

A REVIEW ON DIGITALIZATION IS TRANSFORMING BUSINESS MODELS

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ABSTRACT

Through the use of Internet of Things (IoT) technologies, extensive data interchange, and predictive analytics, digitalization is transforming how business is performed within industrial value chains. However, technology innovation is insufficient to profit from digitalization; business model innovation, such as the transition to advanced service business models, is required. However, there are major study gaps in understanding how industrial organisations might use digitization to improve their business models for long-term sustainability. Challenges relating to value creation, value delivery, and value capture components of business model innovation, as well as how alignment of these components drives sustainable industry initiatives need to be better understood. A digital business model is a way of creating value by employing digital technologies to produce customer benefits. The goal of the digital solution is to provide a substantial benefit for which clients are prepared to pay a premium. The development of new, distinctive concepts supporting an organization's financial viability, including its mission, as well as the mechanisms for bringing such concepts to fruition, is known as business model innovation. Because of the digital disruption, business model lifecycles have been reduced, and innovation has become critical to financial success.

Keywords: Business Model, Financial, Digitalization.

INTRODUCTION

A digital strategy, often known as a digital media strategy, is a strategy for maximising the business value of data assets and technology-driven activities. A cross-functional team of executive leadership, marketing, and information technology (IT) members is required for a successful digital strategy. Through digitization, which is transforming the way business is conducted in industrial value chains, industries are approaching the fourth industrial revolution; Industry 4.0. With the use of Internet of Things (IoT) technology, extensive data interchange, and predictive analytics, we are experiencing a new era in which industry is becoming increasingly smart (Dellermann et al., 2017).

The concepts of effectiveness and productivity in carrying out all business and living activities in the present day are at the heart of technological innovations, particularly digital and computerization.

This advancement in informatics and communication, as well as nearly infinite access to big data, allows businesses to continue to adapt to the difficulties of an increasingly demanding and challenging moment in the business cycle. All corporate activities, in recent years, have tended to follow digital trends that make information accessible to all activities (Kotarba, 2018).

The organisation will then use efficiency to preserve a strong foundation and long-term viability. The application of computerised technology innovation in company will considerably benefit all corporate activities, such as achieving innovation that facilitates management and administration. Computerized methods of administration can emerge and continue to change in

response to the needs of firms and business organisations. In the context of management, digital technology can provide innovative strategies for combining administration with services that will enable businesses to achieve their ultimate goals, because efforts in this manner are a cycle to value time, which is the most important factor in running a business (Shane, 1993).

Technological advancements also consider better and more exact business-to-business and consumer-to-consumer connections. For executives, business managers are simply an example of data flow. This provides an opportunity to build a new but transitory type of collaboration with considerable value process improvements and featured services that enable for improved replies to request side-use models. Advances in information mining have enabled firms to increase their reach as a result of digitalization (Carayannis, 2015).

Simultaneously, digitalization technology will modernise business operations and create more modern business arrangements and services. The goal of business model innovation is to provide several, mutually supporting modifications to the value proposition for customers. The adjustments at the value proposition level are dictated by the important characteristics of business model innovation.

Create the correct mind-set, for example, to build a successful digital business. Put the appropriate people in the proper positions. Establish digital business excellence centres. To respond to opportunities and risks, develop a digital strategy. Find and define jobs in the digital business world. Make new digital business channels, for example. Adjustments to the business model, unlike other types of innovation, necessitate changes to the business's core decisions. As a result, business model innovation will almost certainly be radical, if not transformational (Oghazi, 2018).

Boundary less organisation, limitless digitization is abbreviated as BLUR. Unrelenting iteration and unbridled innovation it is critical to recognise that it is a method of utilising technology to provide great customer service, create nimble internal processes, and demystify new business value.

CONCLUSION

Many businesses are familiar with the function of digital technology, which is receiving increasing attention in many aspects of industry. Digitalization appears to be a technique used by administrative organisations to better create profitable and sustainable value generation. Indeed, in many developing nations, such as Indonesia, digitization in the business environment has not yet achieved a high level, with the distinct perception that adapting and following firm arrangements with business models must adapt to the steps for digitization.

The trend of changing how businesses operate is currently fascinating, with the response to changes in business operations appearing to be quite dynamic. Businesses readily accept the substance of digitalization because of its benefit principle and potential to remodel the model and way business is conducted in a competitive environment.

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