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Features and Patterns of Functioning of Financial Resources of Digital Companies

R. Yu. Skokov
Volgograd State Agrarian University, Volgograd, Russia

ABSTRACT

The relevance of the study is due to the monopolization of the markets for goods and services by transnational digital companies. **The object** of the study is the finances of the two world's largest digital and oil companies — Meta Platforms Inc. and Saudi Arabian Oil Company. **The subject** of the study is economic relations in the functioning and regulation of the economic behavior of traditional and digital companies in the context of the digital transformation of existing markets and the creation of new markets for digital goods. **The purpose** of the study is to identify the features of development and patterns of functioning of the system of financial resources of digital companies. **The methodological base** of the study is based on the financial analysis of a digital and oil company, including a comparative analysis of market capitalization, financial results and balance sheets (revenue, net income, assets, liabilities), financial condition, liquidity, profitability, and a comprehensive assessment of performance. It has been established that five manufacturers of digital goods by capitalization in 2020–2022 were among the 12 world leaders and significantly strengthened their positions against the backdrop of traditional business during the pandemic. The size of the largest oil company in 2014–2020 was more significant than that of a digital company, but the gap in dynamics decreased from 7 times in 2017 to 3 times in 2020. At the same time, the liquidity of the balance sheet of a digital organization is 4–7 times higher than that of an oil company, the financial condition is absolutely stable, and independence from external creditors is the highest. The oil company's cost-effectiveness indicators are still higher, as the digital one invests in network development and attracting new users. However, in dynamics, the oil company's profitability has halved over the past four years. The author comes to the **conclusion** that in the medium term, a digital company is projected to outperform an oil company in terms of size and efficiency. For the first time in international and domestic science, it is proposed to increase normative values of liquidity and financial stability indicators of a digital company by 4–7 times higher compared to traditional organizations, which determines the **scientific novelty** of the study.

Keywords: financial analysis; digital company; oil company; features; patterns; liquidity norms; financial stability standards

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INTRODUCTION

Digital goods, which are stored, delivered and used in digital format, occupy a central place in today's world market [1]. The objective structure of digital markets includes digital books, music, movies, games, software, social networks, instant messaging and voice services, search and information mapping services, e-mail services, multimedia services, etc. digital applications.

Coronavirus pandemic has forced the state and society to take a new look at digital goods. For all generations on self-isolation, they have become products of "essential" [2, p. 206], that the most important communication tool, the way of association, to solve the problems of both business and community.

The subject of political economy evolves with digitalization [3, p. 56]. Commodity and monetary relations and the market representing their forms acquire specific features compared to traditional concepts. Commodity and monetary relations — social relations arising between people in the process of production and sale of goods. At the same time, commodity and monetary relations and property relations as economic and legal categories refer to classical Marxist political economy.

The market economy is characterized most by the category of economic relations as objectively developing relations between people in the production, distribution, exchange and consumption of goods. It is obvious that economic relations are broader than commodity and monetary relations. Commodity, monetary and economic relations are characterized by such categories as cost of goods and services, price, profit, profitability, money, salary, loan, etc. These categories are deliberately used in the management of companies and in the planning system of their financial and economic activities.

The finances of companies are part of the economic relations arising in the process of economic activity, the principles of their organization are determined by the basis of the economic activity of enterprises, which is inextricably linked with their financial activity. The principles of financial activity organization are: self-sufficiency, self-financing, interest in outcomes, accountability for results, monitoring of activities.

The principle of self-financing is difficult to realize at enterprises producing products necessary for the consumer with high costs for its production. These include enterprises such as HCS, transport, AIC, MIC, etc.

Of interest is a comparative complex analysis of the financial activities of the digital and oil company, which is not in the scientific literature.

In this article are analyzes the change in the rating of market capitalization of the most expensive companies in the world, including oil, digital, electronic trading platforms, and others under the influence of the COVID-19 pandemic. In detail provides a comparative estimate of the scale of the largest digital Meta Platforms Inc. (activity of Meta Platform Inc. on the territory of the Russian Federation is prohibited in accordance with art. 4 "On mass media") and oil companies Saudi Aramco, their comparative financial analysis including financial results and balance sheets (revenue, net income, EBIT, assets, liabilities), financial condition, stability, liquidity, profitability, comprehensive assessment of the activities. The information base for financial analysis of Meta Platforms Inc. and Saudi Aramco is the data of the web-service and social network for traders TradingView[1] for 2014–2020, and to analyze the market capitalization of the most expensive companies in the world — data of trading platform for Forex-traders FXSSI[2] for 2020 and 2022. The analysis was done with built-in tools of MS Excel v. 2016.

[1] TradingView. URL: https://ru.tradingview.com/ (accessed on 02.02.2022).

[2] Top 10 most expensive companies in the world in 2021. URL: https://ru.fxssi.com/top-10-samyx-dorogix-kompanij-mira (accessed on 30.01.2021).

FEATURES OF FINANCIAL ACTIVITIES OF DIGITAL COMPANIES

The digital economy based on information and communication technologies has led to the emergence of a new type of enterprise — digital companies.

R. Bukht, R. Heeks are defined the digital economy as a "part of the total output, which is fully or mainly produced on the basis of digital technologies by companies whose business model is based on digital products or services" [4].

The digital economy segment is formed by digital companies, to which L. Kokh, Yu. Kokh, V. Prosalova identified those that create software or provide services based on information and communication technologies, serve the digital economy [5]. In their opinion, the company is digital if it operates exclusively using information and communication technologies.

Researches of the peculiarities of financial activities of digital companies and their analysis are still few. R. Büttner, E. Müller [6], H. Gebauer, E. Fleisch, C. Lamprecht, F. Wortmann [7], D. Schallmo, A. Rusnjak, J. Anzengruber, T. Werani and M. Jünger [8], M. Zollenkop, R. Lässig [9], C. G. Machado, M. Winroth, D. Carlsson, P. Almström, V. Centerholt, M. Hallin [10] are investigated the digital transformation of business models. V. Kogdenko developed and tested a methodology of financial analysis of digital companies based on the stakeholder approach [11]. U. Monastyrsky presented an analysis of the role of losses in the financial statements of digital companies [12]. L. Kokh, Yu. Kokh, V. Prosalova [5], M. Akhtyamov, E. Gonchar, N. Tikhonova [13], Yu. Dukhnich [14], K-E. Sveiby [15] are determined the essence of intellectual capital of digital companies and its management, analyzed its structure and methods of assessment, substantiated the expediency of disclosure of information about it to external users. V. Govindarajan, S. Rajgopal and A. Srivastava are justified the need to update financial statements in the digital age [16]. S. Krishnan developed recommendations for improving the financial statements of digital companies [17].

Analysis of the submitted works allows us to highlight the following features of financial activities of digital companies compared to traditional:

- change the structure of assets towards a predominance of intellectual assets, a decline in production capital (fixed assets and reserves);
- significant intellectual capital value of digital companies is not reflected in official financial statements, intangible assets and ecosystems go beyond the company (the assets of a traditional company are physical in nature, owned by the company and are within it);
- gap between market and book value of assets (2–5 times) [5];
- key risk types are not financial but related to intellectual, human and social reputational capital [18];
- reduced reliability of financial analysis of indicators of non-current assets, capital, profits and the need to analyze cash flows, revenues, liabilities, current assets [11];
- during the initial stages of the creation and development of digital platforms, the income and loss report does not reflect the true financial situation, as the costs of creating and scaling up a digital platform tend to exceed the profits and high risks associated with the purchase of shares;
- start turning of profit digital company is a signal of passage of the initial investment phase, exit to the break-even level, probable transition to the principal trajectory "winner gets all" [19] (or "market domination", "monopoly or market power" [20]);
- current financial accounting does not reflect the inherent benefits of digital companies in increasing the value of intangible investment or in increasing the value of a resource when common network (so-called network effect concept) while assets in the physical form of a traditional

company depreciate as they are used (the so-called accounting concept of depreciation) [19];

• the value of intangible assets of digital companies increases as they are used, while the physical assets of traditional companies depreciate over time and as they are used;

• when assessing the investment attractiveness of digital companies, the most important criteria are not traditional integral financial indicators, such as current cash flows and profits, and differentiated financial values for ongoing and planned projects, ideas, payments and non-financial indicators, describing, for example, the potential of human capital, research and development, brands, organizational structure and strategies, networks of partners and suppliers, customer and community relations, computerized data, software[19];

• investment costs in the creation and development of digital companies are not capitalized as physical assets in conventional companies, but are mainly taken into account in the profit calculations;

• digital companies pay more attention to share-based management rewards and reduce profit-based cash bonuses to motivate managers more and eliminate opportunistic actions [19].

Based on the presented foreign and domestic researches, it should be concluded that modern financial reporting, traditional methods and techniques of its analysis, do not fully correspond to the realities (changing business environment) and features of digital companies (new business models).

THE IMPACT OF COVID-19 ON THE MARKET CAPITALIZATION OF THE MOST EXPENSIVE COMPANIES IN THE WORLD

The largest technology companies have changed the global business landscape. In 2020–2022 five manufacturers of digital goods — Apple inc., Microsoft, Alphabet Inc., Facebook, Tencent — were among the top 12 world leaders in terms of capitalization along with Saudi Aramco, Amazon Inc., Alibaba Group, Berkshire Hathaway Inc., Visa Inc., JPMorgan Chase, Johnson & Johnson, Tesla, Inc. (*Table 1*).

During the two years of the pandemic, the market capitalization of the twelve most expensive companies in the world increased by 44%. Total market capitalization of five companies specializing in digital goods — Apple inc., Microsoft, Alphabet Inc., Facebook, Tencent — in two years of the pandemic grew by 71%. Their total market capitalization amounted to 57% of all top 12 companies in 2022, increasing from 48% in 2020. In 2022, Apple Inc. doubled and for the first time in terms of capitalization ahead of Saudi Aramco oil company. This is followed by Microsoft and Alphabet Inc., specializing in digital goods markets, with an increase in market capitalization of 81 and 74%, respectively. Meta Platforms Inc. and Tencent rose by 32 and 14% respectively.

The total market capitalization of three Amazon Inc., Alibaba Group and Visa Inc., which largely entered the top 12 thanks to digital transformation, increased by 13% in two years of the pandemic. The world's largest e-commerce platform company Amazon Inc. increased capitalization by 58%. At the same time, the capitalization of Alibaba Group decreased by 2 times due to pressure from Chinese regulators, which tightened requirements for technology companies due to tensions between the United States and China, against which investors fear delisting of shares of Chinese companies from American exchanges, as well as a slowdown in the growth rate of the Chinese economy. In 2022, Alibaba Group left the top 12, taking 13th place. The transnational company Visa Inc., which provides payment services, maintained its tenth position in the rating with a capitalization increase of 9%.

In the context of the global energy transition, the capitalization of the world's largest oil company Saudi Aramco decreased

Table 1

Market capitalization of the most valuable companies in the world

Company	Market capitalization				%	Digital goods business
	as of 20.01.2020		as of 31.01.2022			
	bn $	rating	bn $	rating		
Saudi Aramco	1880	1	1870	3	99	No
Apple inc.	1397	2	2780	1	199	Yes
Microsoft	1274	3	2311	2	181	Yes
Alphabet Inc.	1020	4	1770	4	174	Yes
Amazon Inc.	924.52	5	1460	5	158	No
Meta Platforms Inc.	633.49	6	839	7	132	Yes
Alibaba Group	610.13	7	303	13	50	No
Berkshire Hathaway Inc.	562.39	8	687	8	122	No
Tencent	492.9	9	561	9	114	Yes
Visa Inc.	441.61	10	480	10	109	No
JPMorgan Chase	433.48	11	433	12	100	No
Johnson & Johnson	392.6	12	452	11	115	No
Tesla, Inc.			850	6		No
Total top-12	10062		14493		144	

Source: compiled by the author based on FXSSI data. URL: https://ru.fxssi.com/top-10-samyx-dorogix-kompanij-mira (accessed on 30.01.2021).

by 1%. Tesla, a manufacturer of electric vehicles and electricity storage solutions, entered the top 12 rating, taking 6th place in market capitalization in 2022. The market capitalization of the Johnson & Johnson Group, which produces medicines, hygiene products and medical equipment, increased by 15%. JPMorgan Chase financial holding moved from 11th to 12th place in the top 12, whose market capitalization has not changed in two years of the pandemic. Berkshire Hathaway Inc., which manages a large number of companies in various industries, added 22% of capitalization.

DIGITAL AND OIL COMPANY SIZE ESTIMATE

Below is a comparative financial and economic characteristics of the largest digital company Meta Platforms Inc. and the oil organization Saudi Arabian Oil Company. Meta Platforms Inc. (2004) — American multinational holding company owning a technology conglomerate located in Menlo Park, California. It is the parent organization of Facebook, Instagram, WhatsApp and Oculus.

Saudi Arabian Oil Company (1933) — Saudi Arabia's national oil company. The largest oil company in the world in terms of oil production and oil reserves.

In *Table 2* provides an estimate of the size of the digital and oil companies.

Table 2 shows that the size of Meta Platforms Inc., a company specializing in digital goods and services, is growing annually and revenue in 2020 increased 2.1 times compared to 2017. The revenue of Saudi Arabian Oil Company, specializing in oil and

Table 2

Estimating the size of a digital and oil company

Indicator	2017	2018	2019	2020
Revenue:				
Meta Platforms Inc., B.USD	40.65	55.84	70.70	85.97
Saudi Arabian Oil Company, B.SAR	990.66	1347.02	1236.79	862.09
Currency ratios USD/SAR	0.27	0.27	0.27	0.27
Revenue ratio SAUDI/META	6.6	6.5	4.7	2.7
Net income:				
Meta Platforms Inc., B.USD	15.92	22.11	18.48	29.15
Saudi Arabian Oil Company, B.SAR	283.20	416.20	330.82	184.93
Net income ratios SAUDI/META	4.8	5.1	4.8	1.7

Source: compiled by the author based on TradingView data. URL: https://ru.tradingview.com/ (accessed on 02.02.2022).

gas production, processing, increased by 36% in 2018 compared to 2017 and then decreased annually, amounting to 64% compared to 2018. At the same time, it is obvious that the gap in the size of companies is significantly narrowing. In 2017, Saudi Arabian Oil Company was 6.6 times larger than Meta Platforms Inc., whereas in 2020 — it was 2.7 times. Net revenue of Meta Platforms Inc. in 2020 is 83% higher than in 2017, while Saudi Arabian Oil Company's net income decreased by 35% in 2020 compared to 2017. The Saudi Arabian Oil Company had a net income of 4.8 times that of Meta Platforms Inc. in 2017 and in 2020–1.7 times.

FINANCIAL ANALYSIS OF DIGITAL AND OIL COMPANIES

In Table 3 is presented a comparative analysis of the balance sheet structure of Meta Platforms Inc. and Saudi Arabian Oil Company on average for 2017–2020.

This data point to the following conclusions:

• cash and short-term investments account for more than 40% of the digital company's asset structure, that 3.5 times more than the oil company's;

• there are no inventories in the digital company's asset structure, which account for about 3% of the oil company's assets;

• over 65% of oil company assets are fixed assets, that 2.2 times more than in a digital company;

• over 16% of the digital company's assets are net intangible assets presented by business reputation, which is 5.7 times more than the oil company's;

• in the structure of liabilities of the digital company more than 80% is equity capital, which is 16% more than for the oil company, which has more accounts payable, profit tax, short-term and long-term debt, risk reserve, deferred tax liabilities.

In *Table 4* are presented analysis of liquidity of companies' balance sheets of Meta and Saudi.

Table 3

Comparative analysis of the balance sheet structure of a digital and oil company (average 2017–2020)

Description	Meta	Saudi	Divergence
Total assets	100.0	100.0	–
Cash and short-term investments	42.1	12.1	–30.0
Receivables	7.2	9.3	2.1
Inventory stocks	–	2.9	2.9
Advances received	–	0.2	0.2
Other current assets	1.4	0.1	–1.3
Long-term investments	1.4	4.8	3.4
Fixed assets	29.1	65.2	36.0
Deferred tax assets	–	0.9	0.9
Net intangible assets	16.6	2.9	–13.8
Other long-term assets	2.1	1.7	–0.4
Total liabilities	100.0	100.0	–
Short-term debt	0.6	2.8	2.2
Payables	1.4	2.3	0.9
Income tax payable	0.7	4.0	3.3
Other current liabilities	4.4	3.8	–0.6
Long-term debt	4.2	12.4	8.2
Risk and cost reserve		3.4	3.4
Deferred tax liabilities		2.2	2.2
Other long-term liabilities	5.1	0.1	–5.0
Equity	81.7	68.3	–13.4

Source: compiled by the author based on TradingView data. URL: https://ru.tradingview.com/ (accessed on 02.02.2022).

Meta Platforms Inc. data for 2014–2020 allow conclusions to be drawn about the liquidity of the company's balance sheet:

• equity, being the basis of stable operation of Meta Platforms Inc., fully finances non-current assets and partially current assets;

• the specificity of the digital company Meta Platforms Inc. is the lack of reserves. Long-term liabilities exist, but excess cash and accounts receivable over accounts payable and short-term loans are sufficient to repay them;

• accounts receivable fully covers short-term credits and loans;

• cash and short-term financial investments exceed accounts payable.

Based on the data obtained, it is possible to characterize the liquidity of the accounting balance of Meta Platforms Inc. as sufficient.

Comparison of results for each group of assets and liabilities of Saudi Arabian Oil

Table 4

Balance liquidity analysis

Assets and liabilities	Company	2014	2015	2016	2017	2018	2019	2020
1. Most liquid assets of A1	Meta, B.USD	11.2	18.4	29.5	41.7	41.1	54.9	62.2
	Saudi, B.SAR	no data	no data	no data	87.7	183.9	223.5	214.9
2. Implemented assets of A2	Meta, B.USD	2.5	3.2	4.9	6.9	9.4	11.4	13.5
	Saudi, B.SAR	no data	no data	no data	131.5	155.9	142.1	132.0
3. Slowly realizable assets of A3	Meta, B.USD	–	–	–	–	–	–	–
	Saudi, B.SAR	no data	no data	no data	34.0	43.6	42.6	52.0
4. Difficult realizable assets of A4	Meta, B.USD	26.5	27.8	30.6	36.0	46.9	67.2	83.7
	Saudi, B.SAR	no data	no data	no data	849.4	963.5	1085.9	1515.4
5. Most urgent liabilities P1	Meta, B.USD	0.7	0.9	1.4	1.8	3.1	4.6	7.1
	Saudi, B.SAR	no data	no data	no data	86.5	103.2	100.9	78.7
6. Short-term liabilities P2	Meta, B.USD	0.7	1.0	1.5	2.0	4.0	10.5	7.9
	Saudi, B.SAR	no data	no data	no data	62.5	81.2	114.7	164.6
7. Long-term liabilities P3	Meta, B.USD	2.7	3.3	2.9	6.4	6.2	17.3	16.1
	Saudi, B.SAR	no data	no data	no data	127.2	134.0	232.3	570.0
8. Permanent liabilities P4	Meta, B.USD	36.1	44.2	59.2	74.4	84.1	101.1	128.3
	Saudi, B.SAR	no data	no data	no data	826.3	1028.4	1046.2	1101.1
Balance	Meta, B.USD	40.2	49.4	65.0	84.5	97.3	133.4	159.3
	Saudi, B.SAR	no data	no data	no data	1102.6	1346.9	1494.1	1914.3

Source: compiled by the author based on IMF data. URL: https://data.imf.org/regular.aspx?key=41175 (accessed on 10.11.2021).

Company for 2017–2020 allow conclusions to be drawn about liquidity of the company's balance sheet:

• equity fully finances non-current assets and partially current assets only in 2018, 2017, 2019 and 2020 it is not enough for stable operation of Saudi Arabian Oil Company;

• the amount of reserves is significantly lower than the long-term liabilities for the entire period, so Saudi Arabian Oil Company will not be able to repay the reserves as the reserves are naturally converted into cash;

• accounts receivable fully covers short-term loans in 2017, 2018, 2019 and not fully in 2020;

• Cash and short-term financial investments exceed accounts payable throughout the period.

Based on the data received, the liquidity of the accounting balance of Saudi Arabian Oil

Table 5

Balance liquidity analysis

Indicators	Company	2014	2015	2016	2017	2018	2019	2020	Recommended standard in practice	
									domestic	international
Absolute liquidity ratio	Meta	7.89	9.55	10.23	11.09	5.86	3.65	4.15	> 0.2	> 0.2
	Saudi	no data	no data	no data	0.59	1.00	1.04	0.88		
Critical liquidity ratio	Meta	9.1	10.9	11.6	12.6	6.9	4.3	4.9	0.8–1.0	0.7–0.8
	Saudi	no data	no data	no data	1.5	1.8	1.7	1.4		
Current ratio	Meta	9.63	11.22	11.94	12.91	7.19	4.40	5.05	2	2.0–2.5
	Saudi	no data	no data	no data	1.70	2.08	1.89	1.64		

Source: compiled by the author based on IMF data. URL: https://data.imf.org/regular.aspx?key=41175 (accessed on 10.11.2021).

Company is insufficient. It is also clear that the liquidity of the oil company is lower than the digital one.

Table 5 shows the calculation of financial liquidity ratios.

The most stringent criterion for the solvency is absolute liquidity ratio. Meta Platforms Inc. has a 2014–2020 average of 7, much higher than the standard. This means that short-term debt can be repaid immediately.

Critical liquidity ratio on average is above 8 at norm 1, indicating that Meta Platforms Inc. has a great ability to repay short-term liabilities with cash, high-rate securities and expected cash payments (account receivable).

During the period under review, current liabilities are sufficiently secured by current assets, as the average coverage ratio for 2014–2020 exceeds 8 at norm 2. The coverage ratio shows that for each ruble its short-term liabilities account for more than 8 rubles of current assets. This indicates high financial stability in case of simultaneous creditors.

Saudi Arabian Oil Company's absolute liquidity ratio averages 0.88 for 2017–2020, which is generally higher than the norm, but much lower — 7 times that of Meta Platforms Inc. for the same period (6.19).

Saudi Arabian Oil Company has a critical liquidity ratio of 1.6 on average against the norm — 1. Meta Platforms Inc. had a 7.2 in 2017–2020, that 4.5 times increase over Saudi Arabian Oil Company.

Saudi Arabian Oil Company's average coverage ratio was 1.83 in 2017–2020, 8.5% below the benchmark (2) and 4 times lower than that of Meta Platforms Inc. (7.39). Only in 2018 was the coverage ratio above the norm at 2.08. Saudi Arabian Oil Company is in danger of financial instability in case of simultaneous creditors.

The next important task is to research the indicators of financial sustainability of the enterprise (*Table 6*).

Based on the calculated three indicators of supply of reserves by sources of their formation for seven years in 2014–2020, financial condition of Meta Platforms Inc. should be described as absolutely stable, as the reserves are fully covered by its own current assets, i.e. the organization is completely independent of external lenders. Such a situation in the real economy in Russia is extremely rare.

Table 6

Sources back-to-back analysis

Indicators	Company	2014	2015	2016	2017	2018	2019	2020
1. Source of current assets	Meta, B.USD	36.1	44.2	59.2	74.4	84.1	101.1	128.3
	Saudi, B.SAR	no data	no data	no data	826.3	1028.4	1046.2	1101.1
2. Non-current assets	Meta, B.USD	26.5	27.8	30.6	36.0	46.9	67.2	83.7
	Saudi, B.SAR	no data	no data	no data	849.4	963.5	1085.9	1515.4
3. Availability of own current assets	Meta, B.USD	9.6	16.5	28.6	38.4	37.3	33.9	44.6
	Saudi, B.SAR	no data	no data	no data	–23.0	64.9	–39.7	–414.3
4. Long-term liabilities	Meta, B.USD	2.7	3.3	2.9	6.4	6.2	17.3	16.1
	Saudi, B.SAR	no data	no data	no data	127.2	134.0	232.3	570.0
5. Availability of own and long-term borrowing sources	Meta, B.USD	12.3	19.7	31.5	44.8	43.5	51.2	60.7
	Saudi, B.SAR	no data	no data	no data	104.2	198.9	192.6	155.7
6. Short-term borrowing	Meta, B.USD	1.4	1.9	2.9	3.8	7.0	15.1	15.0
	Saudi, B.SAR	no data	no data	no data	149.1	184.4	215.6	243.2
7. Total number of main sources of stock formation	Meta, B.USD	13.7	21.7	34.4	48.6	50.5	66.2	75.7
	Saudi, B.SAR	no data	no data	no data	253.2	383.4	408.2	398.9
8. Total reserves	Meta, B.USD	0	0	0	0	0	0	0
	Saudi, B.SAR	no data	no data	no data	34	44	43	52
9. Surplus (+), deficit (–) of own sources of stock formation	Meta, B.USD	10	16	29	38	37	34	45
	Saudi, B.SAR	no data	no data	no data	–57	21	–82	–466
10. Surplus (+), deficit (–) of own and long-term loan sources	Meta, B.USD	12	20	32	45	43	51	61
	Saudi, B.SAR	no data	no data	no data	70	155	150	104
11. Surplus (+), deficit (–) of total sources of stock formation	Meta, B.USD	14	22	34	49	50	66	76
	Saudi, B.SAR	no data	no data	no data	219	340	366	347
12. Three component indicator	Meta, B.USD	(+.+.+.)	(+.+.+.)	(+.+.+.)	(+.+.+.)	(+.+.+.)	(+.+.+.)	(+.+.+.)
	Saudi, B.SAR	no data	no data	no data	(–.+.+.)	(+.+.+.)	(–.+.+.)	(–.+.+.)

Source: compiled by the author based on IMF data. URL: https://data.imf.org/regular.aspx?key=41175 (accessed on 10.11.2021).

Analysis of three indicators of the supply of reserves by sources of their formation by the Saudi Arabian Oil Company on a four-year interval in 2017–2020 allows to recognize that the oil organization has a normal stability of the financial condition, guaranteeing solvency. Three years (2017, 2019, 2020) Saudi Arabian Oil Company had insufficient own current assets for reserves and costs. And only in 2018 did Saudi Arabian Oil Company's financial position remain completely stable.

Along with absolute indicators, financial sustainability is also characterized by financial ratios (*Table 7*).

Table 7

Assessment of relative indicators of financial stability

Indicators	Company	2014	2015	2016	2017	2018	2019	2020	Recommended standards
Ratio of availability current assets of own funds	Meta	0.70	0.76	0.83	0.79	0.74	0.51	0.59	> 0.1
	Saudi	no data	no data	no data	–0.09	0.17	–0.10	–1.04	–
Ratio of availability stock of own funds	Meta	–	–	–	–	–	–	–	0.5–0.8
	Saudi	no data	no data	no data	–0.68	1.49	–0.93	–7.97	–
Ratio of maneuverability of equity	Meta	0.27	0.37	0.48	0.52	0.44	0.34	0.35	0.5
	Saudi	no data	no data	no data	–0.03	0.06	–0.04	–0.38	
Fixed asset index	Meta	0.73	0.63	0.52	0.48	0.56	0.66	0.65	–
	Saudi	no data	no data	no data	1.03	0.94	1.04	1.38	–
Ratio of long-term leveraging of resources	Meta	0.07	0.07	0.05	0.08	0.07	0.15	0.11	–
	Saudi	no data	no data	no data	0.13	0.12	0.18	0.34	–
Real estate ratio	Meta	0.10	0.12	0.13	0.16	0.25	0.34	0.35	> 0.5
	Saudi	no data	no data	no data	0.71	0.68	0.69	0.66	–
Equity ratio	Meta	0.90	0.89	0.91	0.88	0.86	0.76	0.81	> 0.5
	Saudi	no data	no data	no data	0.75	0.76	0.70	0.58	–
Financial sustainability index	Meta	0.10	0.11	0.09	0.12	0.14	0.24	0.19	–
	Saudi	no data	no data	no data	0.25	0.24	0.30	0.42	–
Ratio of own and borrowed funds	Meta	8.85	8.52	10.26	7.30	6.37	3.13	4.13	⩾ 1
	Saudi	no data	no data	no data	2.99	3.23	2.34	1.35	–
Ratio of financial activity	Meta	0.10	0.11	0.09	0.12	0.14	0.24	0.19	< 1
	Saudi	no data	no data	no data	0.25	0.24	0.30	0.42	–

Source: compiled by the author based on IMF data. URL: https://data.imf.org/regular.aspx?key=41175 (accessed on 10.11.2021).

Table 8

Analysis of profitability and other generalizing performance indicators

Indicator	Company•	2014	2015	2016	2017	2018	2019	2020
Return on sales (EBIT),%	Meta	39.9	35.1	45.0	49.7	44.6	41.0	38.0
	Saudi	no data	no data	no data	58.8	59.3	54.5	44.7
Return on total capital (EBIT),%	Meta	12.4	12.7	19.1	23.9	25.6	21.7	20.5
	Saudi	no data	no data	no data	52.9	59.3	45.1	20.1
Return on equity, %								
– based on profit from sales	Meta	13.8	14.2	21.0	27.2	29.6	28.7	25.5
	Saudi	no data	no data	no data	70.5	77.6	64.5	35.0
– based on net profit	Meta	8.1	8.3	17.2	21.4	26.3	18.3	22.7
	Saudi	no data	no data	no data	34.3	40.5	31.6	16.8
Return of cost (EBIT), %	Meta	66.5	54.0	81.7	98.8	80.5	69.5	61.3
	Saudi	no data	no data	no data	142.9	145.5	119.9	80.7
Cost per dollar / riyal of sold products	Meta	0.18	0.16	0.14	0.13	0.17	0.18	0.19
	Saudi	no data	no data	no data	0.38	0.38	0.42	0.50
Return on investment	Meta	5.69	6.25	7.29	7.46	5.97	5.54	5.15
	Saudi	no data	no data	no data	2.64	2.61	2.36	2.02

Source: compiled by the author based on IMF data. URL: https://data.imf.org/regular.aspx?key=41175 (accessed on 10.11.2021).

Meta Platforms Inc. can be judged by their importance in 2014–2020 by the following:

• the organization's own current assets are sufficient for financial sustainability for seven years, with an average ratio of 0.7, which is 7 times the norm;

• the organization does not need to divert its own sources or to borrow to cover inventories, as they are not needed;

• the maneuverability factor is relatively high — averaging 0.39 over seven years, which reflects positively the financial health of the organization;

• non-current assets account for 61% of equity, showing the average fixed asset index;

• share of fixed assets in the value of the assets of the organization 10% in 2014 and about 35% in 2020, as evidenced by the ratio of real property value;

• probability of financial difficulties for the organization is low, as the equity ratio is 0.86 for an average of seven years with a norm above 0.5;

• the equity capital of the organization is 7 times higher than borrowed funds, which shows the ratio of equity and debt;

• organization has low borrowed funds as demonstrated by financial leverage.

The following conclusions can be drawn from the financial coefficients of Saudi Arabian Oil Company in 2017–2020:

• the organization's current assets are sufficient for financial sustainability only in 2018, when the coefficient is 0.17, and in 2017,

2019, 2020 the coefficient is less than the norm;

• reserves are also sufficiently covered by own funds only in 2018, when the ratio is 1.49, in 2017, 2019, 2020 reserves are not sufficiently covered by own sources and need to leverage, as the ratio is significantly lower than the norm;

• maneuverability ratio is low, capital maneuverability is limited, which negatively characterizes the financial state of the organization;

• non-current assets account for about 100% of equity, which is the average fixed asset index;

• share of current assets and e Inventory in the value of the organization's assets, on average for four years is 68%, as measured by real value of assets;

• probability of financial difficulties for the organization increases as the equity ratio decreased from 0.75 in 2017 to 0.58 in 2020 with a norm of more than 0.5;

• the equity capital of the organization is 2.5 times higher than borrowed funds, which shows the ratio of its own and borrowed funds;

• the organization is actively attracted borrowed fund, as evidenced by an increasing ratio of financial activity.

Comparative analysis of the financial ratios of the organizations shows that the digital company Meta Platforms Inc. has greater independence from external creditors, compared to the oil company Saudi Arabian Oil Company.

Dynamics of profitability and other summary performance indicators of the organizations are presented in *Table 8*.

Meta Platforms Inc. indicators for 2014–2020 show the following:

• commercial activity for seven years profitable, which confirms the profitability of sales, indicating that on average profit from sales amounted to 41.9%;

• on average, 19.4% of the total assets of the organization are used efficiently;

• return on equity in net profits are amounted to average 17.5%;

• return of cost, calculated on realized profit averaged 73.2% of profitability;

• the cost per dollar sold is 16 cents;

• For every dollar invested in the cost of production, on average, received 6.19 dollars revenue.

Effectiveness of Saudi Arabian Oil Company in 2017–2020 following:

• average sales profitability was 54.3%;

• negative trend in the efficiency of use of all property of the organization — the return on total capital decreased from 52.9% in 2017 to 20.1% in 2020;

• net return on equity and cost-effectiveness are also declining from 34.3% in 2017 to 16.8% in 2020 and from 142.9% to 80.7%, respectively

• cost per Saudi Riyal sold is 0.42 riyal 16 cents;

• an average of 2.41 riyal of revenue was received from each riyal invested in the cost of production.

CONCLUSION

Major technology companies have changed the global market. In the context of multiple objectives is interesting presented in the work comparative financial analysis of the activities of the classical oil organization Saudi Arabian Oil Company with the innovative digital company Meta Platforms Inc.

In 2020–2022 five digital manufacturers Apple inc., Microsoft, Alphabet Inc., Facebook, Tencent on capitalization were among the top 12 world leaders along with Saudi Aramco, Amazon Inc., Alibaba Group, Berkshire Hathaway Inc., Visa Inc., JPMorgan Chase, Johnson & Johnson, Tesla, Inc. During the pandemic, digital companies significantly strengthened their market position against traditional firms. Comparative financial and economic performance in 2014–2020 of the largest digital company Meta Platforms Inc. and the oil organization Saudi Arabian Oil Company showed that the size of the oil company is still larger than digital, but the gap narrowed

significantly from 7 times in 2017 to 3 times in 2020, with the digital organization's liquidity 4–7 times higher than the oil company. The financial condition of Meta Platforms Inc. is absolutely stable and the organization is completely independent of external lenders, while the oil organization does not have enough own current assets in all years to generate reserves and costs. The economic efficiency of the oil company is still higher than that of a digital company that invests huge financial resources in intangible investments for market dominance. However, in the dynamics of the profitability of Saudi Arabian Oil Company's operations in the past four years decreased almost by half. In the medium term, if the trend and market conditions are maintained, the digital company Meta Platforms Inc. may outperform the oil company Saudi Arabian Oil Company in terms of size and efficiency. The liquidity and financial sustainability of the digital company significantly exceed the recommended in the scientific literature and in practice standards developed for traditional industries, and require an increase of 4–7 times for digital companies, what matters for internal and external users of financial analysis.

The identified features and patterns of functioning and development of the system of financial resources of digital companies should be taken into account by the state authorities when building regulatory policy and economic entities in the construction and implementation of strategy and tactics on relevant traditional and emerging markets in the context of digitalization.

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ABOUT THE AUTHOR

Roman Yu. Skokov — Dr. Sci. (Econ.), Prof., Department of Management and Logistics in the Agro-Industrial Complex, Volgograd State Agrarian University, Volgograd, Russia
https://orcid.org/0000-0003-1026-0538
rskokov@mail.ru

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