

Strategic Business Innovation **Arrived in the Digital Age**



Get a first impression for the changes in the Digital Age.



- In order to be able to follow the discussion, it is mandatory to have seen this videos in preparation !



- Digital Eco-Systems are emerging !
- Most participants do not even recognize the possibilities of digital ecosystems !
- Digital Eco-Systems can even control the world economy !
- Also we, in this module, will integrate our innovations into the Digital Eco-Systems !

starting : "Strategic Business Innovation"

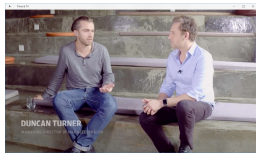
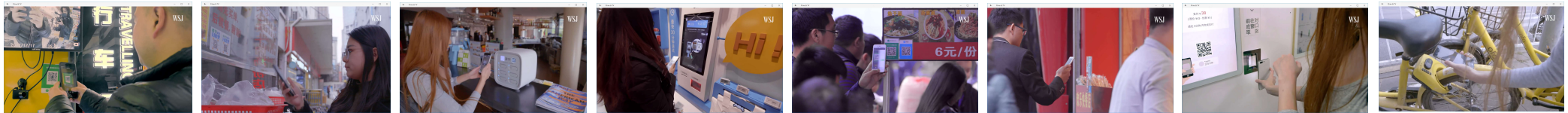
Warm-Up Video



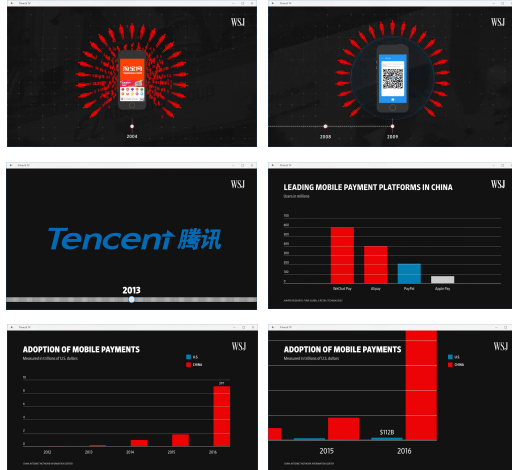
discussing our starting case :



always scanning QR-codes (mainly for payments)



"... can't remember the last time, I had (cash)."



2004, Alibaba launched Alipay to facilitate transaction on Taobao
 2009, Taobao introduced the mobile wallet feature, allowing transaction between Alipay members with bills using QR codes

2013, Tencent implemented an own mobile payment solution in the WeChat app (also offering P₂P-payments)

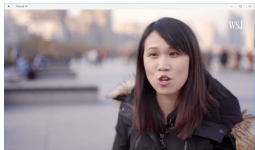
2016, Chinese spent 9 Trillion (9'000'000'000'000) \$ in mobile payments, while in the USA, 118 Billion \$ was spent in mobile payments

05/08/2018 : "WeChat Pay and ... Alipay account for 90% of the (Chinese) industry." (<https://jumpstartmag.com/alipay-vs-wechat-pay/>)

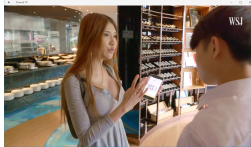
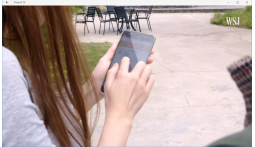
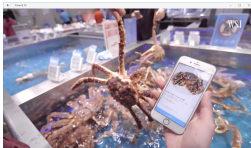
discussing our starting case :



"Mobile payments has given rise to a whole new set of business models."



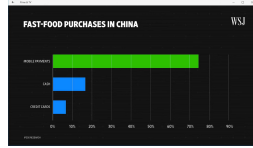
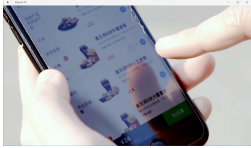
Hema supermarket : from Alibaba / linked to Alipay
 Every product is scannable / or order from home + delivery / the app gives personalized recommendations
 Alibaba plans 2000 more Hema supermarkets
 Mobile payment platforms in china are creating eco systems.



paying for the meal before they go to the restaurant showing the prepaid-reservation



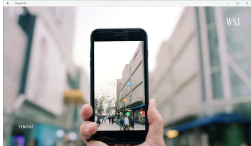
calling and paying taxi by WeChat app



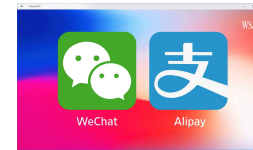
almost anything the user wants can come to the user
 3 quarters of fast-food-payments are made mobile



live sales advice on WeChat with buying, paying, delivery



"latest" features for keeping user in the WeChat app : mini-programs (for any place/thing the user can visit)
 simply appear, when available - and disappear, when finished
 -> bringing the offline-business into the WeChat eco-system



using just 2 apps -> monopolistic situation + centralization of user data



WeChat Pay generates very powerful data allows WeChat to provide other services

discussing our starting case :



"Mobile payments has given rise to a whole new set of business models."

We introduce the term : "Digital Eco-System"

Hema supermarket: from Alibaba / linked to Alipay
Every product is scannable / or order from home + delivery / the app gives personalized recommendations
Alibaba plans 2000 more Hema supermarkets
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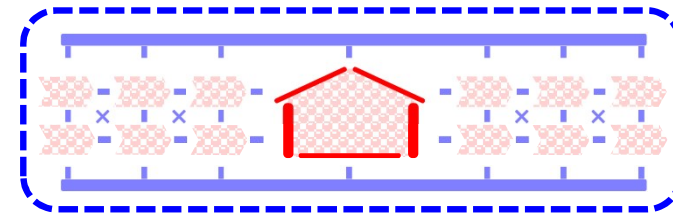
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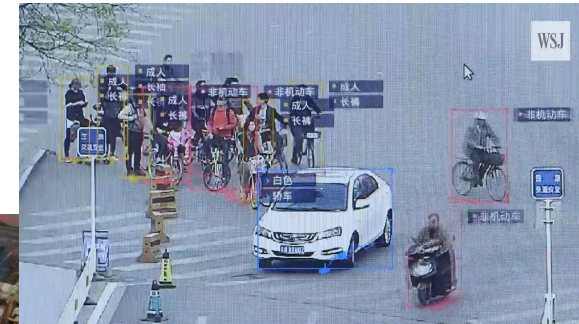
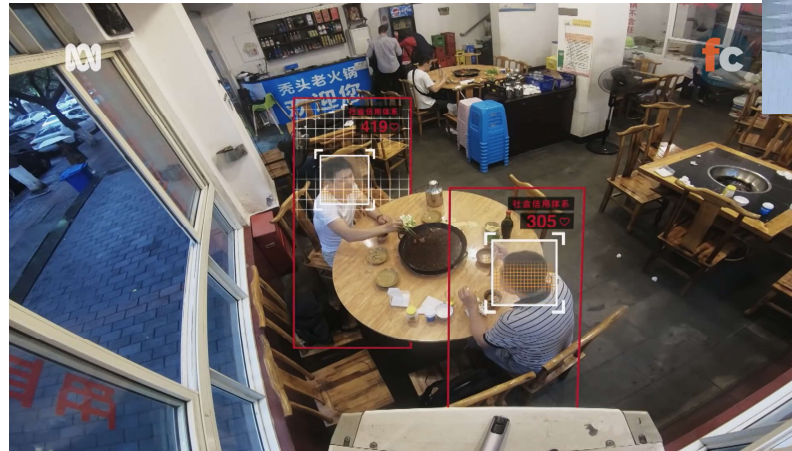
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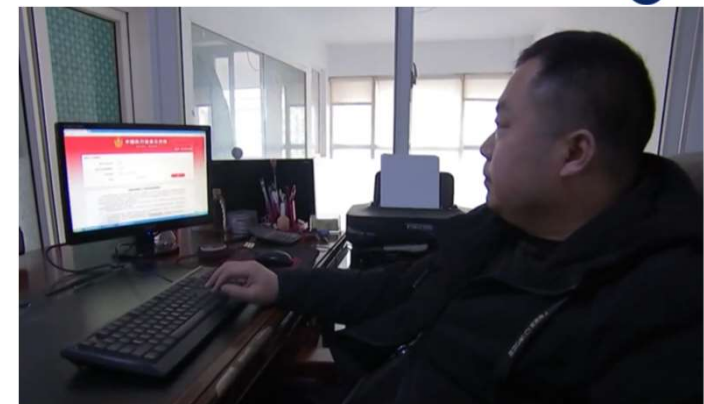
discussing our starting case :

A distant example can provide suggestions for the possibilities : China's Social Credit System

- face recognition is already part of our life
- based on big data and AI technology
- arguments are often the safety



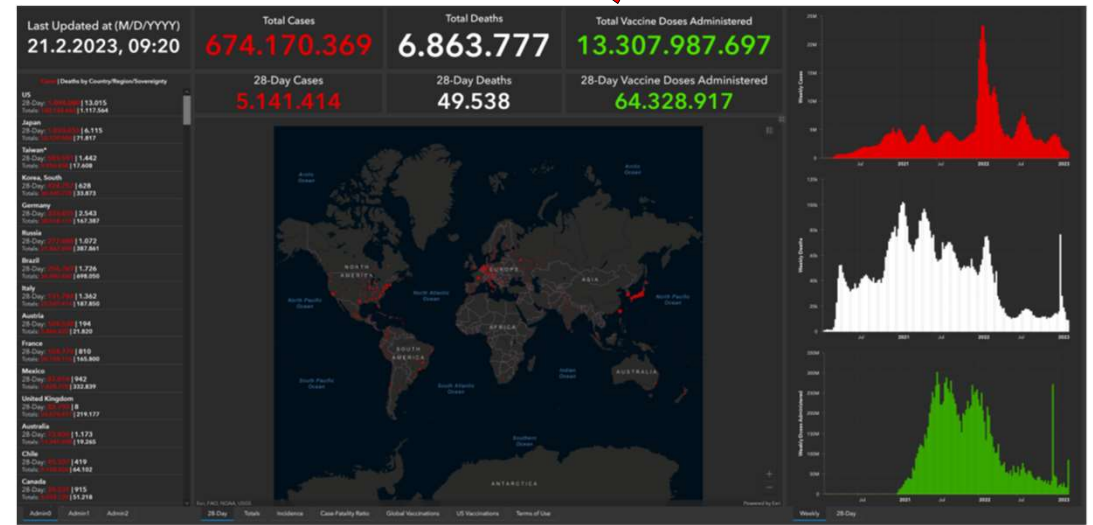
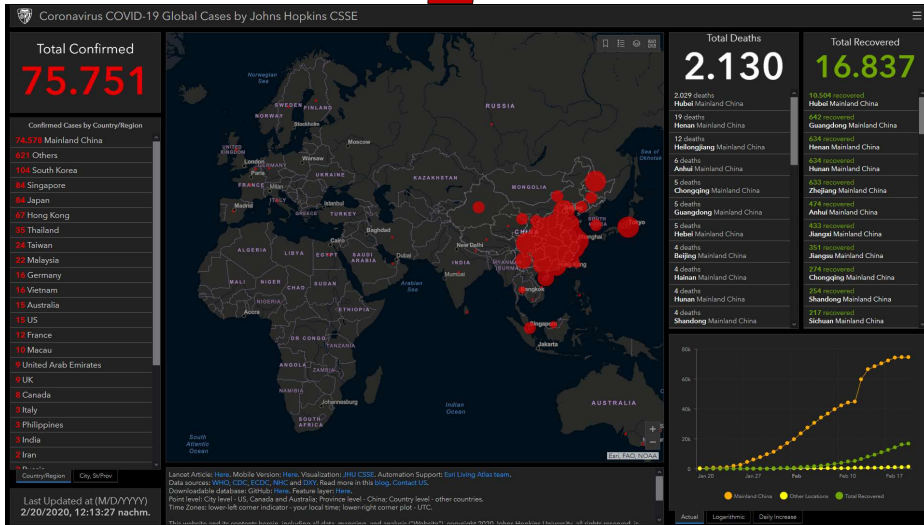
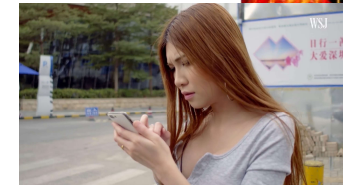
Let's look for a moment at the Social Credit System as a starting point and imagine the possibilities that arise from networking this starting system with other systems ...



<https://joinhorizons.com/china-social-credit-system-explained/>
<https://www.youtube.com/watch?v=TGhRoY1ct50>
<https://www.youtube.com/watch?v=0cGB8dCDF3c>
https://www.youtube.com/watch?v=7bXJ_obaiYQ

discussing our starting case :

... for example with healthcare interests.



<- China : for comparison : USA ->



<https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

<https://www.youtube.com/watch?v=NXyypMDtpSE>

³⁾ We will deepen that discussion in the chapter "Managing Reliability Scoring in a Digital Eco-System".

discussing our starting case :

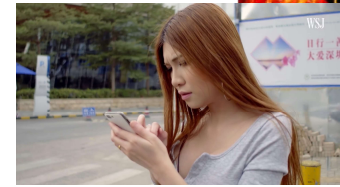
... for example with economic interests.

"WeChat Pay and ... Alipay account for 90% of the (Chinese) industry."

Please remember importance of a monetary policy and the relevance of determination of the amount of base money in circulation :

"In practice, to implement any type of monetary policy the main tool used is modifying the amount of base money in circulation."

Are Alipay and WeChat currently replaced by China's Digital Yuan ?*)



Monetary policy

Article Talk Read Edit View history Tools

From Wikipedia, the free encyclopedia

Monetary policy is the policy adopted by the **monetary authority** of a nation to affect monetary and other financial conditions to accomplish broader objectives like high **employment** and **price stability** (normally interpreted as a low and stable rate of **inflation**).^{[1][2]} Further purposes of a monetary policy may be to contribute to **economic stability** or to maintain predictable **exchange rates** with other **currencies**. Today most central banks in developed countries conduct their monetary policy within an **inflation targeting** framework,^[3] whereas the monetary policies of most developing countries' central banks target some kind of a **fixed exchange rate system**. A third monetary policy strategy, targeting the **money supply**, was widely followed during the 1980s, but has diminished in popularity since that, though it is still the official strategy in a number of **emerging economies**.

The tools of monetary policy varies from central bank to central bank, depending on the country's stage of development, institutional structure, tradition and political system. Interest rate targeting is generally the primary tool, being obtained either directly via administratively changing the central bank's own interest rates or indirectly via **open market operations**. Interest rates affect general economic activity and consequently employment and inflation via a number of different channels, known collectively as the **monetary transmission mechanism**, and are also an important determinant of the exchange rate. Other policy tools include communication strategies like **forward guidance** and in some countries the setting of **reserve requirements**. Monetary policy is often referred to as being either **expansionary** (stimulating economic activity and consequently employment and inflation) or **contractionary** (dampening economic activity, hence decreasing employment and inflation).

Monetary policy affects the economy through **financial** channels like interest rates, exchange rates and prices of **financial assets**. This is in contrast to **fiscal policy**, which relies on changes in **taxation** and **government spending** as methods for a government to manage business cycle phenomena such as **recessions**.^[4] In **developed countries**, monetary policy is generally formed separately from fiscal policy, modern central banks in developed economies being **independent** of direct government control and directives.^[5]

How best to conduct monetary policy is an active and debated research area, drawing on fields like **monetary economics** as well as other subfields within **macroeconomics**.

History [edit]



Banknotes with a face value of 5000 in different currencies. (United States dollar, Central African CFA franc, Japanese yen, Italian lira, and French franc)

Issuing coins and paper money [edit]

Monetary policy has evolved over the centuries, along with the development of a money economy. Historians, economists, anthropologists and numismatics do not agree on the origins of money. In the West the common point of view is that coins were first used in **ancient Lydia** in the 8th century BCE, whereas some date the origins to **ancient China**. The earliest predecessors to monetary policy seem to be those of **debasement**, where the government would melt coins down and mix them with cheaper metals. The practice was widespread in the late **Roman Empire**, but reached its perfection in western Europe in the late **Middle Ages**.^[6]

For many centuries there were only two forms of monetary policy: altering coinage or the printing of **paper money**. **Interest rates**, while now thought of as part of **monetary authority**, were not generally coordinated with the other forms of monetary policy during this time. Monetary policy was considered as an executive decision, and was generally implemented by the authority with **seigniorage** (the power to coin). With the advent of larger trading networks came the ability to define the currency value in terms of gold or silver, and the price of the local currency in terms of foreign currencies. This official price could be enforced by law, even if it varied from the market price.

Paper money originated from **promissory notes** termed "jiaozhi" in 7th century **China**. Jiaozhi did not replace metallic currency, and were used alongside the copper coins. The succeeding **Yuan Dynasty** was the first government to

Public finance

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- [Fiscal policy](#) [show]
- [Monetary policy](#) [show]
- [Trade policy](#) [show]
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[Portal](#) V · T · E

Part of a series on **Macroeconomics**

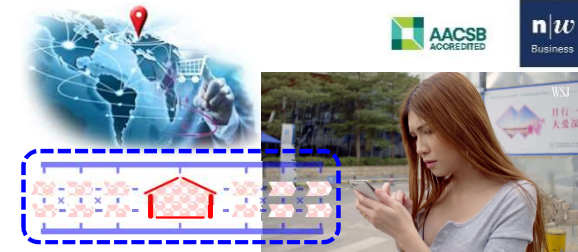
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https://en.wikipedia.org/wiki/Monetary_policy

*) <https://www.china-briefing.com/news/when-can-i-buy-use-and-trade-chinas-digital-yuan/>

discussing our starting case :



2023 : "Tencent Launches Revolutionary Payment Method in China: Pay with Your Palm" *****)



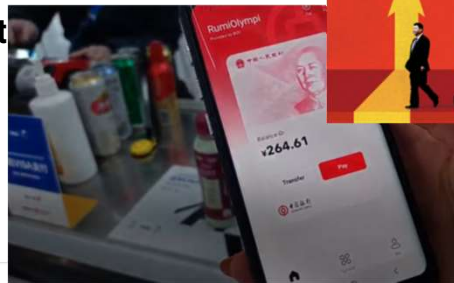
2022 : "Biden reverses decades of Chinese trade policy" *****)



2021 : "China Has Two Paths to Global Domination" ***)



2020 : Are Alipay and WeChat replaced by China's Digital Yuan ? **)



2017 : Alipay and WeChat Pay went global *)

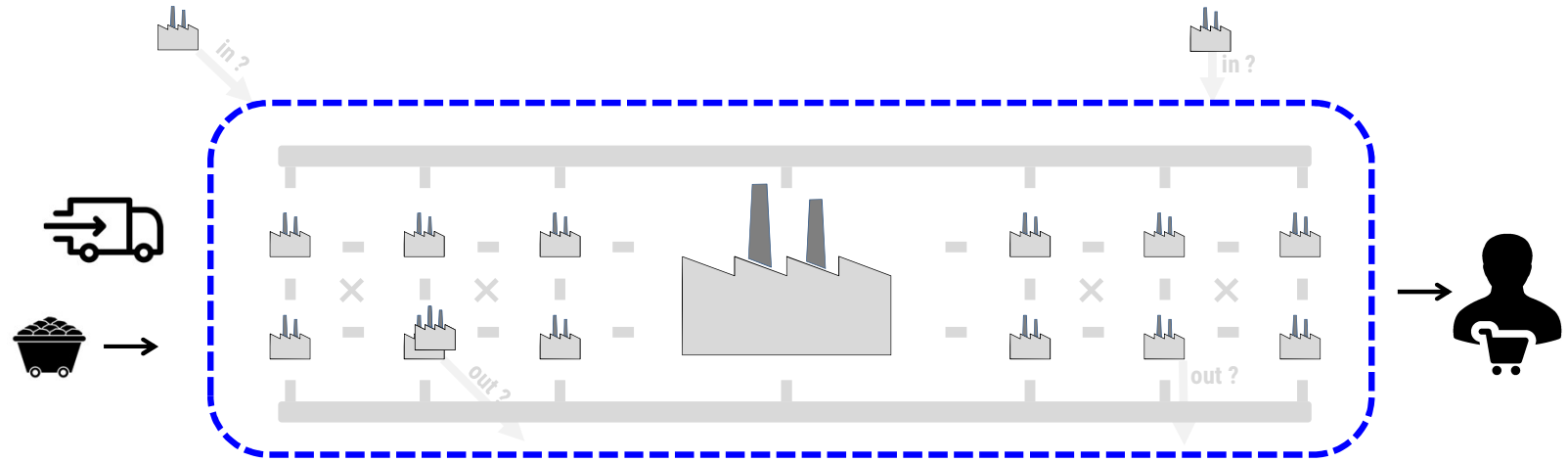


*) <https://www.pymnts.com/news/international/2017/alipay-ecommerce-platform/>
 **) <https://www.china-briefing.com/news/when-can-i-buy-use-and-trade-chinas-digital-yuan/>
<https://www.youtube.com/watch?v=s4tSP9-o7ZQ>
<https://www.youtube.com/watch?v=g0Z8E7Mw-ZI>
 ***) <https://foreignpolicy.com/2020/05/22/china-superpower-two-paths-global-domination-cold-war/>
 *****) <https://www.politico.com/news/2022/12/26/china-trade-tech-00072232>
 *****) <https://www.youtube.com/watch?v=9HHFsjUyS2w>



A picture that we will use intensively from now on ...

(and explain later in this module)



Digital Eco-System



Some call it :

- digital ecosystem
- networked value creation
- ...
- digitalization
- ...
- digital economy
- business agility
- digital age
- -



As a prelude to this module, I would like to develop a feeling for customer expectations in the digital age.

- example of customization
- example of customer centricity
- it will change our social life
- also earlier epochal transitions have changed social life

Turning into a Digital Society

Digital transformation of business / society

- Digital - It has changed the game : Customers are now in control ...



Turning into a Digital Society

Digital transformation of business / society

- Let's start thinking about customer centricity the digital economy ...



Turning into a Digital Society

Digital transformation of business / society

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Turning into a Digital Society

Humanity will change more the next 20 years, than in the 300 years before *)

- Who is mission control for humanity ?



*) Gerd Leonhard

<https://www.youtube.com/watch?v=mEr9MDyMfKc>

<https://www.youtube.com/watch?v=yHC5n7G5SeI>

Turning into a Digital Society

In each transition, we observe a significant impact on the form of society !

