

# CHALLENGES IN CREATING TRANSFORMATIVE GROWTH FOR COMPANIES IN DIGITAL ECONOMY

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## SUMMARY

Digital economy creates waves and waves of disruptions. To survive and thrive in digital economy, where technology is disrupting industries from education to even manufacturing, companies are looking for new approaches to stay relevant. As the world becomes more digitalized, customer-centric approach to product development, short product cycles and rapid decision-making is needed. At the same time, while optimizing the existing core business, companies must grow more entrepreneurial culture and transformational growth engines inside the companies. Following this path, the major challenge for companies is how to implement strategic growth innovation along with executing traditional business model and operational excellence. This paper aims to explore and present the importance of digital transformation and innovations. Companies should strive to build collaborative relationships as a means to creating transformational growth. It is suggested that information and communications technologies are significant in the process of strategic planning. The Paper also emphasizes the importance of organizational structure and culture required for implementing strategies that are aligned with digital transformation.

**Keywords:** digital economy, digital transformation, innovations, collaborative innovations, new business models

## INTRODUCTION

Business thinking and behaviour from the earlier industrial society does not function as such any more. In the beginning of the twentieth century, companies tried to solve the corporate management problem in the global market ( market is observed from geographic point of view) or the customer and resource management problems in the most efficient and effective ways possible. It becomes particularly evident having observed a decrease of performances and returns on corporate assets (Hagel, Brown, & Davison, 2009). The average S&P 500 index lifespan of companies went down from 65 years in the 1920s to 15 years (Blank, 2015, p. 4). Circumstances change, customers' habits change and information technologies are galloping. In the age when consumers and entrepreneurs are connected, earlier business strategies become useless and companies which have not yet aligned with new markets and new ways of operating -are almost forgotten. In new market, competition does not come only from local, regional or national markets (the new market entry costs have been considerably reduced), the connection with customers is instant, and the competitive and added values of companies, products or services mainly result from innovation. The dramatic operating

change is also shown by the data that, in the twentieth century, the industries and the delivery of services in various areas such as financial sector, education, health care, public administration, information media, transport services, retail trade, which were believed to be indestructible, were significantly modified.

Companies are facing various pressures and changes, reflected in the increasingly strong competition, well informed consumers, change of labour, excessive information, technological innovation or technological out-of-dateness, but also change in social responsibility and ethic behaviour and also changes in various regulations. The operating productivity has increased from 5 per cent to 10 per cent due to the use of available information, 65 per cent of today's children will perform the jobs that still do not exist today, it is estimated that at least 14 billion of mobile devices will be globally connected in the OECD member households by 2022 (even more than 50 billion devices are forecasted), in the US and Canada, 90 per cent of internet users use online banking services and 80 per cent purchase online (OECD, 2016, p.1). Clearly, the existing business strategies, models and structures will inevitably have to undergo considerable modifications in the processes of adjustment to changing economy or digital economy.

The transformation growth includes large changes which require larger resources and change the portfolio and business activities of the company; product expansion, placements in new markets, creation of new product categories are only some of the examples of transformation changes in operations (Cerius executives, 2016). However, every change needs to be balanced, as transformation changes can be harmful for the company in case the company's resources and energy become exhausted (Cerius executives, 2016). This paper is focused on digital transformation and success factors, innovations and open innovation concept, and the importance of establishing collaborative relationships with different external companies and benefits arising from such relations.

## **DIGITAL TRANSFORMATION INITIATING CHANGES AND INNOVATION**

Digital economy is a generally accepted term, but other terms are also informally used, such as "new economy" and "web economy", while other similar terms related to this area have been logically derived from this term subsequently, e.g. "information economy", "virtual economy", "Industry 4.0", denoting the fourth industrial revolution, and also "electronic business" and "electronic commerce" etc (digitization economics, electronic business, electronic commerce, Industry 4.0, information economy, information society, knowledge economy, knowledge market, network economy, virtual economy).

„Digital economy includes the digital technology based markets enabling the trade in goods and services by means of electronic commerce. The digital sector expansion has been a key driver of economic growth over the several recent years and a changeover to the digital world has impacted the society much beyond the very concept of digital economy“ (OECD, 2013, p.5)

Digital economy can be observed as a relation based on digital computer technologies comprising the support of infrastructure, electronic business and electronic commerce (Mesenbourg, 2000, p. 3–4).

The general movements towards digital economy were first discussed in 1998 in Ottawa (Canada), at the conference on electronic commerce, organized by the OECD, when the global electronic commerce development plan was adopted and the importance of consumer and privacy protection oriented regulations was stressed. In 2008, in Seoul (South Korea), the essential function of the Internet as the growth platform and base was recognized, and it was concluded that governments should be working with all the stakeholders towards its development.

At the Ministerial Meeting on the Digital Economy: Innovation, Growth and Social Prosperity organized by the OECD in Cancun (Mexico) in June 2016, four key points in the digital economy evolution were identified : (1) Internet openness and innovation – the Internet availability should

be a key item in the creation of various policies (which will stimulate the movement of information for higher productivity, stimulating innovation and digital innovation and development and solving of numerous social and economic objectives); (2) Building global connectivity – delivery of all services via Internet, promotion of innovation and new business models, and also the creation of policies which will provide the technological neutral position of governments; (3) Trust in the digital economy – online market is growing, with the growth in the number of consumers, the consumer environment becomes increasingly complex, necessitating the creation of policies which will provide the consumer protection and also safety and protection of privacy, which will ensure the consumer trust in the online market; (4) Jobs and skills in the digital economy – the labour market has become more complex, long-term jobs are changed to „jobs on demand“ and knowledge and skills. New jobs and functions in operations are constantly created, which requires new knowledge and skills. Which technological, manager and communication skills will be needed, how to educate future employees and adjust the existing ones, are only some of the issues which require the creation of new policies (OECD, 2016).

According to all the shown tendencies in digital economy, the organizations are forced to transform their old business models into a new, “digital“ business model. Such transformation can be called a digital transformation. The digital transformation of economies and societies is focused on innovation, efficiency generating and service improvement, which consequently stimulates inevitable sustainable growth and the increase of the society welfare.

Digital transformation, which briefly represents the use of technologies with purpose of radical improvement of the company’s performance or their presence, i.e. reaching of consumers, mainly includes digital transformation within the three key areas - (1) experience of consumers, (2) operative processes and (3) business models, with each of these areas having different changing elements (Westerman, Bonnet & McAfee, 2014). According to the research conducted across fifteen countries (by Capgemini Consulting and MIT Center for Digital Business), with more than 150 managers from more than fifty companies speaking of digital transformation, the most successful companies in the digital transformation process are the ones combining digital activity with strong leadership, in order to change technology into transformation (Westerman and others, 2014)

Even the notion „digital“ today has a different meaning than ten years ago, when it was mainly identified with information technologies – today, the company’s digital strategy is related to planning the realization of the company’s objectives, and it is related to different organization sectors, from marketing, to sale and human resources (Puthiyamadam, 2017). The research shows that the importance of digital transformation has been recognized by the companies’ management to a higher extent than ten years ago, however, although the management realizes the importance of digital transformation, technologies are developing and changing at an enormous speed, which makes it more difficult for companies to catch up, while leading the way is a real challenge (Puthiyamadam, 2017). Companies have invested large efforts related to digital transformation, yet the results are not always produced. According to research, although it might sound ironic, the experience of the staff is a key element which companies need to focus on with purpose of better and more successful digital transformation – in this process, the most successful companies are those with better understanding of human experience related to digital technology – such companies prioritise the experts engaged in consumer experience and the creation of better consumer experience through their digital initiatives (Puthiyamadam, 2017).

From the view of successful digital transformation, the best prepared companies to face the challenges of tomorrow will be those whose strategies include information technologies, where manager/head in charge of ICT takes part in decision making process and significant strategic issues of the company, and those which realize in time that investments in IT are interwoven with the company’s business objectives (Puthiyamadam, 2017).

In a wider perspective, digital transformation affects every aspect of economy and society in general. This process requires that the government should (1) build the bases for digital transformation

through the framework policies which provide conditions for digital transformation development, and also the policies which stimulate available digital infrastructures and services; (2) make possible digital transformation for economy and society, through the creation of policies helping the efficient use of digital technologies by employees, companies and governments, create policies stimulating innovation and the policies stimulating confidence in digital technologies and their acceptance, with the support to all citizens, employees and consumers when adjusting to digital transformation and stimulating the use of digital tools. And, finally, it is necessary (3) to coordinate all the bodies at all the levels of authorities and stakeholders in the process of policy creation, in order to ensure mutual strengthening of all the policies and their adjustment with the single coherent and strategic national digital agenda (OECD, 2018).

The companies which manage to adjust to changes and digital world are more profitable by 26 per cent than their „industry peers“, while some companies fail to adopt, such as Kodak or Blackberry, and become forgotten (Anderson & Wladawsky-Berger, 2016). In the digital economy and digital transformation age, there are four key issues (Anderson & Wladawsky-Berger, 2016):

Consumer expectations – digital technologies enable organizations to achieve a better relationship with consumers and offer superior experience at affordable prices,

Product improvement – organizations integrate related products and services into sophisticated industry solutions, while expanding and restructuring industry limits, essentially, they create a whole new industry. Beside individual products, organizations use platforms to connect buyers and sellers (e.g. Apple App Store, Alibaba), hosts and visitors (e.g. Airbnb) and drivers and passengers (e.g. Uber). Some platforms, such as Uber, lead to new economy on demand, which redefines the nature of labour.

Collaborative innovation – organizations need to become more innovative in order to react better to highly competitive, global business environment. Cooperation is necessary for innovation, within one's own boundaries and beyond them – with buyers, partners, start-ups, universities and research communities. Prestigious companies, such as Amazon, PayPal, Apple and Microsoft, use collaborative digital networks to create special ecosystems (consisting of a group of business units, operations or activities which affect each other and mutually cooperate, the author's remark). Such ecosystems enter, through linear supply chains, into partnerships with suppliers of complementary products and services (or sometimes competitors).

Organizational forms – organizations need to reconsider their structures and cultures in order to deal with new market environments and business models in a better way. The production oriented hierarchical organization, which prevailed in industrial economy, will not function in a global and changeable digital economy.

In a recently published study on „winners and losers in the digital economy“ (Competing in 2020: Winners and losers in the digital economy), conducted by Harvard Business Review Analytic Services and Microsoft, 783 managers were questioned (from the top management to the middle management in companies with more than 100 employees) on digital economy, digital transformation and adjustment of their organizations in a newly emerging market (Harvard Business Review Analytic Services, 2017). It is estimated that changes will take place in all the industries by 2020, i.e. all those which do not adapt adequately and fast enough will fail. Out of the total number, only 16 per cent of those questioned think that their organizations are dependent on digital technology, i.e. they believe that most of business activities and processes/products are based on digital technologies, however, even 61 per cent of those questioned believe that only some of products/processes and business activities depend on digital technology, while 23 per cent of those questioned stated that their organizations „are not digital“, i.e. that there is only a quite low number of products/processes in their organization depending on digital technology (if any). (Harvard Business Review Analytic Services, 2017, p. 2) Those questioned think that disruptions within industry/branch where they operate are inevitable – more than half of those questioned (56 per cent) believe it is going to happen by 2020, while 16 per cent believe it is going to happen after

2020. Companies creating their strategies now, transferring resources to new digital initiatives and redesigning their organizations and culture, have an obvious advantage. Digital transformation is real and widespread, although all organizations are not ready for this, it is surprising that most business leaders see it as an opportunity rather than as a threat (Harvard Business Review Analytic Services, 2017, p.4)

In 2006, the Federal Republic of Germany adopted a High technology strategy aimed at maintaining global competitiveness of German industry through technological innovations; the strategy particularly includes technological changes in the area of production comprising „4.0 industry“, and it is focused on the coordination of research and innovation. The term “4.0 industry“, which denotes „the fourth industrial revolution“ was presented in 2011.

The German strategy “Industry 4.0“ places technology in the centre of economic future; however, it also includes new business models. Economist Intelligence Unit conducted a research among 200 business leaders of large German companies in order to get insight into the degree of the implementation of business models innovations in German companies. The results (published in 2017) showed that German companies innovated their business models to a high extent – even 97 per cent of those questioned said that their companies had modified the main business models over the last three years, and 95 per cent of those questioned expected their organizations to do so over the next three years, (Swabey, 2017a). The innovations in business models have also proved to raise consumer loyalty (according to 40 per cent of those questioned) and achieve competitive advantage (39,5 per cent). The innovation of business models takes place due to new technologies, which make it possible (according to the opinions of 56 per cent of those questioned), i.e. which represent the main driver of those processes (38 per cent). Yet, 30 per cent believe that employees resist changes, which indicates that, for the successful innovation of business models, it is necessary to improve the organizational culture which will grow and stimulate innovation and entrepreneurship (Swabey, 2017a).

Such research was also conducted among 200 business leaders of large companies of the United Kingdom. According to the research, 57 per cent of those questioned agreed that the innovation of business models was the key factor of success and that the innovation of operations was so important that companies without it simply would not be able to survive (according to the opinion of 47 per cent of those questioned). For innovation, technology is crucial – even 92 per cent of those questioned believe that technology is crucial either in making possible or in initiating the innovation of business models (Swabey, 2017b). Accordingly, this research has shown that the biggest challenges which the companies in the UK face, related to the business processes innovation, are psychological –the fear that changes in the way of operating and performance of activities would be harmful for operations (32 per cent), the lack of support for new ideas (30 per cent) and a too strong resistance of employees (according to the opinion of 28 per cent of those questioned), which necessitates stronger leadership in companies in UK (Swabey, 2017b).

When General Electric (GE), a 125 year old company, speaks of the future of its company on the concepts such as „digital twins“, using its Predix platform, big changes are clearly underway. GE creates a parallel digital model of assets, systems and processes in production in order to analyse and change its market strategies without the need for physical testing (Eswaran, 2018) The manager awareness of the importance of innovation for maintaining competitive advantages is shown in numerous global research. As early as in 2011, the company General Electric, as the global leader in innovation has started a series of research called Global Innovation Barometer, which at the annual level examines the attitudes of more than 3,000 general managers of companies from 26 countries, on the importance and ways of innovation. The first research from 2011 showed that general managers agreed that innovation was necessary, but even 9 of 10 could not decide how to improve their innovation processes. The research from 2013 showed that even 91 per cent of senior managers recognized innovations as strategic priority which would mainly contribute to the growth of income in the years to come (General Electric, 2013, p. 6). In 2013, leaders in innovation were USA (35 per cent), Germany (15 per cent), China (12 per cent) and Japan (11 per cent)

(General Electric, 2013, p.26). However, in 2018, USA recorded a decline of 7 per cent (to 28 per cent), Germany recorded a decline of 6 per cent (from 15 per cent to 9 per cent), and increase was recorded by Japan (from 11 per cent to 21 per cent) and China (from 12 per cent to 14 per cent) (General Electric, 2018, p.18).

Bain & Company, in its research on management tools and trends (Management Tools & Trends) for 2017, included the strategic planning in the first position among the top ten tools used by companies worldwide, which had been moved from the first position by CRM in 2014. The ranking in the remaining nine positions based on the use of tools and satisfaction was the following: 2. CRM, 3. Benchmarking, 4. Advanced Analytics, 5. Supply Chain Management, 6. Customer Satisfaction, 7. Change Management, 8. TQM, 9. Digital Transformation, 10. Mission and Vision Statements. (Rigby & Bilodeau, 2018) Observing the first ten positions, even seven tools are clearly related to digital change, i.e. transformation or development of the organisation from the traditional form of operations into a digital business model.

## **OPEN INNOVATION CONCEPT**

Innovation, as „a key element of economic activities of the present time ” (Minster, 2015, p.ix), is essential for overcoming the significant challenges which the mankind is facing, especially related to economic development and welfare of almost entire, growing global population. Technology is only one but important innovation element. The strategic dimension of innovation includes the main trends – technology (digital world), people (the market of skills existing in the entire world) and practice (innovation management) (Minster, 2015, p. x). However, the existing innovation elements are still present and they have not disappeared – industrial production will always be needed in the value chain, as, for example, microelectronics (components of small dimensions – technology of production and work, the author’s remark) is needed in the „digital world“, advanced skills rely on the production and functional teams, even the „open innovation“ approach must protect differentiation (Minster, 2015, p. x).

Minster further points out that the key innovation element also includes the manager’s dedication and approach, where the key factor is the management capacity to take the risk and accept the idea and possible benefits from potential failure. The next key element of innovation includes the approaches which make possible the creation and development of new ideas. It means the exchange of opinions among innovators, particularly on new knowledge or technologies, and the management which has the capacity to accept new ideas in a positive way even if those ideas bring about disruptions in current operations. The open innovation approach has appeared to be very efficient for this purpose, particularly for developing fast, complex systems which might create the market and reach the market in a short time period. However, whichever the processes, and whatever the management dedication, innovation depends on people – such people with abilities to develop new ideas, convince other that an idea needs to be considered or take the risk of presenting (or even starting) disruption itself (Minster, 2015, p. x–xi).

Professor Henry Chesbrough (Haas School of Business, ESADE Business School), Executive Director of Gravud centre for corporate innovation at Berkley University has identified and elaborated the open innovation concept. The concept defines that companies, in addition to internal ideas and skills, should also use external ideas and skills and integrate them into the innovation process in order to become more efficient in creating and preserving value (Chesbrough, 2003). Considerations on open innovation process, the way companies are using and improving technologies in order to create new products and services, were for the first time presented by Chesbrough in 2003 in his book on open innovations as a new imperative ( Open Innovation: The New Imperative for Creating and Profiting from Technology) (Mašić, Džunić, & Nešić, 2014, p. 200) He defines the open innovation concept as : „alternate use of meaningful inputs and outputs of knowledge in order to accelerate the internal innovation process and increase the market for the external use of

innovation (Chesbrough, 2003 p. xxiv).

The importance of collaborative innovation is also recognized by the World Economic Forum which defines collaborative innovation as cooperation of companies with purpose of sharing complementary resources and making joint efforts which support innovation ideas, which can create a significant value for both parties, and also economies where such cooperation takes place (World Economic Forum, 2015, p. 4).

In order to be successful in today's business circumstances, organisations do not need the latest or the best knowledge. It is necessary to focus on the way how to combine the internal organisation knowledge in due time with the knowledge available from outside, and, by using the so created knowledge, to find new and creative ways for making unique products and services (Cvijić, Borocki, & Lalić, 2012, p.74)

**Table 1** Comparing the closed and open innovation principles

CLOSED INNOVATION PRINCIPLES	OPEN INNOVATION PRINCIPLES
Smart people work for us.	All smart people do not work for us. We need to work with smart people inside and outside of our company .
In order to benefit from R&D, we need to research, develop and launch by ourselves.	External R&D can be very valuable: internal R&D is necessary to take part of that value.
If we develop something by ourselves, we will be the first in the market .	We do not need to create research in order to benefit from it.
The first company which presents innovation in the market wins.	Creating a better business model is better than being the first in the market.
If we create the best and the most numerous ideas in the market – we will win.	If we use internal and external ideas in the best way, we will win.
We should keep our intellectual property so that competitors do not make money on our ideas.	We should make profits from someone else's use of our intellectual property whenever it improves our business model.

Source: Chesbrough, H. (2003) *Open Innovation: The New Imperative for Creating and Profiting from Technology*. Harvard Business Review Press. Boston, p. xxvi

The open innovation concept is aimed at moving all functional segments in the organisation to using knowledge and talents in it or outside it, in order to acquire new ideas faster, find good quality solutions for the problem, accelerate innovation outcome, diversify risks and, finally, change the way of company innovation (Mašić i ostali, 2014, p.208).

Collaborative innovation can stimulate new growth by the introduction of new products, and also through non-market considerations making possible the evolution of entire systems- what Christensen calls „market creating innovations”(Christensen & Raynor, 2013).

Professor M. Curley, Manager of Intel Labs Europe and Chairman of the EU group in charge of the open innovation strategy and policy believes that the future of the open innovation concept is fusion of open innovation concepts introduced by Chesbrough and the so-called triple helix innovation concept i.e. „triple spiral“, the concept presented by H. Etzkowitz. In the knowledge economy, the economy is where products or services are created, and the role of the government is to provide stable environment, inflow of investments and stimulations for them, while the role of the university is to provide the inflow of educated experts and knowledge for the innovation process (European Commission, 2012, p.5). In achieving structural innovation improvements through the

proactive cooperation of economy, government and university, the role of the model - triple helix innovation is decisive, and the impact of collaborative innovation exceeds the framework of what the organizations could achieve by themselves.

## **ESTABLISHING COLLABORATIVE RELATIONS IN INNOVATION PROCESSES WITH START-UPS**

The challenges which each big company faces today are for example: improvement of innovation and readiness to take risks, adjustment to digitalization of operations and everything which digital economy brings as novelty, faster and more cost efficient ways of solving business problems, timely insight into new market trends and upcoming technologies (Mocker, Bielli, & Haley, 2015). One of the most efficient ways for managing such challenges is related to cooperation with start-ups, as they are drivers of innovation, and the factor disturbing traditional ways of corporate operations in all industries.

Companies and corporations need to establish collaborative relations with start-ups, instead of „only“ investing in them. This kind of collaboration or only acceptance of the methodologies used by start-ups can bring many benefits to companies: testing new technologies and becoming familiar with new technologies, a more recognizable brand in the market, identification and attraction of new talents, faster innovation cycles, with lower risk and with creation of higher value for clients, entering new markets, faster and deeper identification of client trends, maintenance of competitive advantages etc. (Perkmann Berger, 2017, p.4).

Despite the mentioned advantages, many companies fail to achieve collaborative relations with start-ups, one of the reasons being the lack of understanding of the „other party“ – as corporations are built up and function in a completely different way when compared to start-up companies. According to WhatAVenture company, the practice has shown that five key steps can contribute to successful collaborative relations between the company on one side and the start-up on the other side (Perkmann Berger, 2017):

1. Being familiar with and understanding of the start-up and the way it is different – the company needs to take into account specific advantages and weaknesses of the start-up, and even more important is to find a way how the company will cope with such differences – in order to use the potential of the start-up fully;
2. Defining one's own objectives – in selecting an adequate business model for the organisation, it is essential to define the needs and possible challenges which would result from establishing collaborative relations with the start-up (some of the main challenges which companies face are the development of new, innovative services for the existing or new markets, positioning the company as innovative one, improvement of internal innovation and other processes, joint innovation with clients and partners). Clear setting of objectives will help their realization, but also better understanding of some suggestions within the company and, finally, more successful finding of a start-up partner;
3. Setting the appropriate framework – once the objectives are set, it is necessary to define a framework within which they will be realized, which mainly depends on the company itself, the history of the company, the available resources, strategy and management (it is necessary to stress that some variables may impact the setting of the appropriate framework, e.g. resources and investment of resources, support of the top management of the company, the risk level, the level of integration – readiness to share knowledge with start-up companies and make the unique „know-how“ of the company accessible, the level of freedom given to the start-up, the level of independence, the use of the existing technologies etc...);
4. The selection of the best collaborative relation – the selection of the form which is the best and the most suitable for the realization of certain set objectives of the company, which also depends on the earlier framework;

5. Starting the process by creating the „win-win“ situation – regardless of the collaborative strategy which the company selects, it is necessary to take care that it should result in the „win-win“ situation both for the company and for the start-ups/talents .The challenges of the environment which large companies face have three important consequences for the companies (Weiblen & Chesbrough, 2015):
  1. Companies need to observe , identify and supervise, in a good quality way, a high number of start-ups, as the start-up ecosystem globally becomes larger with the larger dispersion, which results in the need for a faster adoption of better decisions on the ways of cooperation ;
  2. It is needed to define the way in which the company creates value for start-ups, which already have a large access to independent sources of finance, incubators and other institutions providing appropriate support and
  3. It is necessary to clearly define the objectives of cooperation – the strategic objectives of the company should determine the appropriate model of cooperation.

A clear definition of the company's strategic objectives and the correspondence of strategic interests of the company and the start-up is observed as a key factor in determining the success or failure of cooperation in 44 per cent of cases (MassChallenge & Imaginatik, 2016).

## INSTEAD OF CONCLUSION

Digital wave „is not a choice, but possibility, which can become a threat for the survival of those companies standing in one place“ (Letellier, 2015, p.134).

The world needs to go faster in order to use the potential of digital economy. So, global policy, legislation, regulations and projects are going in the direction aimed at providing the governments and regulation makers the needed tools for helping their economies and societies to develop in a digital world. Digital economy, digital transformation, new digital technologies, artificial intelligence and Big Data are focused on innovation, which is a key for creating new business strategies and creating new possibilities and challenges.

Establishing partnership relations with the purpose of collaboration in the field of innovation becomes the basis of the growth and competitiveness of companies and economies, where innovation is the driver of growth and productivity of companies. The open innovation management model made it possible for companies to use external ideas with purpose of sharing complementary resources and making joint efforts which support innovation ideas. Establishing partnership relations in the field of collaboration innovation creates a significant value for both sides, but also all the stakeholders and the entire society.

Start-ups or young companies can develop and launch in the market their service or products easier due to their flexibility and closeness to buyers in the growing market, while large companies have financial and other resources and also the experience needed to introduce new products. By establishing partner relations in the field of collaborative innovation, these complementary abilities can be used.

All the data show that large companies are quite certain to survive in the market only if they invest in innovation and create a collaborative relation with start-up companies. The elderly members in the market are shaken, which is best shown by the following example - in 2015, the Tesla Model S car was sold in a much higher number than the cars from the BMW 7 series and Audi A8 series; in the banking sector, the start-ups such as Ripple and Stripe are new standard setters in industry. The important driver of such change is digitalization of overall industries, including the media (e.g. Facebook, Vice), the taxi service industry (e.g. Uber), hotel industry (e.g. company Airbnb). (Perkmann Berger, 2017, p. 4)

In the research by A.T. Kearney on managing the global innovation and business expectations for 2020 (The Management of Global Innovation: Business Expectations for 2020), 100 executive directors of large international companies were asked questions. Regarding the question on the present and future impact of innovative partnerships, 75 per cent of them agreed (out of it, 55 per cent agreed and 20 per cent fully agreed) that by 2020, innovative partnerships would considerably increase the income from innovations, the total of 68 per cent agreed (out of it 41 per cent agreed and 28 per cent fully agreed) that innovative partnerships would significantly enhance the global brand perception (Engel, Peterson, Ruppert, Andrade, & Zuazua, 2016, p.8)

The purpose of this work is to point out the importance of the current moment, as a breaking point. If companies do not realize the change going on in the global market and if they fail to focus all of their efforts on the creation of a new business “digital” model, it will be very difficult for them to survive. For those which have already understood that, collaborative innovation and creation of partnership relations with start-ups is a reality which can create additional value for the company and consumers.

It is highly likely that the most successful companies with the leading positions in the global economy in 2030 will be the companies which we have not heard of or which do not exist today. They will be started in Silicon Valley or in an unexpected place- such as Tel Aviv, Singapore, Sao Paulo, Beijing - and shake the competition with a new combination of founders, investments, innovation, talents and culture, based on innovation and business model which cannot be imagined today, the same as Google, Apple, Amazon did two decades ago.

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