



## The Digital Business on Campus as an Initial Model for Students

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### **Abstract**

This research paper describes a strategy for developing a digital business model, maximizing enterprise profits, accelerating the development of an organization, enterprise or manufacturer, and moving to new markets. The possibilities of attracting new customers and promoting a brand, starting a student business using digital business models, the level of usefulness of a simple business and a digital business model were analyzed. Successful digital business adoption is based on the right choice of model, that is, the business growth trajectory, geographic location and customer demand database. The scientific article should be one of the first attempts at bibliometric research in this area and, therefore, a guide for future research and practical results.

**Keywords:** *Digital Business; Campus; Initial Model; Student; Apple's Itunes; Development; Profit; Practical Result; Customer*

### **Introduction**

Digital business is somehow different from the traditional framework of brick-and-mortar entrepreneurship (Chesbrough, 2010). We aim for developing a concept that covers the necessary elements of such entrepreneurial efforts in the digital domain. The startup firm "Order Coffee" took part in the study. Location of interviewed firm is in the campus of Samarkand branch of Tashkent State University of Economics. The start-up explored here is in an embryonic stage, struggling to survive, there is not much to know about them more than the "story" told by the founder or key informant. This start-up firm operate only with part-time employees, all of them are founders and students of Samarkand Branch of Tashkent State University of Economics. University provides room for the start-up for free. The aim of this descriptive paper is to explore the components of digital business models for start-ups. Hence, an exploratory data collection method was used.

### **Results and Discussions**

Digital business models (DBMs) and digital business model innovation (DBMI) are gradually gaining attention both business practice and in research. The amount of literature on the topic increasing, theoretical framework of DBMs and the DBMI concepts are developing. In general, a DBM describes digital business rational and imitates how a digital based enterprise creates, delivers, and captures value.

While a DBM is a presentation of the current business logic of an enterprise based on Internet, DBMI is defined as an activity or a process in which core elements of an enterprise and its business logic are purposely transformed to achieve operational and strategic advancements.

According to Ematinger [1] DBMs have the potential to change markets and even entire industries. Therefore, companies who miss the digital trend are threatened to lose customers and in the long run even their survival. Airbnb, Apple’s iTunes or Uber are examples of disruptive digital business model (DBM) innovations for their respective industry. A quick look-up at the development of the market capitalization indicate that the top five companies nowadays have all a business model that is shaped by the digital context [2] [Table 1].

Table 1

December 31, 2010		December 31, 2016		December 31, 2020	
Exxon	\$406 billion	Apple	\$582 billion	Saudi Arabian Oil Company	\$1684 billion
Apple	\$376 billion	Alphabet	\$556 billion	Microsoft	\$1359 billion
Petrochina	\$277 billion	Microsoft	\$452 billion	Apple	\$1285 billion
Shell	\$237 billion	Amazon	\$364 billion	Amazon	\$1233 billion
ICBC	\$228 billion	Facebook	\$359 billion	Alphabet	\$919 billion

Being competitive in market conditions and protecting against new employers is largely based on the company’s digital business model. In that case, the economist Weitzman [3] state that “the long-term growth of an advanced economy is dominated by the behavior of technological progress”. This does not only apply for economics but certainly also for individual business as well. Today, countless innovative business models are emerging. Entirely new industries are forming, as old ones crumble. Upstarts are challenging the old guard, some of whom are struggling feverishly to reinvent themselves [4]. That empirical research shows unequivocally that there is much more potential in an innovative business model success rather than in an innovative product or process [Figure 1]. A Boston Consulting Group study found that over a five-year period, those who use innovative business model receive 6% more profit than those who limited to product or process improvement. Likewise, 14 of the 25 most innovative companies in the world use innovative business models [5].

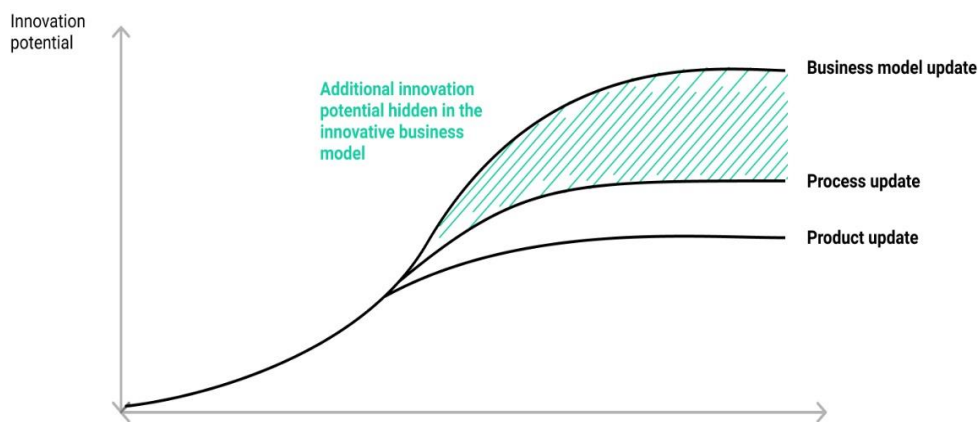


Figure 1. Business model success rather than in an innovative product or process

These findings are consistent with a 2012 DBM study showing those leaders in one area or another update their business model twice as often as lagging companies. Moreover, a 2013 study by BSG and the Sloan School of Management at MIT (Massachusetts Institute of Technology) found that a digital business model is the key to innovations that contribute to successful sustainable development. More 60% of companies making such changes reported increase in profits [6].

Table 2

Source	Definitions of digital business models
1. The senior executive. Han–Pierre Couoni, chairman EFG International.	Establish a new digital business model in an old industry.
2. The entrepreneur. Dagfi Myhre, Head of R&I. Digital business models / Telenor.	Help explain the latest technological developments with the right digital business models.
3. The entrepreneur. Marielle Sijgers, Entrepreneur CDEF Holding BV.	Address unsatisfied customer needs and build new digital business models around them.
4. The investor. Gert Steens, President & Investment Analyst / Oblonski BV.	Invest in companies with the most competitive digital business models gert makes a living by identifying the best digital business models.
5. The consultant. Bas van Oosterhout, senior consultant / Capgemini consulting.	Help clients question their digital business models, and envision and build new ones.
6. The designer. Irish Papadakos, sole Proprietor the Institute of You.	Find the right digital business model to launch an innovative product.
7. The conscientious entrepreneur. Iqbal Quadir, social entrepreneur / Founder of Grameen Phone.	Bring about positive social and economic change through innovative digital business models.

According to Matzler, Friedrich von der Eichen, Kohler and Bailan’s theory “companies that find ways to deploy digital technologies for their digital business models to the advantage of their customers will be that succeed in the area of digital disruption”. Digital technologies can uplift organizations to new levels and discover white spaces or state of “blue oceans–untouched markets” [7].

Digital Business Model–form of creating values based on the development of customer benefits using digital technologies. The aim of the digital solution is to generate a significant advantage for which customers are willing to pay.

**Development of Business Models**

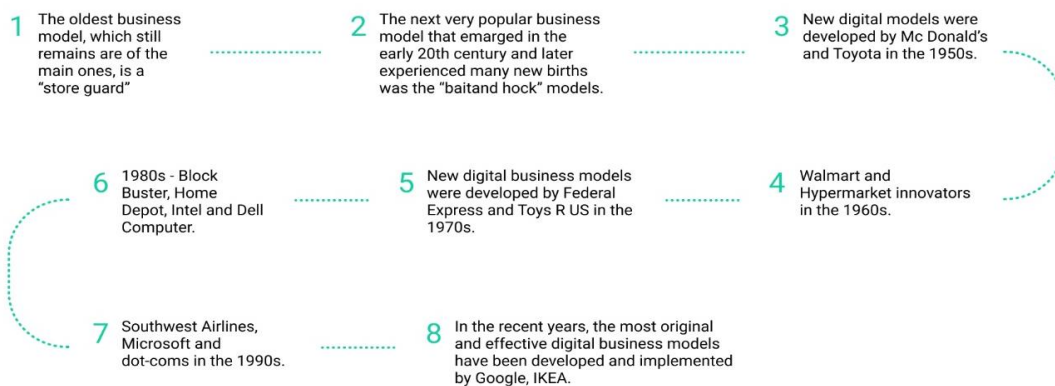


Figure 2. The development of business models [8]

When you consider that digital business models are driven by market demand, the on-demand model is a prime example of this. In the on-demand model, if we take an Order Coffee startup business founded by Samarkand branch of Tashkent State University of Economics students, its new business model saves 92% of the consumer's time.

Table 3. The digital business models

“Order Coffee”
Step 1
Study of demand to the drinks
Step 2
Analysis of customers segmentation
Step 3
Development of mechanism of implementation and innovative model
Step 4
Digitalization of model and implementation activities
Step 5
Analysis of result of experiment

Clients are students or teachers, the order is made online, and they do not have to wait too long during the break. If a coffee delivery service is used, then the consumer's time is saved 100%. The order of goods is carried out through a special application or a telegram bot. Here, the consumer does not need to spend a lot of time ordering the drink, and instead of buying it from a long distance, he buys the drink on campus. The table below provides the initial analysis of business of “Order Coffee” [Table 4]:

Table 4

Day	Number of sold products	Revenue	Cost of production	Profit
1	77	294000	163270	130730
2	62	212000	143040	68960
3	72	276000	183000	93000
4	80	299000	177431	121569
5	96	308000	214500	93500
6	87	291000	207045	83955
7	74	285000	199032	85968
8	95	301000	234075	66925
9	91	278000	202750	75250
10	94	330500	278990	51510

### Conclusions

Up to date, it is first explanatory study focusing on digital business models and its implications in Uzbekistan. Comparative analysis of digital business models, its evolution stages are given. On demand model was taken as example for implementation by students of Samarkand branch of Tashkent State University of Economics. The startup firm “Order Coffee” established and on demand model, based as brick and mortar coffee shop in the campus with combination of mobile application, Telegram bot implemented. The progress of business model was given at separate table. Due to lack of infrastructure, awareness of customers and traditions, we suggest such a mix of traditional and digital business for emerging economies like Uzbekistan.

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