Going digital during COVID-19 and beyond

The benefits of embracing digitalisation early

The spread of the coronavirus pandemic since the spring of 2020 has devastated the world economy, and left many companies in China and globally facing huge challenges. However, businesses that adopted a proper digital strategy in response to the crisis are able to reduce their exposure and, furthermore, capture opportunities presented by the special conditions arising from COVID-19.
Online business booming

In order to control the spread of coronavirus, governments across the world have imposed lockdowns and strict social distancing restrictions, which in turn has had a heavy impact on industries such as aviation, shopping, catering and entertainment. However, e-commerce, online gaming, telemedicine, online education and Information Technology (IT) services supporting remote working have increased exponentially. Even in sectors which traditionally rely on ‘brick-and-mortar’ models to deliver services, many businesses have shifted to online channels, using innovative ways to provide products and services and engaging with their customers. For example, in March, over 30 financial institutions in China worked with an international leading payment platform to roll out ‘contactless wealth management products’ for customers. Property companies also changed their approach by using Artificial Intelligence (AI), Virtual Reality (VR), live streaming and internet celebrities to sell apartments online.

Smart manufacturing enabled by digitalisation

The global outbreak of the coronavirus has led to a severe shortage of masks, gowns, gloves and other personal protective equipment (PPE). Many companies — including BYD, Gree and Foxconn — acted quickly to switch their production lines to manufacturing medical supplies and PPEs. Such efficient transition cannot be achieved without digitalised management of inventories, manufacturing materials and the labour force, as well as a high level of industrial automation based on digital design, modelling and 3D printing. Moving forward, digital capabilities will become an increasingly important factor for manufacturers’ ability to respond to changing customer demands, better manage supply chains, build resilience and maintain sustainable growth.

Digital transformation by SMEs

In general, small and medium-sized enterprises (SMEs) lag behind large firms on digitalisation, due to the cost of revamping the IT and digital infrastructure and their lack of resources for addressing cybersecurity risks. SMEs are being hit worst by the pandemic, because they tend to lean heavily on a small number of suppliers and customers and do not have the cash reserves and funding support large companies do.

Research has shown that there is a clear connection between digital transformation and revenue growth1. By leveraging modern technologies such as big data, cloud, AI, data analytics and blockchain, SMEs will be able to reduce operation costs, optimise the manufacturing process, provide better customer services, and unlock their maximum potential. We expect that SMEs will fast-track their digital transformation in the years to come.

Governments have used various data technologies to trace and contain the COVID-19 outbreak. For instance, China has encouraged the deployment of digital technologies for big data, AI and cloud computing to help in assessing the pandemic situation. These have been used for allocating resources, tracing the spread of the virus, preventing further infections and treating confirmed patients. SMEs are playing a significant role in this process, along with large companies.
Cybersecurity and privacy concerns in digitalisation

In the era of digitalisation, cybersecurity and privacy risks are unavoidable. In recent years, many countries have passed laws and rules to regulate these areas. In Europe, the General Data Protection Regulation, implemented from May 2018 onwards, imposes comprehensive and strict requirements on businesses when collecting and processing of personal data. In China, the cybersecurity and data regime is based on the China Cybersecurity Law, supported by various administrative regulations, industry specifications and best practices. Non-compliance can lead to severe penalties and also cause reputational damage. It is extremely important that companies fully understand the relevant cybersecurity and data protection requirements, analyse the implications for their business operations and take proper action on compliance and risk management.

Conclusion

There is no doubt that the coronavirus has accelerated the process of digital transformation. With the easing of lockdowns in China and many other countries, it is anticipated that digitalisation will gain extra growth momentum in the post-COVID-19 world. Companies are advised to tap into the opportunities arising from the new wave of digitalisation and related schemes like New Infrastructure, while also building up a robust compliance mechanism in response to cybersecurity and privacy risks.

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