

# HOW TO DO BUSINESS IN DIGITAL ERA?

## CASEBOOK

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## Case 4: DIYA.BUSINESS

### Abstract

The presented case demonstrates the activity of the online service DIYA.BUSINESS, which helps to digitize government services in the field of business support. Entrepreneurs receive free online consultations on DIYA.BUSINESS portal from leading international business experts through the global marketplace OnFrontiers. OnFrontiers platform is a profitable and effective consultant search service that allows entrepreneurs to access a global network of international experts from around the world, industries, activities, and business niches who can be involved as consultants in solving specific business problems, strategic or narrow niche tasks thanks to web consultations. OnFrontiers Platform of DIYA.BUSINESS portal can be useful for entrepreneurs in the framework of digital transformation due to scale, efficiency, tracking, specificity.

Thanks to consultations on DIYA.BUSINESS portal, entrepreneurs can:

- Form a strategy for entering the market anywhere in the world.
- Learn the requirements for the production or supply of products used by international buyers or well-known global brands.
- Understand the pricing or branding strategy applicable to different e-commerce tools and platforms.
- Understand trends in changes in consumer requirements and expectations for products or services.
- Get feedback from experienced investors, experts and/or business leaders on business models, products, solutions, or services.

### Key Words

Government Services, Digital Entrepreneurship, Virtual Portal, OnFrontiers Platform.

### Introduction

On September 27, 2019, the Ministry of Digital Transformation of Ukraine together with Fedoriv and Spiilka design büro presented the brand of digital state “DIYA (State and I)”. Today it is a full-fledged online service of public services in various spheres of business life (women's entrepreneurship, agribusiness, office for entrepreneurship and export development, online school of entrepreneurs, map of business support infrastructure, self-testing for entrepreneurs, offers of business partners, etc.). Thus, in particular, DIYA.BUSINESS portal provides online consultations, contains a platform to help small and medium-sized businesses, and centers for providing administrative services in every corner of Ukraine.

Ukrainian entrepreneurs receive free online consultations on DIYA.BUSINESS portal from leading international business experts through the global marketplace OnFrontiers, which employs a large number of experts to solve various business problems in e-commerce, export development, digital entrepreneurship transformation and more.

### Digital transformation of entrepreneurship on global marketplace OnFrontiers

The Ministry of Digital Transformation of Ukraine together with the “Office for Entrepreneurship and Export” with the support of the USAID Program “Competitive Economy of Ukraine” provides SMEs with additional opportunities to strengthen their business and enter new markets by offering them access to specialized consulting sessions with international business experts at the OnFrontiers global marketplace.

OnFrontiers platform is a cost-effective and efficient consultant search service that allows entrepreneurs to access a global network of more than 300,000 international experts from around the world, industries, activities, and business niches that can be engaged as consultants to solve specific business problems, strategic or narrow niche tasks through web consulting.

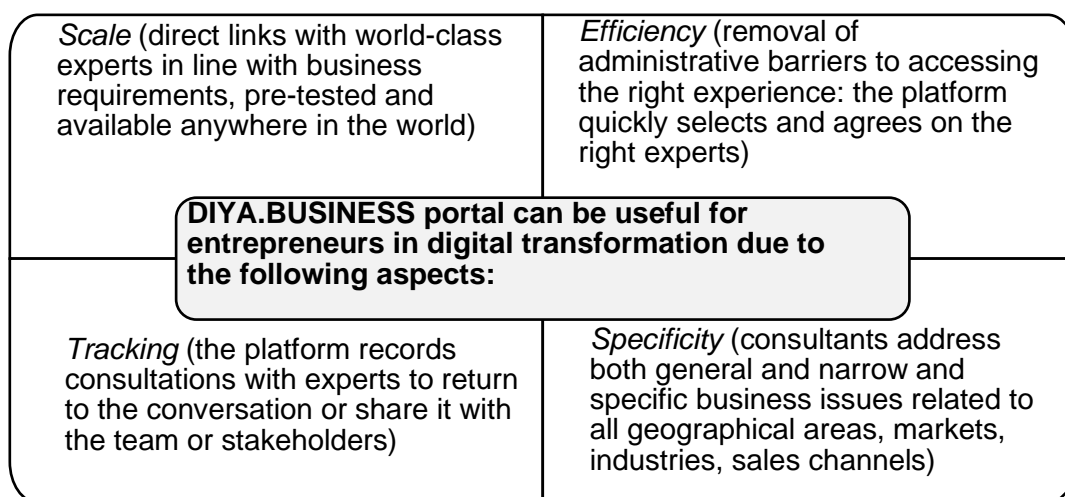
DIYA.BUSINESS portal provides Ukrainian entrepreneurs with access to such topics of free consultations as:

- Starting a business in the USA, the EU, and other countries.
- Market research and preparation of marketing strategy.
- Intellectual property rights; e-commerce.
- Digital business transformation.
- Innovations; artificial intelligence.
- Big data.
- Augmented and virtual reality.
- Crowdfunding.
- Sustainable production.

Thanks to the consultations on DIYA.BUSINESS portal, entrepreneurs will be able to get the following opportunities, for example:

- Qualitatively and objectively form a strategy for entering the market anywhere in the world, including methods of identifying new customers or suppliers in target markets.
- Quickly and fully learn the requirements for the production or supply of products used by international buyers or well-known global brands.
- Reasonably understand the pricing or branding strategy applicable to various e-commerce tools and platforms.
- On the basis of reliable information, to understand trends in changes in consumer requirements and expectations for products or services.
- Objectively and instantly receive feedback from experienced investors, experts and/or business leaders on the business model, products, solutions or services and many other opportunities depending on the request of the enterprise.

Clients of the platform OnFrontiers are leading companies from the Fortune 500 list, as well as recognized global brands: Bose, Deloitte, OPIC, Rockefeller Foundation, DHL, The World Bank, and others, so there is hope that Ukrainian entrepreneurs after receiving online consultations on the platform OnFrontiers will have a chance of commercial success.



On DIYA.BUSINESS portal the entrepreneur gets instant access to a wide network of international experts who have proven and practical experience, which can help to successfully develop a business or develop an effective highly competitive strategy for entering and developing in desired target markets. Experts provide advice in an online format and help solve business problems of entrepreneurs during the digital transformation of their business.

On DIYA.BUSINESS portal in Business section, you can easily find a highly qualified expert who best meets the needs of the entrepreneur and objectively provides advice on digitizing business. On the basis of applications in a live queue, companies that meet the qualification

criteria for consulting on OnFrontiers platform are selected. Each selected company receives a series of 2 professional consultations that can be used for 45 days.

### **Sequence and criteria for receiving services on the OnFrontiers platform**

Manager from requests appointed by OnFrontiers will help the entrepreneur clarify the request and assist in the process of finding and establishing contacts with consultants. Consultations are by appointment, and the platform has a built-in automated scheduling feature that makes expert-client coordination seamless and efficient. All consultations are provided in English, so it is important that the representative of the entrepreneurs participating in the consultation is fluent in English. A typical consultation lasts about one hour. Consultations are recorded, and if necessary, clients can access consultation records for their own materials. 45 days after the consultation, the unused balance is returned to the organizers to give other participants of OnFrontiers program of DIYA.BUSINESS portal the opportunity to use these loans.

Among the criteria by which entrepreneurs are selected to participate in the consulting program of DIYA.BUSINESS portal can be identified:

- Integrity of the entrepreneur.
- The entrepreneur seeks expert advice to obtain a new or specific business opportunity for the business that will lead to any of these results (increasing current sales or creating new sales by attracting new customers; attracting additional investment or financing; creating new jobs; improving management practice at the enterprise, successful entry into a new export market, optimization of business processes at the enterprise).
- The request to the entrepreneur's consultant is specific and can be considered immediately
- OnFrontiers online consulting is the most effective way to solve your business problem.
- The entrepreneur and his employees know English at the level of fluency in writing and orally for easy communication with OnFrontiers experts.
- Entrepreneurs will provide information on business results 6 and 12 months after participating in the program.

Selection and consultation on the basis of OnFrontiers platform of DIYA.BUSINESS portal takes place in 9 stages:

1. Applications are submitted only by those entrepreneurs who meet the qualification criteria.
2. The entrepreneur submits the application according to the form, succinctly, but specifically filling in the required fields. When submitting the application, the entrepreneur agrees to the terms of the initiative and the processing of personal data.
3. After submitting the application, the program organizers (Specialists of the program USAID Competitive Economy of Ukraine) review the entrepreneur's application and decide whether or not to include the enterprise in the initiative. Only fully and detailed applications and those that meet the eligibility criteria can be agreed to participate.
4. In case of a positive decision, the entrepreneur receives a letter with further instructions.
5. The entrepreneur's application is submitted to managers of OnFrontiers marketplace, who contact him about the process of registering for OnFrontiers and obtaining consultations.
6. Manager of OnFrontiers marketplace helps the entrepreneur to refine the request to consultants, and then prepare a list of the best experts who meet business requests. On a regular basis, the entrepreneur receives notifications of those identified experts who are offered for review. The entrepreneur can provide feedback to further refine the search. As soon as the entrepreneur selects an expert, he can appoint a consultation with the chosen expert. OnFrontiers usually offers 3-4 experts who best fit the application. In addition, no fee is charged until the entrepreneur selects a consultant with whom he would like to speak.
7. The entrepreneur agrees on the time of consultations and receives them. The entrepreneur will be given 45 days to receive consultations. The unused balance is canceled at the end of this period, and he will no longer be able to sign up for a free consultation.

8. The entrepreneur receives online consultations, leaves feedback, and gets access to the voice recording of the conversation with the consultant. If desired, the entrepreneur may apply for access to a written transcript of the consultation record.
9. The organizers of the initiative contact the entrepreneur in approximately 6 and 12 months in order to get feedback and a better understanding of how the consultations have affected the development of the business and its digitization.

### Success stories

Getting online advice on the OnFrontiers platform has a successful experience and real examples of success in the world. A company in the market of animal feed in Nigeria. The experts helped to obtain reliable and instant information on the local poultry market, the local aquaculture market, the local feed market, including demand drivers, structure, key players, industry dynamics.

The project, which was implemented on the OnFrontiers platform in the field of satellite solutions for communication in Angola is successful. The customer evaluated the possibilities of providing satellite solutions for the state, such as disaster management, e-health, and communication in rural areas. The experts helped to understand the problems of ICT communication in Angola, to brainstorm current and future government initiatives that can be provided through satellite communications, as well as industry factors that may affect the market entry of new entrants and businesses in particular.

A financial company that provides payday loans to legal entities and individuals in 11 markets in Africa and Latin America. The experts analyzed in which areas the team should conduct further research on regulatory policy and risks associated, for example, for individuals, with the provision of payday loans, as well as what requirements should be applied to borrowers (for legal entities).

Solar energy project in Costa Rica. The experts helped to understand the impact of current/expected regulation, policies, and economic factors on the scale of distributed solar energy in Costa Rica, and how the market may develop in the future, such as tariff structure, energy pricing, restrictions, and potential involvement of small and medium-sized businesses in the production of alternative energy sources. East Africa Geothermal Energy Project: the experts helped to get acquainted with the energy and renewable energy sectors in Ghana, Nigeria and Kenya and the possibility of entering the market of this energy for medium-sized digital businesses, the economic benefits for the economy as a whole.

### Conclusions

All consultations within OnFrontiers platform of DIYA.BUSINESS portal are free for entrepreneurs whose applications are approved by the organizers. For those whose applications are not approved, or for newly arrived entrepreneurs, it is recommended to get acquainted with the possibilities of the OnFrontiers platform and determine how to use it to strengthen your business.

OnFrontiers platform of DIYA.BUSINESS portal allows the business to increase current sales or create new sales by attracting new customers; attract additional investment or financing; create new jobs; to improve management practice at the enterprise; successfully enter a new export market; optimize business processes in the enterprise. Online consulting based on the OnFrontiers platform of DIYA.BUSINESS portal is the most effective way to solve your business problem.

### Discussion Questions

- 1) Is there any real reason to believe that since the creation and “launch” of DIYA.BUSINESS portal today we can summarize its success in the practice of digital entrepreneurship?
- 2) Are there other powerful online business support platforms today besides the OnFrontiers marketplace that has similarly successful hands-on projects?

- 3) What can an entrepreneur get as a result of online consulting from professional experts on DIYA.BUSINESS portal? What risks await the entrepreneur as a result of digitizing the business?
- 4) There are always certain conditions and requirements for the work of an entrepreneur on various portals and platforms. What are the criteria for an entrepreneur to participate in the counseling program on DIYA.BUSINESS portal?
- 5) How can you assess the sequence of selection and consultation based on the OnFrontiers platform of DIYA.BUSINESS portal? How easy/difficult, fast/long, transparent/veiled, expensive/cheap, open/closed, etc. the process is?
- 6) Do you know the success stories of the practical use of OnFrontiers services in digital business?
- 7) Is it necessary to create DIYA.BUSINESS Centers in cities within the framework of digital transformation of entrepreneurship? If so, how many such centers are needed and what functions should be assigned to them? Justify your opinion.

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## **Case 5: “Monobank” - Ukrainian virtual bank.**

### **Abstract**

This case shows digitalization in banking as an important sphere of digital literacy of Ukrainian entrepreneurs. Digitalization in banking is a set of modern economic, organizational, and managerial, institutional innovations in any area of the bank's operation. In the conditions of growing competition digitalization contributes to the expansion of the customer base, increasing the market share of banking services, reducing costs, increasing the financial stability and security of the bank. The dynamic development of entrepreneurship which is now one of the defining trends in developed countries is impossible without the active role of the banking system while the demand for banking services is constantly growing. Monobank is the first mobile bank in Ukraine. Monobank provides service without branches, almost all services are provided via a mobile application. For some operations (deposit / receipt of cash in foreign currency) servicing is carried out exclusively through the cash desks of Universal Bank. Digitalization of banks is associated with the transformation of research and development, other scientific and technological advances into new or improved banking products and services. In the future it is necessary to develop a policy of digital development of the national banking system in the context of digital development of the world community based on end-to-end banking processes, standards of banking and communication equipment, software, services, tariffs, access to banking data and services, security of banking information.

### **Key Words**

digital technology, digital entrepreneurship, digitalization in banking, digital transformation of finance.

### **Introduction**

The development of the information society, digital economy and digital entrepreneurship, global processes of digital transformation which are now actively taking place in many countries around the world raise the issue of digital literacy of Ukrainian citizens.

Digitalization is an important area of development of all spheres of Ukraine's economy including banking. Digitalization in banking is a set of modern economic, organizational, and managerial, institutional innovations in any area of the bank's operation (Kornivska, 2017). In the conditions of growing competition digitalization contributes to the expansion of the customer base, increasing the market share of banking services, reducing costs, increasing the financial stability and security of the bank. Digitalization of the bank is a system of measures aimed at deepening cooperation with fintech start-ups in order to achieve long-term development goals related to the introduction of innovative methods of work, new banking products and services to increase and expand the customer base and increase the bank's competitiveness (Kraus and Holoborodko, 2018).

The last few years have seen a significant recovery in digital banking in European countries. Among the largest virtual banks are the German Fidor and N26 (founded in 2009 and 2013, respectively), the British Revolut, Atom Bank and Monzo (founded in 2013, 2014 and 2015, respectively) and the French Orange Bank (founded in 2017). They identify themselves as retail banks that operate exclusively on a digital platform and are designed to compete with traditional institutions. Such banks offer a wide range of financial products, serving those customers who for various reasons do not have access to the services of traditional banking institutions, namely - small and medium enterprises and individuals who often lack collateral or credit history and so on.

The result of digitalization of banking is new products and services or products and services with new qualities: innovative programs and projects, new intelligent products, modern new technological equipment and processes, new approaches to the formation of the market of modern banking products and services.

The dynamic development of entrepreneurship which is now one of the defining trends in developed countries is impossible without the active role of the banking system while the demand for banking services is constantly growing.

It is the banking system providing entrepreneurs with banking services and accumulating temporarily free money of market participants and distributing them through short- and long-term credit that plays a special role in business.

So, the purpose of the case is to get the students acquainted with the changes in the financial sector generated by the digital revolution, the knowledge of key digital technologies and products in banking, the digital transformation of finance.

### **Background on the firm, Industry, and Competitors**

The modern banking sector offers many innovative concepts that combine the interaction of virtual and physical worlds in order to build their own business model and more efficient customer service. The future of banking - for institutions located in cyberspace. Such institutions identify themselves as retail banks that operate exclusively on a digital platform and are designed to compete with traditional financial institutions. Over the last ten years, there has been a revival in the field of virtual banking in European countries. The key provisions for launching a digital bank include architecture and operating model, products and services, sales channels, system operation, cybersecurity, and finance.

Monobank is the first mobile bank in Ukraine. Monobank is a retail product from Universal Bank JSC which resulted from a collaboration with Fintech Band. A modern Universal Bank created in 1994 and providing a variety of services to natural persons and legal entities. It is a member of TAS Group since December 2016.

Monobank provides service without branches, almost all services are provided via a mobile application. For some operations (deposit / receipt of cash in foreign currency) servicing is carried out exclusively through the cash desks of Universal Bank.

In 2017 bank won the nomination "Best Ukrainian FinTech-startup" of the PaySpace Magazine Awards, and in 2018 won the main award in the category "Neobank of the Year" of the FinAwards 2018. As of August 23, 2021, it serves more than 4 million customers, with the daily number of active users reaching 1.3 million. The total amount of issued loans exceeded 4 billion hryvnias.

Today, a key expected outcome of digitalization is the emergence of new innovative products and services. The most common are the following types of innovative banking products (Tarasiuk, 2017):

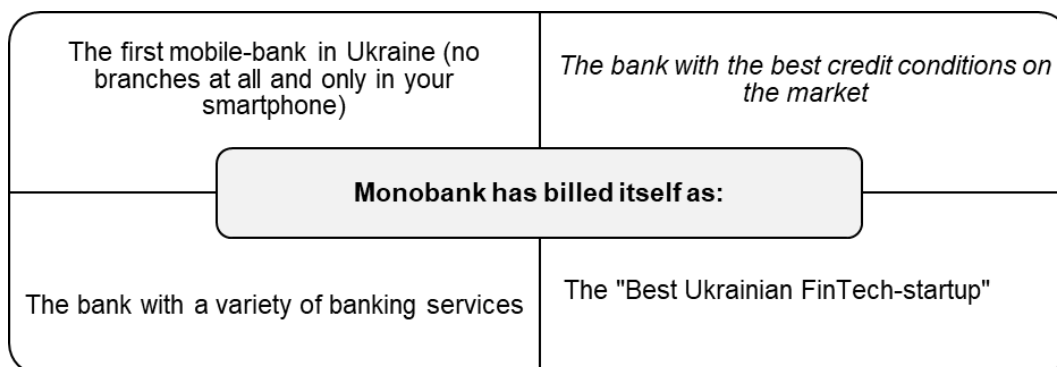
- Mobile banking - thanks to a mobile phone you can perform most transactions with your own accounts, it opens a wide range of services, in particular, account balance, payments, money transfers, loans from one individual to another, etc. According to experts, a mobile phone will replace a plastic card as a means of payment in a few years. It is with the help of NFC-chips that are built into the phone that the customer will be identified, so the need for a passport will disappear, because customer identification by the bank will be possible only with the phone.
- Internet banking is a key innovation of the coming decade, which is now offered to customers by most banks. Ukraine is in the top 10 countries in Europe in terms of the number of users, but due to low penetration into the regions it still has significant potential for growth of the Internet audience in the future. This opens up great opportunities for banks, so experts focus on the development of remote banking.
- "Zone 24" - with the help of this product the client can independently manage their accounts, get advice from a call center specialist, leave a request to receive the service, sign up for service in any branch of the bank. Virtually every "zone 24" is equipped with an ATM, CashIn replenishment module, and a telephone for access to the information service. This area of banking continues to improve.

- electronic balance - the introduction of this service in the bank's cash registers allows to reduce the cost of circulation of coins, as the balance is less than one hryvnia credited to the customer's mobile phone or in the form of an electronic voucher.
- POS-terminals in commercial networks - unlike Western countries, they did not lead to a global revolution in the Ukrainian non-cash space. However, today 15% of non-cash transactions with payment cards still make bankers believe in the strengthening of this trend in the next five years. In the future, POS-terminals will be installed by the merchants themselves, as not plastic cards will be accepted for payment, but information from NFC-chips built into the phone. Meanwhile, self-service terminals, which appeared a few years ago, are gaining popularity both in bank branches and abroad.

The idea of the start-up Monobank is to establish an IT company that would help other banks to create innovative products. Fintech Band relied on the provision of quality and affordable banking services through the use of the latest technologies and approaches. First of all, due to the lack of branches. The main product of Monobank is a credit card with very favourable terms and a mobile application. The Fintech Band employs over 100 professionals. The main share of costs - about \$ 2 million - are salary payments.

Monobank issues customer credit cards, provides depositing options and other services, and the best mobile app will make controlling finances as convenient as possible. Monobank work only on mobile devices. In the mobile app that created especially for Monobank there's a variety of banking services including free money transfers, a convenient way of paying utility bills, an ability to take part in the bank's special offers and receive a cash-back, controlling your financial operations and the fast and professional customer service will answer all of your questions in a messenger of your choice (Viber, Facebook Messenger, Telegram) or on the phone.

To work with Monobank you need to download the application at the link. Then the program asks you to take a picture of the first and second pages of the passport, the page with the residence permit and the statement with the identification number. The operation takes two minutes. After that it is necessary to choose a variant of reception of the plastic: delivery by the courier or to pick up independently from the list of points. Next, attach the card to your application by taking a photo as shown on the smartphone screen. Immediately after that all the functionality of the program becomes available.



The main features of Monobank for entrepreneurship are the following:

Features of Monobank for Entrepreneurship:
<ul style="list-style-type: none"><li>• Separate account for bookkeeper which allows to manage business account</li><li>• You can add up to two additional phone numbers to work in the web office</li><li>• Completely remote service: no need visiting card issuing point or contacting with departments</li><li>• All monobank accounts management in one application</li><li>• We have one application for individuals and business, money transferring between individual and business accounts is simple</li><li>• Payments from foreign currency accounts. It is not necessary, as in other banks, to wait until the interbank is opened to sell currency</li><li>• Separate Web-account for your bookkeeper. It is possible to add up to two numbers to work in WEB-account with business account</li><li>• Favorable exchange rate</li><li>• Friendly financial monitoring and currency control</li></ul>



Steps to open business account are the following:

- Get registered quickly in Monobank application and get the card.
- Be registered as an individual entrepreneur.
- Open business account in Monobank application in one touch.

Today in Ukraine the most innovative banks are PrivatBank, Raiffeisen Bank Aval, Alfa-Bank, OTP Bank, and others. For more than a decade they have stood out among other banks by providing innovative products including such as SMS banking and Internet banking. The leading position is currently occupied by PJSC "PrivatBank" which for the first time in the history of the Ukrainian banking market became a finalist in one of the world's most prestigious banking ratings Retail Banker International Awards and one of the nominations was "Best Innovation in Payments". PrivatBank is the largest Ukrainian bank which is among the top 10 leading banks in Central and Eastern Europe. It is also one of the most innovative banks in the world. The latest innovations of the bank which have gained worldwide recognition include the following products: payment mini-terminal, access to Internet banking via QR-code, online collection, digital payment cards as well as dozens of different mobile applications.

### Business issues/challenges

Digitalization of banks is associated with the transformation of research and development, other scientific and technological advances into new or improved banking products and services in an updated or improved banking process used in practice or a new approach to the sale of products and services, their adaptation to current customer requirements. Signs of the attractiveness of digital banking products are high reliability, profitability, and quality (Lechachenko, 2017).

More and more banking institutions in developed countries are focusing their efforts on mobile application development and remote customer service. The reduction in the number of bank branches has already become a very real trend not only among large but also regional banks in Western Europe and the world. With the spread of information technology, the order of interaction with the end user of banking services is changing. Today you do not need to contact the bank branch for basic operations. Instead, more and more banks offer customers a number of additional services the use of which strengthens customer loyalty and provides competitive advantages to banking institutions.

In the future it is necessary to develop a policy of digital development of the national banking system in the context of digital development of the world community based on end-to-end banking processes, standards of banking and communication equipment, software, services, tariffs, access to banking data and services, security of banking information.

The challenges and shortcomings of virtual banking are identified as follows: difficulties in registering a new client and navigating the site; trust in the virtual world of financial services; lack of proper level of financial literacy; the presence of risk factors associated with spyware and viruses; the problem of business evaluation, etc.

In terms of technology there are seven main components that are needed to solve this problem, a kind of seven notes of the digital bank of the future (Ovcharenko, 2020): 1) the Internet; 2) mobile devices; 3) the Internet of Things; 4) big data (analytics, volumes, speed, data diversity); 5) cloud computing; 6) machine learning, cognitive technologies, robotics; 7) distributed data storage registers (blockchain).

## Conclusions

Digitalization of the bank is a system of measures aimed at deepening cooperation with fintech start-ups in order to achieve long-term development goals related to the introduction of innovative methods of work, new banking products and services to increase and expand the customer base and increase the bank's competitiveness. Digitalization of banking - activities aimed at the commercialization of accumulated modern knowledge, technologies, and equipment. The result of digitalization of banking is new products and services or products and services with new qualities.

## Discussion Questions

1. What are the differences in the organization of traditional and virtual financial (banking) institutions?
2. What are the benefits of digital businesses serving in digital banks?
3. What are the challenges for digital businesses as a result of working with a virtual bank?
4. Is the virtual bank an important component of digital economy?

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