

Paradigm Shift in Business Practices in Digital Era

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Abstract

This report examines critically the predominant changes shaping up in modern business practices due to digital transformation wave resurgent in all streams of life. Traditional businesses addressed the requirements using traditional design and development techniques. They worked on manual registers and book keeping in pre-computerization time. These were replaced by computer and internet-based applications. Registers were taken over by databases and documents exchanges were moved to internet bases telecom network. Digital technology brought the new model of image-based document storing and e-commerce for financial transactions. These are making a strong impact on definitions of business processes and sub processes. Minimum manual intervention even for data entry and extreme speed of processing are tangible effects leading to highly improved efficiency.

Turning into a digital business is no longer simply about adopting these new technologies into offices. It aims at using digital technology to transform business practices into the broader digital way of office functioning that extends to all key entities like customers, suppliers, partners, employees, and other industries in eco system. The interesting facts about this transformation is that they are not just for internal operational consumption. Rather the enterprises are enhancing the boundaries to generate broader ecosystem of digital society as they shape their future offerings of products and services, as well as business models.

Key Words: Digitization, digitalization, digital transformation, business practices, digital business model, business eco system, digital society, business offerings.

Introduction

In political, business, trade, industry and media discourses, digitization is defined as "the conversion of analog information into digital form" (i.e. numeric, binary format). Digitizing is technically explained as the representation of signals, images, sounds and objects by generating a series of numbers, expressed as a discrete value. The majority of sectors and industries in media, banking and finance, telecoms, medical and health care have been strongly affected by this conversion of information.

Unlike digitization, digitalization is the actual 'process' of the technologically-induced change within these industries. This process has enabled much of the phenomena today known as the Internet of Things, Industrial Internet, Industry 4.0, Big data, machine to machine communication, blockchain, cryptocurrencies etc.

Digital Transformation (DT) is the transformation of business by revamping the business strategy, models, operations, products, marketing approach, objectives etc., by adopting digital technologies. This accelerate sales and growth of the business from end to end.

For the last few years the leading companies have focused on leveraging SMAC (social, mobile, analytics, and cloud) to transform their enterprise into a digital business. That phase has progressed a lot. The new challenge now is about how to use the digital advantage. The research is aiming at finding channels and impacts of digital environment on business practices starting with pilot surveys, planning research design and methodology, gathering primary and secondary data, conducting data analysis to test hypothesis and deriving conclusion with observation, limitations and recommendations.

1. Aim and Objectives of Research

The aim of the research is:

- To establish impact of digital transformation on modern business models

The objectives of this research are as follows:

- To study and establish that business models have been impacted by digital transformation
- To determine the scale of impact of digital transformation on business models
- To define the paradigm shift in business models due to digital transformation

2. Hypothesis

Modern business practices have paradigm shift going beyond company borders to reap benefits of new digital economy through machine to machine connect creating broader market scenarios.

3. Review of Literature

There were a few valuable white papers on internet by various business strategy consulting companies and well as large IT companies. McKinsey, Accenture, PwC, Cognizant, SAP have given their vision of modern markets enabled by digital technologies. They are mainly looking across their company boundaries to achieve E2E seamless customer experience like never before. This is opening up enhanced possibilities of new business to each one in the ecosystem.

The new age digital solution providers are thinking big wondering about:

- Do we need car insurance when we have driverless cars?
- Do we need travel when we have video and audio conferences as well as shared drives for documents?
- Are we selling services, like goodwill, collaboration and ease of doing business?
- How can we offer tomorrow's smart homes and mega-cities?
- What can we do to solve the eminent natural resource shortages like fuel, water, food?

New frontier companies are no longer thinking to transform themselves into a digital business using technologies. They are propelling the markets into new 'Digital Economy' and announcing their new role in the same.

The questions for these business leaders now are:

- How to optimize digital advantage?
- What will your company use greater challenges as opportunities?
- And finally—what will be the roles in new dimensions of future Digital Economy.

4. Research Gaps

The on-going research and white papers throw light on business practices in current environment constrained with company walls. As the digital technology is closing distances between companies there is a need to see across the boundaries while defining business markets and related business practices and processes. There is a genuine need to have guidelines as well as do's-and-don'ts while planning for new markets and designing new practices and processes.

The research aims at establishing the need and defining that framework for modern business practices in digital ecosystem.

Methodology of Research

5.1 Study Design

A pilot survey will be designed to gather impact of digital transformation and readiness of companies to use it in business practices to gain advantage. Interviews will be conducted to understand how companies are setting themselves up to embrace the challenge. Secondary data will be gathered through white papers and research papers on the digital business techniques.

5.2 Study Population and Sampling Technique

- a) The research will cover 4-5 industry sectors and 5-6 companies from each industry sector in India and abroad as a population and based on available data, the business practices form the sample.
- b) Industry Sectors-Manufacturing, Banking, Telecom, Retail, Advertising, Tourism and IT
- c) Products considered in the industry sectors- Automobiles, Equipment, Services
- d) Duration of research
Data gathering for 2 years and data analysis for 1 year

5.3 Data Analysis Method

The research is based on qualitative analysis of primary and secondary data comprising of

1. Analysis of current business practices and processes in pre-digital period
2. Cases of impacted business practices influenced by digital technologies
3. List of parameters to be considered in new business models
4. Guidelines for steps towards designing new business practices

5.4 Plan of Work

Researcher will ensure that the study and analysis do not have biases by consulting and reviewing with stakeholders in multiple industry sectors and companies. The cases selected will be from various industries and geographies. The security of data will be ensured using less critical fields and encryption where examples are to be used.

5. Analysis and Findings

Technology is moving very fast. SMAC (Social, mobile, analytics, cloud) along with IoT are driving digital businesses with great speed. The researcher observes some emerging ways of thinking that reflect the paradigm shifts being seen among the future digital business practices.

The IOT is making very personalized customer world. User experiences are going online bringing up many digital channels touching root levels. Visionary businesses are building new applications, products, and services in different style. Consumers get more engaged due to highly **personalized experiences** keeping customer's trust intact. These companies will be next generation successful players.

Intelligent hardware is fast bridging the gaps between the digital enterprise and consumers. As leading enterprises embed hardware and sensors in their digital toolboxes through IOT. They offer more **meaningful outcomes**. They target to sell results that mere things. Outcome is more important.

Digital industry platforms and ecosystems are driving the next wave of disruptive innovation and growth. **Platform-based solutions** are attracting opportunities for strong growth (and profitability) in new digital economy. Cloud and mobility are making such platforms more cost effective, across industries and geographies. Platform-based ecosystems are making strong headways.

The software intelligence will bring next level of operation excellence. So far, software enabled better and faster decisions. The software intelligence using big data is helping machines to make informed decisions. Software intelligence will propel next level innovation throughout the enterprise. This leads to **intelligent enterprise**.

Digital solutions expect humans and machines to work in tandem to achieve more. New wearable devices and smart machines empower work force to collaborate with machines. This is new **reimagined collaborative workforce**. Now each business is becoming digital. The biggest evolution of a key technology is digital enterprise explorations. This is fundamental shift in the assumptions by organizations. Business leaders get significant insights from digital perspectives for future.

Current Findings against Objectives:

1. The analysis of secondary data shows that there is significant impact of digital transformation on design of business practices and processes for new products and service offerings.
2. The analysis of secondary data shows that the leading companies are thinking beyond the boundaries of their own companies to provide seamless E2E customer experience enhancing the market target audience and looks for bigger shares.

Findings against Hypothesis:

1. To be established based on testing of primary and secondary data.

5. Conclusion, Recommendation, Implication and Limitation

5.1. Conclusion

It is clearly underlining the fact that digital transformation is and going to impact the new and upcoming product and service offering designs.

5.2. Recommendation

The organizations need to develop process to consider digital transformation while designing the business practices across organizations in the industry. Restricted vision of only own organization will not help and rather reduce the chances of bigger market share.

5.3. Implications and Limitations

Organization may have budget issues towards enhanced scope of business practices. The futuristic industry vision also may not come in that easily

6. Scope for Further Research

This research will be one of the milestones in a long journey of digital economy. Organizations need broader collaboration approach for seamless customer experience.

On the other hand, industry would need help of tools to help efficient business practice and process definitions.

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