

ENTREPRENEURSHIP

Digital Entrepreneurship: Navigating the Maze Leading to Success

by Ritesh Jain and J. Mark Munoz

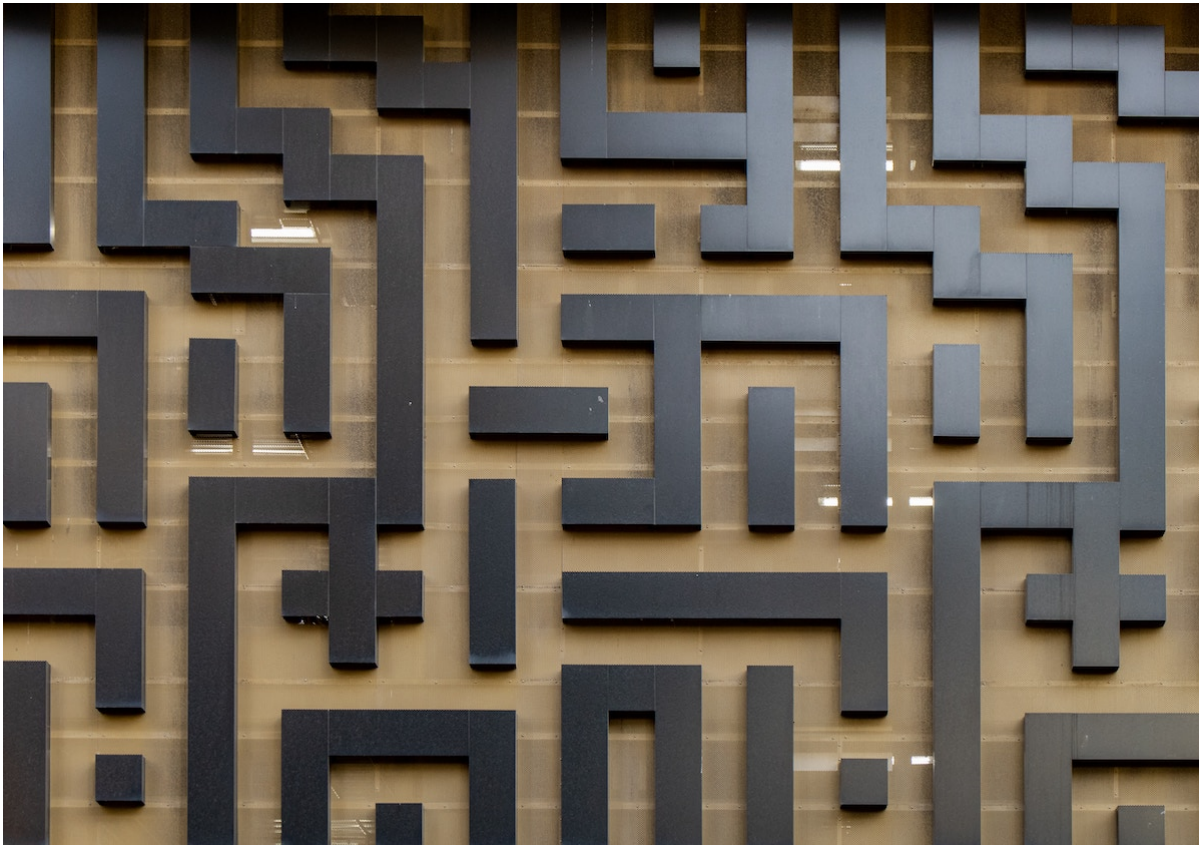


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With demanding challenges in digital entrepreneurship, success can be found through strategic planning and persistence.

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Introduction

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Digitalization has opened the gates to immense opportunities for entrepreneurs and executives around the world. The digital economy is expected to contribute about \$60 Trillion in revenue by 2025 (Atluri et al, 2017). Many of those who have leveraged their technological ideas and abilities have found pathways to wealth and fame. Others have seen their dreams dashed by obstacles and challenges. Yet, many more continue to aspire for digital success and are looking to find their way.

Digital entrepreneurship is defined as entrepreneurial endeavours created and implemented through technological platforms, communication, and digital channels. It covers business pursuits in areas such as artificial intelligence, blockchain, internet of things, and augmented reality among others. In many organizations, digital models are currently used to improve operational efficiency, enhance customer engagements, and elevate product quality among others (PTC, 2018). A CIO (2018) report indicated that 40% of technology spending has been directed towards digital transformations.

Digital entrepreneurship, whether applied in a small business, corporate or even a non-profit setting, typically requires seizing the right opportunity at the right time. Attributes that define digital entrepreneurs are:

- **Global vision:** Envisioning how to grow an online business and reach scale globally.
- **Technical competence:** Managing the digital tools and platforms for new business and using technology to strategies for growth.
- **Adaptability:** Adopting emerging technology and utilising it for business growth.

- **Effective communication:** Leading diverse organisations through well-defined objective key results (OKRs') with a shared goal.
- **Perceptive leadership:** Being open to changes, refining and manoeuvring business through customer feedback, market demand, and product market fit.

These defining attributes necessitate a multitude of abilities and the operational flexibility to navigate fast changing environments and diverse challenges.

Roadblocks and Obstacles

While there are many exciting business opportunities arising from technology, international markets, and globalization trends, the practice of digital entrepreneurship faces daunting challenges such as:

- **Lack of expertise:** Due to exponential market growth, there is a lack of digital expertise in the global market.
- **Regulatory challenges:** Digital entrepreneurship has regulatory challenges. In regulated environments/businesses, regulations vary as per jurisdiction.
- **Legalities and business structure:** Corporate law and practice vary across global markets. Countries that are pro-entrepreneurs establish clear and favourable environments to make it easier for entrepreneurs to set up businesses.
- **Customer behaviour and culture:** Customer behaviour is different and cultural aspects impact customer behaviour historically (ie., credit card usage across various countries in the European market).
- **Cost of capital:** The cost for entrepreneurs and businesses varies across the global markets. The cost of capital is subject to the base interest rate by central banks in the region and investors' penetration in the market.

Astute entrepreneurs and executives have modified their management styles and operational structures to successfully navigate these pressing issues.

Pathways towards success

The authors draw upon their experiences as senior executives, educators, start-up founders, advisors and digital entrepreneurs to offer success pathways for up-and-coming digital entrepreneurs and executives.

Dream big

Digital entrepreneurs nurture a dream to have an overarching presence across boundaries. They establish a global footprint that builds upon their strength. They lap up every opportunity that comes their way, and to surmount every difficulty that rears its head.

Digital entrepreneurship has witnessed exponential growth, with the lines between tech and non-tech firms blurring continually. What was once considered a prudent age-old adage, “*slow and steady wins the race*” no longer applies. Instead, ambition, competitiveness, and an opportunity-driven mindset amidst a fast-paced environment characterize the new operating environment. Moreover, digital enterprises with scalable models have been able to proliferate worldwide.

New-age businesses have captured lightning in a bottle, spreading their tentacles across the world with concepts and business models that were alien just a few years ago. Ventures such as Airbnb, Twitter, Uber provide services to customers globally from remote locations, a far cry from the traditional brick-and-mortar setups. The global sweep of these businesses is so extensive that their country of origin is overlooked.

Leverage technology to the fullest

Digital technology is the impetus for the metamorphosis of businesses and society. Digital technology is transforming businesses and society, and businesses must develop individual and corporate entrepreneurial skills in this context. Simultaneously, large or small businesses compete to attract customers in local and global markets and gain a

global market share. The competitive environment, contemporary challenges, globalization, evolving technological innovations, improvement in regulations, compliances, and government initiatives in various economies are shaping and accelerating cross-border entrepreneurship in leaps and bounds.

Do not expect a straight line

Digital businesses, especially when dealing with international markets, come with numerous challenges and opportunities. There is never one clear and singular path towards success.

Multiple challenges coexist, such as product innovation, localization, organization structure, people, regulations and compliances, finance, local taxes, and the law. It becomes critical to view and grow the business within a broad and international context.

To stay on track, digital entrepreneurs need to have a compelling reason to start a business or introduce a product or a service in the market. A questioning mindset is essential. 'Why' is the critical question to answer before getting on to 'what', followed by 'how'? Another important question is - "*how can I ideate in the absence of an original idea?*" The answer often lies in one's ability get people's attention early on. The venture needs to have a straightforward story and a convincing product to stay on the right trajectory.

Focus on value proposition

It is challenging for entrepreneurs to develop original ideas constantly. This can be overcome by looking at gradual product improvement and new service offerings based on existing products. For example, *tokenization*, introduced by VISA using VISA Europe Token Payment Service through Apple Pay and Samsung Pay, was an innovation in contactless payments when it was first introduced. Innovative products and services build upon existing products to provide added value to customers and satisfy their needs.

Entrepreneurs do not need to always seek an original or unheard idea. Successful businesses can be built for as long as offers value by addressing market gaps, solving customer problems, and innovating from an existing product or service.

It is not just about money

Digital entrepreneurship requires thinking above and beyond financial gains.

Entrepreneurship involves risk, and when someone launches a new business, it carries an underlying risk of losing the investment. However, the risk is rewarded if the business succeeds. It is difficult to replicate someone's success and avoid risk altogether. Risk can be minimised by making informed decisions based on market research, data analysis, product and service forecasts and feasibility studies.

A seemingly small crisis could lead to a digital venture failure. Entrepreneurs need to carefully track potential risks and their impacts such as financial loss, inadequate security, and legal impediments.

While starting a digital venture requires careful planning and organizing to find early financial gains. Other non-financial factors are equally important. Given its complexity and high workload demand, extraordinary passion, skills, commitment and perseverance are essential for success.

Plan strategically

Digital entrepreneurship is often associated with making profit through technological products and expertise-driven service. It is important to remember, however, that the primary purpose of business is simply to build a product or service that meets customer needs and adds value. Technology should not get in the way of practical business sense.

It is noteworthy that digital entrepreneurship plays a significant role in the broad ecosystem that surrounds it. It's practice goes well beyond an organization, or even an idea or a product. Entrepreneurs need to employ strategic planning through the effective

utilization of resources, decision making, and risk-taking within a profound business context.

When starting an entrepreneurial venture, it is important to plan ahead and consider multiple underlying factors that could impact growth such as: cost of customer acquisition, cost of capital, unit economics, resource availability, and strategic networking and alliances.

Be at the right place at the right time

Digital entrepreneurs in the start-up stage need to get the basics right as they start the enterprise. Key points to consider include: where to set up the business, who to hire, how to test the market, what's the best product or service for the customers, and how to raise funds in order to meet the desired goals.

Uncovering the venture's full relevance is essential. The uniqueness of the product or service differentiates one from the existing competition and is also a strategy for customer acquisition. Customer demand and behaviour are ever-changing, so offering superb value that meets the needs of the customers will get their attention.

Most entrepreneurs, without significant savings or proper funding, face the challenge of building a product or service to showcase to investors for funding events. Finding good collaborators or partners in the right places and at the right time is critical.

Continue to learn

Digital entrepreneurship is a continuous learning process. Learning from personal mistakes and the mistakes of others is a crucial part of the entrepreneurship journey. Researching and analysing the root causes of past failures produce valuable business insights essential for planning ahead.

Given the rapid technological advancements, individuals and companies need to actively learn emerging technologies and its application to their venture. In addition, continuing to learn about the changes taking place in the industry, the competition, the customer, and the market can lead to critical competitive advantages.

Navigating the maze

Digitalization is poised to play a large role in the global economy. An IDC (2020) report estimated that \$6.8 Trillion in direct investments will be channelled into digital transformations in the time period between 2020-2023.

Within this fast-growing and highly evolving environment, digital entrepreneurs need to be well versed in assessing and growing their business. They need to find optimal ways to adapt to customer behaviours and refine the product or service to find the most suitable customer and market fit.

In the quest for success, three personal characteristics can help entrepreneurs find their way amidst this uncertain technologically driven business terrain:

Long-term perspective. Digital entrepreneurship is a marathon, not a sprint. It requires stamina, persistence and a sustained consistent effort over time.

Stakeholder orientation. Look after the team and stakeholders and uplift them. Digital entrepreneurs are not only responsible for themselves but for the co-travellers in the entrepreneurial journey.

Keep the faith. It is best to stay calm, hopeful and confident when confronting tough challenges. It is easy to get distracted and lose a sense of direction when building a technology based enterprise due to the multiple variables affecting the business. Staying still, collected, focused, analytical and optimistic specially during trying times can make a difference. The saying, “*monks make the best entrepreneurs*” makes good sense.

Digital entrepreneurship presents pressing challenges yet unique opportunities for entrepreneurs and corporate executives. Similar to navigating through a maze, one can find success through deliberate strategic planning, unwavering persistence, and working through roadblocks and obstacles in an unperturbed and calculated way.

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