Pros and Cons of the Digital Economy

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A B S T R A C T
One of the key features of the digital information market is speed and ease of decision-making. The weighty production base ranks last here. Huge corporations, which seem to be endless and have very large shares in the network markets, have in recent years vacated their positions to companies that have no history at all.

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The age of information technology has set new ideas and rules for economic development. The digital economy, which is of interest to a narrow range of theorists and scientists, is a market model with huge potential in our country, because:

- information is a priority commodity, although this resource is not limited at all;
- The network market is huge and democratic, the main thing is that the boundaries of the network are easily "washed away";
- the success of the project or company does not depend on the number of employees and the amount of financial assets;
- hardware power becomes a reusable, universal, obsolete and quality-loss tool;
- The conditions of competition will change, because in the digital environment, fast intellectual solutions are superior to any strong physical base.

Thus, it is impossible to wait for the “number” fashion to pass. This is a natural and cruel stage of evolution in which those who live by the rules and scales of the last century remain. It would be very appropriate to compare them to dinosaurs here. Infonomics is a relatively new science that justifies the value of information as an economic asset. The authors of this methodology recommend evaluating data in a complex rather than with individual files, and call for the use of openness as one of the main criteria for the value of information - the harder it is to obtain information, the more expensive it is. In this case, the evaluation of communication channels - the value of information is determined by the benefits, level of influence, amount and openness to stakeholders within a particular communications sector.

Monetization of algorithms is a process of determining their economic potential. The valuation algorithm is a specific, universal brand that can be used in different markets and industries. Information as a commodity does not have a centralized body responsible for the economic justification of processes, technologies and algorithms at this stage.

Thus, there are no clear criteria for valuing information assets. But it is he who opens up a vast world of profits for successful and enterprising companies and individuals. Whoever is first gets what he wants, and the next ones can only get the rest (i.e., everything goes to the winner).

It would be short-sighted to consider old schemes of doing business as one hundred percent anachronism. Boundaries between industries are disappearing, new opportunities are emerging, but at the heart of any business relationship is always a simple desire - the desire to sell or buy a product or service.

Consciously adapting existing assets to changing game rules is the only correct and, most importantly, effective solution in such a situation. The process of the digital economy is to change the following:

- business models and a portfolio of available services;
- standards of conduct in relations with customers and partners;
- corporate culture with a special focus on training and motivating staff;
- level of responsibility and regulations of IT departments with the introduction of virtualization, cloud technologies;
- organization of the company's infrastructure, taking into account new technologies, software and hardware requirements of the environment, the interests of customers and partners.

The digital economy, based on technological innovation, is clearly visible in developing countries. The development strategy of the digital economy should meet the interests of private business, the government should guide its growth, and the civil and academic community should analyze the development of the digital economy.

Unfortunately, digital economic activity is not yet backed up by clear definitions in the concept, and approaches to its consideration are much more chaotic.

In our article, different definitions of digital economy are analyzed in terms of their development over time. Based on its results, a three-tier model was presented. The foundation of the digital economy consists of the IT sector, but the boundaries of the digital economy are not limited to it, but rather cover some of the emerging business models. The difference between our definition and others is that we consider the process of expanding the use of digital technologies in the economy separately from the "digital" economy itself and include it in a broader "digitalized" economy.

Measuring the scale of the digital economy is complicated by the difficulty of defining its boundaries, the lack of reliable data, pricing problems, and often the “imperceptibility” of digital economic activity.

The digital economy, along with many other conditions, by our definition, accounts for about 5 percent of world GDP and covers about 3 percent of the global labor market. Overall assessments of the digital economy indicate that it is unevenly distributed.

Currently, most of the existing digital economy is concentrated in the northern countries, but the growth of the digital economy is provided by the southern countries. If the southern countries are able to overcome the obstacles to the development of the digital economy, growth rates are likely to be higher.

To enhance the potential of the digital economy to have a significant impact on international development, a detailed study of the opportunities, barriers and best practices in this area is required.

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