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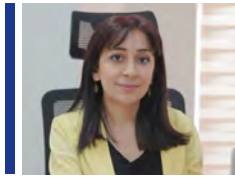
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About Us

What Do the Modern-day Trends in Digital Transformation Look Like?



Jeyhun Hajiyevev
Consultant, Sustainera Consulting

Being one of the fields with the fastest growth in the world, information technology has a constant and powerful influence on both enterprises and communities. Emerging technologies disrupt established markets, create new ones, and accelerate digital transformation in the public and private sectors encouraging investing more money in technological initiatives. Without a doubt, a digital transformation with a strong focus on investments in the integration of technology and tighter regulations for cybersecurity, data privacy, and protection are projected to be the major trend from 2022 onward, especially in the post-COVID period.

Another important observation is that the cost of technology has significantly dropped in recent years, making the low carbon transition possible. This includes batteries and renewable electricity production technologies like solar panels and wind turbines, which are both practical and economically viable alternatives to conventional fossil fuel driven technology. This leads to the conclusion that digital change also propels sustainable development practices, such as the ESG-related shift to environmental domains spurred by COP26. Emerging technologies, ranging from Artificial Intelligence to 5G, are thought to be promising to help the world achieve its net zero aspirations, as ITU (International Telecommunication Union) Deputy Secretary-General M. Johnson underlined.¹ Between 2005 and 2022, foreign investments in new technologies related to solar and wind power have accounted for 37.5% and 35% respectively.²

While the COVID-19 pandemic accelerated digital change in some sectors, it hindered it in others as companies focused on cutting costs. As the economy returns to normal, more money is expected to be invested in technology.

Modern technology's decreasing cost continuously transforms business and society. At the same time, technological growth is being greatly accelerated by the synergistic effects of numerous technologies, including mobile, cloud, AI, sensors, and analytics.³

1. <https://www.itu.int/hub/2021/11/cop26-stepping-up-digital-collaboration-to-reach-net-zero/>
2. <https://www.fdiintelligence.com/special-report/the-switch-report-2022-80973>
3. <https://reports.weforum.org/digital-transformation/wp-content/blogs.dir/94/mp/files/pages/files/wef-digital-transformation-2016-exec-summary.pdf>

The fact that digital transformation no longer generates billions of dollars for Fortune 500 companies is one of the biggest opportunities. Instead, it provides exceptional chances for today's digital start-ups



A nation's ability to address the challenges and opportunities of digital transformation has a significant impact on how it develops economically in the future. This is also true for Azerbaijan. It is essential to create new economic growth dynamics and to enter new markets. Today, implementing and making use of digital technology is essential for ensuring economic growth, especially during economic crises like the COVID-19 when it is crucial to connect people and businesses. The degree to which people and businesses have affordable access to high-speed internet and the degree to which digital solutions based on network security and data privacy are implemented must all be thoroughly examined in order to establish the prerequisites for the integration into the digital society.

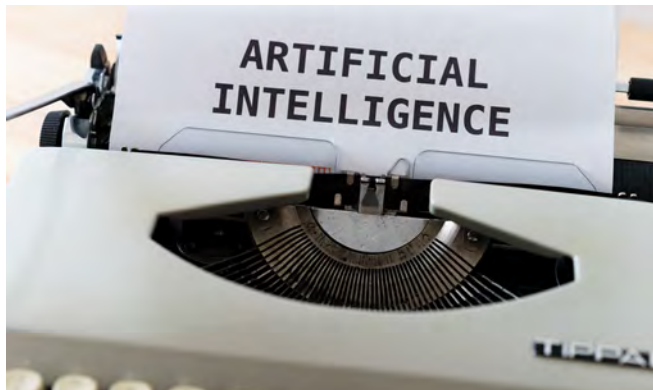
Despite the negative influence of COVID-19 pandemic on the world, according to ITU data from 2021, the number of internet users worldwide increased by almost 7% to 4.9 billion.⁴

Around 2.9 billion people still live offline, and over 90% of them are in developing countries.

Potential barriers to transformation



4. Measuring digital development - Facts and figures 2021 (itu.int)



transformation even further. 5G is both an evolution and a revolution in mobile technology. 5G utilizes radio spectrum, or the radio waves used to transport bits of data, more effectively than 4G in the same spectrum, leading to quicker network speeds. Higher connection density and sophisticated security features built into 5G's design are essential for some IoT (Internet of Things) services.⁸

Advertising

Engineering & manufacturing

3D modeling

Healthcare

Entertainment

Gaming & cinematic entertainment

The development of emerging technologies is powered by resilience, maturity and availability of digital infrastructure.

While software, IT+business services, emerging technologies, hardware and infrastructure, and telecom services have shaped the global ICT market in 2021, only telecom services and IT+business services have done so in Azerbaijan. Growing data volume from emerging technologies makes 5G network and Internet speed more crucial.

A recent trend in digital transformation of countries is the adoption of strategies linked with emerging technologies, such as:

- AI Strategy in Germany;
- New Robot Strategy in Japan;
- National IoT Strategic Roadmap in Malaysia;

8. <https://social-innovation.hitachi/en-us/think-ahead/transportation/to-5g-or-not-to-5g/>

The CIS (Commonwealth of Independent States) nations fall behind other nations in their adoption of digital development strategies. Through direct capital and labor investments, 5G deployment is anticipated to increase the US GDP by US\$ 400 billion to US\$ 500 billion and add 800,000 to 1 million jobs by 2030.

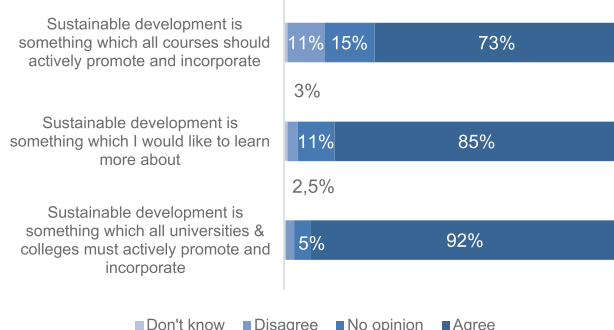
Considering that the majority of people on the planet will eventually become entirely digital, digital capabilities in the public and private sectors are crucial for the success of the digital transformation since they can provide citizens with better products and services. If you think of digital transformation as a cycle with the public and commercial sectors as its two main parts, then the third part is the citizens' digital competencies. Citizens must develop a variety of digital skills in order to receive digitally improved products and services. It can be accomplished either by improving the educational system or by making investments in policy and human resources.

What we can learn from digital transformation?

Customers increasingly anticipate degrees of customization, on-demand availability, and accessibility, which necessitates fierce competition among worldwide firms in order to gain what is known as a digital customer. Special emphasis must be placed on products and services enabled by digital technologies that provide clients with a one-of-a-kind experience. One of the most important issues that must be considered is sustainability. People around the world become more familiar with sustainability issues due to environmental risks and occurrences, while at the same time interested in



learning more about them.⁹ Therefore, digital technologies need to have sustainability features.



Customers are increasingly demanding personalized, relevant interactions that are suited to their unique requirements. Firms are satisfying these expectations because of digital technology, which enables them to give personalized services to large numbers of clients at a cheap cost.

Ownership to access is another factor that digital transformation can contribute to. Customers are drawn in by the ease of on-demand access, the chance of financial savings, and the ability to enhance their life quality. Firms that have historically used ownership arrangements are assessing ways to meet new access demands. With its own sharing program, BMW is an exemplar responding to the collaborative economy. It provides consumers with on-demand usage to BMW electric vehicles, based on the “pick up anywhere, drop off anywhere” premise. Customers are charged by the minute, including gasoline, insurance, and parking fees in public lots.

Firms need to radically alter their approach to identifying, developing, and launching new business initiatives, so-called digital business operation models. Michelin, for example, is a tire maker. It has used IoT to transition from selling tires to selling results, a performance guarantee supported by a money-back guarantee.

Digital transformation has also begun to have far-reaching societal consequences. Industry digitalization has the potential to provide societal advantages that surpass the value received by industry. Businesses attempting to provide societal value, on the other hand, face enormous challenges that can only be overcome by collaboration with other regulators and legislators, as well as other firms. Furthermore, digital entrepreneurship skills, which are a blend of business and technology abilities, allow individuals to comprehend how digital technologies may give new company opportunities, new business models, or new ways of running existing enterprises.

The ICT (Information Communication Technologies) acts as a catalyst for the growth of other areas of the economy.

9. https://sos.earth/wp-content/uploads/2021/02/SOS-International-Sustainability-in-Education-International-Survey-Report_FINAL.pdf

The digital ecosystem presents prospects for creativity and new business models, which may help the national economy become more dynamic in responding to changes. The ICT should be used to enhance firm's competitive advantage by optimizing processes, connecting previously unexplored organizational silos, and creating a new system that integrates humans, enterprises, and things, shifting from the traditional value chain.¹⁰

10. <https://www2.deloitte.com/content/dam/Deloitte/br/Documents/technology-media-telecommunications/ICT-insights-report-eng.pdf>



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Mr. Jeyhun Hajiye is a consultant at Sustainera Consulting. Jeyhun is a professional, specialized in technology for sustainable development. He worked as a sustainability consultant at EY Azerbaijan, and was successfully involved in ESG reporting and advisory engagements in different sectors of economy. In addition, he worked as a research fellow at Chang Gung University in Taiwan. His areas of expertise are academic and market research, data analytics, and consultancy related to ICT, digital transformation and sustainability practices. Mr. Hajiye has graduated from Chang Gung University (Taiwan) with Ph.D. degree in Operations Management; and Yuan Ze University (Taiwan) with MBA degree in Information Management. Since 2017, he has published academic research papers in the SCI and SSCI indexed journals, such as *Computers & Education*, *Health Policy and Technology*, and *IEEE Access*.