

# ECONOMY

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## **FACTORS OF DIGITAL ECONOMY DEVELOPMENT**

The development of the digital economy is a key factor in transforming the modern world. In the context of globalization, digital transformation is a new engine of economic growth that is changing the paradigm of the development of countries and relations between them. This signals a new era where the success of countries is determined not only by their production and exports but also by their ability to innovate and adapt to the digital environment.

According to scientist S.M. Yagodzinsky, one of the key aspects of the digital economy today is its impact on production processes. Thanks to the introduction of digital technologies, companies can optimize their production chains, reducing costs and increasing productivity [1]. Automation, artificial intelligence, and the Internet of Things are just a few examples of innovations that are transforming the way we produce. In addition, the digital economy is reforming business processes, contributing to the growth of companies' competitiveness. Opening new digital channels of communication with customers, analyzing big data for management and decision-making, and developing personalized products and services are just some of the opportunities provided by digital transformation [2, p. 12].

The growth of the digital economy is also affecting the consumption system. The rapid development of e-commerce, digital payments, and personalized advertising are changing the way we buy and consume goods and services.

No less important is the role of the digital economy in the development of human capital [3, p. 31]. Highly qualified IT

professionals are becoming very important resources for countries that offer innovative solutions and develop digital products and services.

The result of this process is the gradual formation of a new geopolitical picture of the world. Countries that invest in digital technologies and the development of the information society gain a competitive advantage in the global arena. The digital economy is becoming a key aspect of the national strategy of many countries that hope to ensure sustainable economic growth and improve their international status through investments in digital technologies.

In this new reality, the development of the digital economy is turning out to be an important strategic goal for every country that seeks to ensure its economic development and change its position in the global economic system.

It is worth noting that in the modern world, the digital economy is developing very rapidly, significantly changing business relationships and business models. In turn, it facilitates the rapid introduction of innovations, including the emergence of artificial intelligence, robots, cryptocurrencies, smart services, etc. Therefore, the issues related to the development of the digital economy have become relevant at global economic and political events, including the G20 and BRICS summits.

The digital economy, based on the widespread use of information and communication technologies, accelerates and radically changes socio-economic processes and requires management to take into account key features and key factors that significantly affect the conditions for conducting business processes (Table 1).

Table 1

**Key factors in the digitalization of the economy**

<b>Factor</b>	<b>Feature of the factor</b>	<b>Impact of the factor on business conditions</b>
1	2	3
Internet connection	With the development of mobile technologies and the widespread use of the Internet, businesses and people are connecting to the Internet	Creation of new business models, reduction of administrative costs, reduction of communication costs, change of channels of communication with customers

(End of Table 1)

1	2	3
Using digitization	The amount of information used by humanity is increasing many times over	Data has become an integral part of economic production and an asset that generates business profits. This leads to changes in business processes and the emergence of new tools that add value.
Computerization	Computing power continues to improve	Increasing management efficiency through the development of computer computing
Advances in digital technologies (including artificial intelligence)	Big data processing requires a lot of effort	Reduced costs, increased efficiency
Speed	Significant acceleration of all economic processes	Emergence of new forms and methods of management
Ecosystem	Creating an environment that enables the emergence of new channels and digital technologies, as well as promotes dynamic networking	A partnership of organizations based on business diversification, which ensures constant interaction on technological platforms, applied Internet services, analytical and information systems of authorities, organizations, and citizens
Networks	Development of network technologies, and economic entities that mutually influence each other.	The emergence of new business models, changes in cost structure, network effects

Thus, at the present stage, the digitalization of the economy is the engine of economic development. The digital economy, which is based on the widespread use of information and communication technologies, accelerates and fundamentally changes socio-economic processes, contributing to the growth of social welfare and long-term sustainable development.

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