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Angel Investors in Indonesia's Creative Industry: Profile and Role

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Abstract: This paper intends to provide the most recent reviews regarding the development and funding patterns of angel investment into the creative industries in Indonesia. In particular, this paper explores the role of angel investors in creative industries in Indonesia, angel investor-funded industry sectors, angel investor investment patterns, and potential sectors of creative industry that can be considered as an investment destination for angel investors. Although there is no rigid and up-to-date data on the role and contribution of angel investors to the development of creative industry and national economic growth in Indonesia, the qualitative study in this paper indicates the relatively significant potential of the existence of start-up companies supported by angel investors towards expanding their business scope in the future. This paper also presents a brief profile of angel investors in Singapore in comparing description and structure of angel investment funding within the creative industry between Indonesia and Singapore. The implications of this study are also discussed in the closing section of this paper.

Keywords: Angel Investment, Creative Industry, ANGIN, SGAN

Introduction

Funding is an important aspect that determines the level of business development at various levels; not only for corporation business but also for individual business. In general, Busenitz et al. (2017) has classified venture capital (VC), venture capital (CVC), angel investment, crowd-funding and accelerators as five main funding sources in the contemporary business practice. Specifically, Busenitz et al. (2017) highlights one alternative investment source of investment that has a significant role for the growth of a business. However, relevant studies on the role of investment angel are relatively lacking.

Angel investment is currently known as one of major alternative of investing in businesses in the early stages (Morrissette, 2007; Li et al., 2014). Due to the nature of his private and informal investments, angel capital is a better option for seeking capital investment (Wong, Bhatia, & Freeman, 2009). Historically, many wealthy people have become generous by investing in creative works of artists (Anderson, 1996). These philanthropists (also known as angel investors) show capital investment practices in the creative industries. Angel investment is a term for investments made by investors commonly referred to as angel.

Today, most of the angel investors are prominent individuals who have large funds and are willing to fund companies that are developing business in the early stages. Specifically, the entrepreneur at the beginner level in the digital age is now concentrating on creative industries that not only need capital assistance but also technical guidance of business development. These two roles are characteristic of angel investment patterns that are not purely commercial or profit-oriented (Busenitz et al., 2017; Huang and Pearce, 2015).

The development of the creative industry in Indonesia is also particularly prominent and received special attention from the government in the era of Joko Widodo regime through the establishment of Creative Economy Agency (BEKRAF) which is a ministerial level governmental institution. Despite having considerable contribution, but many problems encountered in the development of creative industries in Indonesia, one of which is the lack of access to finance.

According to data from the Ministry of Tourism and Creative Economy (Kemenparekraf), in 2013 creative industries can contribute to gross domestic product (GDP) as much as 7.29% or worth 486.1 trillion. This contribution increased compared to the year 2012 where the creative industry can contribute to the GDP of Indonesia as much as 6.9% despite the value of 573.89 trillion rupiah. The creative industry can also absorb the workforce as much as 11.8 million or 10.72% of total workforce in Indonesia in 2013. This tends to increase compared to the year 2012 where the creative industry can absorb 8.6 million workers or 7.9% of total workforce in Indonesia in 2012.

The above data shows the potential of the creative industry in Indonesia, especially for the provision of funding access to the relevant sectors of angel investors. Since 2012, the angel in Indonesia began to be collected in a program called Angel Investment Network Indonesia (ANGIN) designed by Global Entrepreneurship Program Indonesia (GEPI) (<http://entrepreneur.bisnis.com/read/20150608/88/441150/angel-investment-alternatif->).

ANGIN has evolved into a community network of prominent individuals in Indonesia to jointly collect funding, resources and expertise in their respective fields to engage in initial investment and counseling for Indonesian start-up companies. Based on information obtained from ANGIN (<http://angin.id/>), during the last five years, ANGIN "only" facilitates funding to 22 new entrepreneurs in various service sectors with capital allocations varying from IDR 500 million (USD 36,000.00) to IDR 1.5 billion (USD 110,000).

This paper is intended to provide the latest reviews related to the development and funding patterns angel investment into the creative industries in Indonesia. In particular, this paper explores the role of angel investors in creative industries in Indonesia, angel investor-funded industry sectors, angel investor investment patterns, and creative industry potentials as an investment destination for angel investors. This paper also presents reviews from a theoretical and practical point of view about the role of angel investors for Indonesia's economic growth through the creative industry sector that can provide the foundation for relevant research opportunities in the future. In addition, this paper also presents a comparison of the profile of creative industries supported by angel investors between Indonesia and Singapore.

Angel Investor In Indonesia: Profile and Role

In Indonesia, many start-up and popular tech startup industries are emerging by using mobile technology through applications and smartphones. Call it Go-Jek, Tokopedia, and Traveloka, as a pioneer company that evolved into a unicorn company, because it has a corporate value of more than IDR 1 trillion. Behind the success of one startup, certainly many factors that accompany it. Among

the founding factors, investors, and their own products. One startup may not succeed, even a unicorn, without financial and technical support from angel investors.

After all, angel investors became the earliest party to believe and dare to take risks against a startup product concept, when other investors did not dare. Regardless of the reward, angel investors are with the founders with the same belief, and the greatest risk to develop ideas into products. As mentioned in the previous section, up to now there are 22 businesses that have been supported especially financially by the Indonesian angel investor network (ANGIN). Table 1. below presents a business start-up profile that has been funded by angel investors in Indonesia.

Table 1. Start-up Business Funded by ANGIN

No	<i>Start-up</i>	Sector
1.	Eskimomo	Food Company
2.	Gandeng Tangan	Peer to Peer Lending
3.	Worktrees	IT Market Place
4.	Du'Anyam	Handicraft
5.	Rework	Coworking Space
6.	Petlogue	Pet Tech
7.	Chipmunks	Children Entertainment
8.	Waroeng Mee	Restaurant
9.	Temploy	Job Matchmaker
10.	Del Mare	Food Company
11.	Pazpo	Property Tech
12.	Burgreens	Eatery and Catering
13.	Landmapp	Mobile Technology
14.	Kargo	Logistics
15.	Qontak	Information Technology
16.	Summit Healthcare	Healthcare Education
17.	Teralite	Financial Service
18.	Marguerite	Food Company
19.	Krakakoa	Food Company
20.	Kitabisa.com	Crowdfunding
21.	Wangsa Jelita	Cosmetics Company
22.	Berry Kitchen	Online Food Catering

As contained in the ANGIN website ([www.http://angin.id/joinanginnetwork/our-angels-2/](http://www.angin.id/joinanginnetwork/our-angels-2/)), it is currently registered as many as 61 angel investors where 15 of them are also incorporated in the Women Fund which is an affiliate network of ANGIN.

Investment Pattern of Angel Investor

There are several criteria that entrepreneurs must meet if they want to gain the benefit from this program, among them are competent and committed Indonesian citizens, start-ups are in early development stage or expansion, have a clear business strategy. After that, the business actors must register and fill out an application form that has been provided on the website gepi.co/angin. All incoming apps will be reviewed and selected.

Any business that passes the selection will follow the pitching session through presentations and interviews. Thereafter, there will be strategic, financial and operational analysis. Once elected, the company entitled to receive the investment will be evaluated, the approval of funds and equity, after which the funds are distributed to the company (<http://entrepreneur.bisnis.com/read/20150608/88/441150/angel-investment-alternatif->).

Funding Allocation of Indonesia's Angel Investors

The results of the analysis by the author, ANGIN has funded 22 start-up with range of IDR500 million to IDR1, 5 billion. Although there is no definitive data on the amount of funds provided by the WIND, but if using the average value of the lowest range (IDR 500,000.000,00) to the highest range (IDR 1,500,000,000,00) it can be assumed that the nominal fund disbursed by ANGIN to start-up business in Indonesia reaches IDR 22,000,000,000 (- USD 1,570,000.00). Seeing the existing trends and the growing number of investors who merge into ANGIN also indicate the potential growth and development of start-ups that will be funded by these angels.

Creative Industry as Investment Destination Angel Investor

The main potential of the creative industry is creativity. Human resources that have the creativity needed the creative industry to develop the business owned by highlighting the uniqueness-uniqueness of the products / services offered. On the other hand, the product / service in question must also have a social impact and focus on the product target by utilizing appropriate technology in every aspect of production and marketing. Currently, BEKRAF as a government authority that overshadows creative industries in Indonesia has classified 16 sub-sectors of the creative industry consisting of: (1) application and game developer; (2) architecture; (3) interior design; (4) visual communication design; (5) product design; (6) fashion; (7) movies, animations, and videos; (8) photography; (9) craft; (10) culinary; (11), music; (12) issuance; (13) advertising; (14) performing arts; (15) fine art; and (16) television and radio (<http://www.bekraf.go.id/>).

Specifically, 15 of the 22 start-up funded by ANGIN can be relatively classified into several creative industry sub-sectors in accordance with 16 business sub-sectors that are BEKRAF domains. The composition can be reviewed from the groupings in Table 2 below.

Table 2. Classification of BEKRAF Creative Industrial Sub-sectors

No	Start-up	Sectors	Classification of BEKRAF Sub-sectors*
1.	Eskimomo	Food Company	10

2.	Gandeng Tangan	Peer to Peer Lending	n/a
3.	Worktrees	IT Market Place	1
4.	Du'Anyam	Handicraft	9
5.	Rework	Coworking Space	n/a
6.	Petlogue	Pet Tech	n/a
7.	Chipmunks	Children Entertainment	n/a
8.	Waroeng Mee	Restaurant	10
9.	Temploy	Job Matchmaker	1
10.	Del Mare	Food Company	10
11.	Pazpo	Property Tech	1
12.	Burgreens	Eatery and Catering	10
13.	Landmapp	Mobile Technology	1
14.	Kargo	Logistics	n/a
15.	Qontak	Information Technology	1
16.	Summit Healthcare	Healthcare Education	n/a
17.	Teralite	Financial Service	n/a
18.	Marguerite	Food Company	10
19.	Krakakoa	Food Company	10
20.	Kitabisa.com	Crowdfunding	1
21.	Wangsa Jelita	Cosmetics Company	6
22.	Berry Kitchen	Online Food Catering	1

* Code description: (1) application and game developer; (2) architecture; (3) interior design; (4) visual communication design; (5) product design; (6) fashion; (7) movies, animations, and videos; (8) photography; (9) craft; (10) culinary; (11), music; (12) issuance; (13) advertising; (14) performing arts; (15) fine art; and (16) television and radio.

Based on table 2 above, see the number of BEKRAF-funded sub-sector classifications of 15 companies (68.18%) out of a total of 22 start-ups, this proves that the creative industry has the potential to contribute to national income both in the short and long term . The statistics in question also describe the four major potential sectors in the categorical industry that have been supported by ANGIN as follows:

1. Application and Game Developer Sub-sector (46.6%).
2. Culinary Sub-sector (40%).
3. Fashion sub-sector (6.7%).
4. Kriya Sub-sector (6.7%).

This indicates that although the creative industry sector, which has not been a major destination for conventional investors and institutional banks, remains a potential business that can support national economic growth. Specifically, ANGIN and / or other angel investor networks and can fill the funding opportunities for the sector in question and make this sector a large unicorn company in the digital age.

Profile and Role of Angel Investors in the Creative Industry in Singapore

Singapore Angel Network Pte Ltd (SGAN) is an angel investment arm of the multi-billion dollar Thakral Group of Companies. SGAN stands for the purpose of promoting a culture of entrepreneurship and to support a thriving start-up ecosystem in various countries (<https://www.sgan.sg>).

In relation to its role in the development of creative industry in Singapore, the Singapore Government has established the Economic Review Committee (ERC) in the period of December 2001 in which the agency is tasked to produce a formulation of Singapore's economic restructuring in the future. ERC then formed several Committees and Sub Committees, and under it again there are working groups which one of them is Creative Industries Working Group (CIWG). CIWG then categorizes the creative industries into three groups, consisting of: (1) Arts and Culture; (2) Design; and (3) Media. Based on the classification in question, there are 52 companies (65.82%) of the 79 –Start-ups that have been funded by SGAN. In detail, these groupings can be seen in Table 3 below.

Table 3. SGAN-funded Enterprises and Sectors

No	Start-up	Sectors	Classification of CIWG*
1.	AssuredRiskCover	Analytics	n/a
2.	Do Seletct	Analytics	n/a
3.	Lens Bricks	Analytics	n/a
4.	Mobilewalla	Analytics	n/a
5.	Wigzo	Analytics	n/a
6.	1efficiency	Clean Tech	3
7.	LoudCell	Clean Tech	3
8.	Bookeventz.com	Consumer Internet	3
9.	BoxMySpace	Consumer Internet	3
10.	CalLiberate	Consumer Internet	3
11.	Contag	Consumer Internet	3
12.	Explara	Consumer Internet	3

13.	GreyLoft	Consumer Internet	3
14.	India College Search	Consumer Internet	3
15.	Ketto	Consumer Internet	3
16.	Lowdown	Consumer Internet	3
17.	Orahi	Consumer Internet	3
18.	Prizle	Consumer Internet	3
19.	Ridgecrest	Consumer Internet	3
20.	Scroll Back	Consumer Internet	3
21.	Shop Genius	Consumer Internet	3
22.	Trusted Insight	Consumer Internet	3
23.	Vault Dragon	Consumer Internet	3
24.	Vebbler	Consumer Internet	3
25.	VoiceMap	Consumer Internet	3
26.	WooMe	Consumer Internet	3
27.	Zippr	Consumer Internet	3
28.	Fab Alley	E-Commerce	2
29.	Stylhunt	E-Commerce	2
30.	Taembe	E-Commerce	2
31.	Eco Sense	Education	n/a
32.	eHelium	Education	n/a
33.	India College Search	Education	n/a
34.	NetSpec Global	Education	n/a
35.	Test Book	Education	n/a
36.	CIMCON Lighting	Hardware	n/a
37.	Fit Bark	Hardware	n/a

38.	Wrig Nanosystems	Hardware	n/a
39.	Constant Therapy	Health & Wellness	n/a
40.	Healthist	Health & Wellness	n/a
41.	Map My Genome	Health & Wellness	n/a
42.	MyChild App	Health & Wellness	n/a
43.	Tagnos	Health & Wellness	n/a
44.	Tattva	Health & Wellness	n/a
45.	Vitas Pharma	Health & Wellness	n/a
46.	Wellness Forever	Health & Wellness	n/a
47.	Wrig Nanosystems	Health & Wellness	n/a
48.	Zakipoint Health	Health & Wellness	n/a
49.	Anchanto	Logistics	2
50.	Inthree	Logistics	2
51.	Logi Next	Logistics	2
52.	Quincus	Logistics	2
53.	Amigobulls	Media & Content	3
54.	Baby Chakra	Media & Content	3
55.	Dealstreet Asia	Media & Content	3
56.	Inc42	Media & Content	3
57.	Little Black Book	Media & Content	3
58.	Mukunda Foods Pvt. Ltd	Retail	n/a
59.	Jay Robotix	Retail	n/a
60.	Quik Tile	Retail	n/a
61.	Wellness Forever	Retail	n/a
62.	adStringO	SaaS	3
63.	Ascema	SaaS	3
64.	Digify	SaaS	3

65.	Hatcher	SaaS	3
66.	JFDI Asia	SaaS	3
67.	LetsVenture	SaaS	3
68.	Mammoth	SaaS	3
69.	MassBlurb	SaaS	3
70.	NetSpec Global	SaaS	3
71.	POSist	SaaS	3
72.	Process Nine	SaaS	3
73.	SensiBol	SaaS	3
74.	Silent Eight Search	SaaS	3
75.	Tagnos	SaaS	3
76.	Viral Gains	SaaS	3
77.	RepUp	Tourism	3
78.	Routofy	Tourism	3
79.	Saraii Village	Tourism	3

* Code description: (1) Arts and Culture; (2) Design; and (3) Media.

The classification of creative industry sector funded by Angel Investor in Singapore as presented in table 3 above shows a relatively identical picture with the start-up condition of creative industry sector in Indonesia. The portion of start-up funding in almost 70% of total start-ups supported by SGAN is also found in the start-up condition of companies engaged in the creative industry sector in Indonesia.

However, to date throughout the author's knowledge, related studies on the contribution of angel investors to domestic economic growth in Indonesia, as well as economic growth in regional and / or global relative areas still do not exist. In addition, data on the achievements and performance of companies supported by angel investors in both countries are also relatively low so it cannot be known the real impact of funding angel investment on economic growth in the region.

Conclusion

The creative industry has an important role in economic growth in Indonesia. However, the lack of access to financing actors from the creative economy sector makes this sector difficult to grow so angel investors are needed to help the creative industry to grow. Since 2012, the angel in Indonesia began to be collected in a program called Angel Investment Network Indonesia (ANGIN). In the period 2012-2013 the contribution of creative industry to GDP Indonesia experienced a promising increase that also contributed to the increase in employment absorption. The angel in Singapore called Singapore Angel Network (SGAN). Almost 70% of total start-ups supported by SGAN is also found in the start-up condition of companies engaged in the creative industry sector in Indonesia.

This shows that the creative industry sector in Indonesia should be supported especially in terms of financing as did Singapore. ANGIN should be able to increase the amount of startup funded because up to now there are 22 startups funded by ANGIN. The more startup funded by ANGIN, the greater the contribution the creative industry will bring to Indonesia's GDP so that the Indonesian economy will improve.

This paper encourages other researchers to make a relevant study on the relevance of angel investors' role towards the development of creative industry sector in Indonesia as well as in the regional sphere of ASEAN and internationally. So as to provide a real and up-to-date overview of the profile, role and contribution of investors to economic growth.

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