

RIETI BBL Seminar Comment Handout

Going Digital: Implications of the COVID-19 crisis
on digital transformation

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<https://www.rieti.go.jp/jp/index.html>

METI Commentary on GOING DIGITAL: IMPLICATIONS OF THE COVID-19 CRISIS ON DIGITAL TRANSFORMATION by Dr. Dirk Pilat

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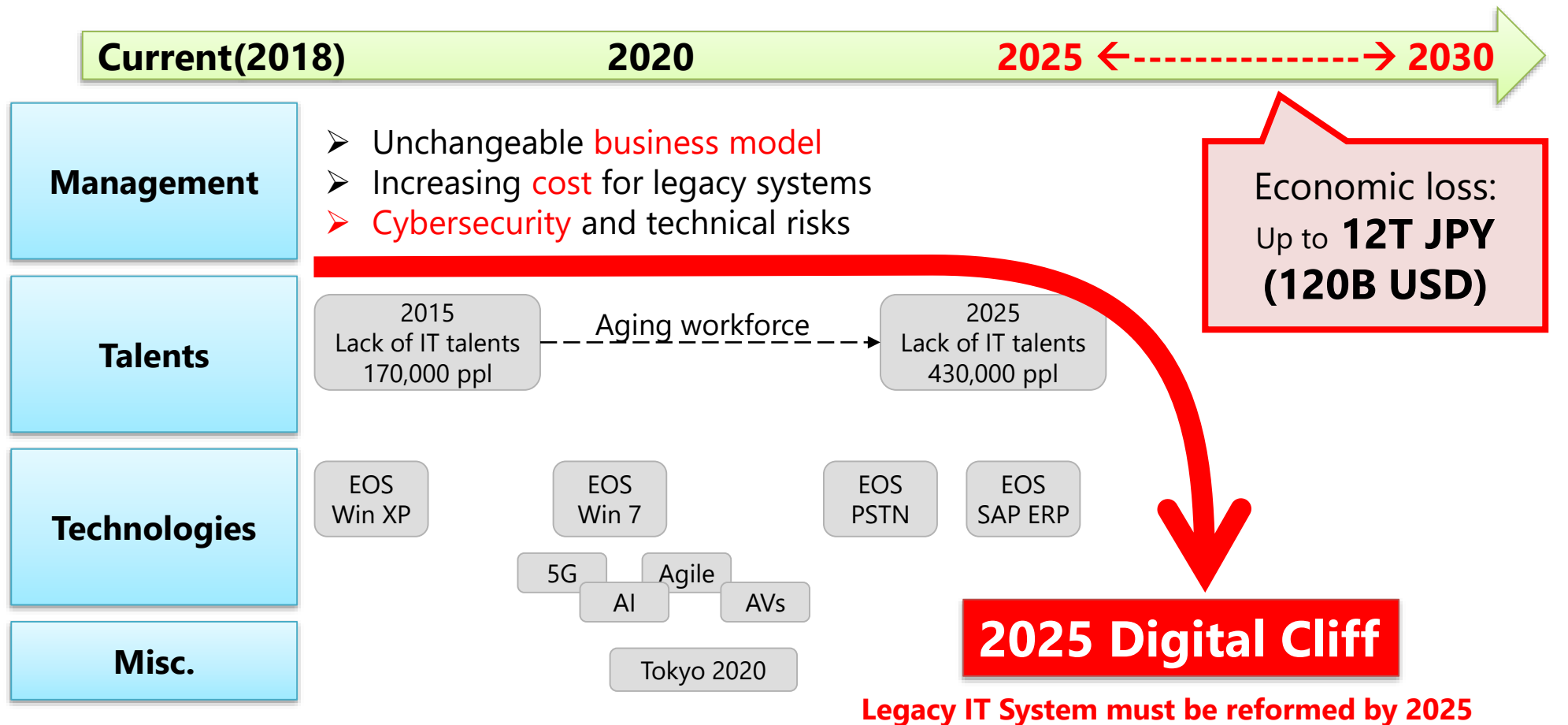
Principal Deputy Director, IT Innovation Division
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My takeaways

- DX affects **every part** of economy and society
- **OECD supports global policymakers** by Going Digital projects
- **Covid-19 has accelerated DX** and part of this acceleration is like to be permanent
- Even in the same industries, **COVID-19 is an opportunity for some, a challenge for others**
- Japan has **high potential** (Internet access, math-friendly youngsters), but is **not ready for DX** (readiness to learn, mobile Internet)
- Government must take **new approaches to policy making** (review policies, set broad principles, use experimental policies and iteration, revisit policies frequently, geeks for/in government, and use data and digital tools)

METI DX Report (Sep. 2018) – “2025 Digital Cliff”

- Business owners understand the importance of DX
- Difficulties: 1) **complex and closed IT system** (legacy system)
2) **unsupportive stakeholders**



METI's DX Policies

- **Digital Governance Code:** a guideline for management teams to follow as they seek to strategically take advantage of IT systems
- **DX Promotion Indices:** a tool to help companies diagnose current situations and challenges in their efforts for DX promotion
- **DX Certification:** METI formally recognizes DX-Ready businesses in accordance with the guideline
- **DX Stock Selection:** METI and Tokyo Stock Exchange jointly select DX-excellent companies



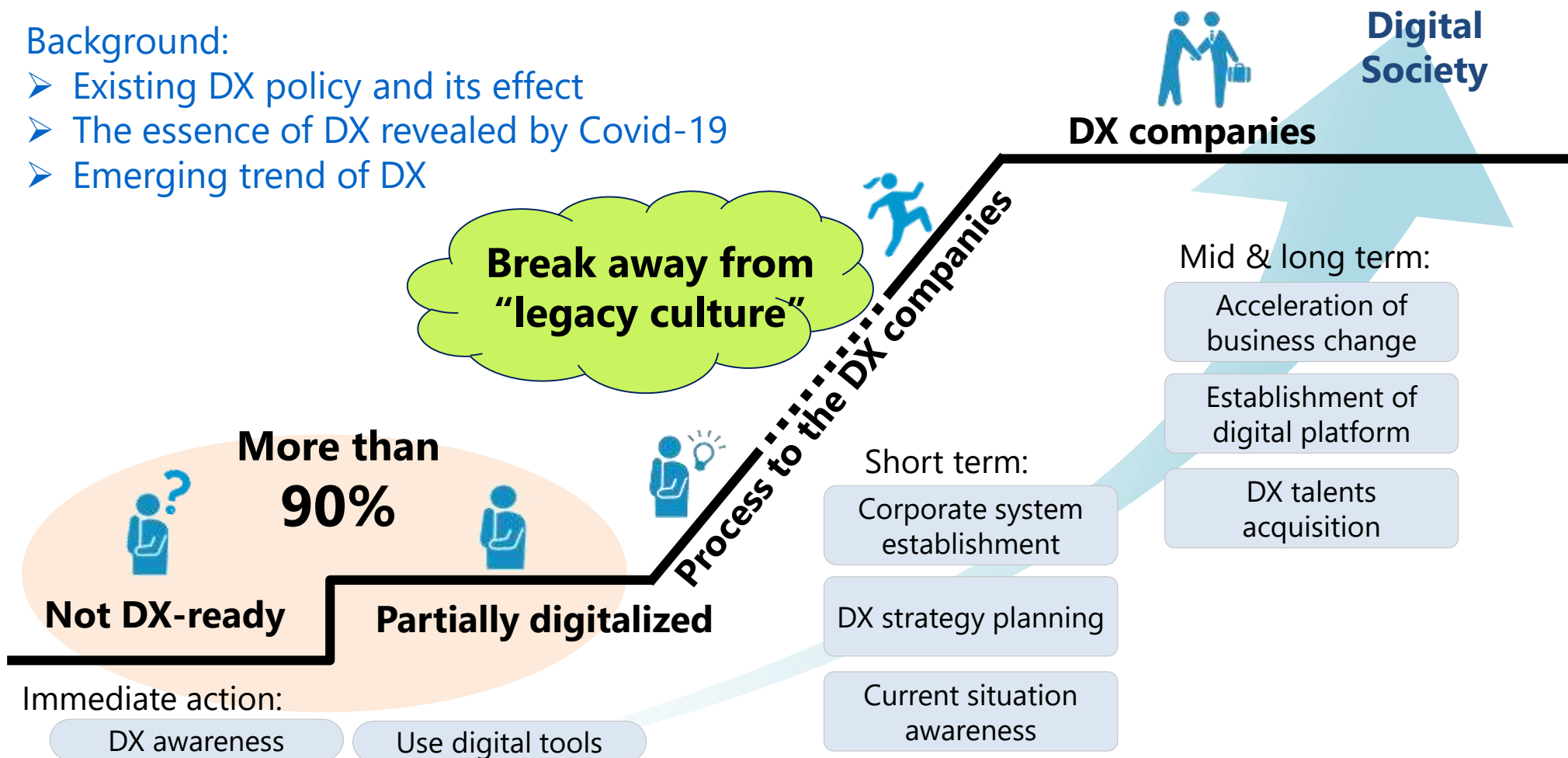
- **IT/Digitalization Subsidies:** subsidies to increase productivity for SMEs by installing new system
- **Digitalization Supporters:** matching and financial support for IT experts' consulting service for SMEs

METI DX Report 2 (Dec. 2020)

- To ensure business competitiveness, it is important to
 - 1) be able to **keep changing rapidly**
 - 2) **reform corporate cultures** (outdated stereotypes)

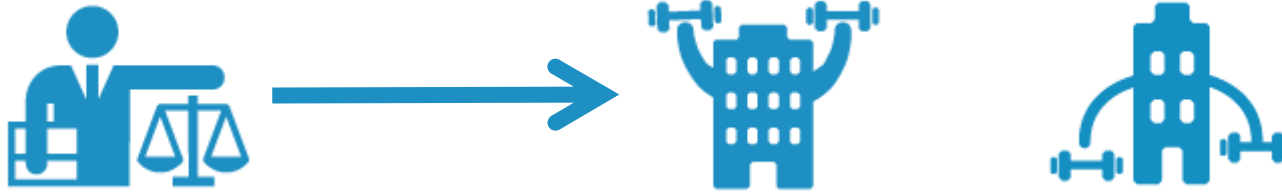
Background:

- Existing DX policy and its effect
- The essence of DX revealed by Covid-19
- Emerging trend of DX



Questions to Dr. Pilat

- How could governments cause **behavior changes of private companies?**



- Is there any **successful country** or **proven/promising public policy** that Japan can learn from?

