

ADVANTAGES AND DISADVANTAGES OF DIGITAL ECONOMY

J.X.Hayitov

*Assistant of the Department of digital economy, Samarkand Institute
of Economics and services*

ANNOTATION

Organizations that have undergone digital transformation, and are E-Commerce-driven, differ from traditional companies by relying on Information Technology to carry out economic activities and market their goods and services.

Key words: services, different business models, accelerated digital transformation

The global economy is experiencing massive, accelerated digital transformation, resulting in the creation of new business models, innovative products and services, and very different ways of doing business.

Smartphone apps have encouraged the growth of the internet economy. Goods and services are being delivered via online platforms. Consumer spending is increasingly driving towards online sales. Digital IT solutions are replacing hardware. And data has become a valuable currency in this new digital age.

The digital economy is growing exponentially every year, and this is expected to continue at an accelerated rate in the near future.

All successful, adaptive organizations in the twenty-first century are typically powered by digital technology. Simply put, digital

transformation is enabling businesses to use the latest technology to help them achieve their goals, but faster, more efficiently, and more profitably.

To break it down, you can think of a digital business model as one that leverages digital technology to enhance several aspects of an organization. Every organization's business model is different, but in a digital economy, key aspects need to be considered, such as:

- Creating the right digital infrastructure, often by combining aspects of an existing model to unique formula
 - Re-evaluating how the business acquires and retains customers
 - Reviewing or updating conventional notions about the products or services it provides
 - How it uses technology such as mobile applications and social media platforms to provide added value and enhance customer experience
 - How to make the best use of big data, advanced analytics, monitoring and performance management, AI and virtual reality to drive business processes.
- Internet-powered: The internet has become the the driver of the digital economy, making it possible for organizations to connect with new markets and target a better fit of customers.
- World-encompassing: Location no longer limits businesses in a digital economy. The ease of global interconnection enables businesses to reach new markets and better maintain the customers they have.

- **Always-on:** The technology, mobile apps and digital products offered by E-Commerce has allowed businesses to offer goods and services twenty four hours a day, seven days a week.

- **Fast-paced:** Due to the almost constant flood of new technologies, and the innovation that brings with it, the digital economy moves at a far quicker pace, making it even more important for companies to keep up.

- **Data-driven:** Data is at the heart of the digital economy. Using data and analytics, businesses are able to make more informed decisions about the product they offer, and formulate marketing strategies targeted perfectly at specific consumers.

- **Competitive:** In a web economy, networked intelligence has enabled companies to ramp up the competition by being more aware of what consumers want, allowing them more choices, and forcing them to vie for their attention.

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