



**Sabaragamuwa**  
University of Sri Lanka

## **Faculty of Computing**

**Department of Computing & Information Systems**

### **Activity 02**

## **IS5102 Enterprise Architecture**

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## **1. Economic Forces**

### **State of the Economy:**

Sri Lanka is facing a tough economic situation with high prices, a falling currency, and a shortage of essential goods. The country couldn't pay back its foreign debt in 2022, leading to a big financial crisis. This has made life more expensive and reduced people's disposable income.

The recent economic crisis has severely impacted businesses like tourism (decline in tourist arrivals),

### **Disposable Income and Consumer Spending:**

With less money to spend, people are buying fewer non-essential items and focusing on necessities. They are choosing cheaper options and are less loyal to specific brands. Local retail stores like Laugfs Supermarkets have seen a shift in consumer behavior towards cheaper products and smaller pack sizes as disposable income has decreased.

- *Central Bank of Sri Lanka, Daily FT*
- *ICT Agency of Sri Lanka, Daily FT Tech*

## **2. Technological Advances**

### **Emerging Technologies:**

Even with these economic problems, Sri Lanka is slowly adopting new technologies. More people are using online shopping, digital payments, and mobile apps. However, the country still faces issues with technology infrastructure and digital skills. Sri Lankan startups like Brandix Apparel and Fashion have implemented AI-powered systems for quality control and efficiency in garment manufacturing.

### **Impact on Business:**

Technology helps businesses save money, work more efficiently, and reach more customers. But, the high costs of technology and internet access are still problems for many small businesses. Digital payment platforms like Sampath Bank's 'Pay with Sampath' have gained popularity as more businesses adopt cashless transactions to reduce costs and risks

<https://energy.gov.lk/en/renewable-energy/emerging-technologies>

## **3. Social Forces**

### **Social and Cultural Trends:**

Sri Lankan society is changing quickly. Young people are more connected to global trends through social media and are placing a higher value on education and career growth. However, economic struggles are making it harder for people to move up the social ladder. The growing health consciousness has led to an increase in demand for organic products,

The rise of social media influencers has created opportunities for businesses to collaborate with influencers to reach a wider audience.

### **Impact on Business:**

Businesses need to adjust to what younger people want and their changing preferences. Understanding these new trends and needs is important for success.

<https://www.ft.lk/columns/Three-tech-trends-to-ignite-the-Sri-Lankan-economy/4-723908>

## **4. Political and Regulatory Changes**

### **Political Environment:**

Sri Lanka is dealing with a complicated political situation. The government is working on recovering the economy and managing debt. Political stability is important for attracting investors and growing the economy. The focus on renewable energy has created opportunities for solar power companies like Solara Energy to expand their operations. Tax incentives for the IT sector have encouraged companies like Virtusa and WSO2 to expand their operations in Sri Lanka,

### **Regulatory Changes:**

The government has introduced new rules to attract foreign investment and stabilize the economy, like tax breaks and easier business regulations. However, dealing with government red tape can still be a challenge.

In the Tourism Industry, Economic Forces: The tourism industry has been severely impacted by the economic crisis. Hotels and airlines have faced declining occupancy rates and ticket sales. To cope, some hotels have introduced cost-cutting measures like reducing staff or offering discounted rates, while airlines have adjusted flight schedules.

And in the AGRI Field, Technological Advances: Some larger agricultural enterprises have adopted precision agriculture techniques, using technology to optimize resource use and improve yields. However, the high cost of technology and lack of digital literacy among small-scale farmers have limited its widespread adoption.

In IT sector, Economic Forces: While the IT sector has shown resilience compared to other sectors, the economic crisis has impacted the industry through reduced export earnings and increased operational costs. IT companies have focused on cost-cutting measures and diversifying their client base

<https://www.cbsl.gov.lk/en/news/inflation-in-april-2024-ccpi>