©LUMEN Proceedings Series
ISSN: 2601 – 2510 | e-ISSN: 2601 – 2529

2020, Volume 10, International Conference Globalization, Innovation and Development. Trends and Prospects (G.I.D.T.P.), pages: 327-334 |
https://doi.org/10.18662/lumproc/gidtp2018/36

Digital Transformation Peculiarities in Bulgaria

Krasimir SHISHMANOV[1]

[1] Professor PhD, D Tsenov Academy of Economics, Svishtov, Bulgaria, nikolanikol@gmail.com

Abstract: A characteristic feature of modern business is that it functions in a new digital reality. It is progressively and irrevocably, as it changes not only our lives, but also, in the first place, forces the business to adapt to the new conditions, to innovate, to transform their business strategies according to the requirements and specifics of the digital economy. The idea is not to destroy the traditional business but to develop, improve and become more competitive with the help of digitization. The digital economy opens up a great deal but requires a deep understanding of what it is, what its specifics and principles of functioning, its positive and negative sides, how to use the opportunities provided to enable it realize and have a positive effect on the digital transformation of the business. In addition to this, important questions such as: What are the main areas of digital transformation? How to build the business strategy of digital transformation? What are its tools and methods, what should be done in its individual stages? What are the main challenges and difficulties that need to be recognized and overcome? What knowledge and skills do the professionals have to be adaptable to the requirements of the digital economy? The use of new technologies and the transformation to the digital economy are associated with serious changes that force companies and sometimes industries to reconsider the value of their products and services to customers.

Keywords: *digital transformation; digital economy; digitization; e-commerce.*

How to cite: Shishmanov, K. (2020). Digital Transformation Peculiarities in Bulgaria. In I. Panagoreț & G. Gorghiu (vol. ed.), *Lumen Proceedings: Vol. 10. International Conference Globalization, Innovation and Development. Trends and Prospects (G.I.D.T.P.)* (pp. 327-334). Iasi, Romania: LUMEN Publishing House. https://doi.org/10.18662/lumproc/gidtp2018/36

© The Authors, LUMEN Conference Center & LUMEN Proceedings.
Selection and peer-review under responsibility of the Organizing Committee of the International Conference Globalization, Innovation and Development. Trends and Prospects (G.I.D.T.P.), May 16-17, 2018, Alexandria, Romania

This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited

Characteristic feature of modern business is that it functions in a new digital reality. It is progressively and irrevocably, as it changes not only our lives, but also, in the first place, forces the business to adapt to the new conditions, to innovate, to transform their business strategies according to the requirements and specifics of the digital economy. The idea is not to destroy the traditional business but to develop, improve and become more competitive with the help of digitization.

In this line of thinking, digital transformation can be defined **as an organizational change that is caused by the rapid development and application of digital technologies in business**. It can be characterized as a host of technologies, applications and processes that connect counterparties through the electronic exchange of services, products and information.

The rapid development of e-services and e-commerce in recent years has led to significant changes in business, in society, in the creation of new products and services. A key factor in making an online deal is doing it over the Internet, which brings a number of advantages - removing time and geographical barriers, the convenience of viewing the goods offered, saving time and easy access to the services received.

According to ecommerce-europe data, the number of consumers who shop online across the European market is 296 million. Over 2 500 000 jobs are directly or indirectly linked to e-commerce. Over 750,000 are the number of online businesses created. Over 4.2 billion orders were sent in one year. The share of the European Internet economy equals 2.59% of European GDP in 2015. It is projected that by 2020 this percentage will increase almost doubled.

Exported data clearly indicate the need for digital transformation. It is triggered by the fact that the majority of consumers have "transported" to the internet - there they read the news, make purchases, play, watch movies, etc. Naturally, the question arises: how companies can organize their business satisfy these online needs?

According to the head of GlobalLogic's technical consultant group, Joe Welsh, there is only one answer - a software-centric business model. Customers live in online space and naturally there is the best place for business.

The digital economy opens up a great deal but requires a deep understanding of what it is, what its specifics and principles of functioning, its positive and negative sides, how to use the opportunities provided to enable it realize and have a positive effect on the digital transformation of the business [5].

Along with the above, a number of important questions should be answered defining the essence and the main features of digital transformation such as:

- What are the main areas of digital transformation?
- How to build the business strategy of digital transformation?
- What are its tools and methods?
- What should be done through its individual stages?
- What are the main challenges and difficulties that need to be recognized and overcome?
- What knowledge and skills do the professionals have to be adaptable to the requirements of the digital economy?

The priorities for digital transformation of the business model, customer relationships and business processes depend to a large extent on the specifics of the production and services that companies offer. Despite the differences, the view prevails that success is determined by three main factors: **strategy changes, leadership and organizational culture**

Looking at issues related to digital transformation, some of the most important features that determine the positive effect of the actions taken should be taken into account:

1. Digital transformation without an idea does not make sense. It is assumed that the organization will gradually grow and develop. In this process, mistakes will be made that will come up and better solutions will be sought, but the biggest mistakes are inaction and lack of ideas.
2. Transformation needs to be based on leading technologies. The choice depends on the goals of the organization, but apart from it, you need to consider other points: how closely the united community supports the project and whether it is ready to provide technical support; it is not bad to trace how this or that technology is accepted by the market. However, the choice of almost any large open project should not cause concern - it is usually supported by IT and all the necessary changes in the product appear fairly quickly.
3. Digital transformation can be short-term, but it must be consistent. It is clear that rapid transformation strategies are implemented in a short time, another important thing here is that regardless of the choice of the deployment model, it must be consistent, otherwise the enterprise risks being in a difficult situation.
4. Transformation must pass transparently. Any process that radically changes the usual conditions is connected with the inevitable risk, and digital transformation is no exception. Given that many departments participate in it, it often gives rise to discussions about the distribution of responsibilities.

The most effective strategy that will help determine the roles of each team member is transparency of decision making.

5. Particularly important in the implementation of the project is the role of management. Directive management style is not a guarantee of successful transformation. Management should better explain to employees what actions it is ready to take and what it expects from the team. In this case, it can count on the return. In addition, throughout the whole process of transformation from the emergence of the idea to its full realization, including the problem of individuals, it must feel the constant support of the management of the enterprise.

6. It is necessary to seek the assistance of consultants. Many companies do not risk starting to change without the help of consultants. This approach can justify itself, since professionals from the side can better see the points of contact. Other benefits of leveraging third-party assistance include reducing risks, reducing time, reducing long-term costs, mentoring and guidance for employees.

7. The quality of the product is determined by the speed of introduction of new functions. One of the main differences between companies that have not yet embarked on a transformation path from those that have already mastered this process is the software development methodology used for the consistent management of the company's business and revenues. And if the first think of it as a project, which sooner or later will need to be completed, the latter - constantly improve it. The product is developed over many years and needs to be adapted to the requirements of the customer. The taxation of companies that are striving to enter the digital age should not perceive their software as a peripheral supporting infrastructure, but as a key element of their business.

8. For yes, the project realist e need to be patient with the changes to begin to bring the crawl - step-by-step changes can take from several months (for small firms) to 3-4 years (for large firms). Sometimes you need to retreat. There are several signs that indicate that the idea with digital conversion is either fading or not working. This is indicated by the extinction of employees, sometimes for constructive reasons (the company was not ready for transformation), sometimes facing frank sabotage. The best way out in this situation is to give them some time to rest, back in the familiar environment, then resume efforts to transform.

9. It is necessary to document the process of digital transformation. Reporting systems, defects and progression, automation of assemblies and dispatches, automation testing platforms, monitoring of production systems and so on - these are the control functions, which are part of the companies.

10. In the process of realization of the project problems may occur and they may not be related to the idea or the software, but with the financing of projects, analysis of requirements, revision of regulatory documents, dependence on third parties, etc., which must be taken for granted.

11. It will require a refactoring procedure (redesigning the code, design or architectural solution without changing its business functionality). It is known that after refactoring you need to make sure that the behavior of the software has not changed and everything works as before. This requires tests that are often ignored in enterprises. This happens under the pressure of marketing departments - they are not ready to put up with delays, expecting engineers to immediately combine the ideas they proposed with existing applications.

12. There are several reasons that hamper digital deployment. First of all, this concerns the fears of employees or individual top managers who are afraid of losing their importance or position, others are afraid of the uncertainty of the situation, while others develop boiling activity where it does not belong. There will always be a small contingent wishing to sacrifice long-term interests of the company for personal gain.

13. The success plan is a phased implementation of the project. It must be planned so that it is possible to assess their economic effectiveness. To implement changes at the operational level, it is necessary to create a cross-functional team consisting of departmental employees who are responsible for certain aspects of the process.

14. Human capital is the main value of the digital economy. Human capital is 50% of the value in corporations. „We think that the revolution concerns things, but in fact, it concerns people, "- R. Preston McAfee, vice president of Microsoft.

15. It is difficult to create a separate center of competence in the different profiles, - analysts, designers, marketers, IT representatives, etc. Importantly, this is a new idea, which has the effect of not having to worry about. Such a center can function on regular basis, translating into new practices.

The traditional understanding of projects aimed at moving companies into the digital economy boils down to the successful implementation of the IT project: its integration into the existing IT infrastructure, implementation in time and within the limits of the specified resource constraints. Unfortunately, this approach hinders the implementation of the expectations that stakeholders have and are made to the results of business process automation. The report "The state of the digital transformation of 2017", prepared by AltiMeter Group [4], analyzed the survey data of more than 500 company executives and their CIOs.

The data obtained in the study [4] confirm the fact that the core competencies of the company's digital transformations are concentrated in the hands of the CIO (Chief Information Officer) - 28%; CEO (Chief Executive Officer), which determines and implements the company's business strategy, - 20.1%; At the same time, CInO and CDO (Chief Innovation Officer and Chief Digital Officer), whose direct tasks are innovative and digital projects of the company, are responsible for these projects and are their leaders in 8.1 and 13.% respectively. A technological approach to transformational projects leads to a loss of understanding by business employees of business effects obtained from digital transformations.

The same distribution is also noticeable in the degree of involvement of departments and departments of the company in the project, which are engaged not only in the development of the information technology infrastructure but in the formation of its competitive advantages: 37% for the IT department versus 2.8% for the Board of Directors and stakeholders. As companies increasingly become technological, the role of the IT department is becoming more dominant than ever, but the true success in digital transformation is achieved as a result of integrated work at the organization level.

It is possible to formulate the potential consequences of technological distortion in the distribution of responsibility in the organization for the process of implementing digital projects and the results of their implementation:

- Minimal investment in the study of the needs of new customers using digital technologies leads to the fact that the proposed IT solutions do not meet the expectations of the latter and, as a result, are not used in current business practice;
- The tasks of developing digital literacy of clients and their own employees go to the background, which leads to doubts about the success of activities that do not contribute to the development of digital initiatives;
- The project initiative of IT services does not always meet the strategic goals of the company, it is not focused on the implementation of the most important business tasks, which ultimately leads to the implementation of information and infrastructure projects on the old organizational base that is not adapted to them;

- hanges in the business model are the result of IT projects, which can lead to an imbalance of its key elements, especially key resources and costs;
- The changes in the business model are the result of IT projects, which can lead to an imbalance of its key elements, especially key resources and costs. 88% of executives of financial companies believe that their business is already under the influence of digital transformation.[1];[2]

All of the above allows us to conclude that projects on the digital transformation of organizations are not limited to the introduction of ICT because the success of the project depends not least on the changes that should be systematically implemented in several areas at the same time. Based on expectations for the results of digital transformations, we define these areas:

- Information and communication technologies - are the main instrument of transformation;
- Business processes, the results of which are directly dependent on the development goals of the organization in accordance with the existing business strategy;
- All categories of participants in business processes (executors, managers, stakeholders, clients), i.e. all persons, either ensuring the achievement of the result of the process, or forming feedback for its evaluation and subsequent improvement;
- The environment that creates the conditions for the best implementation and application of technology projects in order to improve business processes. It is formed through cooperation and interaction of employees of the organization.[1],[2].

Considering the technological aspect of the expected transformations, it can be asserted that, according to [3: 6]:

- 47% of respondents believe that digital technologies have a negative impact on the adoption of long-term business decisions
- Only 9% of managers believe that they occupy a leading position in the introduction of technologies
- 38% believe that the lack of specialists hampers the implementation of digital transformation programs

The realization of the idea of digital transformation is associated with some objective difficulties. The "fear factors" presented below reflect the main problems associated with the introduction and development of IT technologies:

- low digital literacy of employees of organizations or lack of experience in IT implementation;
- lack of budget;
- established neutral or negative corporate culture to changes related to digital technologies;
- positioning of transformational projects as a cost center in an organization;
- the lack of objective estimates of the return on investment to justify initiatives in the field of digital transformation;
- lack of support from the leadership of the organization;
- lack of qualified personnel.

In July 2017, the G20 leaders developed the "G20 Road Map for Digitalization", which aims to achieve rapid results in the development of information and communication technologies in the world and a soft transition to a new economy [5].

According to Microsoft and Harvard Business Review, 84% of business leaders around the world are confident that their business model has either already changed under the impact of the digital economy, or will definitely change by 2020

Crowdedly on the new technologies and transformation of the digital environment, the economy of the economy is changing the keros, making the company, and understanding and the goals of the industry, and will exalt the value, will provide the product technician with services and services on the customer.

«The main aspect of the digital revolution is not the new technologies themselves, but changes in the way of thinking and business strategy. „D. Rogers.

References

[1] Rodgers DL. The Digital Transformation Playbook: Rethink Your Business for the Digital Age. AITEKO; 2017: 344.

[2] Digital Economics. Strategy; 2017; 3(28): 86-87.

[3] Every fourth company has failed in digital transformation. Chief information Officer, No. 9, November 2017.

[4] Solis B. The 2017 State of Digital Transformation. Available from: https://marketing.prophet.com/acton/media/33865/altimeter--the-2017-state-of-digital-transformation?

[5] Constantinescu LM, Panagoret I. Digital economy; a bridge to Romanian competiveness from regional to global. Journal of Science and Arts; Targoviste; 2017; 17(3): 491-502.