

превратились в мировых технологических гигантов, опередив по силе экономического могущества своих индустриальных предшественников.

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Modern business models of digital products

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Annotation: In the rapidly changing modern world, tech-businesses are becoming a fundamental part of the modern market. With an enormous number of digital products being released each year, it is crucial to choose the appropriate business model and understand its benefits to the business. Therefore, this article is devoted to define the business model, its modern types that are applicable to digital products and compare them.

Keywords: business model, target audience, subscription, freemium, sharing economy, income streams.

In modern management research, business models are one of the most actively studied areas. The interest in this issue is primarily caused by the need for a business to have a holistic understanding of its activities, the whole range of mechanisms that are used to create and offer value to the consumer, as well as to extract income from this activity. The concept of a "business model" is inextricably linked with the problems of inter-firm interactions, since value is created jointly by numerous companies interacting in the market. This leads to the concept of the business model itself that is defined differently based on its concept.

A business model is a description of the structural, operational, and financial processes of an organization. That is, how business processes take place within the company: management and management system, work regulations, communication between departments, as well as monetization methods [1]. This definition mainly highlights business model as a tool that helps the business to define its main features and position.

In addition, a business model is also often referred as an analysis and a schematic description of the interrelated business processes of a company. The model clearly shows: what, to whom and how exactly to sell, as well as how profitable it is [2]. This description highlights the main characteristics of business model and refers to it as a document mentioning the vision of the company.

Lastly, a business model can describe the process of creating, delivering, and assigning value. The essence of BM is that it crystallizes the needs of the consumer and his solvency, determines the way in which the business delivers value to the consumer, encourages consumers to pay for this value and converts payments into business profits through the necessary structure and interaction of

various elements of the value chain [3]. This description refers to business model as a value evaluation.

Considering main definitions of business model, this article will refer to a business model a process of identifying the monetization method of the value of the digital product to its target audience.

Business models are divided to different types depending on the goal of each digital product and its monetization schemes. In the IT industry, there are main business models that are vastly used across different types of digital products. The article focuses on the following set of business models: freemium, subscription, and sharing economy.

The word Freemium consists of two words: Free and Premium. According to this model, the company provides services in which basic and trial features are free, and you need to pay for advanced Premium functionality. The model is popular with Internet companies and developers of computer, mobile programs and applications. The main task of the free tariff is to spread information about the product or service, and Premium is to sell [4].

The author of the term freemium is businessman and venture capitalist Fred Wilson, who described this business model not so long ago, in 2006. However, the very principle of attracting

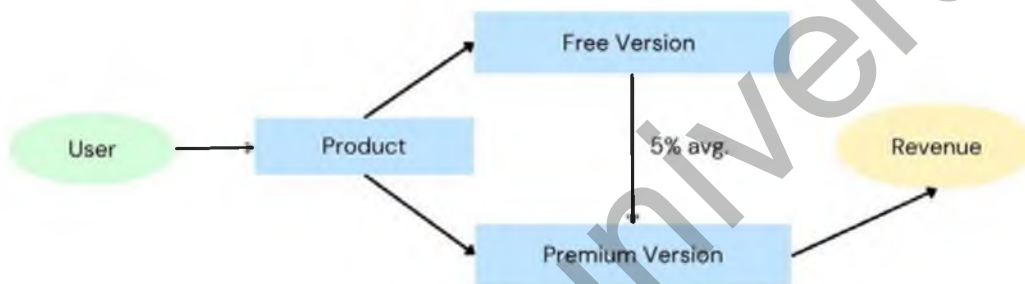


Figure 1. Freemium model of the digital product Note: compiled by author [4].customers through free service is known much earlier.

The success of the freemium strategy is achieved by providing high-quality basic services on a free basis. The Figure 1 illustrates the user journey within the freemium model. Users who are satisfied with the product themselves become its loyal consumers and, moreover, provide marketing of the product "from person to person", telling about the free and high-quality service. At the same time, the company receives income from the sale of additional services or product options. So, according to the statistics of online game developers, if 5% of users pay for the service, the project reaches the break-even level. Having achieved an increase in the percentage of users buying paid options, the project begins to make a profit. The subscription principle has long been used in commerce. Even at the beginning of the XVII century, English book publishers offered to subscribe to one or more volumes of published books. Buyers made an advance payment, and then received a copy, at the beginning of which a list of all subscribers was given.

However, the real heyday of the subscription monetization model began much later, with the advent of the digital era. At the end of the 2010s, startups began to develop offers in the "product as a service" format, and then transfer them to a subscription model: so they started selling products, contact lenses, cosmetics, children's goods [5]. Soon the prospects of subscription were evaluated by the world giants: Procter & Gamble has launched Gillette on Demand, a Walmart — Beauty Box discounter. The trend was picked up by the B2B sector. For example, Michelin, one of the world leaders in the production of tires, offered corporate customers tariffs with a per-kilometer payment



Figure 2. Subscription model of the digital product Note: compiled by author [5].

According to the forecasts of the research company Gartner, by 2023, up to 75% of companies with direct sales to end consumers — from sock sellers to video game developers - will switch to the subscription model. In conditions of fatigue from endless choice and lack of time, the subscription business model falls exactly into the pain of consumers: you can subscribe once and no longer waste time choosing and buying certain goods or services. In addition, the subscription model fits perfectly into the system of shared consumption, which in many cases has economic advantages over individual ownership — a temporary subscription is significantly more affordable than buying a license, as well as car rental compared to its purchase which can be Figure 2.

Consumers' love for the subscription format is clearly reflected in business indicators. According to Forbes, the capitalization of Netflix, today the most successful representative of the subscription business, increased by 72% from 2019 to 2020.

The economy of division, shared consumption, and the network economy are all synonyms of the new economic model that is gaining popularity in the digital age – the sharing economy. This system is based on collective consumption, which significantly transforms the usual connections between the basic foundations of the economy – production and consumption. [6] The joint consumption that occurs in peer-to-peer systems assumes that consumers are aware of the convenience of paying for temporary access to goods and the expediency of refusing to own them. This system excludes the presence of transaction costs, as it assumes transparency of the information provided. The main actors of the economy of shared consumption are millennial who actively use rent, Internet commerce, crowd funding. Applications for downshifters and hitchhikers are very popular. The main motives in using these products are the desire to save money, the desire to pay for the impression, not for the product.

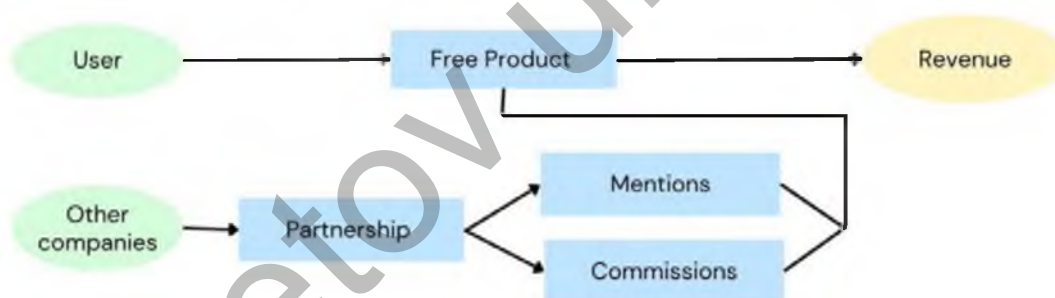


Figure 3. Shared economy model of the digital product Note: compiled by author [6].

The concept of shared consumption was proposed by economists Rachel Botsman and Ru Rogers in the book "What's Mine Is Yours: The Rise of Collaborative Consumption» (2010). The idea is that it is often more profitable and more convenient for a consumer to pay for temporary access to a product than to own it. Speaking at the TED conference, Botsman called sharing economy a new socio-economic model that revolutionizes our consumption of goods and services. First of all, the idea of joint consumption has taken root in the elite segment. Wealthy consumers quickly realized that it is more expensive to own planes, expensive cars and country residences alone than to share them with other people.

Currently, there is an exponential growth of the sharing economy (from \$ 14 billion in 2014 to an estimated \$ 335 billion by 2015), in Russia, already in 2017, the sharing economy market amounted to 230 billion rubles, according to analysts. The low base effect encourages entrepreneurs to create projects for different areas: food sharing, exchange of clothes and toys, joint housing and travel, and more. "The beauty of the sharing model is in financial stability, which is based on human relationships, trust and kindness," says Jonathan Gillon, founder of the Roost parking space sharing service. – By reducing the amount of waste, it also allows you to have a beneficial effect on

the environment. When you start sharing, you quickly realize that there are many opportunities around that open up when you overcome the fear of strangers and realize that most people want to do good."

The most popular services of the sharing economy in Russia today are Uber (the fastest growing taxi network in the world, which practically does not own cars), Airbnb (an online platform for finding housing around the world), Blablacar (a shared travel service used by various groups of the population), Delimobil (one of the most popular services of the capital carsharing), Grabr (an international service for placing orders for goods from around the world) and others.

The models are unique and are effective in their own use cases. To identify main advantages and disadvantages of each model Table 1 was compiled.

Table 1
The advantages and disadvantages of different business models

Business Model	Freemium	Subscription	Shared economy
Advantages	You can build long-term relationships with the audience. First, the company completely covers the basic needs of customers for free, and then part of the audience acquires paid versions and options. The service will improve people's lives. The free service allows the user to be more efficient at work or can entertain him.	Relatively small start-up capital due to prepayment and minimal risks; regular payments and predictability of income; long "life span" of the client; predictability of demand and the possibility of accurate planning; minimum advertising costs after the initial promotion; the ability to collect information about customer preferences for analytics and adjustment of plans and strategies.	Flexibility: One of the things consumers appreciate when using or working in the sharing economy is the flexibility. Independence: For those who don't care for traditional office work, sharing economies do not require professional working environments, so there is no need to stay put in an atmosphere that suit fit your personality.
Disadvantages	The company will not make a profit immediately. Only a small number of users purchase a premium account in the first months of use. Usually the customer buys Premium after six months or 1-2 years. Search for balance. The company needs to provide a quality product so that it is useful to the client, and not lose money. Compliance	These are organizational difficulties, a lot of efforts at the first stage to create an extensive base of loyal customers. I am concerned about the insufficiently high-quality work of transport services, which creates problems in the exact fulfillment of obligations and deadlines to the buyer.	Safety concerns: Most sharing economy platforms are based on trust, as well as ratings by guests and hosts. Lack of regulations: Another downside is that in many cases there is a lack of regulation to oversee the products and services exchanged during the transactions.

	hobligations to people.		
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In conclusion, each business model is effective in different use cases. The company's business model is the key link between creating value and offering it to consumers. In the current dynamic situation in global markets, companies must create their business models in such a way that they are something more than a way of doing business.

The ability and effectiveness of innovation in the business model is the main factor of effective competition of companies in global markets. Innovative business models are increasingly attracting attention, but despite the significant achievements of scientists and practitioners, the issues of building a business model of companies in developing countries when entering global markets have not been sufficiently developed. The innovative business model is becoming one of the main driving forces of strategic renewal of companies around the world.

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Тренды цифровизации финансового сектора: цифровые активы, электронные деньги и криптовалюты

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Аннотация: В статье идет речь об исследовании современного этапа мирового экономического и социального развития, характеризующегося существенным влиянием цифровизации. Задачей доклада было исследовать тренды цифровизации финансового сектора: цифровые активы, электронные деньги и криптовалюты. Переход к цифровой экономике существенно изменяет рынок труда. Активное развитие и распространение информационных технологий в обществе привели к формированию новой социально-трудовой структуры, характеризующейся инновационными формами занятости. Возникновение новых форм трудовой деятельности, отличных от существующих в индустриальную эпоху, ставит вопрос об их функционировании, проблематизации и