



ROHINI COLLEGE OF ENGINEERING AND TECHNOLOGY

AUTONOMOUS INSTITUTION

Approved by AICTE & Affiliated to Anna University
NBA Accredited for BE (ECE, EEE, MECH) | Accredited by NAAC with A+ Grade

Anjugramam - Kanyakumari Main Road, Palkulam, Variyoor P.O. - 629 401, Kanyakumari District.



SUBJECT : BUSINESS MODELS FOR DIGITAL ECONOMY
SUBJECT CODE : 24MG202

SEMESTER :II

COURSE :MBA

FACULTY :Dr.G.PREM SHANKARI
ASSOCIATE PROFESSOR,
DEPARTMENT OF MANAGEMENT STUDIES,
ROHINI COLLEGE OF ENGINEERING AND TECHNOLOGY

Over the past 20 years, digital technologies have had an extraordinary impact on society. They have altered the way people socialise, commute, work, play, and live. Furthermore, digital technology has the power to significantly alter society and improve the economy in the modern day. Therefore, it has become essential for countries to comprehend and serve the digital economy, also known as the digitally-based economic construct, in order to thrive in the digital era.

To put it simply, both the public and private sectors must become digital enterprises to stay relevant and competitive if they want to thrive in the digital era. This digital economy has significant implications for national governments and policymakers if they are to achieve their key objectives including economic diversification, local value creation, national digital transformation, job creation, and bridging economic inequality.

Defining the Digital Economy

There are several definitions of the digital economy, most of which are predicated on its breadth. The phrase "knowledge economy" was used early in the digital age to refer to a conglomeration of digital media, e-commerce, and the information and communications technology (ICT) industry. But as digital business models have become considerably more common due to the recent 20 years' digital revolution, this new situation calls for a definition with a far wider focus.

According to the latest definition from the Organization for Economic Co-operation and Development (OECD), the digital economy encompasses all economic activities reliant on, or significantly enhanced by, the use of digital inputs, including digital technologies, digital infrastructure, digital services, and data. This broader scope refers to all producers and consumers — including governments — that use digital inputs in their economic activities.

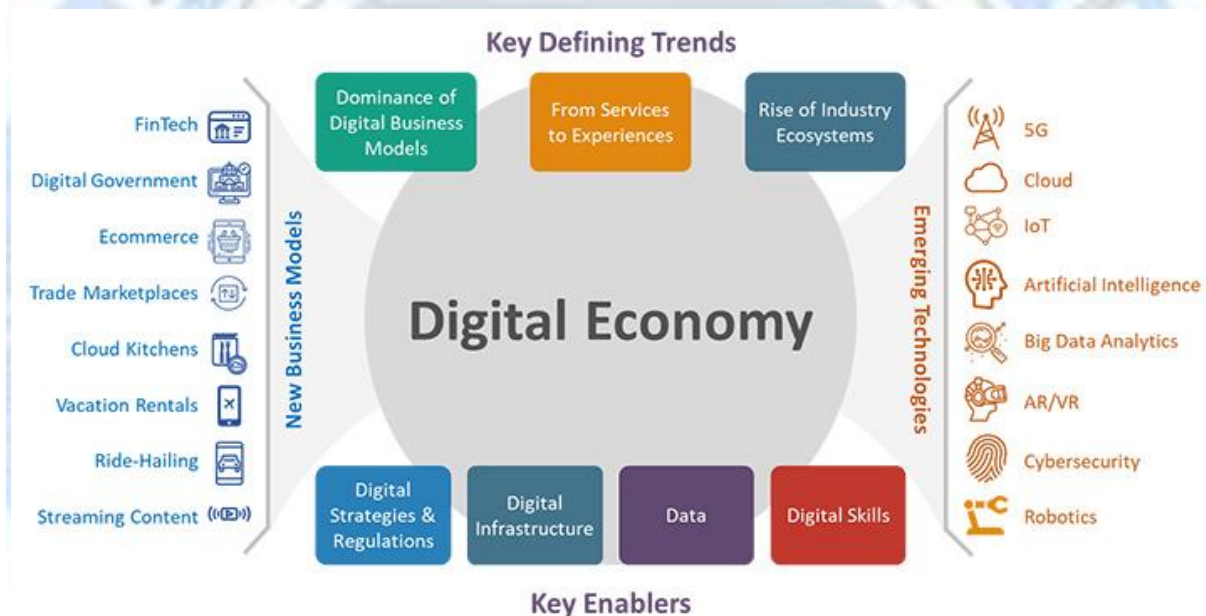
Three Defining Trends

The emergence and evolution of the digital economy is characterized by key trends. The primary driver of these trends is technological innovation, namely the advent and widespread

use of social media and smartphones, as well as advanced broadband networks and technologies such as the Internet of Things (IoT), Big Data Analytics (BDA), robotics, and Artificial Intelligence (AI) and Machine Learning (ML). There are three overarching trends that help us better understand the new economic construct.

Dominant Digital Business Models

Because digital business models and the digital platforms that support them are so prevalent, the digital economy is frequently referred to as a platform economy. Think of companies like Uber and Airbnb as examples of how digital-native players have seriously disrupted established patterns in some industries, including tourism and transportation. In other industries, including banking and government, digital service delivery has supplanted traditional methods, resulting in the closure of branches and customer service centres.



Source: Accelerating the Digital Economy: Four Key Enablers <https://huawei.com.huawei.com/en/blogs/industries/insights/2021/accelerating-digital-economy>

The Shift from Providing Services to Creating Experiences

Businesses set themselves apart in the digital market by giving consumers digital experiences. The top merchants of today, for instance, encourage consumer purchases by offering in-store and online Augmented Reality (AR) and Virtual Reality (VR) experiences in addition to AI-based, customised marketing messaging. They use e-commerce fulfilment centres and automated shopfronts to provide seamless online and offline shopping experiences. Through programs like customer journeys, national government service portals, national digital IDs, and more, the public sector is aggressively pursuing a whole-of-government strategy, dismantling institutional walls to provide people an equally smooth

digital

experience.

The Rise of Industry Ecosystems

Scaled-up, integrated ecosystems that use software platforms to deliver value, create resiliency, and foster innovation through connected products, assets, people, and processes are replacing traditional and linear value chains with limited partner engagement in the digital economy. For instance, leading banks collaborate with Financial Technology (FinTech) players to improve services and innovate quickly within the Financial Services Industry (FSI). These industry ecosystems rely on data sharing and use digital platforms for intercompany collaboration and multiplied innovation.

The Four Key Enablers of the Digital Economy

Accelerated investment in digital transformation will further spur the creation of digitally-enabled products, services, and experiences across all industries, significantly impacting economic development, particularly as nations across the world move away from resource-based economic models. To facilitate this transition, national authorities and policymakers should focus their efforts and investments on the critical enablers of the digital economy. As such, there are four aspects that are foundational to its evolution: addressing them head on will multiply economic growth in the future.

Digital Strategies and Regulations

The digital economy requires focused attention, tailored strategies and policymaking efforts. Strategies and regulations should address the digital economy's various components and technology enablers. For example, strategies and initiatives focusing on FinTech, ecommerce, Industry 4.0, and emerging technologies such as AI, IoT, the cloud, robotics, and cybersecurity will be essential for fostering the growth of the digital economy.

Digital Infrastructure

The digital economy depends on strong, dependable, responsive, secure, and scalable digital infrastructure because it demands that people and organisations interact easily, no matter where they are. A wide range of technological components make up digital infrastructure nowadays, including sensor and camera networks, applications, platforms, computing and storage infrastructure (including data centres and the cloud), and communications networks.

To ensure the success of the digital economy, it is imperative that ongoing investments be made to improve and upgrade digital connectivity, especially as technology advances. In the upcoming years, technological innovations like 5G and Wi-Fi 6 will be crucial in enabling the new economy. For instance, a number of organisations are currently putting private 5G networks into place for a variety of use cases, including remote triaging in connected ambulances in the healthcare sector, remote surveys by mobile robots in hazardous environments in the energy sector, and factory automation in industry.

Data

Data is the primary driver of the digital economy. Data is, in fact, the most important resource in the digital era and is essential to automation, industrial ecosystems, digital business models, and personalised consumer experiences. One important distinction in the digital economy is an organization's capacity to gather data, synthesise information, learn continually, and apply the resultant insights at scale. IoT platforms, devices, networks, and AI and ML technologies work together to transform data into value and transfer insight from the periphery to the centre.

A variety of new digital skills are necessary due to the growing role of digital technology in the workplace. These may be divided into two categories: the generic ICT skills that all employees need to operate in a digitalised workplace and the core ICT abilities, which include programming, apps, infrastructure, cybersecurity, and data analytics. However, it is difficult to locate key ICT skills, as organisations frequently note. Furthermore, because technology is developing so fast, the skills taught in schools frequently become inadequate and out of date.

A variety of new digital skills are necessary due to the growing role of digital technology in the workplace. These may be divided into two categories: the generic ICT skills that all

employees need to operate in a digitalised workplace and the core ICT abilities, which include programming, apps, infrastructure, cybersecurity, and data analytics. However, it is difficult to locate key ICT skills, as organisations frequently note. Furthermore, because technology is developing so fast, the skills taught in schools frequently become inadequate and out of date.

Every country prioritises wealth generation, economic growth, and the enhancement of the lives of its population. The creation and consumption of goods and services are increasingly influenced by digital technology, making the digital economy a vital part of the country's evolution. Understanding this new economic structure and fostering an atmosphere that supports its development are critical for national governments and policymakers. Organisations that want to prosper in the digital era must also become digital companies, adopting digital business models, mastering data, and engaging with industry ecosystems to provide exceptional customer experiences.

Reference:

Content rephrased from ([/e.huawei.com](https://e.huawei.com))