-Level Forum: Indonesia's G20 Presidency to be Catalyst for Economic Transformation](#)

COMMITTING AND ALIGNING TO GLOBAL STANDARDS

EV is taking tangible steps toward a more sustainable future by aligning its investment processes, as well as its role in the wider community, with environmental, social, and corporate governance (ESG) and sustainability principles. It recently became the first VC fund in Indonesia to become a signatory to the United Nations Principles for Responsible Investment (UN PRI). As a signatory, EV takes a deliberate approach in incorporating ESG considerations in its investments process and decision making, from screening, due diligence, investment decisions, and monitoring, to exit. EV's ESG policy and processes are aligned with the International Finance Corporation (IFC) Performance Standards. EV has also set up a dedicated ESG team to work with and guide its portfolio companies to establish ESG risk and impact management systems, such as by embedding the UN SDG framework in their work.

At the screening stage, EV conducts a first gauge of the potential investee's ESG risk and potential impact performance through their proprietary Sustainable Investment Toolkit. EV follows a strict exclusion list for its investments based on global standards, such as the IFC and European Development Finance Institutions (EDFI) exclusion lists. Subsequently, they conduct an ESG questionnaire to assess the company's risk management performance against ESG risks and an impact questionnaire to facilitate an assessment of a company's present impact management performance. Lastly, they aggregate the company's ESG and impact management performance score and provide classifications for EV's due diligence.



“We became a PRI signatory to formalise our commitment and further drive sustainability as part of our investment strategy.”

**WILLSON CUACA,
CO-FOUNDER & MANAGING PARTNER,
EAST VENTURES**

Post-investment, EV is beginning to formalise its impact policy and procedures, such that impact can be measured across EV's entire portfolio as well as its ecosystems. Partner Avina Sugiarto explains that “EV's investment teams work closely with portfolio companies to develop their ESG risk and impact measurement management toolkit, in addition to support on commercial and financial aspects of their business.” Through questionnaires and in-depth discussions, EV supports portfolio companies to address issues such as impact strategy and additionality, labour standards, occupational health and safety, corporate governance, and diversity. In terms of impact outcomes, EV focuses on financial inclusion, better education, and healthcare, as well as contributing to sustainable and liveable environments. In 2022, EV launched its first Annual Sustainability Report.

GENERATING POSITIVE IMPACT THROUGH INTENTIONAL CAPITAL AND STEWARDSHIP

By increasingly incorporating impact intentionality in its investments, EV has been able to drive environmental and social outcomes together with commercial returns through its portfolio companies.



“Over the past decade, we realised that in addition to delivering strong financial performance, our investments have also generated positive impacts to society.”

**AVINA SUGIARTO,
PARTNER, EAST VENTURES**

For example, EV’s investment in Aruna, a sustainable e-fishery platform introduces transparency into the trade and helps to improve fishers’ livelihoods. EV has also helped to improve Aruna’s ESG and impact management and measurement practice, including by engaging ESG specialists to work with Aruna’s top management to embed clear standards and robust practices. EV is also working with Aruna on biodiversity initiatives, such as fish-stocking, which involves raising fish in a hatchery and releasing them into the ocean to supplement existing populations. Further, the EV-DCI has helped Aruna identify priority areas for its digital development and provided critical points for improving services across the archipelago. **Since inception, Aruna’s platform has helped over 26,000 fishers achieve a three to twelve- fold increase in income while employing more environmentally sustainable fishing practices.** EV has helped Aruna to measure increases in the income of fishers as well as assess impacts on biodiversity and fishing communities. (Find out more about Aruna here).

Another of EV’s notable portfolio companies is Kudo, which relies on agents, or digital entrepreneurs, to provide gateways for unbanked customers to participate in Indonesia’s digital ecosystem. Kudo’s platform allows MSMEs to offer their products and services online and its extensive agent network



Photo provided by East Ventures.

stretches to Indonesia's remote towns and rural areas, enabling customers to transact online for the first time. EV's investment during Kudo's seed round in 2014 proved formative for its impact and business strategy as it shifted from providing e-commerce services via self-serve kiosks to via agents with mobile devices. At present, Kudo employs more than 2 million agents across the archipelago and has reached millions of underserved consumers. On top of positive social impact, EV's investment in Kudo has been able to generate significant returns. **Within three years of its investment in Kudo, EV exited via an acquisition by Grab. This generated a 285.7% IRR and 53.7 MOIC (Multiple of Invested Capital) for the fund.** Kudo has become an integral part of Grab's strategy to further expand across Indonesia, reaching more first-time partners and users outside major cities.

Apart from Aruna and Kudo, EV has invested in and supported other impact-oriented businesses. These include Xurya, a renewable energy company, and TreeDots, a food waste reduction business. Xurya provides renewable energy solutions for companies in Indonesia through rooftop solar panel installations. At present, Xurya is Indonesia's leading solar panel energy provider and EV's investment has allowed it to complete or construct 95 photovoltaic sites.¹⁰ TreeDots, a Singapore-based e-grocery platform, connects food producers to businesses and end-customers in Asia to reduce surplus or prevent imperfect but edible food from ending up in landfills. With EV's investment, it has been able to save 3,500 tons of food and 13.9 billion litres of water through its sustainable supply chain solutions.¹⁰

Finally, EV has also begun to actively assess the potential negative impacts of its investments in digitalisation. EV is mindful of jobs that have been displaced through the increasing digitalisation of supply chains and processes and are seeking to invest in companies that provide upskilling and reskilling training in digital, technical, and soft skills.



“Many of our founders, such as from GoTo, RuangGuru, Warung Pintar, and Alami, are becoming more deliberate when it comes to impact, taking the initiative to hire ESG specialists and consultants and measuring and reporting their impact in their annual Sustainability and Impact reports.”

**AVINA SUGIARTO,
PARTNER, EAST VENTURES**

¹⁰ East Ventures (2022). [East Ventures Sustainability Report 2022](#)



Photo provided by East Ventures.

THE IMPACT JOURNEY AHEAD

EV is a mainstream investor on a journey towards sustainability and impact. **The fund's priority today is to go beyond intentionality to establish a robust management and measurement system to ensure accountability for the impact it creates on society, both positive and negative.**

This is a process that EV has begun.

EV has developed a Sustainable Investment Framework for all its investments that sits within its two-pronged approach of Doing Good and

Avoiding Harm. The framework is aligned with the UN PRI and SDGs and seeks to maximise impact creation opportunities and mitigate ESG risks in potential transactions. EV has also begun to measure and monitor non-financial ESG metrics that drive long-term value creation such as employment generated and diversity across all levels internally and in its portfolio companies.¹¹

Its main measurements today relate to access, where it tracks the number of users and clients it reaches, employment and diversity, the number of jobs generated by its companies

¹¹ East Ventures (2022). ['Is ESG a FOMO or here to stay?': Avina Sugiarto](#)

and diversity across levels of employment, and corporate governance procedures, which feature its ESG toolkits. Looking ahead, EV plans to work closely with the United Nations Development Program (UNDP) SDG Impact team to further strengthen their impact decision-making systems and processes.¹²

EV is also working with its portfolio companies to ensure they embrace and monitor their contributions and alignment to the SDGs through frequent discussions and active support. EV's impact statement is to "enable high potential companies to grow sustainable market propositions, thereby empowering a more inclusive society and the region's economy to prosper".¹³ Progress against this goal is measured by the EV-DCI, on top of Sustainability reports developed by EV and each of their portfolio companies.

While EV has taken important steps towards sustainability and is actively thinking about contributing to the SDGs through its investments and broader ecosystem activities, it does not consider itself an impact fund today. In Co-Founder Cuaca's opinion, as a catalytic VC fund, it is important for EV to be able to explore potentially unproven areas more freely, without the need to overlay an impact framework too early on. With its growth stage investments, however, EV is committed to raising the bar of what is currently expected of mainstream funds. EV is supporting its portfolio companies through capacity and ESG-related training while also disclosing its ESG and impact progress regularly. They are also working to map and track the impact their investees have created and their contribution to the SDGs, as

well as to develop an even stronger strategy to deliver impact.

EV also envisions further advocating for ESG and impact practices within their networks and communities by promoting events and initiatives across Southeast Asia. It also plans to actively participate in discussions to encourage practical adoption of ESG and impact frameworks for early and growth stage technology companies. For example, through their Women with Impact initiative, EV sponsors, hosts, and participates in events and initiatives across Southeast Asia as part of their commitment to improve gender equality, particularly in the technology industry.

As a mainstream, sustainability-focused investor with a portfolio with total potential market capitalisation of over US\$52 billion, EV's vision is to be an agent for change – to catalyse the overall digital ecosystem in Indonesia and to inspire more investors to follow suit. Moving forward, EV hopes to pursue more initiatives with government entities and businesses that will further Indonesia's digital economy development. With increasing tailwinds in the wider ecosystem, such as supportive government policies and growing awareness among LPs, EV is committed to transforming itself to become a more intentional and proficient impact-oriented actor for the benefit of broader Indonesian society.

¹² East Ventures (2022). ['Is ESG a FOMO or here to stay?': Avina Sugianto](#)

¹³ East Ventures (2022). [East Ventures Sustainability Report 2022](#)



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ABOUT THE CENTRE FOR IMPACT INVESTING AND PRACTICES (CIIP)

The Centre for Impact Investing and Practices (“CIIP”) fosters the growth of impact investing and practices in Asia and beyond by building and sharing knowledge, bringing together stakeholders in the community, and bringing about positive action that accelerates the adoption of impact investing. Based in Singapore, CIIP was established in 2022 as a non-profit centre by Temasek Trust, a steward of philanthropic endowments and gifts. Temasek and ABC Impact are our strategic partners.

To achieve a sustainable future for all mankind, the world needs companies that can drive positive changes at scale through products and services. Impact investing can spur the growth of such companies and help advance solutions to address the challenges that the world faces today. We believe that sustainable companies are those who pursue social and environmental impact as avidly as they pursue profits and shareholder value. By striving to generate positive and measurable social and environmental returns alongside a financial return, both impact investors and companies can achieve returns with purpose.

We are SDG Impact’s anchor partner for Asia. SDG Impact is the United Nations Development Programme initiative tasked to develop resources that accelerate investments towards achieving the United Nations Sustainable Development Goals by 2030.

For more information, please visit www.ciip.com.sg

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The Sim Kee Boon Institute for Financial Economics (SKBI) at Singapore Management University (SMU) is the premier Asian institute for applied financial economics research and training. This is done through multidisciplinary collaborations involving research talent from the SMU community, around the world as well as industry. The institute’s focus is in the area of financial education and inclusion, sustainable finance, financial technology, and macro markets.

Besides conducting fundamental and applied research which aims at solving real-world issues, SKBI also actively engages in outreach, executive training and research dissemination through organising courses, seminars and conferences. Our purpose-oriented activities are designed to bridge the gap between theory and practice, and to act as accelerators with regard to financial policies and regulations. To maintain our relevance to finance practitioners and policy-makers, SKBI adopts a view on Asian and global economic trends.

SKBI is led by an Advisory Board that consists of prominent leaders of local and international organisations in the finance industry that have footprints across Asia, and of government agencies.

For more info about SKBI, please visit <https://skbi.smu.edu.sg/>

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