

Analysis of The Role of The Government and Ventural Capital On the Development of Startup in Indonesia: Study on Assistantku.Com and Qiwii.Id

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ABSTRACT

This study aims to analyze the role of the Government and Venture Capital in the development of startups in Indonesia. Research was conducted on startup companies in 2017 - 2020, analysis from the startup side comes from Qiwii.id which represents successful startups to date and failed Assistantku.com. On the other hand, analysis also comes from the Government and venture capital. The data search method uses direct interviews to data sources, then strengthened by analysis of research data from various parties such as dailysocial.id, Global Startup Genome, Techinasia.com, MIKTI, and various other parties. The research results prove that the Government does not play a direct role in the development of startups in Indonesia, but through the ecosystem, marketing support and regulations. Meanwhile, the taxation aspect of startups does not really have an impact on startups, because the majority of startups do not have income above IDR

4.8 billion (not including the taxpayer category). In terms of Venture Capital, it actually plays an active role in the development of startups because the nature of venture capital which also owns startup shares makes the commitment of both parties to develop their startups high. These various conditions are consistent with the balanced scorecard review in each startup.

Keywords: Startup, Government, Venture Capital, Startup Development

PRELIMINARY

The development of startup companies in the world shows an increasing trend. Even some startup companies have convincingly succeeded in changing the conventional business landscape to become internet-based. Various startup developments in the world, cannot be separated from the assistance and role of the Government in each country. Startup growth is not only determined by the Ecosystem factor created by the Government, but also support from Venture Capital

For countries with an established ecosystem, the role of the Government is not too many except as a regulator and executor of policies. However, for countries whose ecosystems are just beginning to develop, the role of the Government is very important. The government is expected to become a facilitator and

promoter of the ecosystem through supportive policies. Because without the role of the Government there is an imbalance in business processes in the ecosystem. And this can be bad for the sustainability of the ecosystem.

Based on the comparison with the 8 study object countries, if it is described there are several key factors that must be met for the emergence of a complete and established ecosystem. Because this key factor exists in all countries with established ecosystems and countries in almost the same condition as Indonesia. If it is described it will be like this:

Table 2.2. Comparison of Government Policies to *Startups*

No.	Country	Policy
1	America	early phase. The government budgeted US \$ 75 billion or more to finance research carried out by the founders in 1970 After Bayh-Dole came into effect, nearly all of the research that was set up by the technology transfer office was aimed at becoming a patent hub for innovation from universities and startups
2	English	Various incentive programs for <i>startups</i> have been rolled out for a long time. The UK government often collaborates with friendly countries to promote their success in growing <i>Startups</i> and provide guest mentors for incubation programs.
3	German	Being involved in venture capital incentives to create an independent ecosystem, together with involving talents and mentors from abroad and spreading it through incubators in Germany German venture capital in cooperation with international venture capital funds
4	Korea	Injects around US \$ 2 billion per year into the startup ecosystem to boost entrepreneurship, digital technology industry ventures and foster international cooperation A new department, Science and Future Planning was created and allocated significant amounts of resources to fostering the startup ecosystem and negated the barriers and restrictions surrounding these industrial ventures
5	Singapore	Programs such as University Innovation Financing (UIF), Proof of Concept Assistance (POC), Early stage Venture Capital (ESVF) and Technology Incubation Scheme (TIS) have helped to create a virtual cycle of entrepreneurship for several years supported by various other initiatives. from the Media Development Authority (MDA), the Infocomm Development Authority (IDA) and SPRING Singapore

6	Malaysia	Supported by the Malaysian Digital Economy Institute (MDEC) which reports directly to the Kingdom of Malaysia The government also established MaGIC, or Malaysia Global Innovation and Creativity Center, a startup technology accelerator affiliated with the Malaysian Government.
7	Vietnamese	The Vietnamese government launched Vietnam's Silicon Valley, and disbursed no less than USD110 million in funds from the World Bank through the Vietnam Ministry of Science and Technology Science and Technology Research Innovation Development Agency (FIRST) and the National Agency
8	Thailand	Established the Ministry of Digital Economy and Society and the National Digital Economy and Society Committee chaired by the prime minister of Thailand In 2015, the Government of Thailand created an “Endowment Fund” scheme of 500 million baht for the startup ecosystem, “Endowment Fund” scheme for the startup ecosystem, as well as forming an asset management company to manage the fund. In 2015, the Government of Thailand created a 500 million baht 'Endowment Fund' scheme for the <i>startup</i> ecosystem , as well as forming an asset management company to manage the fund. A law is made so that startups there have access to Research & Development funds to the local research ministry. There is a tax incentive for 10 years for venture capital investing in local startups

Source: Creative Economy Agency (2017)

On the other hand, venture capital firms invest funds in startup businesses with a professional outlook. Due to the nature of equity financing, venture capital investors are exposed to the risk of corporate failure. As a result, venture capitalists should look to invest in startups that have the ability to grow very successfully and provide higher than average returns to compensate for risk. Thus, not many startups have access to funding from venture capital.

Venture capital also has a capitalist management approach that is different from that of lenders or banks. When venture capitalists invest in a startup business, they usually direct and guide the business so that it leads to capital gains. They are an important part of corporate decision making and occupy a place on the board of directors. various management, sales, and technical issues to help the company develop its full potential.

Silalahi (2017) in his research found the challenges of national startup companies, both from within and outside the country. The challenges faced by start-up companies are inseparable from the cycle of business development that the company has to go through until it reaches a stable stage in terms of providing profit

and generating positive cash flow (cash inflows are greater than cash outflows for investment or operational needs, in other words, the company is already making a profit)

Domestic challenges stem primarily from the lack of available capital to fund company development in order to reach the middle-upper level. In this stage of development, the company needs funds of 5-20 million USD, most of which is needed to expand the market and strengthen technology infrastructure. Most of the sources of capital in the form of venture capital are still limited to early stage funding where start-up companies are starting to build with a limited market segment. (Silalahi, 2017)

Based on data submitted by Singh (2018), the risk of startup failure is so high with an increase in the percentage every year. The first year the percentage of failure is 25%, second 36%, third 44%, fourth 50%, fifth 55%, sixth 60%, seventh 63%, eighth 66%, ninth 69%, tenth 71%. Based on the description above, it can be concluded that on the one hand, the potential for economy and startups in Indonesia is so high. But on the other hand, the risk of failure is also very high. Therefore, the importance of the ecosystem formed by the Government and the strong support from venture capital is felt by the digital creative industry players.

There are many types of startups in Indonesia. Assistantku.com and Qiwii.id are two startups that have a similar business model, namely online queuing services. However, the difference between the two is the difference in location, background of the founders, differences in the attitude of the Government to the startup ecosystem in both. Assistantku.com is located in Lampung, while Qiwii.id is in Bandung. The background of the founder of Assistantku.com is that he is a graduate of international law degrees who has many jobs in the construction sector, while Qiwii.id is mostly engaged in software houses, which is a service sector that serves the manufacture of IT operational systems. Of course, with a variety of different conditions, make Assistantku.com and Qiwii.id interesting for further research. Moreover, various conditions cause the roles of the Government and venture capital to differ from one another.

The formulation of the problem in this study is to analyze the role of government and venture capital in the development of startups in Indonesia, especially Assistantku.com and Qiwii.id. The purpose of this study is to determine the role of the Government in the development of startups in Indonesia and to determine the role of venture capital in the development of startups in Indonesia.

RESEARCH METHODS

The type of research used is descriptive research with qualitative methods in the phenomenological research approach, not grounded theory (Creswell, 2015). In this study, after the researcher has collected data in the form of interviews and documentation, then the data will be analyzed in more depth so as to form a scientific-natural conclusion that can be accepted by various groups, especially in this case the Government and venture capital itself as the object of research in this thesis and startup activists as parties who get the effect of the role of the Government and venture capital.

The descriptive - qualitative research method is considered to be the right method for researching startups in Indonesia. Moreover, there are very few previous research results on startups in Indonesia, because startups tend to keep various internal data secret. On the other hand, because the time of the research was the Covid-19 pandemic. So, many startups refuse to be interviewed. As a result, only two startups of this kind are possible, namely Assistantku.com and Qiwii.id. Only the Chief Executive Officer (CEO) of each startup is willing to do this. With consideration, all understanding, data, experience, and various information needs can be provided by the CEO who is also the founder of the startup.

Secondary data is obtained from literature study of statutory regulations as official documents and other literatures related to the issues discussed in this thesis, such as: Presidential Regulations, Minister of Finance Regulations, documents and research from related official government agencies. with startup. In addition, documents from various national and international media such as dailysocial.id, Technasia.com, katadata.com, startupranking.com, social enterprise platforms (PLUS) and from other literatures such as guidebooks, newspapers, seminars, internet, and others

RESULTS AND DISCUSSION

Analysis of the Role of Government

The Indonesian government has basically made a regulation on Startups, namely on July 21, 2017, it signed Presidential Regulation (Perpres) Number 74 of 2017 concerning the Roadmap for the Electronic-Based National Trade System (SPNBE) / Road Map for e-commerce startups 2017-2019.

Some of the programs that are the objectives of the Perpres include funding programs, taxation, consumer protection, education and human resources, communication infrastructure, logistics, cybersecurity, and the establishment of implementing management for the 2017-2019 SPNBE road map. This policy package was initiated because in previous years, there was no national e-commerce road map that encouraged the development of e-commerce and startups in Indonesia.

In addition to the National Electronic-Based Trading System (SPNBE) Road Map / e-commerce startup Road Map for 2017-2019. The government also issued Government Regulation Number 80 of 2019 concerning Trade Through Electronic Systems (PMSE) which has officially taken effect since it was promulgated on November 25, 2019. This PP consists of 82 articles, explaining the implementation of transactions from the side of business actors, consumers to product.

There are many interesting points discussed, one of which is contained in article 15, which basically states that business actors (in this case including traders) are required to have a business license to carry out PSME activities. Whereas according to data from the Indonesian E-commerce Association, 95% of SMEs are still selling on social media and only 19% are already using the marketplace. (dailysocial.id, 2020)

Fintech has also become a startup with a digital business model that has received special attention from

regulators amid the emergence of various types of supporting applications. Specifically, the Financial Services Authority (OJK) acts to protect the loan, investment and insurance-based platforms. Meanwhile, Bank Indonesia (BI) is more focused on transaction and payment platforms.

In 2016 the OJK inaugurated POJK Number 77 / POJK.01 / 2016 concerning Information Technology-Based Borrowing and Lending Services, which became the main legal umbrella for p2p lending services which in quantity became dominant in the digital financial sector. Seeing the existing market conditions, in 2018 BI updated the rules regarding e-money in PBI Number 20/6 / PBI / 2018, tightening the criteria for companies that operate platforms.

Unfortunately, Fintech is not just an online payment or loan application. Thus, to get around the continuing innovation in the financial sector, around 2017 a “regulatory sandbox” was introduced, which is a limited trial space for products or services that have not been accommodated by regulations. (dailysocial.id, 2020).

Other startups such as ride-sharing, such as Gojek, Grab and the like, also receive special regulations. At the beginning of 2015-2016, there were no special regulations covering it, and there were often conflicts with established transportation because they were disturbed by the presence of online transportation services. However, this is due to the shift in people's habits that increasingly depend on digital applications. The government finally issued a regulation for online taxis through Permenhub Number 118 of 2018 concerning the implementation of Special Rental Transportation. The Permenhub regulates tariff limits, operational areas, and specifications of the vehicles used. Even for online motorcycle taxis, the Government takes a discretionary path, namely rules to overcome concrete problems faced in the administration of the Government. This is because basically two-wheeled motorized vehicles are not included in public transportation based on Law no. 22 of 2009 concerning Road Traffic and Transportation.

Thus, it can be concluded that Indonesian Government regulations have always lagged a few steps behind technological innovation. In addition, technological innovation in the public sector without the protection of proper regulations will cause uproar and issues among the public. Looking at the development trend of startups in Indonesia, it seems that regulations cannot stand alone to regulate certain business categories. There is a need for synchronization between regulatory agencies.

An example of the need for synchronization between institutions is when regulating digital health services (healthtech), in addition to the Minister of Health regarding telemedicine, it is also necessary to pay attention to Kominfo regulations regarding electronic transactions, even regarding digital signatures. In other words, the “regulatory sandbox” model needs to be applied in every ministry, to anticipate the birth of a new platform that will present certain business process disruption. This is because basically, regulators also need time to study and study a variety of new mechanisms before actually making regulations.

Synchronization also needs to be held to accommodate the needs of various parties, in this case startup businesses, conventional business players, consumers and the Government. The ecosystem step in forming

associations in each startup business vertical is a positive effort to assist regulators in reviewing any regulations that have an impact on related businesses.

The effectiveness of synchronization has been proven, enabling it to balance the perspective of the regulator from an industry point of view. It has been proven in many ways, for example the Ministry of Finance finally canceled the proposed regulation requiring online merchants to have a NPWP, because according to the e-commerce association many of whose income is still below PTKP. This is also what AFPI did to help OJK manage the legality of the Fintech lending business. (dailysocial.id, 2020).

Especially when talking specifically about Blockchain technology that is currently developing, there are no definite rules yet. Even though Blockchain is starting to be widely used for the needs of data transactions and digital assets. An example of its application is to move legal documents such as letters or certificates from one party to another more safely. However, the risks in case of failure, data duplication, document damage, and various other misuses have not been accommodated by the Government.

Regardless of the respective rules in the respective startup fields. Basically, all startups have the same rules that need to be obeyed, namely regarding taxation.

Taxation

As with conventional trading, the Government has the authority to ensure tax compliance for startup players in Indonesia. The perpetrators of conventional transactions have so far imposed tax regulations. This economic activity in startups has not been recorded by the Government. For this reason, the Ministry of Finance in collaboration with several other ministries has formulated a startup tax regulation in the form of a Minister of Finance Regulation (PMK).

If up to one month in the fiscal / calendar year the turnover from the delivery of taxable goods or services exceeds Rp. 4.8 billion, the startup actor is required to report his business to become a taxable entrepreneur. As a taxable entrepreneur, the obligation of startup entrepreneurs is to collect VAT on every transaction of delivery of taxable goods or services by issuing a tax invoice (e-invoice). The startup tax rate for Value Added Tax (VAT) is 10%.

Types of startup transactions conducted through the website and subject to Value Added Tax include (1) Electronic order processing for intangible goods; (2) Electronic ordering and downloading of digital products; (3) Electronic ordering and downloading of digital products for the purpose of commercial exploitation of copyright; (4) Activities to update and add completeness of a software; (5) Granting of free licenses to utilize software within a certain period of time; (6) The transaction which the buyer obtains one-time right to use software or other digital products; (7) The right to post software and technical assistance; (8) Agreement with the copyright owner provider to access a software; (9) ASP transactions; (10) License fee for ASP; (11) Providing a place on the server to host the website; (12) Software maintenance; (13) space utilization services to store databases; (14) online technical assistance; (15) Submission of information to customers; (16) Product delivery in the form of additional information with customer data

analysis; (17) Payment of advertising fees that appear; (18) Professional services consulting; (19) Confidential technical information; (20) Information sent to customers; (21) Access to certain websites; (22) Catalog placement by merchants online; (23) Online auction; (24) Sales referral program; (25) Content purchase transactions; (26) Broadcast-based streaming; (27) Payment made by a Content Provider to a website operator so that the content is displayed on the website; and (28) Subscription to websites that allow downloading of digital products.

The startup business tax is no different from conventional business. The taxes that startups will receive are Value Added Tax (VAT) and Income Tax (PPh). Every startup with an income below Rp. 4.8 billion can also choose not to be confirmed as a Taxable Entrepreneur (PKP). However, they are still subject to Final Income Tax of 0.5% of their gross income.

If we observe again, PPh is certainly burdensome for most startups because the tax is imposed from gross income. The solution, startups that are still losing money are given the option to be confirmed as PKP. With PKP status, you will be subject to PPh 25% of your net income and you don't need to pay taxes when you lose money. Although this condition is not an ideal solution. This is because with PKP status, you will automatically be subject to the obligation to pay Value Added Tax (VAT). VAT is not completely detrimental. Startups can receive back the difference between the VAT paid and the VAT received from consumers. VAT imposition on customers will certainly be complained because the price applied is higher.

Startups with turnover below Rp. 4.8 billion have actually been given generosity to be free from VAT payments. But as a consequence, startups still have to pay income tax of 0.5% of gross income. The startup tax will be imposed if it gets income from other parties. If the startup still provides free services, it is still required to pay taxes. The tax officer will charge a tax of 10% of the server maintenance costs incurred by the startup.

Capital

Government policy is not only taxation, but there are other policies that are intensely implemented, namely funding. There are various forms of development programs, funding from the Government either comes from Ministries, SOEs, and state-owned companies. The following is a table of the forms of funding programs provided by the Government, namely:

Ministry of Research and Technology / National Agency for Research and Innovation

From 2015-2019 the Ministry of Research and Technology / the National Research and Innovation Agency (Kemenristek / National Agency for Research and Innovation / National Agency for Research and Technology / National Agency for Research and Innovation) issued a pre-startup and startup stage coaching program called Technology-Based Startup Companies (PPBT). Then in 2020 it changed its name to the Innovation Startup. Through this program, Kemenristek will focus more on developing the upstream side. The Ministry of Research and Technology has a special directorate called the Directorate of Technology-Based Pioneer Companies, tasked with producing as many startups as possible. The selected startups will receive a number of incentives and coaching.

The PBBT program is divided into three stages. First, CPPBT (Prospective Technology-Based Startup Companies) or currently changing its name to pre-startups, is tasked with finding technology-based startups that are ready to be commercialized. Funding of up to IDR 250,000,000, proposed by the incubator of higher education institutions, already has a prototype and the coaching will be focused on product validation and market validation.

Second, PBBT (Technology-Based Startup Company) or currently changing its name to startup, namely the incubation program. Funding for startups of up to IDR 500,000,000, proposed independently by startups from anywhere, with commercially ready products. Coaching startups will focus on market access and business development.

Third, PLBT (Advanced Technology Based Company) or currently known as scale up. This stage is intended for post-incubation and external funding, with funding of up to IDR 1,000,000,000,000 (one billion rupiah). With a note that startups proposed alumni of the Kemenristek / National Agency for Research and Technology incubation funding program. The focus at this stage is to expand the selected startup market and increase production capacity so that startups can partner with investors.

Apart from the PPBT program, the Ministry of Research and Technology / National Agency for Research and Innovation also has several potential "Science Techno Parks (STP) that are scattered in several regions in Indonesia. So that the resulting innovations can be commercialized into mass products. Fostered startups are supported by the availability of business incubations at various STPs.

The source of coaching funds comes from the state budget. The startup focus targeted by the Ministry of Research and Technology is foodtech, transportation, healthtech and medical technology, energy, resilience and security, materials, advanced materials and ICT. Based on data from the Ministry of Research and Technology, from 2015 to 2020 the PBBT program has fostered 1,307 startups and pre-startups, with details of 558 pre-startups and 749 startups. The total budget that has been given by the Ministry of Research and Technology for startup funding reaches IDR 371.71 billion. In total, 13 startups have generated revenues of IDR 102,000,000,000 (one hundred and two billion) in a year and pocketed IDR 4,500,000,000 in funding. (Dailysocial.id, 2020)

Ministry of Communication and Information

Since June 2016, the Government through the Ministry of Communication and Informatics (Kemkominfo) has implemented the 'National 1000 Digital Startup' Movement. The movement was carried out in 10 implementation cities, with more than 300 activists from various sectors, more than 400 mentors from various fields, 78,000 registered startup founders and more than 1000 startups started. (1000startupdigital.id, 2020)

The various facilities that will be obtained by selected startups are mentor and industry connections, a platform to find a co-founder, an office in a co-working space, feedback from mentors, and mentoring for

3-6 months. All facilities provided by the organizers are covered by the Ministry of Communication and Information Technology.

Incubator and Accelerator

The role of the Government in developing startups in Indonesia is currently overshadowed by the Ministry of Research and Technology / National Agency for Research and Innovation and the Ministry of Communication and Information. However, there are also many other incubators and accelerators originating from State-Owned Enterprises such as providers, banks, pawnshops and so on. Even though the two terms have the same vision, it does not mean that there is no difference between them. The incubators and accelerators initiated by the Government in supporting startup development include:

a. Bekraf for Pre-Startup

This program is designed to mature the integration of the startup ecosystem from start to finish. The Bekraf for Pre-Startup Program was initiated by the Ministry of Tourism and Creative Economy of the Republic of Indonesia (Kemenparekraf). This program includes the maturation of prospective human resources who can later build startups in Indonesia. There are workshops held, both on business management and technical product development.

b. IDX Incubator

Is an incubation program from the IDX or the Indonesia Stock Exchange in collaboration with Bank Mandiri. This program itself has a vision to develop Indonesian digital startups. Whether it's from a legal, business perspective, to helping startups register their companies on the stock exchange.

When choosing this program, there are various things you will get, such as access to capital, business development, co-working space facilities, workshops or other useful events. Of course this program is assisted by several mentors who are experienced and ready to coach

c. Indigo Creative Nation

An incubator coaching program organized by Telkom. This program aims to build a digitalpreneur ecosystem in Indonesia. In this program, startups will have the opportunity to realize businesses that have generated revenue, businesses that need acceleration or funding.

The role of venture capital

Various assistance and support for startups does not only come from the Government, but also from Venture Capital Companies. The legal basis for the existence of venture capital financing in Indonesia is regulated by Presidential Decree (KEPRES) No. 61 of 1988 concerning Financing Institutions and Decree of the Minister of Finance (KEPMENKEU) Number 1251 / KMK.013 / 1988 concerning Provisions and Procedures for Implementing Financing Institutions. The definition of venture capital is contained in Article 1 paragraph (11) of the KEPRES, namely a venture capital institution is a financing business in the form of capital participation in a company that receives financing assistance for a certain period of time.

Funding

Based on dailysocial.id's research (2019), throughout 2019, of the 59 announced nominal funds from

venture capital, the total obtained reached \$ 2.8 billion or the equivalent of 40.2 trillion rupiah. Meanwhile, there are 44 other funding transactions whose nominal value is not stated to the public. In addition, there are several other interesting trends, one of which is that the financial sector still attracts a lot of attention from investors

Based on data, there are 110 funding transactions announced by Indonesian startups and / or investors. Of these, financial sector startups received the largest portion with 23 funding transactions from venture capital, followed by SaaS startups with 9 transactions, e-commerce startups with 8 transactions, and logistics startups with 6 transactions.

The reason for the financial sector to be the most funded sector is first seen from the market potential. The poor households in the country still dominate, coming from tier one to three cities. Second, regulations that are increasingly open to business actors. Third, people are easy to adapt to the digital approach (Dailysocial.id, 2019).

In 2019 there were also many funding transactions as shown in the following table which shows that the majority of startup funding in Indonesia in 2019 was the seed funding stage, followed by Series A funding. Initial funding (seed funding) still gets the largest portion, followed by series A funding. In general, the investment is given by investors to new startups that have successfully validated their products to the market, thus generating traction. In 2019, the categories are quite diverse, starting from startups based on artificial intelligence services, investment platforms, health, and others.

In an advanced stage, Indonesian startups also still get quite a lot of transactions for series B and above, with 27 transactions being recorded. The financial sector and startups each get 5 stage transactions. Continued car marketplace and education 2 transactions each.

Gojek dominates the achievements of funding transactions. After obtaining from the Cool Japan Fund, Gojek's F series funding has reached \$ 2 billion from the target of \$ 3 billion in 2019. This achievement, apart from strengthening the company to become the first local decacorn, is also the largest nominal funding transaction obtained by Indonesian startups

Kredivo continued, which received funding in two rounds, namely series C and debt funding. Mirae Asset-Naver Asia Growth Fund, Telkomsel Mitra Inovasi, MDI Ventures, Cathay Innovation, Partners for Growth are some of the investors involved. Most transactions in the third quarter

Management Assistance

Management coaching is the most likely form of assistance. PMV can apply a combination form of direct and indirect coaching. Direct coaching is carried out with regular visits to Startups, and can also be done by providing suggestions according to the Startup's needs, for example if the company does not have adequate financial management, PMV will facilitate it by showing ways that can be done. use Startup.

Indirect coaching can be provided in the form of information regarding training and exhibitions that can be participated in by Startups in their marketing efforts for Startup products.

In addition, monitoring is another form of assistance and guidance that can be carried out by venture capital companies, in contrast to banking institutions that provide credit, where the bank's responsibility to supervise the use of capital loans is not carried out. Although currently there are efforts from banks to begin to involve themselves in efforts to develop small and medium industries which are a form of social responsibility (CSR), however, this form of assistance as applied to venture capital is difficult for banks to do. Thus, this is an advantage as well as an added value for venture capital companies, even though this is also a form of PMV's efforts to interfere in managing the business.

Whatever form of financing is chosen, whether it is the profit sharing scheme or the inclusion of shares and convertible bonds, it is no less important to prepare the Startup to be independent and it all really depends on the responsibility of the startup founders in particular and PMV in general. Basically, the discussion about venture capital and partner companies in their position as companies cannot be separated from Law Number 40 of 2007. About Limited Liability Companies. These regulations can be the basis for answering various problems in venture capital, such as company management that can be controlled by PMV, the form of shares and so on, especially if the form of financing chosen is the investment in shares and convertible bonds and the possibility of divestment. Indeed, interpretations are needed to suit venture capital as a financing institution.

Startup Development

The effect of the role of the Government, if observed by the regions, will differ depending on each region. Like Assistantku.com in Metro City, Lampung, which lacks local government support between 2017 - 2019, because they don't really understand the role of startups in society. On the contrary, startups tend to be hindered by various bureaucracies that occur in local governments. Constrained by the fears of some parties who think that startups also create conflicts, especially because of various media reports about the conflict between online transportation startups and conventional transportation. Especially in 2017, the Government has not yet established regulations related to online transportation service

The founders of Startup Assistantku.com have also held audiences with the Mayor of Metro, the Regional Representative Council (DPRD) of Metro City, the City of Metro Transportation Service, to introduce the startup Assistantku.com and ask for help from the Government. However, according to Anita Usari Dewi, the government did not really understand the digital business or startup at that time. In addition, information on startups that reaches the public and the lack of regulations makes the Regional Government feel foreign to the existence of startups. Under these conditions, startup Assistantku.com indirectly does not get support from the government, both for the online pedicab and online queue features.

On the other hand, when my startup Assistant founders decided to manually run the queuing system and conduct trials in various offices that required long queues. There was resistance from many parties, from

the office owner to the local community. However, Assistantku.com received positive support from the Yogyakarta Government, because it was considered to be very supportive of the development of Yogyakarta and improve the standard of living of the people of Yogyakarta. Various forms of support provided by the Yogyakarta City Government at that time were the initiation to form a Group Discussion Forum (FGD) to gather various agencies that would be involved or directly in contact with Assistantku.com. These agencies are the Department of Transportation, the Office of Tourism, the Local Government, the Yogyakarta Tour & Travel Association and the pedicab association throughout Yogyakarta. In addition to the FGD, the Yogyakarta City Government also facilitates intense communication with pedicab owners along with the horse cart. This is done in order to form a clear management system in the management of online pedicabs and online carts in Yogyakarta.

Access to information and the Startup Ecosystem created by the Government will greatly assist the growth of the Startup itself. The Metro City ecosystem has not yet formed a Startup ecosystem so that there is resistance from the Government, there are high doubts from the public to accept Startup products and the absence of an expert IT team in the area. As a result, Startup growth has experienced obstacles. In contrast to areas with high and good startup ecosystem levels such as Yogyakarta and Bandung. Of course, this has an impact on a good Startup Ecosystem, the availability of experts, to high public acceptance of innovative products that appear in the region. Likewise with Yogyakarta, which has a fairly good understanding of startups, resulting in the acceptance of innovations carried by startups that are immediately captured as positive opportunities. Although these innovations did not come from residents in Yogyakarta themselves, but from Lampung residents.

The difference in government support basically also has an impact on the financial strategies of the two startups. Because Assistantku.com does not get support in their hometown, and if they have to develop a system in other areas, it requires additional funds. This makes Assistantku.com have to struggle with their own funds or the term in Startup is known as bootstrapping.

Based on the results of interviews and analysis of various data, it can be seen that venture capital has a greater role in the development of startups in Indonesia. This can be seen from the various data above, each year venture capital provides funding to startups that are considered feasible. Even in covid-19 conditions, when the world economy looks weak. Venture capital continues to issue various forms of funding. Thus, it can be concluded that from the aspect of startup funding, it is more helpful than venture capital. However, this condition tends not to apply to all startups in Indonesia.

Assistantku.com, which is also a startup from Lampung, failed to get funding from venture capital. At that time, Assistantku.com had passed the selection period from Orbit Ventura, a venture capital company owned by Ilham Habibie. However, after the second interview, Assistantku.com failed to get funding. The factors causing failure also vary, starting from the start-up considered immature, to small transaction values. This condition is reasonable because basically startups are technology-based start-ups. Like a company in any field, the company has a profit view because it aims to make a profit. If the company has

not achieved a good profit, of course, from venture capital will really consider it.

A venture capital firm invests funds in any business with a professional outlook. This is because of the nature of equity financing, venture capital investors are exposed to the risk of corporate failure. As a result, venture capitalists should look to invest in companies that have the ability to grow very successfully and provide higher than average returns to compensate for risk.

Qiwii.id startup development

Slightly different from Assistantku.com, Qiwii.id actually received special treatment from the Regional Government of Bandung City. This is due to the initiative of the City of Bandung to form the Bandung City Smart City Development Council. This council is tasked with providing input to regional heads regarding the progress of smart cities. Among them are smart governance, smart economy, smart branding, smart living, smart environment, and smart society. With the incorporation of the founder of Qiwii.id in the Smart City Development Council, it makes Qiwii.id easier to apply in society. This is because the idea of an online queue originated at the initiation of the Smart City Development Council and was then applied directly to Bandung City Government Offices.

Access to information and the Startup Ecosystem created by the Government is also very helpful for the growth of the startup itself. Bandung has high access to information, so that the Regional Government has high initiatives to form a Smart City. Of course, this has an impact on a good Startup Ecosystem, the availability of experts, to high public acceptance of innovative products that appear in the region.

The difference in government support basically also has an impact on the financial strategies of the two startups. Because Qiwii.id startup has access to various marketing networks and government ecosystems that are better prepared, this makes it easier for Qiwii.id to do marketing by minimizing the need for funds. In fact, some of Qiwii.id's products are ordered and modified according to the needs of Bandung City Government Services in collaboration with Qiwii.id.

Apart from the support of the Bandung City Government, Qiwii.id also received support from various ministries of the Republic of Indonesia. The Ministry of Foreign Affairs has invited Qiwii.id several times to be able to display its startup products at various national and international exhibitions. In fact, Qiwii.id was also introduced to various agencies / strategic partners of the Ministry of Foreign Affairs to explore the expansion of Qiwii.id in various cross-country agencies. The Ministry of Tourism and Creative Economy (Kemenparekraf) has also provided capital assistance to Qiwii.id. In fact, make Qiwii.id as a speaker at various training events, coming from successful startups. In addition, the Indonesia Stock Exchange (IDX) is also providing assistance to Qiwii.id with the hope that in the future Qiwii.id can register its company on the Indonesia Stock Exchange.

As for taxes, even though Qiwii.id has a legal entity, it does not have an income of up to 4.8 billion in a year. Therefore it does not include PKP. Thus, taxes have no impact on Startups. This condition had less

impact when growing startups chose not to have a legal entity at the start. Many startups choose to start their startups without having a legal entity status, because based on the consideration that their startup focus is on running a business.

When viewed from the aspect of the role of venture capital in the development of startup Qiwii.id, Qiwii.id tends to find it easier to get funding from both angel investors and venture capital. This is because from a business aspect, Qiwii.id is more mature and ready to develop. Qiwii.id already has high customers and transactions every month. Under these conditions, venture capital is more interested in providing funding. Moreover, the venture capital approach is different from the approach of a lender or bank. The bank does not participate with management and eschews ties from business management, operations and other decision making.

The different forms of venture capital with its management approach result in different effects experienced by startups. Qiwii.id for example, because it has received funding, Qiwii.id is required to experience Startup growth. The meaning of growth means broad, starting from the expansion of the marketing coverage area, to product innovations that Qiwii.id must always come up with. However, this does not mean that this condition makes Qiwii.id more free to move. In fact, Qiwii.id feels that its management has become a little less flexible. As a result, Qiwii.id prefers to postpone funding entering again in the next period until it is really needed for product development. This is when venture capitalists invest in a business, they usually direct and guide the business so that it leads to capital gains. Venture capital is an important part of corporate decision making and occupies a place on the board of directors. Various management, sales and technical issues to help the company develop its full potential.

Venture capital plays a very important role when a startup wants maximum growth without considering the initial profit. This is because venture capitalists tend to focus on startup growth, increasing transactions and growing the number of users. These various conditions lead to an increase in the valuation value of the Startup. The more users and the higher the transaction makes the value Startup valuation is getting higher

III. CONCLUSIONS AND SUGGESTIONS

Conclusion

This study aims to determine the role of the Government and Venture Capital in the development of startups in Indonesia. The research was conducted at startups with similar product categories, namely Assistantku.com and Qiwii.id. Both are online queuing startups, with a research time period between 2017 - 2020. On the other hand, this study uses various supporting data from the Government, Venture Capital, National Media side to strengthen the results of this study.

Based on the description in the discussion, several conclusions can be drawn that:

1. Based on the research results, it can be seen that the role of the Government nationally has made various efforts since 2015 until now. These efforts consist of making regulations, incubation and acceleration programs to capitalization. Meanwhile, venture capital has had a positive impact on the

development of startups in Indonesia, even during the Covid-19 pandemic. Apart from funding, venture capital also plays a big role in startups because it provides management assistance.

2. The role of the central government tends to be different from the role of the Regional Government in each region. Like my Assistant in Metro City, Lampung, which lacks support from the Regional Government between 2017 - 2019, because they don't really understand the role of startups in society. However, my Assistant received positive support from the Yogyakarta Government, as it was considered to be very supportive of the development of Yogyakarta. Meanwhile, Qiwii.id received special treatment from the Bandung City Government. The difference in the role of the Government causes different impacts on Startups. Startups that get government support, develop well, have good access to marketing, good internal business processes, and good financial growth.
3. Venture capital has a high role in startup development because of funding support and management assistance. For startups that get funding support, it will be easier to carry out product development and marketing expansion. Meanwhile, startups that do not get funding support tend to fail in certain years. This is because funding is the key to startup development, especially in the early stages. In addition, management assistance support, on the one hand, limits the startup movement due to the entry of investors into the Board of Directors. But on the other hand, management assistance support makes the learning and growth of startup organizations better.

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