

## 5. *Digitalising our way into a post-pandemic recovery*

The calamitous fallout from the COVID-19 pandemic brought to the forefront the imperative to take a concerted action to revive the stifled economy and unlock growth factors. The global economic growth was weak even pre-pandemic and now it is outright depressed, with thousands of people having lost their jobs and being forced to shut up shop.

However, as vaccination rolls out and long-lasting recovery instruments take effect, the world is – hopefully – on its way to emerge from devastating lockdowns into a new normal. Against this background, it is time to revisit the established patterns of growth and reshuffle the existing toolbox to move forward with digitalisation and have it implemented across the board. Whether we will come out stronger from this unprecedented crisis depends on how effectively and comprehensively we will address the digital challenge.

As trivial as it sounds, the fact remains that today's world is defined by speed. The economic environment is as dynamic and as competitive as ever. The digital footprint is overarching in business, production, communication, transport, energy, and health care. And it is bound to grow ever stronger in the future, with digital technologies moving on to permeate whatever sector of the economy. Notably, the recent study by the International Data Corporation (IDC) suggests that 65 per cent of global GDP will be digitalised by 2022.<sup>13</sup>

It is impossible to gain and maintain a competitive edge without investing in ICT technologies, including: AI, machine learning, autonomous and assisted vehicles, edge computing, quantum computing, blockchain, Big Data analytics, additive manufacturing, robotics, and 5G telecommunications. Characterised by strong interdependencies, they make for a connected and augmented world in which multiple devices talk and learn from each other in real time.

Interestingly, a phenomenon that started as 'platformisation' in B2C is now making its way into B2B, with smart devices being poised to result in a disruptive industry shift. The Internet of Things is in fact a potent enabler of growth in businesses across the market. Data gathered from the IoT sensors help retailers and service providers attract and get know their customers, just as they help manufacturers to streamline their production lines and R&D activities.

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13 *Worldwide Digital Transformation Predictions 2021* (International Data Corporation).

This brings us to the issue of a data-driven economy where insights are drawn upon Big Data analytics. It is no accident that data is called ‘the oil of the 21<sup>st</sup> century’, as it can be seen as a factor of production, along with land, capital and labour. As such, data will be the engine of growth in the future – growth that has been hugely disappointing everywhere except in China over the past decade. The economy needs it just as lungs need air. Consequently, an absolute priority should be given to collection, analysis and processing of data. This involves encouraging digitalisation across industries to have data generated in the first place, in addition to building analytical skills based on artificial intelligence.

Digital transformation is something that especially developing and emerging countries should set their eyes on not to miss out on a genuine chance. For them, it is a double bet: making up for the pandemic-inflicted economic loss and catching up with the prosperity leaders. ICTs are offering even less developed countries a window of opportunities to leapfrog the industrialisation stage and shift towards high value-added information economies that can compete with global leaders. Take the example of my native Poland. We have been extremely successful, we have managed to achieve impressive progress over the past three decades, we have made up for huge arrears left by the communist rule. And yet, we still have a long way to go before attaining the standard of living enjoyed by Western Europe.

Digital transformation, along with energy transformation that is itself driven by technology, represent two megatrends critical for recovery and resilience building. Digitalisation does indeed hold tremendous potential for value creation and is able to propel the economies and industries that suffered as a result of the pandemic back onto a growth trajectory. What we call ‘disruptive technologies’ will be instrumental in boosting basic growth factors: innovation, productivity and competitiveness.

To keep up the pace, businesses must think forward and innovate. With this in mind, governments should create the conditions for SMEs to embrace digital improvements. Depending on the country, SMEs contribute between 50 and 70 per cent of GDP, and are crucial to the future of work, being more likely to hire people with lower chances of finding employment, such as the 50+ and less-skilled workers. However, they cannot invest in training and equipment as much as large companies do, to increase their productivity, pay higher wages and offer better working conditions.

The role of the public sector in stimulating digital transformation is often stressed by Ursula von der Leyen who wants the European Commission to ‘lead by example.’ The benefits are plentiful: cost reduction, more