


Chapter 1

Business Models for Digital Economy: Good Practices and Success Stories

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ABSTRACT

This chapter aims to provide a better understanding about how digitalization affects the business models and business strategies. To answer this question, this chapter presents a literature review complemented by case studies. From a business perspective, this study emphasizes the need to take into account the impact of the ever-changing digital environment on how it influences business strategy, and it categorizes the new business models with a special focus on platform businesses and displays some examples from the practice. The results also suggest that with the internet and the digitalization there were new, innovative business models created which attract new segments and create value in ways unimaginable in the past.

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INTRODUCTION

In today's era of volatility, there is no other way but to re-invent. The only sustainable advantage you can have over others is agility, that's it. Because nothing else is sustainable, everything else you create, somebody else will replicate. - Jeff Bezos, Founder, Amazon

The integration of so-called SMAC innovations – social, mobile, analytics, and cloud computing – has culminated in an ongoing digitalization surge that is now driving the business and society. As digitalization has reached all facets of our personal and professional lives, it has become a priority for executives and policy makers, making it to the headlines for publications, journals, and seminars of professionals (Legner et al., 2017).

The rise of technology and the Internet also required attention from the business sector. Companies need to develop the privacy issues of their consumers who put their data into the hands of these companies. Today, personal data is disseminated, shared and collected more than ever before (OECD, 2015).

When companies respond to the challenges of the digital world and draw on the hard-won experiences of online business leaders, they need to consider how traditional business strategies and execution models are affected by the web and to recognize why the new business elements made possible by the internet is becoming increasingly important.

Successful digital business strategies combine the internet capabilities with aspects of the company's finances, requirements and priorities and may not be appropriate in the rapidly changing digital environment with the demands of the consumers in the past.

This chapter aims to determine the importance of the ever-changing digital economy, analyze its opportunities and showcase the different types of business models the digital economy has created. Its objective is also to attract attention to the possibilities of platform-based businesses.

Our research is divided into four main parts: the first part is dedicated to the digital economy - the digital marketplace and the digitalization of the business - the second part talks about the digital entrepreneurship, third part explains impact of digitalization on the business, based on case studies and the last, the fourth part is devoted to business models of the digital economy, their typologies and it speaks in depth about the platform business models.

LITERATURE REVIEW

Digital Economy

The definition of digital economy, synonymous of digitalization is wide and still difficult to find a synthetic definition and since related with information society (Webster, 1995; Hill, 1999).

The digital economy remains to evolve at quick speed, driven by the ability to collect, use and analyse massive amounts of machine-readable information (digital data) about practically everything. These digital data result from the digital footprints of personal, social and business activities taking place on various digital platforms (UNCTAD, 2019). According to the same source Global Internet Protocol (IP) traffic, a proxy for data flows, grew from about 100 gigabytes (GB) per day in 1992 to more than 45,000 GB per second in 2017. And yet the world is only in the early days of the data-driven economy;

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