

# ЦИФРОВЫЕ ТЕХНОЛОГИИ В ЭКОНОМИКЕ И МЕНЕДЖМЕНТЕ

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## DIGITALIZATION OR DIGITAL TRANSFORMATION

**Abstract.** *A well-balanced strategy, a professional team and motivated employees are a significant but incomplete part of the elements necessary for a successful business transformation. The digitalization system also includes special tools, which can be used in synergy with qualitative changes. In this article, the notions in terms of digital business were taken into consideration and highlighted the importance for new business level.*

**Key words:** *digitalization, digital business, transformation, advanced technologies.*

Digitalization, or Digital transformation, covers more and more companies in various industries around the world. The goal is to use modern technologies to dramatically increase the productivity and value of enterprises. However, some countries could not differentiate terms or even understand correctly. This can lead to numerous controversial problems which may cease works towards this direction.

If you have ever scanned paper documents, abandoned cassettes in favour of MP3 files, or switched to digital cameras instead of a film camera, then you have digitized your data. As an example of working with alternative data, Anna Irniger, author of the article “Difference between Digitization, Digitalization and Digital Transformation” and an expert in Field Service Management, cites the process of repairing a broken device. For instance, you have a broken appliance. You call the manufacturer, who manually fills out a form describing the problem and sends a technician to your home. It comes with a stack of papers, which are mixed up with contact details, instructions for using the product, a list of customers to visit today, and a whole bunch of other documents. Digitization also allows you to make this information available in electronic form.



Figure 1 - Digitization or Digitalization: make the difference

(Source: <https://www.2b1stconsulting.com/digitization-or-digitalization-make-the-difference/>)

Sandeep Rotu, author of the article "Difference between Digitization and Digital Transformation" and an expert who ranks 7th in the top 100 influential people in the world in the field of digital transformation, understands digitization not only as the translation of alternative data into digital form, but also as the automation of processes. However, the latter is often separated into a separate concept - digitalization.

Digitized data has a huge potential for improving standard ways of working. If you go back to the example of repairing the device, then to improve the quality of customer service, the manufacturer can implement special SOFTWARE that will intelligently use digitized information. For example, you can centrally store the customer database, their contact information, and the history of working with a specific customer. Different technical specialists can share their work methods with each other, as well as view instructions for using the product on any mobile device. All this will allow them to easily access the necessary information, and therefore increase the likelihood of repairing the device the first time. As a result of digitalization, the business model does not change, but only increases productivity.

Thanks to digitization and the digitization of data becomes available from any platform, devices and interfaces. Digital transformation is the process of integrating all digitized data and applications that automate business processes. As a successful example of digital transformation, the author cites Netflix: digitization of films opened the way for the company to a fundamentally new business model-streaming. The list some of the largest digital transformation engines using the example of repairing a broken device:

**Artificial intelligence (AI).** For example, software with AI elements can automatically map the customer's residence to the currently available technicians, and also calculate which of them has the skills necessary to solve the customer's problem.

**Augmented reality.** Even the most experienced specialist cannot understand absolutely everything. Using the capabilities of augmented reality together with a database of video instructions, or perhaps with a messenger for communicating with experts in the office, specialists can bring the solution of complex customer problems to a new level.

**Prediction.** Thanks to the built-in sensors that measure performance, the device can warn you in advance about future breakdowns. This will allow the specialist to schedule repairs at a convenient time for the client and avoid costly downtime.

Thus, digital transformation is the process of changing existing business models using new technologies. It goes further than digitalization, creating new strategies that can bring even more value to customers, as well as save the most valuable corporate resources-time and money. Businesses can use digital transformation to enter new markets, develop new products, and attract new customers. This is the process of moving to a digital business. One trigger of digital transformation is 5G network technology because it does not only increase the speed of business processes and also provides good internet. Developed countries strive to reach high indicators therefore, they use all tools for this purpose.

Digital transformation can be called the technological era in which we now live. Computers, phones, and many other appliances have become cheap, portable, fast, and therefore ubiquitous. Today, everything is changing at an incredibly fast rate. The main driver of these changes is the "digital" consumer. The speed of changing customer preferences increases, and requirements for product quality, functionality, and design increase. To all this, impressions are now important to the consumer. Consumption patterns are changing, which leads to an obvious trend-interaction via smart devices. Business operates at high speeds, increasing demands, saturation of traditional markets for companies, increased competition, and the emergence of new technological competitors. Outdated technologies do not bring much profit for a long time, their modernization is expensive,

and relatively many resources are required for their maintenance. The consumer is not willing to pay for outdated products. They become completely ineffective.

The introduction of the new generation 5G network technology around the world has already begun

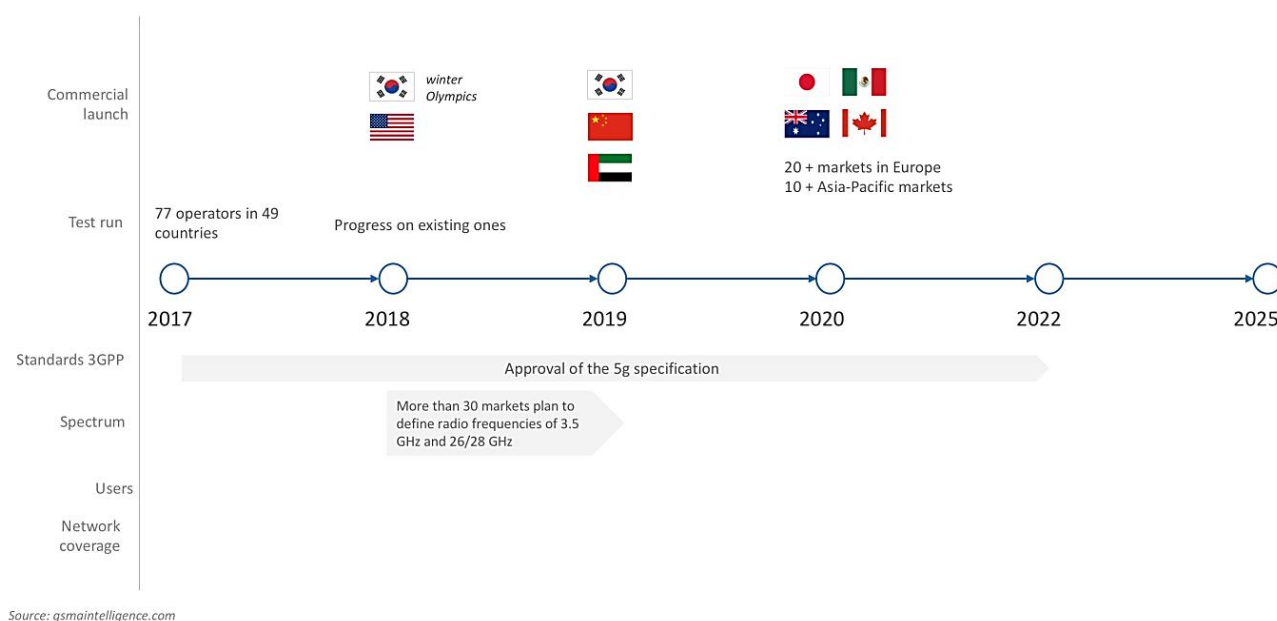


Figure 2 - Digital transformation is 5G network technology

Digitalization makes it possible to go beyond communication services, Internet access, and traditional telecommunications services. The very digitalization and development of infrastructure as a platform, business processes and systems allow you to create and develop new products with a high level of consumer value in the necessary time, allowing you to compete with independent content and service providers, build cooperation and entire service ecosystems.

Therefore, for telecommunications companies, digital transformation is not so much a way to achieve some competitive advantages, as a prerequisite for maintaining and developing market positions. Partnership, collaboration in the development of joint products and integration of solutions are the most important components of Telecom's successful digital transformation. Moreover, digital partnership allows you to conduct successful business around the world, regardless of the location of partners.

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### **Цифровизация или цифровая трансформация**

**Аннотация.** Хорошо сбалансированная стратегия, профессиональная команда и мотивированные сотрудники являются существенной, но неполной частью элементов, необходимых для успешной трансформации бизнеса. Система цифровизации также включает в себя специальные инструменты, которые могут быть использованы в синергии с качественными изменениями. В данной статье были рассмотрены понятия в терминах цифрового бизнеса и подчеркнута их важность для нового уровня бизнеса.

**Ключевые слова:** цифровизация, цифровой бизнес, трансформация, передовые технологии.

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### **Цифрландыру немесе цифрлық трансформация**

**Аңдатпа.** Жаксы теңдестірілген стратегия, кәсіби команда және дәлелді қызмет-керлер бизнестің табысты өзгеруі үшін қажетті элементтердің маңызды, бірақ толық емес бөлігі болып табылады. Цифрландыру жүйесі сондай-ақ сапалы өзгерістермен синергияда пайдаланылуы мүмкін арнайы құралдарды қамтиды. Бұл мақалада сандық бизнес термин-деріндегі ұғымдар қарастырылып, олардың бизнестің жаңа деңгейі үшін маңыздылығын атап өтілді.

**Кілт сөздер:** сандық бизнес, трансформация, озық технологиялар.

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