

## Digital Transformation and Business Models

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### Abstract:

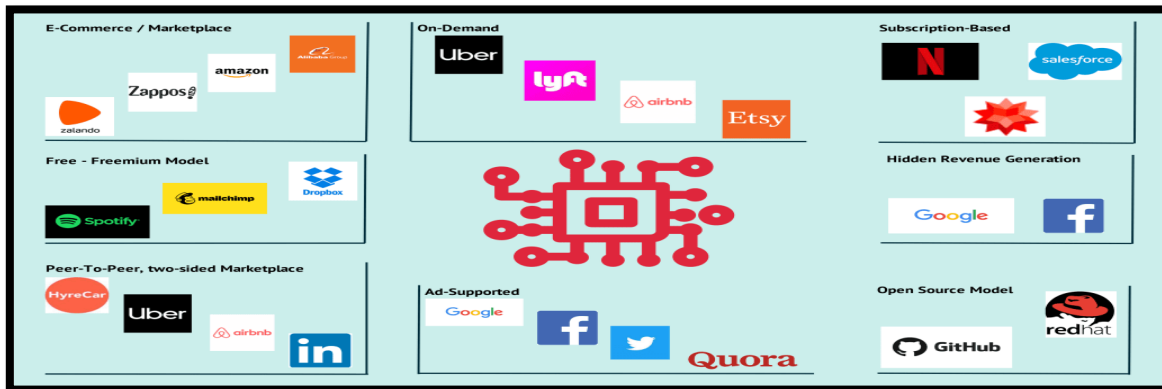
Industrial revolutions have transformed the modern business through the rise of digital technologies. The rapid transformation of business through digitalization is creating a new atmosphere which impacts the society and business through artificial intelligence, machine learning, internet of things, and combination of potential of hardware, software, and humans. This conceptual paper aims to highlight the abundant opportunities arising for business due to digital transformation trends.

Keywords: Digital Transformation, Business Models, Industry 4.0

### 1.1 Introduction:

The industrial revolutions such as Industry 1.0, Industry 2.0, Industry 3.0 transformed the modern society through the advancement like invention of the steam engine, mechanical production, the age of science and mass production, and the rise of digital technology, automated production using electronics and Information Technology. Digital transformation changes the way the business functions through the evolution of cyber-physical systems, representing the fourth industrial revolution providing end-to-end value chain with Industrial IoT and decentralized intelligence in manufacturing, production, logistics, banking and the industry. The digital transformation is creating a new atmosphere which impacts the society and business through artificial intelligence, machine learning, internet of things, and combination of potential of hardware, software, and humans and creates abundant opportunities for business. **Digital business models** are basically innovative products/services in the market for which Customers are willing to pay. **Digital business models** thus creating a unique customer value that can be cashed. Digital wave in business across the globe fosters innovation, creates unique value and helps business to flourish.

Fig 1: Digital Business Model Map



Source: <https://fourweekmba.com/digital-business-models/>

## 1.2 Digital Transformation and Business Models:

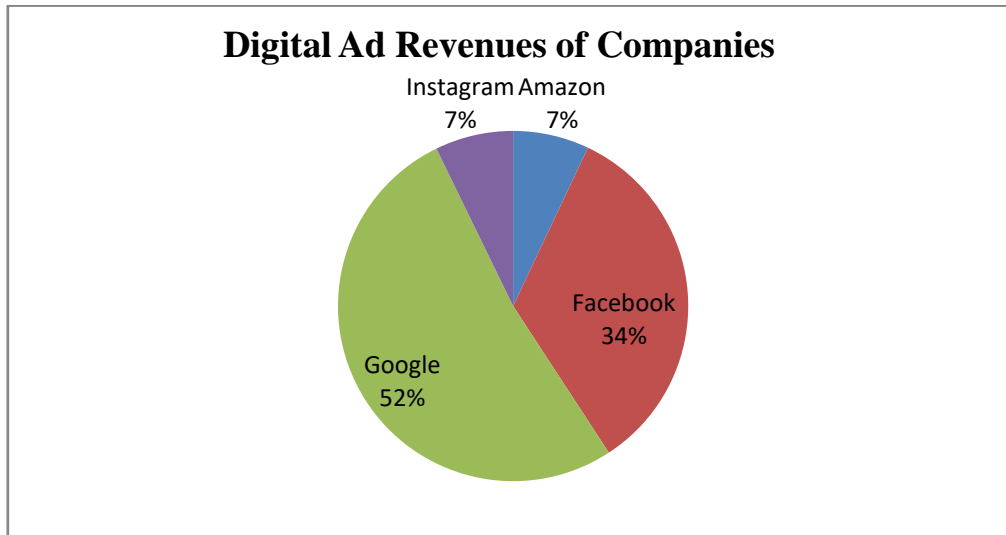
The key to success of any business approach requires the business to focus on innovative business models that offer major opportunities for sustainable business. Implementing digital transformation practices is not easy, it requires investments. It will also impact profits of the business. If an organization's current business model is inherently not digitalized might require a complete makeover of the business model. This can present major challenges due to the differences between the old and the new model and the respective skills, resources and infrastructure needed.

The sharing economy concept has started with cars, taxis, and hotel rooms, soon banking, financial services, education and other sectors will also follow the suit. India is also gearing up to catapult directly into the industry 4.0, where machines will be equipped with the ability to communicate and connect people, processes and machines there by reducing human interventions. A new digital business model offers major opportunities to business by creating new technologies, products, markets and reaching to new customer groups. Companies like Amazon, Uber and Airbnb run with the technologies of the Internet. Amazon has become a local marketplace today, Uber has become a carpool agency. These successful **business models** are characterized by **digital business innovation** which increases their revenues. Ad revenues of these digital companies are also high compared to traditional companies.

**Digital Ad Revenues**

Companies	Revenues in \$& in Billions
Amazon	14.03
Facebook	67.37
Google	103.73
Instagram	14.41

Source: <https://www.emarketer.com/>; March 2019



Source: emarketer.com

### 1.3 Emerging Technologies in Digitalization Era

Technology is expected to drive the new business model. Emerging technologies such as Artificial Intelligence (AI), Blockchain or Smartphones, Chatbots, Networks, Application Programming Interface (API), Biometrics, Flexible Production, Renewable Energies are speeding up the production process and service transactions reducing costs and also making business to be sustainable.

### 1.4 Conclusion

It is evident that digitalization has become a popular buzzword among different business communities and service industries to sustain in the competitive world. Proper use of technologies such as artificial intelligence, cloud computing, big data will help the organizations to speed up their business and helps to reach wide of customers at right time with right product. Digital firms are posing major threat to traditional firms which do not

capitalize on technologies. So it is necessary to embrace digital technologies for the business to be successful.

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