

## **DIGITAL VS. TRADITIONAL ECONOMY**

The purpose of this article is to analysis the influence of digitalization of the economy on business.

Digital economy refers to an economy that is based on digital computing technologies, although we increasingly perceive this as conducting business through markets based on the internet and the World Wide Web.

There are four fundamental areas of digital transformation central to business success in the digital economy: scope of employment, customer experience, digital supply networks and the Internet of Things [1].

**Scope of employment.** According to technology experts, futurists and scientists, by 2030, more than 60% of professions will be automated. However, it is not necessary to be afraid that robots will cause mass unemployment – in 10 years there will be new professions and, accordingly, jobs. Between 20 and 50 million jobs will be created in the IT sector alone. In order to get a new job, 375 million people will have to undergo professional retraining. It is worth it – thanks to retraining, at least 95% of the specialists who lost their jobs will be able to find a new place.

**Training.** In order to meet the new challenges, you will have to study all the time, take professional training and retraining courses. Gradually, universities will integrate with EdTech, including online courses and bootcamps. Improving the level and quality of education is an important factor in stimulating the economy. Thus, if developing countries manage to increase the coverage of the population in secondary, vocational and higher education by 7%, then GDP will rise by 2%.

**Customer experience.** Today, customers expect relevant content in relation to what they're doing anytime, anywhere and in the format and on the device of their choosing.

And in order to keep up with this new kind of “always-connected” customer, your business must embrace technology to deliver an unmatched customer experience. Fortunately, putting the customer first is already at the center of many organizations' strategy.

Digital transformation offers organizations an opportunity to engage modern buyers, and deliver on their expectations of a seamless customer experience regardless of channel or place.

According to research from IDC, two-thirds of the CEO's of Global 2,000 companies will shift their focus from traditional, offline strategies to more modern digital strategies to improve the customer experience before the end of the year - with 34% of companies believing they'll fully adopt digital transformation within 12 months or less which explains the increase in digital spending [2].

The net global spending on digital transformation in 2018 was approximately \$1 trillion. This number is expected to increase to more than \$2 trillion by 2022. (In fact,

79% of companies admit that COVID-19 increased the budget for digital transformation).

**Digital supply networks.** Supply network is a combination of multiple supply chains that network in a commercial environment and cross link organizational structures. This will enable an organization to take a holistic view of macro and micro factors and impacts that may ripple up or down the whole supply network and impact an organization's supply chain.

Digital supply networks establish a “digital thread” through physical and digital channels, connecting information, goods, and services in powerful ways:

Physical to digital: Capture signals and data from the physical world to create a digital record.

Digital to digital: Exchange and enrich information using advanced analytics, artificial intelligence, and machine learning to drive meaningful insights.

Digital to physical: Deliver information in automated and more effective ways to generate actions and changes in the physical world.

Unlike a traditional supply chain model, digital supply networks are dynamic, integrated, and characterized by a high-velocity, continuous flow of information and analytics [3].

**Internet of Things.** In this technology, the Internet is used to exchange information not only between people, but also between all sorts of “things”, i.e. machines, devices, sensors, etc. On the one hand, things equipped with sensors can exchange data and process it without human intervention. On the other hand, a person can actively participate in this process, for example, when it comes to a «smart home».

A type of Internet of Things is the Industrial Internet of Things. It opens a direct road to the creation of fully automated production facilities. It all starts with the fact that the key components of the equipment are equipped with various sensors, actuators and controllers; the collected data is processed and sent to the relevant services of the enterprise, which allows the staff to quickly make informed and balanced decisions. But the maximum task is to achieve such a level of automation of the enterprise, in which, in all areas, where possible, machines work without the participation of people. The role of personnel in this case is reduced to monitoring the operation of machines and responding only to emergency situations.

## REFERENCES:

1. What is digital economy? [Electronic resource]. – Mode of access: <https://www2.deloitte.com/mt/en/pages/technology/articles/mt-what-is-digital-economy.html>. – Date of access: 09.03.2021.
2. How customer experience drives digital transformation [Electronic resource]. – 2021. – Mode of access: <https://www.superoffice.com/blog/digital-transformation/>. – Date of access: 10.03.2021.
3. What Is the Difference Between a Supply Chain and Supply Network? [Electronic resource]. – Mode of access: <https://www.cips.org/knowledge/procurement-topics-and-skills/supply-chain-management/supply-network-design/>. – Date of access: 10.03.2021.