

Chapter 10

Business Models Updated for a Digitalized and Sustainable World

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ABSTRACT

The mission of this chapter is to reinforce the need to adapt current business models to the new type of economy, which is influenced by the new digitalized world and constant sustainable requirements from external stakeholders. The final outcome of the chapter will be reframing the current business models to fit this current eco-system. The chapter also clarifies the factors that drove this change, the transformations, automation of processes, streamlining of structures, and demanded corporate transparency. The competition is not at a certain level of similar-sized businesses anymore but at an unequal clash of business power intelligence. Being able to understand it and adapt the business models to the newly created reality involves trends understanding and supremacy perfection. This chapter will dive into the business frameworks used nowadays, compare them, and highlight the necessity of adaptation of such to the new type of economic markets. Suggestions for reframing are given, supporting the lean transition to stability in a volatile and continuously progressive economy.

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INTRODUCTION

The future of business as seen from the internationalization perspective is expected to change drastically in the coming years. Value creation is rapid and digital transformations are supporting the increasing competition among market actors. This chapter deconstructs the used models and compares the necessity of components in today's digital and sustainable world. It is important to understand the rationale of current market volatility and highlight the models that are still correctly patterned for current networks.

As Li (2022) has stated in his research, digital transformations have influenced business model reconfiguration, to deployment of a multitude of business frameworks within one company, adapted accordingly to certain market segments, customers, and products. He suggests that a portfolio model can enhance a company's stability, but also profitability. Companies trying to capitalize on a multitude of value propositions can reduce market risk. At the same time, the usual markets become unstable and volatile, as digital transformations are further supportive of e-commerce, defined by lower transaction costs and increased power of global market channels. Traditional ecosystems are forgotten, and businesses deal now at a global level with a completely unexplored range of customers and requirements. At the same time, companies have started flicking between strategies, depending on the targeted buyers or advantages in comparison to competitors in chosen markets. These trends influence the growth strategies of businesses in the newly digitalized economies. As the new digitalized world is influencing the change in business models, it has been observed that, as it requires a transformation of products, and services, but also internal business processes and managerial adaptation, it requires a whole new strategic implementation (Song et al., 2022; Moen, 2023; Andriushchenko et al., 2020)

At the same time, creating a sustainable business model influences the proposed value of companies and the image they create amongst stakeholders. The new customers are more aware of their sustainable impact and are requiring the same from the companies they buy their products from. Other market stakeholders are having their own participation in defining the sustainable requirements of businesses. In considering these, companies have to enable creativity and innovation within their established structures, increasing the creation of ecological and social value. However sustainable value creation is not an easy thing, as voluntary self-regulations, re-usage of resources, or sustainability capabilities are dependent on financial stability also. (Boons et al., 2013; Demirel and Kesidou, 2019; Lüdeke-Freund, 2020) Creating the perfect business model for sustainability needs to consider a multitude of external and internal contingency factors, which are explored further.

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