

QUESTIONS ABOUT THE NEW DIGITAL WORLD

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WHAT **WAS** THE INTERNET ECONOMY?

- *Internet is already more than 60 years old, beginning with the launch of ARPANET in 1969 (Stanford and UCLA); email in 1971; TCP/IP protocol in 1974 and the World Wide Web in 1989-90.*
- *Essentially a decentralized point to point network that provided the infrastructure for the transmission of digital information.*
- *The term Internet Economy appeared first at the OECD meeting in Seoul 2008; talked about promoting growth, investment and access to the ICT sector.*

WHAT IS THE DIGITAL ECONOMY?

- *The term 'Digital Economy' was coined in Don Tapscott's 1995 best-seller "The Digital Economy: Promise and Peril in the Age of Networked Intelligence". It focused on how the Internet and a whole range of technologies that exploited it would change the way we do business and organize our societies in areas from financial services to education to agriculture.*
- *The first of these transformative technologies was "cloud computing" that permitted a new generation of handheld devices to harness the power of supercomputing and access nearly limitless mapping data, music, movies and books*
- *And today we stand on the brink of an even more revolutionary period relying on newly deployed technologies such as big data, artificial intelligence, and robotics.*

WHAT IS DIGITALIZATION?

- *The conversion of text, pictures or sound into digital form that can be processed by a computer.*
- *Digitalization has four transformative components: business process (Dominos, Starbucks), business model (Netflix , Apple Music); domain transformation (Amazon – AWS; Microsoft-LinkedIn); and cultural/organizational transformation (education, financial services, transportation)*

WHAT IS A DIGITAL TRANSACTION?

- *A digital transaction completes a transaction without the need for cash.*
- *These days it takes many forms: biometric authentication (fingerprints, facial recognition, vein mapping); contact-less Payments using NFC technology for purchasing bus tickets, paying taxis, etc.; AI and Machine Learning to detect fraud; Smart Speaker Payments; and Mobile Point of Sale*
- *The question is who does this empower? How much do consumers pay for this convenience and do financial institutions end up knowing too much about their customers?*

WHAT IS DIGITAL COMMERCE?

- *Digital commerce is the buying and selling of goods and services using digital channels such as Internet, mobile networks and commerce infrastructure. Key elements include omni-channel content and commerce, personalization, API-based commerce, consumer analytics, and enterprise marketplace.*
- *Digital commerce sites have resulted in greater choice and lower prices for consumers. They have also allowed many small businesses access to global markets. But they have also raised deep concerns about their business practices, e.g. non-transparent pricing and listing policies and resistance to paying sales and other taxes to governments in areas where they operate.*

WHAT IS DIGITAL TRADE?

- *Digital trade is the cross-border transfer of data, products, or services by electronic means, usually the Internet. It is changing global commerce, and in many ways, reducing the relevance of traditional at-the-border barriers to trade, like tariffs.*
- *G20 2019 was a groundbreaking year for the advancement of global digital policy discussions. Under Japan's leadership, the G20 launched the Osaka Track to accelerate and support the ongoing digital trade discussions at the World Trade Organization (WTO) and created the concept of Data Free Flows with Trust (DFFT).*

WHAT IS DIGITAL CONTENT?

- Digital content is any content that exists in the form of digital data. Forms of digital content include information that is digitally broadcast, streamed, or contained in computer.
- Digital content is convenient to share and often difficult to protect; decades long debate over piracy of copyrighted material largely resolved as content-producers moved to subscription model led by companies, such as Apple and Netflix.
- Solution was not enhanced encryption regimes or stricter legal penalties but new technologies such as streaming and the appearance of new devices such mobile phone and large screen televisions for viewing.

WHAT IS DIGITAL ADVERTISING?

- *Digital advertising is the practice of delivering promotional content to users through various online channels. It leverages mediums such as social media, email, search engines, mobile apps, affiliate programs and websites to show advertisements and messages to audiences.*
- *Digital advertising is affordable. You can start digital advertising with as little as \$5 per day on Facebook. Digital advertising is also easily scalable.*
- *Google and Facebook are the largest advertising platforms globally. Revenues from advertising allow them to offer their popular services for free.*

WHAT IS DIGITAL COMPETITION?

- *Regulating competition in an era of Digital Giants requires us to rethink the nature of business competition. Traditional methods used to define the relevant market, measure market power, scrutinize mergers and weigh pro-competitive and anticompetitive effects may be unsuited to features of digital business models.*
- *Global responses are needed in the form of cooperation among competition policymakers and enforcers and coordination between competition and other authorities. Predictability and convergence of regimes promotes innovation and investment in technology. The consumer welfare standard – properly construed – could form the basis for international principles.*

WHAT IS DIGITAL SECURITY?

- *Cybersecurity is all about protecting your networks and devices from unauthorized access by criminals and sometimes governments. Lots of money is spent on securing these assets, but the biggest challenge lies in the architecture of the Internet, which emphasizes openness rather than security*
- *Digital security is about the terms under which data and other information is shared and used by people within and outside an organization. Digital security has increasingly become an issue as enormous amounts of personally identifiable information (PID) is generated by everything from shopping online, sharing pictures and ideas over social media, and registering with online services*
- *Companies and governments have developed policies and rules that make clear how data shared with them will be used and protected – but as seen in the difficulty of enforcing policies like the “right to be forgotten” in Europe there are no easy solutions.*

WHAT IS INTERNET GOVERNANCE?

- *World Summit on the Information Society process began in 2003 sought to initiate a global discussion on a framework for “managing” or governing the Internet. Much of the discussion focused on providing equitable access to the resources of the Internet for users and in developing a multi-stakeholder framework for governing the Internet of which governments would be only one part.*
- *This approach reflected the birth of the Internet in the universities and the building and oversight of its infrastructure in the global engineering community. The fullest expression of this movement came at the NetMundial Conference held in Brazil in 2014.*

WHO MAKES THE RULES FOR THE DIGITAL ECONOMY?

- *No one organization or country(ies) has responsibility for the digital economy in the same way that ICANN and the US developed and managed the Internet over the past 30 years. Influence over the digital economy is highly fragmented with no coherent overall perspective: competition policy (OECD), privacy framework (APEC), and cross-border data flows (G-20).*
- *Meanwhile, the US (until recently) and Japan (currently) have seen the Trans-Pacific Partnership (TPP) process as a useful vehicle for beginning to develop rules of the road for the digital economy. Elsewhere, however, rules for the digital economy have become simply part of long- established efforts by nations to control their borders and their economies.*

WHAT IS THE DIGITAL FUTURE?

- In one word, “you”. We are about to be hit (overwhelmed?) by a new wave of innovation (including IOT, AI, and Robotics) that will fundamentally reshape our economies and societies.
- The question is are you prepared to manage this period of change?
- Equally important, will any new rules promote or weaken the new technology and business models that are the foundation of the Digital Economy?