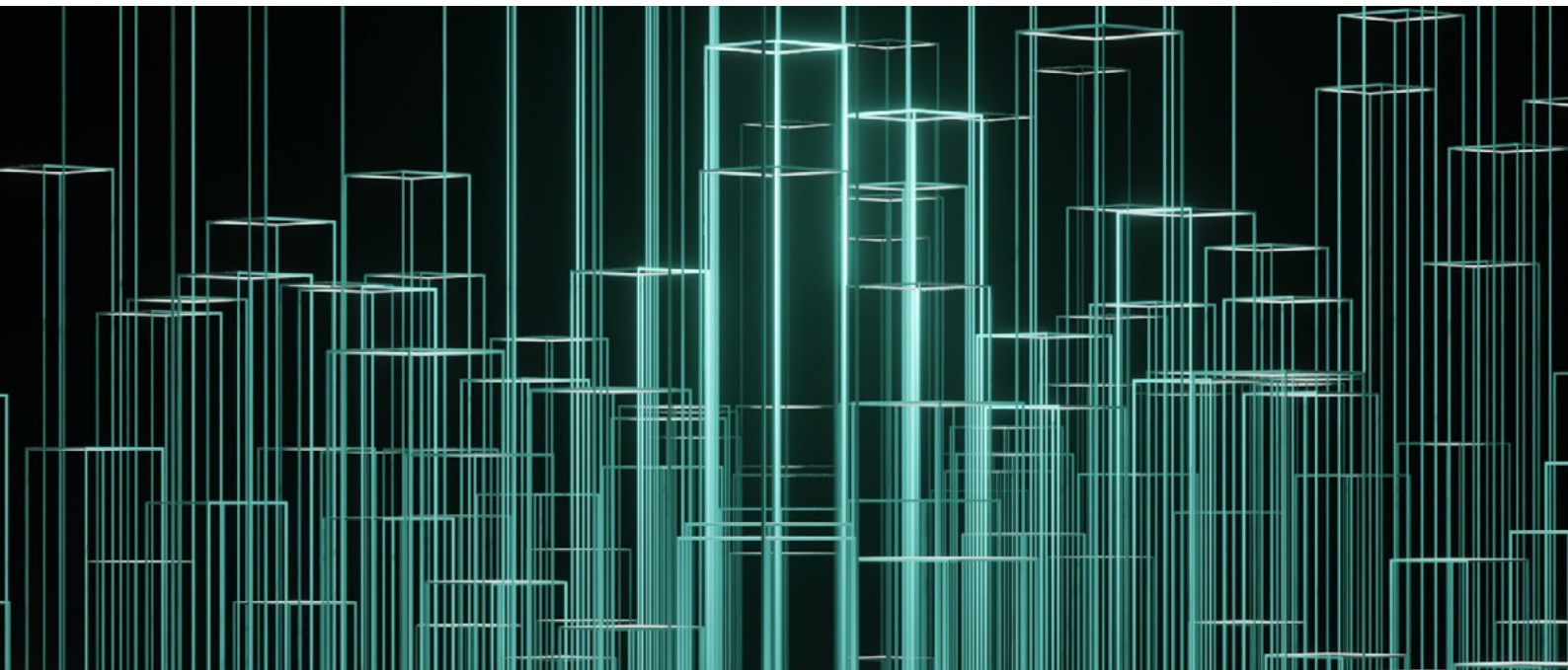


OPPORTUNITY #45

What if the Fortune Global 500 was purely virtual?

GOING ALL-DIGITAL

Operating entirely in digital realities, virtual companies generate more revenue than physical ones.



MEGATREND

Digital Realities

TRENDS

Digital Economy
Future of Purpose & Work
Metaverse

SECTORS AFFECTED

Communication Technologies & Systems
Consumer Goods, Services & Retail
Cyber & Information Security
Data Science, AI & Machine Learning
Education
Financial Services & Investment
Immersive Technologies
Infrastructure & Construction
Insurance & Reinsurance
Logistics, Shipping & Freight
Media & Entertainment
Real Estate



WHY IT MATTERS TODAY

Digitally native brands (DNBs), also called native virtual companies (NVCs),⁷⁴⁸ have become market disruptors. On average, they grow at triple the rate of the overall e-commerce market, and those with the fastest growth have gone from \$50 million in revenues to \$1 billion in four to eight years.⁷⁴⁹

Impacting on those who set up, operate and consume products and services from DNBs, there is an upward trend both in terms of access to and the time spent using the internet.⁷⁵⁰

Globally, over 12.5 trillion hours were spent online in 2021.⁷⁵¹ More than two-thirds of the global population use a mobile phone, with the number of unique users having reached just over 5 billion by the end of 2021,⁷⁵² and 63% of the world's population now has access to the internet,⁷⁵³ spending an average of 2 hours 27 minutes per day on social media.⁷⁵⁴ However, trends differ widely by country, as residents in emerging markets spend the most time on social media, possibly because of a higher proportion of young people (those in the 16- to 24-year-old segment).⁷⁵⁵

The global gig economy both enables and is enabled by DNBs. Even though the employment status of gig workers is being reviewed in Europe, the United Kingdom⁷⁵⁶ and the United States,⁷⁵⁷ gig workers are expected to make up nearly 10% of all freelancers by 2023, with the number of workers reaching 78 million and wage disbursements growing to nearly \$300 billion.⁷⁵⁸ Transportation and delivery platforms comprised 83% of all platform revenues in 2021 and India supplied 25% of online web-based labour.⁷⁵⁹ While the United States has one of the biggest gig economies in the world, with a 44% share of the global volume of the gig economy,⁷⁶⁰ other countries are also experiencing growth in their own gig economies, including Brazil, France, India and the United Kingdom.⁷⁶¹ The gig economy is also disrupting start-ups and employment in the Middle East and North Africa (MENA),⁷⁶² with no less than 14 million gig workers in Egypt.⁷⁶³ By 2023, the revenues from the global gig economy are expected to be valued at \$455 billion.⁷⁶⁴



THE OPPORTUNITY

As the number and economic impact of DNBs expand with the rise in digital reality populations, they offer entrepreneurs the potential to develop and scale new business ideas and models rapidly, driving competition, customer choice and growth similarly to how multinational corporations once did in their early days.⁷⁶⁵ Large, established DNBs could become standard-setters for markets, as they continue to grow and outstrip real-world companies and become engines of growth forming the largest companies globally in revenues without any physical presence.

The global economy is increasingly driven by digital goods and services. Many companies and business models already function entirely in digital spaces, with client, supplier and employee interactions taking place at a distance. In such cases, physical headquarters exist for legal and fiscal purposes only. The emergence of digital realities offers an entirely new space for companies to establish a presence and build markets, raising interesting legal, fiscal and cultural questions. Regulations will need to be reviewed to enable the growth of DNBs while also protecting investors and consumers alike.

DNBs are also responding to the demands of populations in digital realities. Their roles range from real estate and token management to guiding people through the maze of principles and rules governing different digital reality spaces. These brands offer products and services that enhance life in digital realities, in areas including entertainment, education, finance and identity.

BENEFITS

An open business environment that enables company agility to improve consumer choice and offer opportunities and flexibility in employment. Creation of space for greater entrepreneurship. Accelerated growth due to the ability to transcend borders.

RISKS

Fraudulent behaviour in less regulated spaces reducing trust in such companies. Increase in cybersecurity risks. Return to the multinational corporation model if brands evolve back to having a physical presence.



The gig workers are expected to make up nearly

10% OF ALL FREELANCERS

by 2023

