

## Covid-19

Impact on the Technology, Communications,  
Media & Entertainment (TCME)  
sectors in the Middle East



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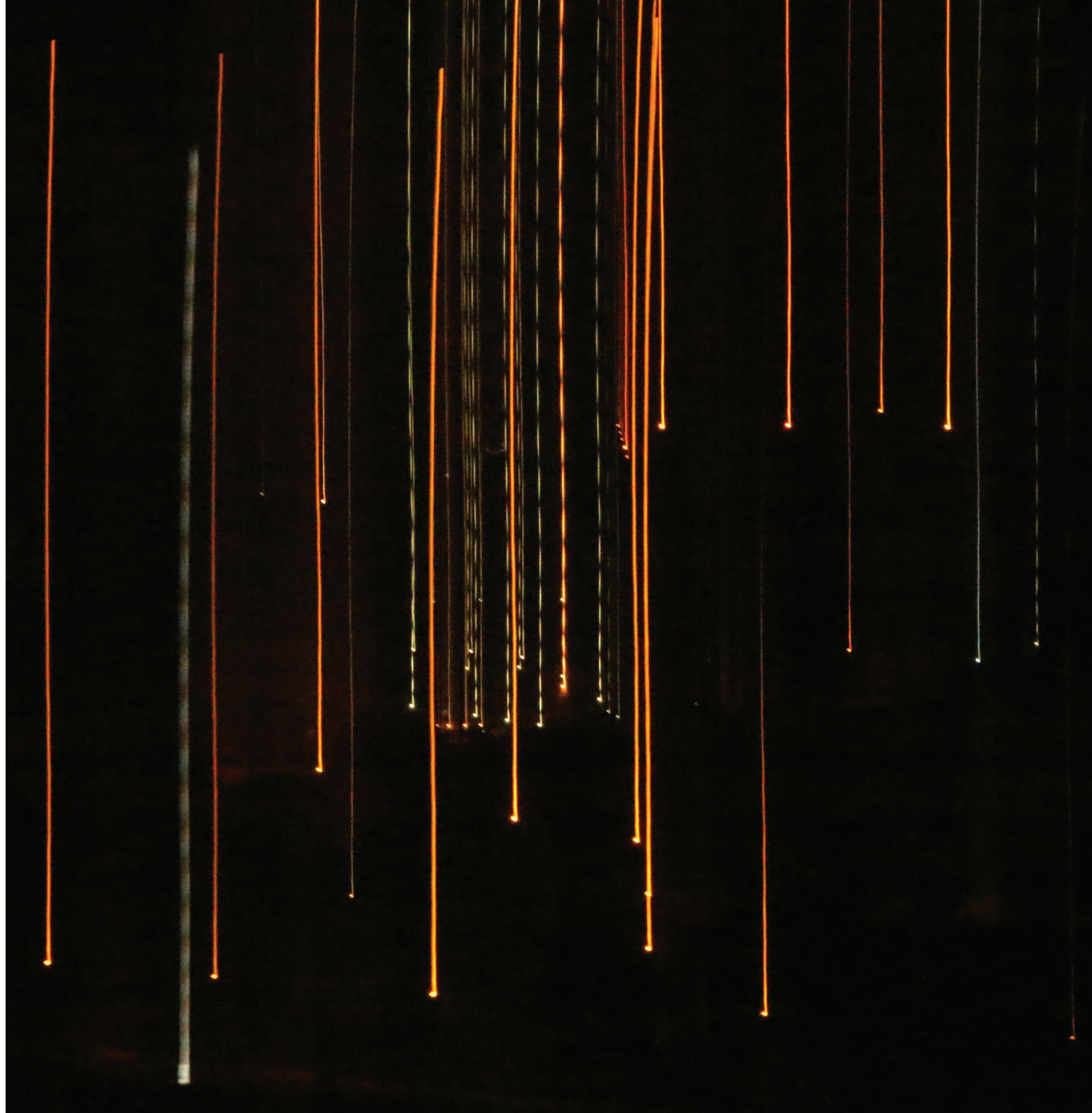
## Introduction

The COVID-19 outbreak has brought about unprecedented and rapid changes across all industries, as governments around the world take drastic measures to contain the spread of the virus.

Companies and communities have turned to remote working and home schooling, and are using different technologies and online platforms to communicate, to deliver products and services, and to stay entertained.

We highlight here the new opportunities and risks that are arising in the TCME sectors in the Middle East as companies are forced to innovate and digitally transform to ensure business continuity in the face of the COVID-19 pandemic.

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# Technology

COVID-19 is having a significant effect on the Technology sector. Mandatory isolation and quarantine measures are forcing many organisations to rethink their traditional working and service delivery models. COVID-19 is necessitating faster business transformation and expenditure on technology infrastructure and IT services.



## Demand for technology

Companies are procuring new technologies to ensure remote working for their employees and to manage remote delivery models. Hardware and software companies are seeing immense demand for laptops, mobility devices and software to support employees working from home and to ensure continued connectivity.



## Network equipment

The need for fast access to data and automation will place a focus on network equipment and communications, increasing the deployment of 5G networks and equipment.



## IT services

There is continued demand for cloud infrastructure services and spending on specialised software and IT services to facilitate remote working.



## Artificial intelligence

Companies and governments are increasingly turning to AI technology to combat the effects of COVID-19. For example, airlines are seeking to rely on technology and automation to screen passengers for signs of the virus to limit the potential transmission amongst passengers. In the UAE, Dubai Police have utilised AI solutions to distinguish vehicles that have movement permits or belong to people working within vital sectors, from vehicles of individuals in breach of the three-week lockdown enforced in Dubai in April.



## Cybersecurity

There are heightened security risks and, consequently, an increased demand for security software and solutions to accommodate a growing remote workforce and the threat of cybercrimes, particularly to ensure secure cloud-based tools and VPNs.



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## Communications

The effect of remote working and home schooling, and the high amount of data usage, is causing a significant impact on the Communications sector. Governments and communication companies are rapidly making changes to accommodate such data usage and to ensure continued connectivity across the Middle East.



### The rise of VoIP and mobile applications

As cities are forced into lockdown, calling and video applications have become popular with individuals who are resorting to videoconferencing for home schooling, work and social meetings. Voice Over Internet Protocol (VoIP) restrictions in the UAE have been lifted to allow people to use VoIP platforms such as Skype for Business and Google Hangouts, as well as video calling platforms such as Zoom and BlueJeans. However, the lifting of restrictions is intended to be a temporary measure.



### Network usage

Network and data usage has risen steeply, due to the increased use of VoIP and mobile apps, streaming and online platforms, as well as a surge in voice calls. Network reliability is paramount to ensure connection rates do not drop and businesses are not disrupted while they operate online.



### Customer experience

Communication companies are focusing on improving customer experience and to provide access to network services, for example, by offering networking tools for free or at a reduced cost to enable customers to work from home.



### Communication and data experience

Data is being collected and used increasingly by governments and organisations to track and contain the spread of the virus, which raises data privacy implications.

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## Media and entertainment

COVID-19 has brought an unprecedented standstill to a number of traditional media and entertainment supplies and consumption. Live sports and entertainment events have been stopped to limit the spread of the virus. The production of new content, for example for TV and movies, has been stalled. However, demand for content is at an all-time high as people find ways to spend their time at home. Companies are looking to new ways of sharing content, through online streaming platforms such as Facebook, Instagram, Zoom and YouTube.

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### Increased demand for content

The demand for all forms of media has significantly increased: from TV programs, short videos, music streaming to online gaming. Companies are finding different ways to offer such content online and to reach larger audiences, for example, by staging live online performances. Streaming giants like Netflix, Amazon and Prime Video are attempting to reduce traffic to ease pressure on telecommunication network infrastructure.



### Adjustment to advertising

Advertising revenues have taken a hit as the world has taken itself online and, therefore, advertisers are focusing on developing content to speak to the current stay-at-home circumstances.



### Impact on live, in-person events and entertainment

COVID-19 has caused significant disruption to in-person events and entertainment. Theme parks, concert venues, movie theatres and museums are closed. Live sporting events, such as Wimbledon and the Olympic Games; and film, art and music festivals such as Glastonbury and Cannes Film Festival have been cancelled. These venues are seeking new ways to engage audiences, by sharing existing performances online, offering online simulated events and e-gaming opportunities, and encouraging musicians, celebrities and professional athletes to engage in competitions, fundraising and live online events. It is likely that the surge in consumption of online content will create a lasting interest even after the COVID-19 pandemic is over.

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## Immediate impacts

The effects of COVID-19 are already being felt in the TCME sectors in the Middle East.



### Expo 2020

Expo 2020, which was scheduled to start on 20 October 2020 and to run until 10 April 2021, has been postponed to 2021. Many businesses that had already begun to prepare for this year's Expo are now being forced to postpone events, products and services. The delay in Expo is likely, therefore, to cause great disruptions to economic activity in the UAE.



### New virtual business models for education operators

As schools and universities across the Middle East had to close, new virtual business models have been developed to ensure the continuity of education. Virtual classes and distance learning mechanisms and programmes are being used to reach and engage students at home.



### COVID-19 tracker apps and data protection implications

New apps are being developed to track COVID-19 cases in the Middle East. Authorities in Abu Dhabi, for example, have developed an app that will help them identify anyone who may have come into contact with somebody who tested positive for COVID-19. The app uses Bluetooth to pick up signals from nearby mobile phones that also have the app installed. Should someone test positive for the virus, this data can be used to find out who came into contact with them. Once identified, through a process called contact tracing, those people will be asked to self-isolate and, if they develop symptoms to the virus, to visit a medical centre for a test. There are important data privacy considerations associated with developing and using such apps because they depend on the collection, use and disclosure of a significant amount of personal information.



### Defamation cases

Due to strict media laws in the Middle East and the move online for most businesses and schools, there has been a rise in defamation cases and policing of false news and unlawful content posted on social media. The disclosure of information or secrets relating to someone's privacy or family life will attract a fine and possible imprisonment in the UAE under the Penal Code, the Cyber Crimes Law as well as laws related to media and publications, if no prior consent is obtained from the individual.

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## Ongoing/future legal issues and risks



### Technology transformation

Remote working and delivery models have sparked an increase in the use of technology. This may include technology for remote working, monitoring and other solutions that mitigate the impact or risk of the virus (and future crisis scenarios). COVID-19 has also caused a heavy disruption to the global tech supply chain across manufacturing, shipping and selling of technologies. Companies supplying and supporting technology transformation will have to consider key issues such as:

- (1) being able to provide market-ready products such as laptops, smartphones, optical fibre cable and appliances;
- (2) having the resources to support key customers and suppliers to fill demand in current high-peaks;

(3) continuing to build or acquire technologies that may be needed for the future of work and manufacturing; and

(4) considering existing and future transactions and ensuring the contracts they enter into effectively protect their interests.

We also anticipate that M&A and joint venture activity will increase as companies in more traditional sectors look to fast-track technology transformation through acquisition or partnership.



### New media and entertainment environment

Media and entertainment companies will have to consider the impact of the shutdown of in-person events and productions, and to consider new ways to meet increasing demand for new content.

Key considerations include:

- (1) how to manage a surplus of employees when traditional events and developments have been halted;
- (2) entering into contractual arrangements with technology and application providers and online platforms to deliver new content and entertainment; and
- (3) identifying risks when entering into collaborations, often at rapid rates, with different entities in the same industry to grow and differentiate during these uncertain times.



### Reliable networks

Companies supplying content and communication networks will have to consider:

- (1) ways to ensure the reliability of their networks and applications;
- (2) how to guarantee positive customer experience despite high pressures on networks; and
- (3) the risks when leveraging opportunities for more automation



## Cybersecurity and digital resilience

The virus outbreak has seen a rise in cybercrime including phishing scams aimed at employees and using the global crisis as a means to spread false information or obtain donations or information. Companies that supply technologies, software, networks and applications should place security at the focus of their products to prevent vulnerabilities and exploitations of their systems and products by cyber criminals, as it could have destructive effects on their customers and their own reputations.



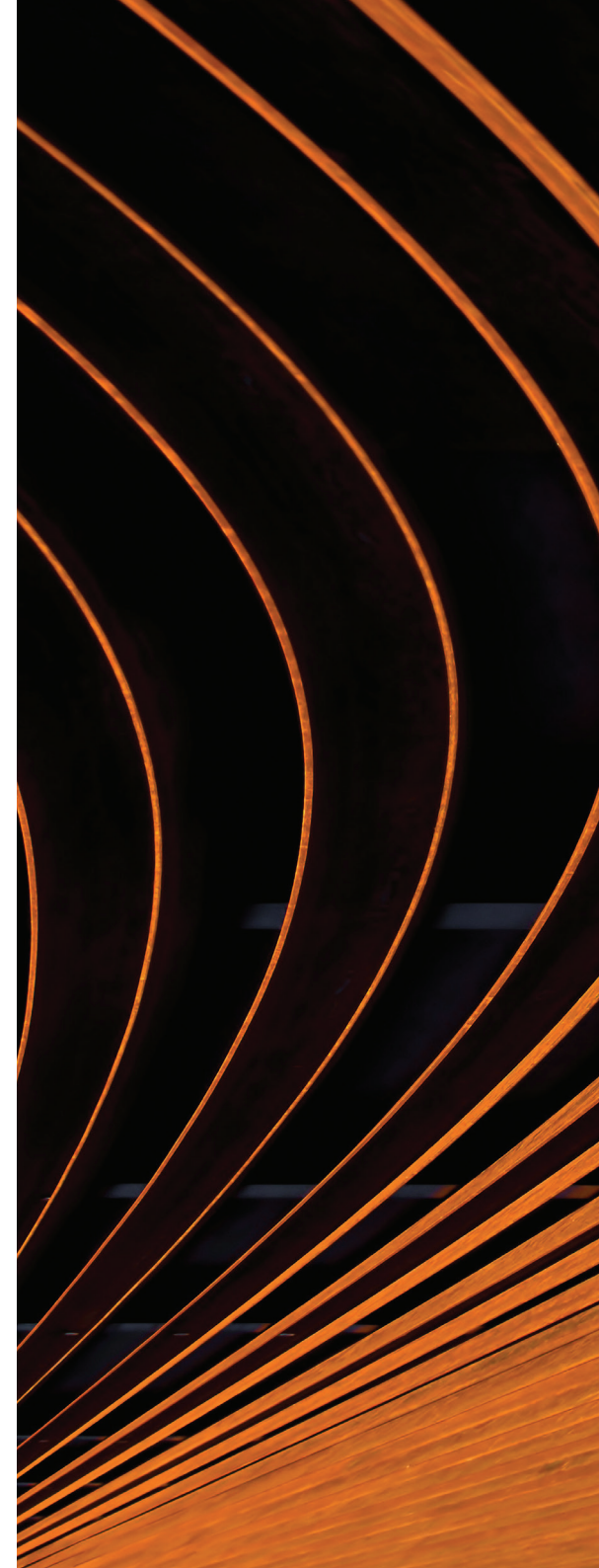
## Data protection implications

New technologies, such as tracking apps, are raising serious data protection and privacy implications. Companies that develop such apps and new technologies need to consider data protection during the design and building stages; for example, by implementing measures to protect individuals from being identified (i.e. anonymising data) and applying secure mechanisms for the disclosure and storage of data.



## Intellectual property

With the increase in new technology, companies should consider whether they have taken all necessary steps to protect their existing intellectual property rights and determine whether any new inventions may be capable of protection. Companies with existing protection may also find that their intellectual property rights for COVID-19 related inventions may be infringed by third parties who are innovating throughout the crisis. In the entertainment and media sector, companies which are streaming third party content online should ensure that they have the necessary permissions in order to avoid infringing third party copyright. Where companies are collaborating with streaming giants or other online platforms, it is important to ensure that appropriate trade mark or copyright licences are in place from the outset.





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## How can Clyde & Co help?

Our experts provide specialist strategic advice to clients on the complex and novel issues that arise in the TCME sectors.

**Our areas of expertise include:**

- Full life-cycle support on complex tech/telecoms projects from procurement to termination, including dispute resolution
  - TCME corporate and financing activity: FDI, M&A, JVs/partnerships
  - Defamation advice and robustly pursuing or defending claims
  - TCME employment and immigration issues: codes of conduct, WFH, implementing cost cutting measures, employee relations and strategic workforce planning
  - Employee transfers in tech transactions and outsourcing
  - Property law issues relating to ICT infrastructure and data centres
  - Disputes arising from delay and cancellation of events and TCME projects
  - Regulation of telecoms, media and emerging technologies
  - Data protection compliance
  - Full life-cycle support on intellectual property rights, including protection and registration, enforcement and commercialisation of trade marks, copyright, patents and designs.
  - Cybercrime and breach response
  - Defence of regulatory investigations, enforcement action and prosecutions
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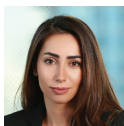
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