



Digital Economy- Navigating the New Frontier

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Agenda

Generally Acceptable Definitions of “Digital Economy.”

The Impacts of Digital Economy on National and Global Economy.

How Digital Solutions Contribute to Economic Development.

How ICAN can Help to Navigating the New Frontier.

Ngozi Okonjo-Iweala, DG WTO



Opening thoughts..

“Digitally delivered services – that is, services provided via computer networks, from streaming games to remote consulting services – are an emerging source of growth, accounting for 54% of global services exports in 2022, and 12% of total global trade in goods and services.

“Within Europe and Asia, intra-regional flows accounted for a large share of trade in digitally delivered services, respectively accounting for 62% and 43% in 2021. In contrast, the intra-regional shares in South & Central America and the Caribbean as well as in Africa were only 8% and 3% respectively, **suggesting potential for growth.**”

Generally Acceptable Definitions of “Digital Economy”

The digital economy is the economic activity that results from billions of everyday online connections among people, businesses, devices, data, and processes.¹

The digital economy refers to the economic activities that emerge from connecting individuals, businesses, devices, data and operations through digital technology.²

Digitally delivered services (are) services provided via computer networks (from streaming games to remote consulting service).³

¹<https://www.technologyreview.com/collection/the-digital-economy-disruption-transformation-opportunity/>

²<https://www.techtarget.com/searchcio/definition/digital-economy>

³https://www.wto.org/english/tratop_e/devel_e/a4t_e/world_bank_digital_presentation_7_feb_2022_final_presented.pdf

Statistical Insights on Global Digital Economy^{4,5}

While in 2018, digitally transformed enterprises accounted for 13.5 trillion U.S. dollars of the global nominal GDP, in 2023 they are forecast to account for 53.3 trillion U.S. dollars, **more than half of the overall nominal GDP.**

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Europe accounts for more than half of global exports of digitally delivered services.

Asia's exports have been rising most, covering almost a quarter of the world's digitally delivered services.

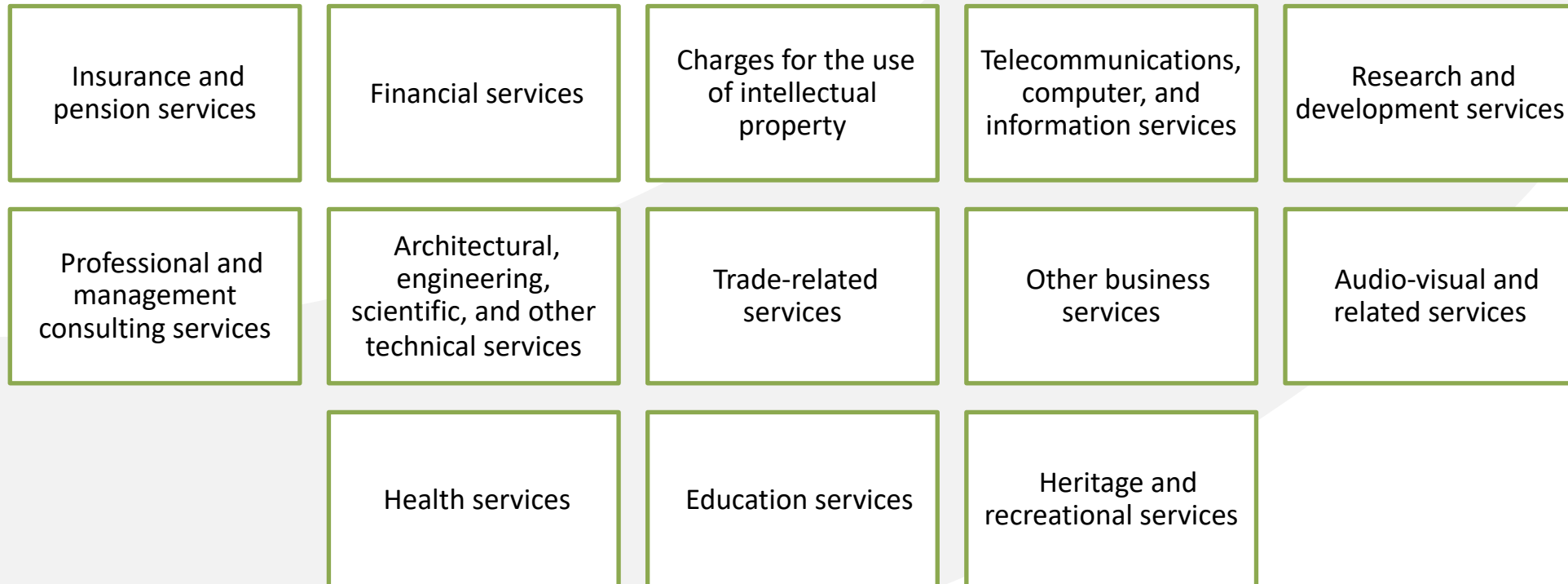
Growth in Africa and LDCs continued to lag behind, with Africa holding less than 1% share of world exports in 2022.

⁴https://www.wto.org/english/res_e/booksp_e/wtsr_2023_e.pdf

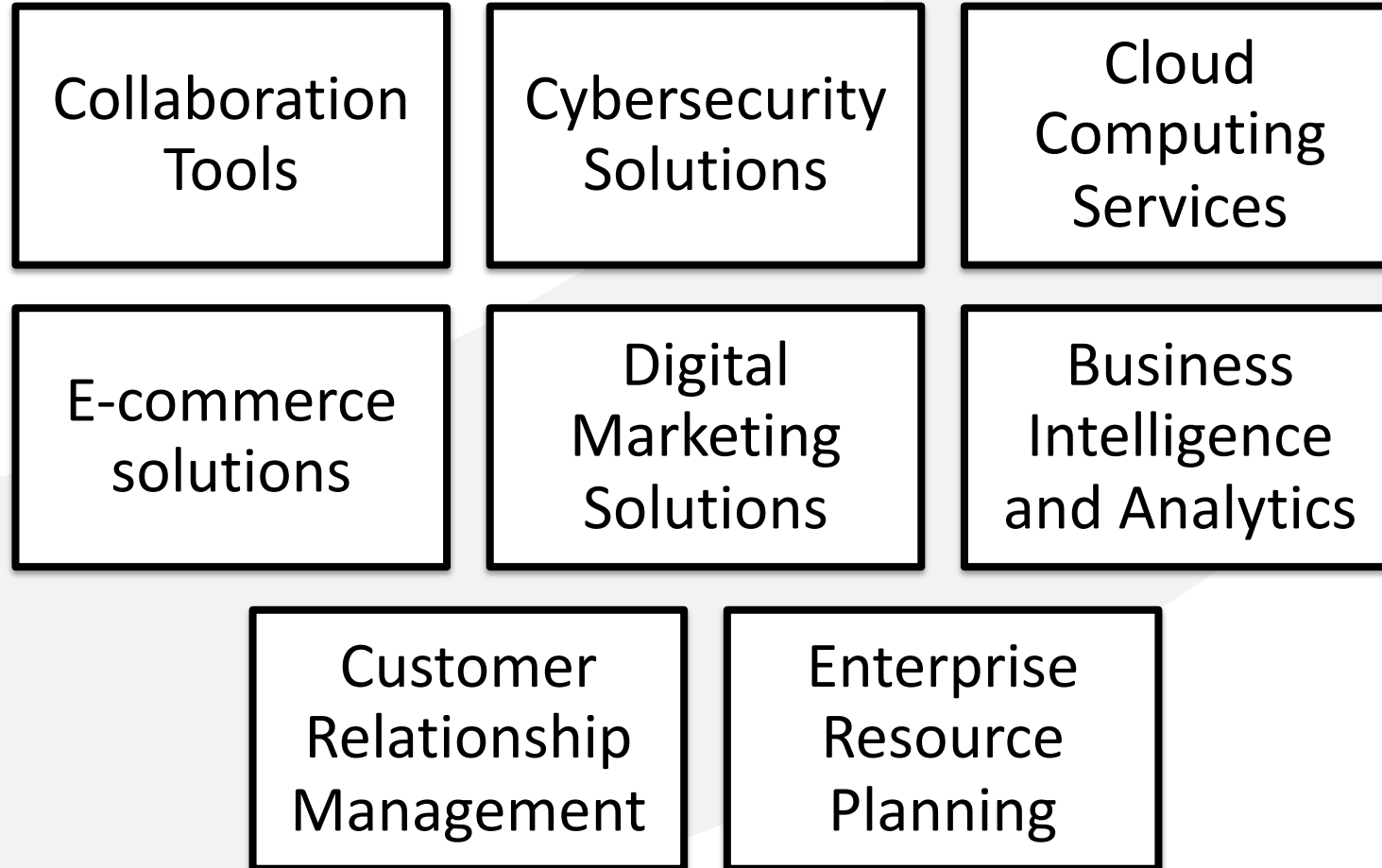
⁵https://www.wto.org/english/tratop_e/devel_e/a4t_e/world_bank_digital_presentation_7_feb_2022_final_presented.pdf

Examples of Digitally Delivered Services Captured in Global Trade

The statistical definition of digitally delivered trade is “all international trade transactions that are delivered remotely over computer networks”



Sample Digital Business Solutions for the Digital Economy



Digital Business Solutions contribution to economic development

Operational Efficiency

- Improved and Optimized Productivity
- Process automation
- Streamlining operations
- Improved turnaround time
- Achieve more with less

Enhanced Competitiveness

- Improved quality of services and products
- Minimized cost
- Enhanced customer service

Driving Innovation and Encouraging Entrepreneurship

- New job creation
- Reduced barrier to entry for starting new business
- Creating new business models
- New revenue streams

Expanding Markets

- Facilitating Scalability
- Leveraging cloud computing, digital marketing, e-commerce platforms to compete as a small business against larger entities

Improving Resource Allocation

- Data Analysis and analytics
- Communication and Collaboration

Strengthening Supply Chains

- Inventory Management
- Demand Forecasting
- Cost Control

How ICAN can Help to Navigate the New Frontier

Addressing the Complexity of Amortization and Depreciation of Intangible Assets due to Unique Characteristics of Digital Goods.

Revenue Recognition for subscription services, on-demand services. (At what point is revenue recognized: at point of sale, over the period of service delivery or at completion of certain milestones?)

Use of cryptocurrencies and blockchain presents new challenges in classification, valuation and transaction verification.

Volatility of cryptocurrency affect how they are recorded in financial statements.

Data is a valuable asset that can be sold or monetized. Accounting standards is not clear on how to value data

Cross border transactions complicates tax compliance financial reporting across jurisdictions.

Complexity of digital contracts may affect how revenues and expenses are recognized and reported.



As the biggest economy in Africa with one of the largest youth populations in the world, Nigeria is well-positioned to develop a strong digital economy. This would have a transformational impact on the country.

In order to reap the benefits, Nigeria needs to focus on accelerating improvements in five fundamental pillars of a digital economy: **digital infrastructure, digital platforms, digital financial services, digital entrepreneurship and digital skills.**

-World Bank on Nigeria



THANK YOU

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