INTERPRETATION OF THE DIGITAL ECONOMY IN DEVELOPING COUNTRIES: OPPORTUNITIES AND RISKS OF PHASED IMPLEMENTATION

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Abstract: ***The spread of digital technologies determines the priority directions of the development of history, society, and the economy of most states. At the same time, there is a global revolution in the information and communication space. Rapid digitalization has affected all spheres of human life. This means that it has also influenced the state in the political, cultural, economic, financial, and social fields. This article presents arguments and examples about the interpretation of the digital economy, its risks, disadvantages, as well as opportunities for development.***

Keywords: ***digital economy, IT industry, ICT, digitalization***

For economic activity, in addition to material, instrumental and energy resources, information is needed that determines the possibilities of obtaining and using these resources. The possibility of digitalization of the economy is determined by the possibilities of presenting information, its properties, methods of evaluation and communication to the consumer. And the security of the digital economy is based on the ways of processing, transmitting and using information. The digital economy refers to the possibilities of using computer systems:

- to collect, process, make decisions and bring them to the performers;
- for organization of production of goods, starting from the design process and ending with the production of products;
- for organization of interaction of enterprises for the production of products and bringing it to end consumers;
- for organization of the activities of state, financial and other structures that ensure the vital activity of the population of the territory;
- for provision of services that are fully or partially informational in nature, including education, healthcare, legal services, utilities, etc.

Having reached only 50% coverage of the world market by the Internet, the global digital economy has become a space of huge opportunities [1]. New technologies, which are rapidly entering our daily life, have one key quality: they significantly increase the efficiency of both an individual and entire sectors of the economy. The productivity growth that may arise as a result of a new technological breakthrough of mankind is new opportunities, but also new risks that are highly likely to significantly affect both the parameters of economic development and the standard of living.

With the development of the digital economy, changes must occur both at the state level and at the level of individual industries and companies, which causes the need for investment growth. High-tech business requires huge investments with long payback periods and high risks. Despite the seeming success of the IT industry, in fact, if projects are focused on the domestic market and lead to the transformation of enterprises and the industry, which, in fact, is the meaning of innovative

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projects, then they are impossible without the support of the state. For example, projects to systematize basic data based on international standards adapted to Uzbek reality can be estimated at tens to hundreds of millions of soums depending on the scale of the enterprise and the magnitude of the tasks to be solved. And on the scale of the industry, they can amount to billions. Without the systematization of databases, it makes no sense to talk about effective procurement, industrial Internet and digitalization of the economy.

The availability of digital production platforms allows technology leaders to solve a whole range of tasks. Among which it is possible to distinguish the preservation of technological dependence on their products in developing countries. A further step of such digital expansion is the development of ecosystems that ensure the availability and demand for manufactured products. Here there is a connection with the financial sector and trade. And on each of these elements, more and more new amounts of income are created, which are reinvested in the research and development sector in order to maintain technological leadership. The cross-border nature of digitalization and the openness of economic entities make the national segment of the economy more vulnerable to negative external influences. In this regard, there is a risk of information and technical impact from a number of foreign countries on the information infrastructure of the economy for political, economic and military purposes. At the same time, the activities of organizations engaged in technical intelligence in relation to state, national commercial, scientific organizations and enterprises of the military-industrial complex are being strengthened. New technologies used by foreign companies significantly reduce the competitiveness of domestic producers. The scale of the use of special services of individual states, means of exerting information and psychological pressure on economic entities, manipulation of supply and demand, stock quotes is expanding.

An equally relevant economic risk is the risk of job loss. Experts differ on the question of how the digital economy will affect the labor market. According to the World Bank, the digital economy will lead to an increase in jobs. American expert Robert Atkinson says: "There is no need to be afraid that the development of ICT will lead to an increase in unemployment. There is no factual material that this leads to such consequences" [2]. At the same time, there is an opposite opinion that the digital economy, on the contrary, can lead to mass unemployment. New technologies can reduce the attractiveness of traditional industries, changing professional requirements and automation of production based on digital technologies in the absence of a proper retraining system can cause structural unemployment.

Technology is changing education. Currently, colleges and universities offer online courses; online teachers offer new methods of studying educational materials. The fields of education, science, culture and mass media are key areas for the introduction of new digital achievements and in themselves act as the most important factors contributing to the further development of digital technologies. This means that all citizens can take advantage of the enormous opportunities in the above areas for training, advanced training, continuing education, development and participation in economic and social life.

With the generally recognized role of the digital economy as a driver of economic growth and a tool for qualitative changes in the indicators of the welfare of the state, the tools of analytical forecasting should take into account the technological, economic, political and socio-psychological aspects of the digital economy. The state needs to predict and respond in a timely manner to the trends associated with the formation of a national global digital space. Given the global nature of the world economy, it should be noted that the problem of risks in the digital economy is becoming supranational. Typical threats to national digital security are technological, political, financial, energy, and infrastructural in nature. The potential vulnerability of digital systems creates the danger

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of digital collapse. At the same time, it is possible to aggravate socio-psychological problems: the growth of structural unemployment as a consequence of the digital revolution, the alienation of an employee from the product of his labor as a result of the development of remote employment, personal impoverishment of individuals.

In general, the process of digitalization of organizations is accompanied by a significant range of risks, mainly of an operational nature and related precisely to the trend of digitalization itself. Generated by the very essence of the digitalization process and caused by the problems of implementing digital technologies and solutions, such risks require the development of appropriate programs for managing them on a par with the digitalization projects themselves. The lack of competent management of the digitalization process in terms of monitoring its risks at the enterprise level can nullify the wide range of opportunities that are potentially inherent in the process of transferring the activities of modern organizations to digital rails.

In 2016 The World Bank has published a "World Development Report. 2016. Digital Dividends", which analyzes the general state of the digital economy in the world. It notes that the digitalization of the economy cannot be understood only as a local consequence of the development of the ICT industry — this is a phenomenon that profoundly transforms the entire economic system and manifests itself in:

— expanding trade (for example, Morocco, where illiterate rural artisans sell their handmade goods around the world through the *Anou* platform, which combines elements of online stores and bulletin boards);
— increasing labor productivity by reducing costs in almost all sectors of the economy (for example, *UPS (United Parcel Service* - courier mail delivery service, uses precise routing algorithms, which saves time and allows you to save up to 4.5 million liters of gasoline annually);
— the development of competition (for example, the *eKeebo* service in Uganda, which provides an opportunity for amateur chefs to independently sell homemade dishes over the Internet, without having an appropriate license, which implies granting the right to create a restaurant);
— an increase in jobs (one job in the US high-tech sector creates at least four additional jobs in other sectors of the economy). In addition, thanks to the Internet, employment opportunities for disabled people, residents of remote areas and other categories of the population who can work remotely are expanding;
— improving the quality of services, including public services (many countries already have services for receiving complaints from residents about emerging problems).

In general, experts on the digital economy of the World Bank note that its development not only stimulates economic growth, but also significantly accelerates its pace. Hence follows the definition of the digital economy by the World Bank, which believes that the digital economy is a new paradigm of accelerated economic development [3].

Digitalization leads to the growth of the global economy, for example, according to the estimates of the authoritative consulting company *"McKinsey Global Institute"*, the use of the latest digital technologies until 2025 will lead to an increase in gross domestic product (GDP) in the world at the level of 3-6 trillion US dollars [4]. The company's forecasts showed that this growth will be caused by the development of 12 types of high technologies (mobile Internet, advanced robotics, cloud technologies, renewable energy, Internet of Things (IoT) - wireless data transmission, mobility and artificial intelligence, etc.).

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At the moment, large companies around the world are aware of the realities of digitalization, focusing on cloud technologies and modernization of network infrastructure. Digitalization and the formation of the digital economy open up significant opportunities for consumers, the state and society as a whole. Singapore, China, South Korea, New Zealand and Denmark are among the leading countries supporting the digital economy in the world. These countries have implemented important initiatives in the field of digitalization and the formation of high technologies. For example, Singapore in 2014 justified its *"Smart Nation"* concept and invited the business community to implement the above-mentioned concept. The concept of *"Smart Nation"* is the enterprise of the state to improve the quality of life by introducing digital technologies into the daily life of the population. To implement this concept, not only large companies, but also small and medium-sized businesses took part in the process. City blocks are equipped with "smart" sensors - they monitor the consumption of electricity, water, and other indicators in real time. The acquired data will help the government improve water costs and reduce dependence on Malaysia, from where the city imports fresh water. Sensors also help citizens monitor the consumption of resources and give directions on how to reduce household expenses. First of all, the participants of the program are engaged in solving problems of housing, healthcare (the patient receives help without leaving home, contacting the doctor remotely) and the transport network (self-driving cars and buses). Together, all these systems form a single ecosystem, which is called *Virtual Singapore* (residents can track traffic on the roads in real time, view data from security cameras, and so on) [5].

The development of digital technologies will be essential for achieving almost all economic and social goals and will affect all countries, sectors and stakeholders. Currently, there is a huge gap in the world between countries with weak Internet connectivity and countries with a fairly high level of digitalization. For example, in less developed countries, only one in five people use the Internet, while in developed countries four out of every five people have access to the Internet. This is just one example of the digital divide. In other sectors, such as opportunities for the application of digital data and advanced technologies, this gap is much larger.

Conclusion

The digital economy is rapidly developing, it uses innovative technologies for possible new communication channels and telecommunications. The concept of modern business began to change, moving from technical support to the provision of new information services. All these new prospects also create opportunities for the emergence of risks that cannot be quantified. The reliability of the information is questioned, because it is subject to various threats from ICT. The number of vulnerabilities increases every year, attackers are looking for new ways to penetrate and hack personal information. Do not underestimate the risks, you should think about protecting your systems in advance. That is why there is no way to avoid the risks of innovation, they are difficult to foresee and track, but humanity always looks ahead and also thinks about security, all kinds of protection methods are being developed to eliminate risks or reduce them [6].

At one point, progress in digital technologies led to the creation of enormous wealth, concentrated, however, in a small group of individuals, companies and countries. If current policies and existing regulations are maintained, this trend may continue, causing a further increase in inequality. Without proper efforts, it will not be possible to bridge the digital divide, in which more than half of the world's population has only limited or no Internet access at all. In order for the digital economy to work for the public good, it must be inclusive. New technologies, namely artificial intelligence, are inevitably associated with significant changes in the labor market, including job cuts in some sectors and the creation of new opportunities in others on a massive scale. The digital economy requires a wide variety of new knowledge and skills, and significantly new social protection

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measures. At the same time, large investments are needed for the development of education, as well as ensuring universal access to educational services throughout life.

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