

ALPHA JWC

Founded in early 2015, Alpha JWC Ventures is among the newest venture capital (VC) companies riding Indonesia's robust digital startups trend. Over the past year the company has been putting its investment portfolio in financial technology (fintech) startups in the country, believing in its huge potential to complement existing financial institutions and help accelerate financial inclusion.

"We're sector-agnostic but based on our evaluation of over 300 companies in the region over the past 12 months, fintech and SaaS (software as a service) like Salesforce are looking to be the next wave. And big data is starting to emerge," says Alpha JWC cofounder Jeffrey Joe, who founded the company with his two other partners Will Ongkowidjaja and Chandra Tjan—the founders's first names make up the JWC of Alpha JWC, while alpha stands for the return the trio hopes to achieve.

Despite being a new VC, the trio has a deep pool of expertise in investments and startups. The three also have complementary skills. Jeffrey is the operations guy, as prior to co-founding Alpha JWC Ventures, he was the chief operating officer of Groupon Indonesia. Will is the finance guy, having extensive experience in advising business owners and senior management in Indonesia on over \$5 billion of IPOs, M&A, and bond issuances while a director at UBS Investment Bank in Indonesia and management consulting at McKinsey & Company in Indonesia and Booz Allen Hamilton in Australia.

THE A-TEAM

Alpha JWC Ventures is a new VC firm, but its founders have deep and complementary skills.

BY **ARDIAN WIBISONO**

FROM LEFT:
Will Ongkowidjaja,
Erika Dianasari,
Jeffrey Joe and
Chandra Tjan.



Finally, Chandra is the tech veteran, who has invested in over 40 technology companies throughout Asia and the U.S., which includes tech stars such as Tokopedia, Traveloka, Disdus (later acquired by Groupon), Pricearea, and Technasia—he was one of the co-founders of pioneering tech investor East Ventures. The three also has known each other for over six years; Will and Jeffrey went to the same business school, getting an MBA at the University of California Los Angeles.

AMMAD ZAMRONI / FORBES INDONESIA



In fintech, Alpha JWC has invested in start-ups such as Modalku, Uangteman and Kredivo. Modalku lends to small to midsized enterprises that are unable to get traditional bank financing. The founders of Modalku earlier founded the Singapore-based Funding Societies, which has already disbursed \$5 million. Started earlier this year, Modalku has disbursed over Rp 3.5 billion with loans of about Rp 100 million each.

Modalku offers 12% to 18% of annual interest to investors, or higher than deposits

offered by conventional banks—although of course, these deposits are not covered by the Indonesia Deposit Insurance Corporation (LPS). Modalku charges lenders with slightly above a 20% lending rate. While Modalku caters to commercial borrowers, Uangteman is for individuals, giving them short-term financing up to Rp 3 million that can be disbursed within 24 hours. It offers an average of 1% lending rate a day, which Will says remains more competitive compared to lending

from wet market banks or loan sharks. The rates will also go down for repeat borrowers.

Kredivo claims to be the first e-commerce financing company in Indonesia with a “buy now, pay later” technology solution as an alternative of credit cards. Like a credit card, customers don’t have to pay interest if funds are repaid within 30 days. The startup is also equipped with real time credit scoring to evaluate how much it could lend, which takes only a few hours for customer verification (compared to an average of three weeks when applying for a credit card).


“OJK gave support since it understands that we serve a gap untapped by conventional financial institutions,” Will says. Aside from fintech startups, Alpha JWC also invests in other sectors. In big data, it invested in Mediatrac, one of the country’s leading big data companies with clients such as the World Bank, Bank Mandiri, Bank Negara Indonesia and Sampoerna.

It also invested in Sepulsa, a mobile credit recharge platform that also offers online and offline deals; Asmaraku, a site focusing on romance, health and beauty needs; and Jualo, a secondhand goods marketplace. All three founders spend time with each company in the portfolio. “With our experience we want to be a value added partner helping them to scale up,” says Will.

Will explains that Alpha JWC is willing to invest from seed stages up to series B with a range of investment starting from a few hundred thousand dollars to approximately \$5 million, with an investment horizon of around ten years. Right now Alpha JWC is managing approximately \$50 million in funds and aims to give 25% annual IRR, inline with the industry.

To help with developing its startups’ human capital, the firm just hired Erika Dianasari, who brings expertise in this area to the team. She worked for headhunter Egon Zehnder in its Asia-Pacific telecom practice group, as well as having other experience. “Most founders are very product focused, so Erika brings a very unique human capital angle based on her experience. Startups also tend to start with a small team and have difficulties when scaling up, a problem that could affect the company,” says Will.

THE FOUNDERS’ FIRST NAMES MAKE UP THE JWC OF ALPHA JWC, WHILE ALPHA STANDS FOR THE RETURN THE TRIO HOPES TO ACHIEVE.

Going forward, Will says that Alpha JWC will maintain its investment strategy, focusing on quality over quantity, with new investment in eight companies or less each year. All the companies in the portfolio are expected to have strong products, good management teams and be data driven. Despite preparing cash-out options such as an IPO, trade sales or sale to a follow-on investor, Will says that with their long-term strategic investment model, the firm is not really concerned with exit. “What is important is that the companies we work with do well, and when they do well, we believe win-win exit options will happen,” says Will. 

BUSINESS & ECONOMY

SUSTAINING THE MOMENTUM

BY HARYANTO T. BUDIMAN

The Indonesian economy has performed well this year. The macro indicators such as the IDR-USD exchange rate and the yield of the 10-year sovereign bond are trending positively. With infrastructure development also gaining momentum, and the government committed to reform, investors have become more bullish on Indonesia.

With the inflation environment relatively benign throughout 2015, Bank Indonesia began monetary easing in January. To ensure benefits were quickly felt within the country’s real economy, the central bank recently changed the definition of its benchmark rate to be in line with best practices—a move also well received by investors and analysts.

To sustain this momentum, the government must consistently show progress with its reform agenda and infrastructure program while addressing fiscal challenges. It must also hold down inflation and provide coherent policy guidance to the banking sector in the midst of tighter liquidity to support loan growth.