DIGITAL ECONOMY

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Abstract
Digital economy" refers to the use of information technology to create or adapt, market or consume goods and services. Digital novelties include digital banking, e-commerce, virtual education, smartphone apps and collaboration platforms.

Keywords: Business, Company, Staff, Benefit. Profit.

More people are using smartphones, tablets, smart watches and bracelets, and other mobile Internet devices to connect to a global environment, anytime and anywhere. Millions around the world can take part in the digital economy to buy or sell goods and services.

According to US economist and statistician Thomas Mesenbourg in his 2001 paper, three components distinguish the digital economy from the regular economy:

- **Infrastructure.** Businesses have software, hardware and other technological resource, plus specialist human talent.
- **E-business.** Computer applications, online tools and digital platforms help carry out business processes.
- **E-commerce.** A familiar concept, e-commerce means the sale of goods and services online.

Advantages of the digital economy

The digital economy is set to carry more weight in the future, as the "Internet of Things", artificial intelligence (AI), virtual reality, blockchain, self-driving cars, and other technology develop. Some advantages it offers are:

- Information. Consumers have more information — not just from manufacturers and firms, but also from other consumers in forums and reviews — to make decisions about goods and services.
- Proximity. Direct customer service channels enable customers to resolve queries and issues with a manufacturer or service provide more quickly.
- Global presence. With goods and services available consumers anytime and anywhere, companies can enter more markets.
- Security. Digital technology, like strong authentication of online payments, makes transactions more secure.

The digital economy is transforming age-old production sectors. Agriculture has already begun to benefit from technological innovations. Mobile apps connect crops to farmers, providing them with real-time updates on quality, soil and irrigation to make management decisions.

Promotes Use of the Internet

If you think about it, most of your daily work can today be done on the internet. The massive growth of technology and the internet that began in the USA is now a worldwide network. So there is a dramatic rise in the investment on all things related – hardware, technological research, software, services, digital

communication etc. And so this economy has ensured that the internet is here to stay and so are web-based businesses.

2. Rise in E-Commerce

The businesses that adapted and adopted the internet and embraced online business in the last decade have flourished. The digital economy has pushed the e-commerce sector into overdrive. Not just direct selling but buying, distribution, marketing, creating, selling have all become easier due to the digital economy.

3. Digital Goods and Services

Gone are the days of Movie DVD and Music CD's or records. Now, these goods are available to us digitally. There is no need for any tangible products anymore. Same is true for services like banking, insurance etc. There is no need to visit your bank if you can do every transaction online. So certain goods and services have been completely digitized in this digital economy.

4. Transparency

Most transactions and their payment in the digital economy happen online. Cash transactions are becoming rare. This helps reduce the black money and corruption in the market and make the economy more transparent. In fact, during the demonetization, the government made a push for online transactions to promote the web economy.

Demerits of Digital Economy

Loss in Employment

The more we depend on technology, the less we depend on human resources. The advancement of the digital economy may lead to the loss of many jobs. As the processes get more automated, the requirement for human resources reduces. Take the example of online banking itself.

Lack of Experts

Digital economy requires complex processes and technologies. To build the platforms and their upkeep require experts and trained professionals. These are not readily available, especially in rural and semi-rural areas.

Heavy Investment

Digital economy requires a strong infrastructure, high functioning Internet, strong mobile networks and telecommunication. All of this is a time consuming and investment heavy process. In a developing country like ours, development of the infrastructure and network is a very slow, tedious and costly process.

The rapid decline in computing costs, the emergence of the Internet as a communication tool, the rapid development of the mobile internet, the proliferation of day-to-day applications, and the increasing role of internet-based social networks and commercial platforms, have greatly affected the functioning of the economy and have profoundly affected businesses, public organisations, and personal life.

Emerging digital technologies such as the Internet of Things, artificial intelligence, and Big Data, will lead to further disruptive innovation, and create new opportunities and challenges.

Digitalisation has brought many benefits to consumers and businesses, but it has also generated new problems and policy issues. Policy makers are struggling to respond to these new challenges.

JRC is investigating how the on-going digital revolution and Information and Communications Technologies (ICT) are affecting the economy and what are resulting policy issues in the following areas:

Sharing information on environmental and social phenomena is at the heart of Digital Economy. To do so we need a framework of technologies, standards, organisational arrangements and policies that makes it possible to find, access, use, share, and publish such information, in other words we need an information infrastructure, or to be more precise we need to connect the multiple information infrastructures being developed across the world.

Such infrastructures come in multiple flavours: they include information and services for citizens and business provided by national and local governments (e-government infrastructures, and more recently open data initiatives and portals), dedicated infrastructures for scientific information and data (research e-infrastructures), and the many platforms developed by the private sector to find and share information among the public at large, including social networks like Facebook or Twitter which have become particularly popular. In Europe, the Digital Agenda is a key flagship supporting the development of these infrastructures and open data initiatives.

INSPIRE, the Infrastructure for Spatial Information in Europe, is a legal framework that requires Member States to document and share harmonised spatial and environmental datasets and services, and establish a technical infrastructure to make it possible to discover, view, transform and download them. INSPIRE is not a centralised system but is based on the interoperability of the many national and sub-national SDIs developed and maintained by the Member States across Europe.

The digital economy is the economic activity that results from billions of everyday online connections among people, businesses, devices, data, and processes. The backbone of the digital economy is hyperconnectivity which means growing interconnectedness of people, organisations, and machines that results from the Internet, mobile technology and the internet of things (IoT).

The digital economy is taking shape and undermining conventional notions about how businesses are structured; how firms interact; and how consumers obtain services, information, and goods.

Professor Walter Brenner of the University of St. Gallen in Switzerland states: “The aggressive use of data is transforming business models, facilitating new products and services, creating new processes, generating greater utility, and ushering in a new culture of management.”

Recently, TechCrunch, a digital economy news site, noted, “Uber, the world’s largest taxi company, owns no vehicles. Facebook, the world’s most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world’s largest accommodation provider, owns no real estate… Something interesting is happening.”

What is it about these companies that allows them to re-imagine the traditional boundaries and value proposition of their industry? What can these young companies teach you about leading a digital transformation in your industry? How will you adapt to the emerging fluidity found in traditional roles?

There are some fundamental areas of digital transformation central to business success in the digital economy.

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