

**ЭКОНОМИКАНЫҢ ЖӘНЕ ҚҰҚЫҚТЫҢ БӘСЕКЕГЕ КАБІЛЕТТІЛІГІ:
СЫН-КАТЕРЛЕР МЕН ҮРДІСТЕР
КОНКУРЕНТОСПОСОБНОСТЬ ЭКОНОМИКИ И ПРАВА:
ВЫЗОВЫ И ТЕНДЕНЦИИ**

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DIGITAL BUSINESS TRANSFORMATION

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This article examines the specifics and the process of digital business transformation itself based on our own research. The author examines in detail the effectiveness of digital transformation, points out the existing nuances of innovations, and also analyzes and predicts possible changes in the economic civilization.

The new world requires new changes. But the speed, scale and impact of digital transformation is creating challenges of a fundamental nature for both companies and society as a whole. While most executives agree in principle that the digital age will bring many benefits, many fear that they are not yet ready for it. Their concern is justified, but inaction can be much more costly. Therefore, society should accept new changes.

What is digital transformation?

Digital transformation is the introduction of modern technologies into the business processes of an enterprise. This approach implies not only the installation of modern equipment or software, but also fundamental changes in approaches to management, corporate culture, and external communications. As a result, the productivity of each employee and the level of customer satisfaction are increased, and the company gains a reputation as a progressive and modern organization [1].

Digitalization of processes is relevant not only at the level of individual enterprises: entire industries choose this path of development for themselves as the only opportunity to meet the rapidly changing conditions of the surrounding world. Thanks to this, the digital transformation of industry, retail, the public sector and other areas is already changing the life of every person and every company.

Business digitalization brings many benefits:

1. Improving customer relationships. By relationship with customers, we mean not only the interaction with the company of external customers, but also internal customers. Digital transformation of processes optimizes the work of enterprise employees, thereby increasing the productivity of each individual team member. For example, automation of routine operations provides more time for solving really important and complex tasks;

2. Business processes are accelerating and becoming flexible. To be successful, you need to be quick and flexible: change not when there is an opportunity, but when there is a need. Digital transformation of business processes is aimed at ensuring that companies quickly make decisions, instantly adapt their work to the requirements of the current moment and meet the needs of

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customers;

3. The road to innovative ways of business development.

- Cloud technologies allow several teams to work on one project at the same time and efficiently use the company's resources;
- Using the Mobile First strategy, the company receives and monetizes mobile traffic, which by its indicators has already caught up with traffic from stationary devices;
- Ready-made solutions allow you to save time on solving problems. Various applications, extensions and connectors optimize the work of the company and require minimal time spent on their implementation and adaptation;

4. Ability to use modern technologies to work with a large amount of information. The digital transformation of the enterprise is helping to achieve these goals through advanced technologies such as Big Data (big data) or Artificial Intelligence (AI, artificial intelligence). Since they are aimed at processing information flows, on the basis of which it is possible to make decisions, adapt offers for specific customers and predict their behavior [2];

5. Partnership. Digitalization opens up new opportunities for collaboration with other companies. For example, today geography is no longer an obstacle to work: you can conduct business and look for partners anywhere in the world. And the open API makes collaboration even easier and more convenient. For example, in the digitalization of finance, incl. banking industry, APIs have been in use for several years. But do not forget that without digitalization it is impossible to become the best or work with the best. Global companies are already implementing digital transformation strategies in their lives and want to cooperate with those who correspond to their level of development and share their values [3].

At a basic level, digitalization allows you to optimize operational activities, reduce costs, and improve the decision-making process. There are three main stages of digitalization that are important for leaders to know about:

The first stage is the implementation of not very large and not very risky, independent from each other initiatives or products. The main goal of this stage is to create technological solutions without radical revision of related business processes.

The next step is moving from scattered initiatives to a broader transformation of the company's operating model. Business processes, organizational structure, KPIs (key performance indicators) and staff skills are part of the changes. At this stage, full integration with the basic systems of the organization should be ensured. Such changes already require a comprehensive management program.

The final stage of digitalization is a change in the way of interacting with external suppliers, customers and contractors: new ways of positioning and promoting existing products and creating new ones. At this stage, digital technology is “part of the DNA” of the entire organization and aims to create new ecosystems and partnerships. At their center is a digital platform that implements the unique competencies and know-how of the organization's business model. Successful examples that have gone through all three stages of digitalization on a global scale are General Electric, Daimler.

First of all, digitalization concerns all areas of the company's business related to productivity: control over costs, return on investment. Typically, the first wave of digital change in most companies concerns the management of manufacturing assets – for example, predictive analytics for maintenance and repairs, and planning for investment in manufacturing assets. This is especially true for infrastructure companies with a large number of physical production assets and the costs of their creation and operation – telecommunications, transport, electricity, etc.

The impact of digitalization is not limited to these areas. For example, the introduction of predictive analytics allows an organization to pursue new business growth opportunities, to more accu-

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rately understand the opportunities for additional and cross-selling to existing customers, which, for example, many telecommunications companies, including Kazakhstani ones, are already doing.

For examples, let's take the global and Kazakhstani cases:

McDonald's is a global case.

McDonald's began its digital journey to speed up and simplify customer service in 2004, when touch-screen vending machines appeared in a Florida restaurant that allowed guests to order themselves. Having experimented in this direction for several years, the company found that the average check, when a person places an order on his own, is 30% more. In addition, 20% of shoppers do not take drinks if the cashier forgets to offer them. The automaton, of course, never forgets to do this.

However, the large-scale installation of McDonald's self-service machines began in 2016 and continues to this day. In 2016, self-service machines appeared in 2,600 restaurants around the world, at the beginning of 2017 – the McDonald's App appeared. According to the company itself, the installation of one device costs the company \$ 60,000. Company representatives have repeatedly noted that cashiers will also continue to take orders. Those employees who are replaced by technology will not be fired, but will help the team in the kitchen place orders faster.

At the same time, Josh Bersin, the founder and director of Bersin by Deloitte (an analytical structure that performs research for Deloitte), is convinced that the complete replacement of cashiers and baristas with automatic machines in chains such as Starbucks, Peet's, or Philz Coffee, and McDonald's, will not be effective. because ordering from a vending machine is less fun and customers should always have a choice.

Kazpost is a Kazakhstan case.

The transformation program of Kazpost was launched in June 2014. The state-owned company was faced with the global task of becoming a modern and customer-oriented postal service, therefore it was planned to introduce a system of categorical procurement management, the main enterprise management processes – Enterprise Resource Planning (ERP), a common service center (SSC) for accounting and tax accounting, a single working window of the operator, a new model for managing logistics flows, post.kz online service, payment card processing, agency services, e-commerce, direct mail, and more. There were also projects that directly affected the quality of customer service: modernization of post offices, electronic queue, parcel supermarkets and post offices, situation center, parcel tracking service, SMS notification. It all looks very big, and the transformation is not over yet. However, in a number of areas, there is already a tangible effect.

So, through the parcel supermarkets since the start of the project in 2015, more than 1,180,000 parcels have been issued. Through post offices since the start of the project in 2014 – about 670,000 parcels. Thanks to the launch of these services in Q1 2017, 1.6 million parcels were delivered to Kazakhstan, which is two times more than in Q1 2016.

The post.kz service is an online branch of Kazpost. Since its launch in 2016, more than 1 million customers have already used it. About 30,000 unique users visit the site every day. The site allows you to find a convenient location for a post office, change the delivery address of a parcel, calculate the cost of delivery, pay for any services and even make money transfers. During the transformation period, Kazpost has launched 12 mobile offices and it is planned to install 17 more mobile offices by the end of the year.

Robotization, automation and artificial intelligence, as components of digitalization, are already widely used in various industries – in manufacturing, in the transport and banking industries, in the service sector. The global robotics market is growing very rapidly and continuously: according to BCG, by 2025 its volume could reach \$ 87 billion, despite the fact that just three years ago the forecast for 2025 was \$ 67 billion. Now robots are used mainly to replace people in perfor-

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ming routine operations in production, in the banking sector and other industries. Robotization virtually eliminates errors associated with the attentiveness of live employees. Artificial intelligence can also be used to optimize the decision-making process, in particular through "machine learning".

How digitalized is Kazakhstan? At the moment, Kazakhstan has a good basic access infrastructure for the further development of the digitalization of the economy. The level of population involvement is also quite high: 54% are Internet users. According to the BCG e-intensity index (tracks the development of the digital component of the global economy in 85 countries of the world), the average annual growth rate for Kazakhstan is 23%. This is a positive indicator. However, Kazakhstan still lags behind the average for the BRICS countries (Brazil, Russia, India, China and South Africa), where the growth rate is 27%.

According to Dell Technologies, the IT product market today is \$ 3.3 trillion, given that global GDP is \$ 90 trillion, this is about 4%. In the short term – 5-7 years – our CEO Michael Dell predicts an increase in this amount to \$ 7 trillion per year. This is due to the fact that DT will be the main driver of economic growth for all companies. In terms of capital costs, the DT process will not require significant investment. On the contrary, for example, with the transformation of IT infrastructure and the transition to hybrid cloud technologies, operating costs are reduced by up to 24%, the transition to analytical information security reduces the cost of providing it by up to 40%, the effect of transformation of workplaces can be an increase in the productivity of each employee up to 35 %. According to a Dell Technologies survey, 44% of companies grow faster by adopting mobile apps for their employees. If you look at the Fortune Global 500, over the past 20 years, 80% of the composition of companies has changed, most of them were not known 10 years ago.

Therefore, the main task in the coming years is to accelerate the growth rate of digitalization. At the same time, digitalization should become part of the strategic agenda of not only government agencies, but also national companies and private businesses. There are basic conditions for this. First, the relatively favorable macroeconomic situation. Secondly, attention to this issue from the state: for example, such initiatives as the implementation of the state program "Digital Kazakhstan", the creation of the International Financial Center "Astana", the creation of a hub for startups and the development of advanced technologies – the international technopark of IT startups Astana Hub.

Finally, in order to meet high customer expectations, companies must accelerate the digitization of their business processes. For this, it is not enough to automate existing business processes. Companies need to reinvent them. The main goals of digital transformation are to increase the speed of decision-making, increase the variability of processes depending on the needs and characteristics of the client, and reduce the number of employees involved in the process [4]. It is necessary to shift the center of gravity towards new opportunities that give the company a competitive advantage. For example, instead of automating the work of employees responsible for working with clients, you need to create self-service systems, minimizing the number of mediators between the client and the final service or product. The creation of digital business processes involves fundamental reengineering and revision of existing constraints. During the initial restructuring phase, you need to select those areas of the process that relate to the customer experience. For example, how to reduce the time for making a decision on a loan from several days to several minutes, how to reduce the number of employees involved. Below are some examples from different verticals.

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