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# *COVID-19 and new 'digital' business models*

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European University Institute  
19<sup>th</sup> June 2020

# European University Institute

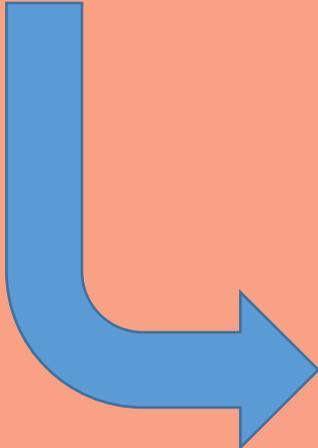
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- Industry
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## TRAINING

- Online training: “Digital markets and new regulatory challenges”
- Annual Training
- Ad-hoc trainings



## POLICY

- Webinars series: “Competition & Regulation in the Aftermath of COVID-19”
- Conferences at EUI campus in Florence



## RESEARCH

- Annual Scientific Seminar
- Annual Conference on Postal and Delivery Economics
- Policy Briefs
- ENTrANCE books



# Competition & Regulation in the Aftermath of COVID-19



## **Webinar series:**

- 1) COVID-19 and new 'digital' business models (19 June).**
  - 2) Fundamental rights & COVID 19 (26 June).
  - 3) Excessive v. unfair prices during the coronavirus crisis (3 July).
  - 4) Competition policy enforcement vis-a-vis GAFAM in the aftermath of COVID-19 (10 July).
  - 5) Telecom networks as an essential facility in times of COVID-19 (17 July).
- **Online registration for each webinar is mandatory**



## Today's webinar



- **Question:** impact of COVID-19 on 'digital transformation' in Europe?
- **Structure:**
  - 1) Introductory presentation.
  - 2) First round of interventions (i.e. 10 min. x panelist).
  - 3) Q&A with the audience: live Q&A + preliminary questions collected via CrowdSignal.
- **General rules for webinar attendees:**
  - 1) NO microphone/camera.
  - 2) NO 'raise hand'.
  - 3) NO chat ➤ questions collected via live Q&A.
- **Video recording:** the webinar will be recorded and available on YouTube ➤ Q&A and list of participants will NOT be publicly available.



# COVID-19 as socio-economic crisis



COVID-19 is a global health crisis, which has **long-term socio-economic consequences:**

- 1) Disruption of global supply chain.
- 2) Demand crisis caused by the lockdown and uncertainty about the future.
- 3) Social impact: **lockdown & social-distancing have changed our way of living.**

**Social-distancing fosters digital transformation:**

- 1) **Growth pre-COVID business models** (e.g. e-commerce; social networks; video and music online platforms; cloud applications to support smart working from home).
- 2) **New 'digital' business models post-COVID** (e.g. webinars applications to replace live meetings).



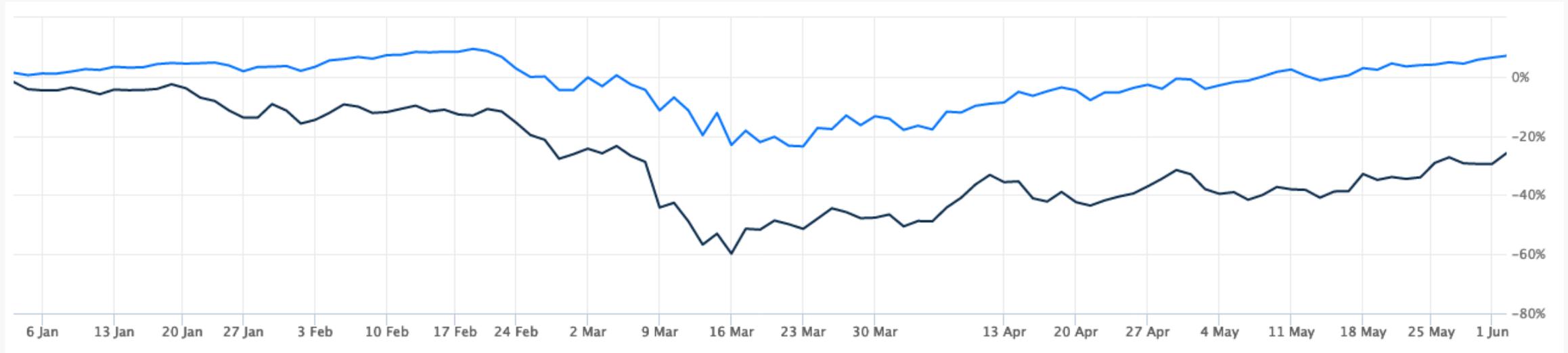
# What can we learn from stock markets?



- Trends in stock markets show **investors' expectations of the firms' profitability** in the medium/long term.
- Firms that rely on 'digital' business models are expected to be more profitable in comparison to corporations active in 'traditional' industries, heavily affected by social-distancing (e.g. airlines, automotive) ➤ **preliminary evidence of digital transformation caused by COVID-19.**



# Trends in US stock markets comparison with 1st January 2020



Source: Wall Street Journal. Research carried out on 3rd June 2020

- Dow Jones Industrial Average (DJIA): -25%
- NASDAQ Composite Index: + 7%



- COVID-19 had a **different impact on the business model of different digital firms:**
  - 1) Platforms that sell goods/services online** (e.g. Amazon, Netflix): ‘winners’ of COVID-19 crisis.
  - 2) Advertisement platforms** (e.g. Google, Facebook): negatively affected by COVID economic crisis, BUT they are recovering ‘more quickly’ than traditional media (e.g. newspapers).
  - 3) Platforms that connects online demand with different types of services** (e.g. AirBnB, Booking.com, Expedia): negatively affected by social-distancing, BUT they seem recovering.



# Trends in stocks values on Nasdaq comparison with 1st January 2020



Source: Wall Street Journal. Research carried out on 10th June 2020

- Amazon: + 43%
- Alphabet (Google): +9%
- Booking.com: -16%



# Questions for the debate



- 1) Do you expect the changes brought by social distancing to have only a temporary, or rather a long term effect on the firms' organization and digital transformation?
- 2) Will digital firms negatively affected by COVID-19 (i.e. sharing economy & advertisement platforms) be 'more resilient' than companies active in non-digital industries, by quickly adapting their business models to the post-COVID world?
- 3) Does social distancing generate new models of innovation, in terms of new products, R&D and firms' organization?
- 4) What is the impact of social-distancing on employment, in particular in terms of smart working and reduction of the number of employees?
- 5) What is the role of big data and algorithms in the context of post-COVID digital transformation?
- 6) Will COVID-19 have an impact on the current policy debate in Europe (i.e. the introduction of *ex-ante* regulation of digital platforms under the EU Commission proposal of a Digital Services Act)?



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