

# E-Commerce in Focus

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It is an incredibly exciting time to be in the Middle East and part of the growing Technology, Media and Telecommunications (TMT) team at Al Tamimi & Company, the region's leading and largest law firm. A day seldom goes by without a ground-breaking piece of news or a material event relating to TMT in the UAE, or the wider region.

This edition of Law Update will concentrate on eCommerce and Technology, with retail having been revolutionised over the last 20 years by the internet and technological progress, which will only continue to grow and migrate customer's preferences from offline to online / eCommerce.

But first some context, some background and some further TMT-related trends before getting back to the matter in hand. Please bear with me.

"We are at the beginning of a revolution that is fundamentally changing the way we live, work and relate to each other" [*Ed: woo-ah, where did that come from?!*]. So said Klaus Schwab, Founder and Executive Chairman of the World Economic Forum (WEF) and author of "The Fourth Industrial Revolution" [*Ed: Ah, I see, he's the sort of guy people listen to then*].

I recall leaving my West London office on a cold November evening in 2007 and being surprised, but not overly concerned, by the number of (mostly young(er)) people snaking around Hanover Square, along Hanover Street, up Regent's Street and stopping at Apple's London store. They were, of course, tech-die-hards queuing overnight for the first local release of the 1st Generation iPhone. I thought "perhaps a little chilly" but had forgotten about the whole incident by the time I had disappeared into the warmth of the Oxford Circus underground. What should have been echoing through my mind was that "Every once in a while, a revolutionary product comes along that changes everything", as predicted by Apple's Creator-in-Chief. And it did. With 20:20 hindsight, this was the beginning\*.

Around a year later, in October 2008, again unbeknownst to me at the time and (again) with 20:20 hindsight a pivotal moment, Satoshi Nakamoto published his/her/their (still don't think anyone knows who him/her/they are) seminal paper on "Bitcoin: A Peer-to-Peer Electronic Cash System" which, in abstract, looked to create a "purely peer-to-peer version of electronic cash [which] would allow online payments to be sent directly from one party to another without going through a financial institution". The paper went on to point out that "Commerce on the Internet has come to rely almost exclusively on financial institutions serving as trusted third parties to process electronic payments." But this was 2008/9 and eCommerce was in its infancy! How prescient. Bitcoin was launched the following year.

As an aside, Bitcoin in itself is not unique - other forms of currency have been conceived through the millennia - but with the combination of the financial crisis, the growth of the ubiquitous internet, smart phones and the underlying technology, i.e. blockchain (the ledger system that powers bitcoin and is also being used by an increasing number of companies for record keeping, for example), cryptocurrencies and Finance have not been the only industry to be disrupted by digital players (we'll come onto eCommerce, if you see the tenuous link there). "In the depths of the global financial crisis, the coincidence of technological developments and collapsing confidence in some banking systems sparked the cryptocurrency revolution." Thanks to Mr. Mark Carney for pointing that out in his speech "The Future of Money" to the inaugural Scottish Economic Conference earlier this year.

Pundits have run hot and cold on the 'cryptos', with their wild price swings, but there has been many positive noises on blockchain. Jamie Dimon said he "regrets" calling bitcoin a "fraud", but that blockchain "is real". Again referring to Mr. Carney's speech, he claims cryptos "are failing" and that they exhibit the

“classic hallmarks of bubbles” but “[o]n the upside ... the underlying technologies are exciting [and that] authorities should be careful not to stifle innovations.” More on cryptos another time.

Going back to Mr. Schwab’s “The Fourth Industrial Revolution”, he points out that emerging technologies such as blockchain, AI, robotics, IoT, autonomous vehicles, 3D printing, nanotechnology, biotechnology and quantum computing are revolutionising our world.

And the UAE is leading the world when it comes to adopting Fourth-Industrial-Revolution technologies, so says Mohammed Abdullah Al Gergawi (Minister of Cabinet Affairs and the Future, Co-Chair of the Annual Meeting of the Global Future Councils) prior to the announcement of the establishment of the Fourth Industrial Revolution Council (the first of a six pillared plan to work with the WEF which seeks to transform the Fourth Industrial Revolution into a global movement spearheaded by the UAE).

Connected announcements to this include the launch of the Dubai Blockchain Strategy by Smart Dubai Office and the UAE’s appointment of the first Minister of AI. Exciting times indeed.

With the region following the international trend of investing in and adopting innovative technology, and with Dubai being ahead of that curve regionally, we in TMT have been keeping an eye on, and are fortunate to be advising on, many ground breaking tech projects: working with government agencies, departments and regulators, corporates, investors, investees, startups, founders and entrepreneurs, all along the company ‘growth-curve’. Projects have included advising on matters as diverse as building platforms for ‘blockchain-as-a-service’, digital identity, electronic signatures, cloud platforms and Smart Cities, amongst others.

We have been keeping our eyes on:

### **Self-driving and flying cars**

With Smart Cities and Nations high on the regional agenda, technology continues to transform and innovate. In 2013, H. H. Sheikh Mohammed bin Rashid Al Maktoum announced a project to transform Dubai into a Smart City. Under the initiative, earlier this year, the Road and Transport Authority (RTA) announced its plans for self-driving public transport over the coming decade. In fact, the RTA recently tested an “un-crewed two-seater drone” called the Autonomous Air Taxi, which Dubai claims to be the world’s first “self-flying taxi service”.

### **5G**

Technology enabling self-driving cars would not be possible without the regional telcos investing in AI and IoT, in addition to network expansion. The transition to 5G and resulting implications on machine-to-machine communication is a critical enabler to the adoption of new technology in the region. The implementation of 5G will transform the landscape when it comes to how residents utilise their various connected devices and further strengthen the IoT trend. From press reports, we understand that Etisalat is set to start testing 5G networks in 2018 and launch commercially in 2019 in the UAE.

### **Data centres**

The region is also seeing growth in other parts of the IT ecosystem. Recently, Amazon Web Services announced a plan to launch cloud data centres in Bahrain and Microsoft recently predicted that, as KSA continues its advance to becoming a regional tech hub, the country sees cloud computing to grow by 25% by 2022 (announced during the second edition of Microsoft’s Transform 2018, together with some other exciting metrics). This is an important development for the entire region and it has the potential to improve performance of cloud applications for local customers, cut data transport costs for customers and cloud providers, and provide a local application hosting option to customers bound by law to host data within country borders.

Further, we are seeing various pervasive global and regional laws and regulatory changes gaining momentum which will continue to permeate TMT, the digital revolution and beyond. These include the soon to be enforceable General Data Protection Regulation (GDPR), the new media regulations announced by the UAE National Media Council and the new cloud computing regulations in Saudi Arabia.

So, what about the next 10 years? I leave you with a quote from Yuval Noah Harari's book "Homo Deus: A brief History of Tomorrow" who closes with the following question:

"What will happen to society, politics and daily life when non-conscious but highly intelligent algorithms know us better than we know ourselves?"

I'd be interested to know your thoughts.

Read our latest Law Update, with articles ranging from AI to Smart Contracts, from our team of regional tech gurus, and get in touch - we would seriously love to hear from you!