

Microsoft will invest \$1.7 billion in AI and cloud infrastructure in Indonesia

April 30, 2024

Online Desk: Microsoft will invest \$1.7 billion over the next four years in new cloud and artificial intelligence infrastructure in Indonesia — the single largest investment in Microsoft’s 29-year history in the country — Microsoft CEO Satya Nadella said Tuesday.

Microsoft runs one of the world’s largest cloud computing operations and has taken a significant step into artificial intelligence by incorporating an AI chatbot into its search engine, Bing. Its earnings report Thursday said profit rose 20% for the January-March quarter as it tries to position itself as a leader in applying artificial intelligence technology to make workplaces more productive.

“This new generation of AI is reshaping how people live and work everywhere, including in Indonesia,” said Nadella, in Jakarta on the first stop of a tour of Southeast Asia.

“The investments we are announcing today — spanning digital infrastructure, skilling, and support for developers — will help Indonesia thrive in this new era,” he said.

Microsoft sees Southeast Asia as a growing market and potential location for more AI product development. The rise of AI in the region is expected to significantly impact its economic landscape. A study held by Kearney, a global consulting firm, said that AI could contribute nearly \$1 trillion to Southeast Asia’s GDP by 2030, of which Indonesia is expected to capture \$366 billion.

The investment announced Tuesday will include AI training for 840,000 people, as well as support for Indonesia’s growing community of tech developers.

Indonesia is home to the third-largest developer community in the Asia-Pacific region after India and China. More than 3.1 million developers in Indonesia use GitHub, a Microsoft-owned platform for software development, collaboration, and innovation. It is projected to be one of the top five developer communities on GitHub globally by 2026.

Apple CEO Tim Cook met Widodo on April 17 and said the company would “look at” manufacturing in Indonesia.

Indonesia, under President Joko Widodo’s administration, has emphasized development of digital technology and information sectors, aiming to achieve the government’s Golden Indonesia 2045 Vision, which projects Indonesia becoming one of the world’s top five economies with GDP of up to \$9 trillion, exactly a century after it won independence from Dutch colonizers.

Nadella met Widodo on Tuesday in the Presidential Palace. During the meeting, Widodo proposed building an AI research center in Indonesia, and a Microsoft data center based in Bali or Nusantara, the country’s new capital city on Borneo island, according to Indonesia’s Minister of Communication and Information Technology, Budi Arie Setiadi.

The CEO’s regional visit began in Indonesia and will be followed by Thailand and Malaysia over the next two days.

