

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
KYIV NATIONAL ECONOMIC UNIVERSITY
NAMED AFTER VADYM HETMAN**

*Educational and Scientific Institute of Business Education
named after Anatolii Poruchnyk*

Department of International Management

Field of knowledge *07 Management and Administration*
Specialty *073 Management*
Specialization *Business Administration (general)*

Educational and Professional Program *8M10i « Business Administration (general) »*

External Form of Education

MASTER THESIS

Title Forming Digital Business Systems at “BSH Pobutova Tekhnika” LLC

By Viktor Mietolkin _____
(Signature)

Academic Supervisor PhD
(Scientific degree, academic status)

(Signature) Vitalii Tsarov
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**Master Thesis has been approved for defense at
Attestation Examination Commission (EC)**

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KYIV 2023

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Department of International Management**

MASTER DEGREE PROGRAM «BUSINESS ADMINISTRATION
(GENERAL) »
BRANCH OF KNOWLEDGE 07 Management and administration
SPECIALTY 073 «Management »
SPECIALIZATION 8M10i «Business Administration (general)»

AGREED

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INDIVIDUAL TASK

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Name, Surname

Extramural studies

Master Thesis

Title: Forming Digital Business Systems at “BSH Pobutova Tekhnika” LLC

The title of the Master’s thesis has been approved by the Rector’s Order “30”12.2022 № 2192-cr

Master Thesis is based on

**Preliminary plan of Master Thesis and the terms of its submission to the
Academic Supervisor**

Chapter 1 Theoretical aspects of the concept of digital business system

Chapter 2 Analysis of the state of TOV BSH Pobutova Tehnika and prospective implementation of digital business system

Chapter 3 Development of the concept of implementing digital business system and forecast of company success

Object of research:	TOV BSH Pobutova Tehnika, a Ukrainian branch office of the BSH home appliances group specializing in the production and sale of household appliances.
Subject of research:	The formation and implementation of a digital business system at TOV BSH Pobutova Tehnika.
The purpose of the Thesis:	To study the impact of the formation of a digital business system in the areas of sales and marketing on the KPIs of TOV BSH Pobutova Tehnika

Specific tasks seeker has to accomplish to meet the objective:

In Chapter 1 the focus is on establishing a theoretical foundation for understanding the concept of a digital business system, including its components and its significance in the modern business landscape. The chapter aims to provide a comprehensive overview of the key theoretical aspects related to digital business systems, helping to lay the groundwork for the subsequent analysis and exploration of practical applications.

In Chapter 2 the main focus is on analyzing the current state of TOV BSH Pobutova Tehnika and exploring the potential implementation of a digital business system within the organization. The chapter involves a comprehensive assessment of the company's existing processes, systems, and operations, evaluating areas that could benefit from digital transformation. This analysis considers factors such as market trends, competition, customer expectations, and internal capabilities. The chapter also explores the potential benefits and challenges associated with implementing a digital business system and discusses how it can enhance the company's performance and competitiveness in the industry.

In Chapter 3 the emphasis lies on the development of a concept for implementing a digital business system within TOV BSH Pobutova Tehnika. This chapter delves into the specific steps and strategies required to successfully implement the digital business system based on the company's unique needs and objectives. It involves analyzing the potential impact of the digital system on various aspects of the company's operations, such as sales, marketing, customer service. Additionally, the chapter includes a forecast of the company's success and the anticipated benefits that can be achieved through the

implementation of the digital business system. This forecast takes into account factors such as increased operational efficiency, improved customer satisfaction, enhanced competitiveness, and potential revenue growth.

The task has been set
by the Academic Supervisor _____
(Signature)

(Name, Surname)
“ ” _____ 202____.

The task has been given to
seeker _____
(Signature)

Viktor Mietolkin
(Name, Surname)
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ABSTRACT

Master`s thesis for a master`s degree on “Forming Digital Business Systems at “BSH Pobutova Tekhnika” LLC ” (on the basis of JSC “...””) contains 76 pages, 10 tables, 9 figures. The list of references includes 52 items.

The object of the research: TOV BSH Pobutova Tehnika, a Ukrainian branch office of the BSH home appliances group specializing in the production and sale of household appliances.

The subject of the research: The formation and implementation of a digital business system at TOV BSH Pobutova Tehnika.

The purpose of the Diploma work: to study the impact of the formation of a digital business system in the areas of sales and marketing on the KPIs of TOV BSH Pobutova Tehnika in Ukraine.

The tasks of the work are:

1. To analyze the current state of TOV BSH Pobutova Tehnika and identify areas for improvement.
2. To examine the key components and strategies involved in forming a digital business system.
3. To evaluate the benefits and challenges of implementing a digital business system at TOV BSH Pobutova Tehnika.
4. To assess the impact of the digital business system on operational efficiency, customer engagement, and overall performance.
5. To provide recommendations for the successful implementation and management of the digital business system at TOV BSH Pobutova Tehnika.

The information base of the research: Primary data collected through interviews with company management and employees, analysis of documents and reports provided by TOV BSH Pobutova Tehnika, and relevant academic literature on digital transformation and business systems.

According to the results of the study, the formation and implementation of a digital business system at TOV BSH Pobutova Tehnika have the potential to improve

operational efficiency, enhance customer engagement and experiences, and drive overall performance. The digital business system can streamline processes, optimize decision-making, and provide personalized experiences to customers.

The results obtained can be used by TOV BSH Pobutova Tehnika to guide the successful formation and implementation of a digital business system, ensuring that it aligns with the company's goals and objectives. It can also serve as a reference for other organizations in the home appliance industry seeking to embark on their own digital transformation journey.

Year of thesis completion - 2022

Year of thesis defense - 2023

REVIEW

of the scientific supervisor on the master's qualification work
by the student of Educational and Scientific Institute of Business Education
named after Anatolii Poruchnyk
Kyiv National Economic University
named after Vadym Hetman
Master degree program “Business Administration (General)”

Viktor Mietolkin

Title: “Forming Digital Business Systems at “BSH Pobutova Tekhnika” LLC”
on the basis of (TOV BSH Pobutova Tehnika)

1. Relevance of the research topic: This review aims to assess the diploma work titled "Forming Digital Business Systems at “BSH Pobutova Tekhnika” LLC " conducted by Viktor Mietolkin under my supervision. The diploma work provides a comprehensive analysis of the subject matter and a well-structured exploration of the Forming Digital Business Systems at “BSH Pobutova Tekhnika” LLC. Business digitalization is vital for company development in rapidly intellectualization of modern business processes. In such circumstances formation of a digital business system is highly relevant to all research activity.

2. Positive aspects of the thesis: During the research period Viktor demonstrated strong research skills and a good understanding of the topic throughout the research. The analysis of the current state of TOV BSH Pobutova Tehnika and the proposal for implementing a digital business system were thoughtfully presented, with practical recommendations for improvement.

3. Negative aspects of the papers: Lack of alternative ways to form a digital business system can be considered as the weak aspects of the thesis. Beside this the existing deviations in design and thesis structure should be noted.

4. Total results of the Master thesis and supervisor conclusion: Overall, the diploma work meets academic standards and offers valuable insights into the potential

benefits of a digital business system for TOV BSH Pobutova Tehnika and can be recommended for the defense at the Attestation Examination Commission.

Academic supervisor, PhD

Vitalii Tsarov

External Review of Master Thesis
by the applicant of Kyiv National Economic University
named after Vadym Hetman
master degree program "Master of Business Administration"

Applicant's name Viktor Mietolkin
(Name, Surname)

Formation of a digital business system at TOV BSH Pobutova Tehnika
(Thesis title)

This external review provides an evaluation of the Diploma work titled "Formation of a digital business system at TOV BSH Pobutova Tehnika" for the completion of a Master's degree. The review assesses the quality, significance, and contributions of the research conducted by the author.

The author has demonstrated a strong understanding of the subject matter and has effectively addressed the research objectives outlined in the Diploma work. The study explores the formation and implementation of a digital business system at TOV BSH Pobutova Tehnika, highlighting the potential benefits and challenges associated with this transformation.

Throughout the research, the author has displayed a rigorous and systematic approach, utilizing appropriate research methods and analyzing relevant data. The literature review provides a comprehensive overview of existing knowledge and theories related to digital business systems, establishing a solid theoretical foundation for the study.

The findings of the research indicate a thorough analysis of the current state of TOV BSH Pobutova Tehnika, including its organizational structure, challenges, and market dynamics. This analysis provides valuable insights into the company's position within the home appliance industry and its potential for growth and improvement.

The recommendations put forth by the author are well-founded and practical, offering strategies for operational improvement, enhanced customer satisfaction, and increased market share. The proposed implementation of a digital business



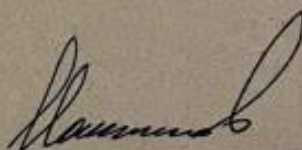
customer satisfaction factors, demonstrates the author's ability to translate research findings into practical solutions.

In conclusion, the Diploma work on the formation of a digital business system at TOV BSH Pobutova Tehnika showcases the author's research competence, critical thinking skills, and ability to contribute to the field of business management. The study provides valuable insights for TOV BSH Pobutova Tehnika in navigating the challenges of the highly competitive home appliance industry and embracing digital transformation for sustainable growth and success.

Reviewer

General Director

(Position)



(Signature)

Serhiy Maksimov

(Name, Surname)

TOV "BSH Pobutova Tehnika"

(Place of Work)



"10" July 2023

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INTRODUCTION

In today's fast-paced and dynamic business environment, companies need to keep up with the latest trends and technologies to stay competitive.

This is especially true in the home appliances industry, where technological advancements are constantly emerging. As a result, companies need to adopt a digital business model to increase efficiency, reduce costs, and improve brand perception.

The purpose of this work is to study the impact of the formation of a digital business system in the areas of sales and marketing on the KPIs of BSH Home Appliances in Ukraine.

Objectives of Work:

- To design and implement a digital business system (like concept, org. structure),
- Calculate potential effectiveness of implementation

The object of the study is the transformation process of TOV BSH Pobutova Tehnika.

The subject of the study is the formation of a digital business system to improve the KPIs of the company.

The research for this study was conducted using a combination of qualitative and quantitative research methods. The following research methods were employed:

1. Analysis of scientific literature: A thorough review of relevant scientific literature was conducted to gather theoretical and practical insights into the impact of digital business systems on sales and marketing KPIs in the home appliance industry. This involved studying academic journals, books, industry reports, and reputable online sources to gain a comprehensive understanding of the subject matter.
2. Surveys of company employees: Surveys were administered to the employees of TOV BSH Pobutova Tehnika to collect their perspectives and insights regarding the current sales and marketing practices, challenges faced, and potential areas for

improvement. The surveys provided valuable qualitative data that contributed to the overall analysis.

3. Interviews with company management: In-depth interviews were conducted with the management of TOV BSH Pobutova Tehnika to gain insights into their strategic vision, objectives, and perspectives on the implementation of a digital business system. These interviews provided valuable qualitative data and allowed for a deeper understanding of the company's goals and expectations.

4. Analysis of documents and reports: Various internal documents and reports from TOV BSH Pobutova Tehnika were analyzed to gather information about the company's historical performance, financial data, marketing strategies, and operational processes. This analysis helped in assessing the current state of the company and identifying areas that required improvement.

5. Modeling of business processes and system analysis: Business process modeling and system analysis techniques were used to analyze the existing sales and marketing processes of TOV BSH Pobutova Tehnika. This involved mapping out the current workflows, identifying bottlenecks and inefficiencies, and proposing potential improvements through the implementation of a digital business system. The modeling process provided a visual representation of the current processes and helped in identifying areas for optimization.

Why this topic is so important?

Firstly, the digital business model can increase efficiency by fulfilling key performance indicators such as sales, market share, and profitability. By leveraging technology and innovation, companies can streamline their processes and operations, allowing for faster and more effective decision-making. Additionally, the adoption of a digital business model can help reduce costs by decreasing the percentage of fixed costs and average customer acquisition cost.

Secondly, the digital business model can improve brand perception by enabling sales directly to consumers. By creating an online presence through an e-commerce platform

and social media channels, companies can build stronger relationships with their customers, increasing brand loyalty and advocacy.

This can also help companies to better understand their customers' needs and preferences, enabling them to tailor their products and services accordingly.

However, the adoption of a digital business model requires a robust organizational structure to support digital business operations.

Companies need to keep a close eye on competitors and stay up-to-date with industry trends to maintain a competitive edge. By leveraging technology and innovation, companies can improve their value chain and support digital business operations, while also prioritizing the development of a strong organizational structure and a thorough understanding of the market and competition.

The home appliances industry is constantly evolving, and companies need to adapt to the changing landscape by adopting a digital business model. By increasing efficiency, reducing costs, and improving brand perception, companies can gain a competitive advantage in the market.

Also, the adoption of a digital business model requires a robust organizational structure and a thorough understanding of the market and competition, which companies need to prioritize to succeed.

CHAPTER 1.

THEORETICAL ASPECTS OF THE CONCEPT OF DIGITAL BUSINESS SYSTEM

The concept of a digital business system refers to the integration of digital technologies and platforms into various aspects of business operations, including marketing, sales, customer service, and data analysis. Theoretical aspects of this concept involve exploring the underlying principles, models, and frameworks that drive the formation and implementation of such systems in organizations.

One of the key theoretical aspects of digital business systems is the idea of digital transformation. Digital transformation refers to the process of using digital technologies and platforms to transform business models, processes, and strategies. This involves a fundamental shift in the way organizations operate, as they move away from traditional business practices towards a more digitally-driven approach.

Another important aspect of the digital business system is the role of customer experience. With the rise of digital technologies, customers now have access to a wealth of information and have come to expect a seamless and personalized experience across all touchpoints. This has led organizations to prioritize customer experience in their digital strategies, with a focus on delivering relevant and personalized content, and building strong relationships with customers through effective use of data and technology.

Theoretical aspects of the digital business system also involve exploring the different components that make up the system, such as data analytics, social media

management, e-commerce platforms, and customer relationship management. Understanding the role and impact of each of these components on the overall system can provide insights into how organizations can effectively implement and leverage digital technologies to drive business success.

Theoretical aspects of the digital business system provide a framework for understanding how digital technologies are transforming business operations and strategies. By exploring the underlying principles, models, and frameworks, organizations can better understand how to effectively implement and leverage digital technologies to improve their overall business performance.

1.1 Business digitalization concept

Digitalization refers to the process of transforming analog processes, data, and assets into digital form. In the context of business, digitalization involves the use of digital technologies to streamline business processes, enhance customer experiences, and drive innovation. It is an essential component of digital transformation, which involves the integration of digital technologies across all aspects of a business to achieve improved efficiency, agility, and competitiveness.

The digital business system is a central component of business digitalization. It encompasses a range of digital technologies, such as customer relationship management (CRM) systems, email marketing, social media management, data analytics, and e-commerce platforms. These technologies allow businesses to automate and streamline their operations, improve their understanding of customers, and develop new business models and revenue streams.

Here are some facts that highlight the importance of Business digitalization:

- According to a report by McKinsey, businesses that fully embrace digital transformation are 26% more profitable than their peers.
- A survey by Gartner found that 56% of CEOs believe digital improvements have already increased profits.
- By the year 2025, the global market value of digital transformation is expected to reach \$431.71 billion, according to a report by Zion Market Research.

- In a study by IDC, it was found that companies with the strongest digital transformation strategies have a revenue growth rate of more than 2x that of their less digitally mature peers.
- A report by Accenture found that 60% of companies believe they need to undergo significant digital transformation to remain competitive.
- According to a survey by Salesforce, 83% of customers say that a seamless experience across all channels is very important when deciding to do business with a company.
- A report by Deloitte found that companies that have embraced digital transformation are 3x more likely to have significantly outperformed their industry peers over the past three years.

The benefits of business digitalization and the digital business system are numerous. They include increased efficiency, reduced costs, improved customer experiences, and faster time-to-market for new products and services. However, the adoption of digital technologies also poses certain risks, such as data security breaches, privacy concerns, and the displacement of workers through automation.

The concept of business digitalization and the digital business system are critical for businesses looking to stay competitive in today's digital age. Through the adoption of digital technologies, businesses can drive innovation and create new opportunities for growth and success.

Digital transformation can impact many aspects of a business, including its operations, products and services, and customer engagement. Some key aspects that

businesses should consider as they embark on their digital transformation journey include:

- Digital strategy: Developing a clear digital strategy is essential for businesses looking to embark on a digital transformation journey. This involves defining clear goals and objectives, identifying key performance indicators (KPIs), and determining which digital tools and platforms will best support the business's needs.
- Digital operations: Digital technologies can be leveraged to streamline operations and improve efficiency. This can include automating processes, integrating systems, and using data analytics to optimize workflows.
- Digital products and services: Businesses can use digital technologies to enhance their products and services, such as by introducing new digital offerings or using data to personalize products and services to individual customers.
- Digital customer engagement: Digital technologies can be used to enhance the customer experience, such as through online self-service portals, social media engagement, and personalized communication.

In today's rapidly evolving digital landscape, embracing digital transformation has become more than just a competitive advantage—it has become a necessity for businesses to thrive and stay relevant. The increasing digitization of industries, changing consumer behaviors, and advancements in technology have reshaped the

business landscape, demanding organizations to adapt and leverage digital tools and strategies to their advantage.

1.2 Objectives, tasks, objects, subjects, and methods of business digitalization

Business digitalization is a crucial process for modern organizations seeking to improve their performance and stay competitive in the dynamic business environment. The objectives of business digitalization are multi-faceted and aim to bring several benefits to organizations.

Firstly, digitalization aims to increase efficiency and productivity across various business functions. By digitizing manual processes, organizations can streamline their operations, reduce errors, and increase productivity. For instance, automating supply chain management and logistics can help organizations save time and resources while improving delivery times and accuracy.

Secondly, business digitalization aims to improve customer experience by leveraging digital channels and technologies. By offering personalized experiences, faster service, and self-service options, organizations can enhance customer satisfaction and loyalty. For instance, digital tools such as chatbots and mobile applications can help organizations provide round-the-clock support and service to customers.

Thirdly, digitalization enables organizations to enhance data management and analysis. By collecting and analyzing data, organizations can gain valuable insights into their operations, customers, and market trends. This information can help organizations make data-driven decisions and improve their business strategies. For instance, data analytics can help organizations identify opportunities for cost savings and revenue growth.

Finally, digitalization fosters innovation and growth by enabling organizations to leverage new technologies and business models. By embracing emerging technologies such as AI, blockchain, and IoT, organizations can create new products and services, expand into new markets, and stay ahead of the competition. Digitalization can also help organizations explore new business models, such as subscription-based services or platform-based business models.

Business digitalization involves several tasks that need to be carried out to ensure a successful transformation. These tasks include process analysis and optimization, technology implementation and integration, talent acquisition and training, and change management and communication.

Process analysis and optimization is a critical task in business digitalization. It involves analyzing existing business processes and identifying areas that require optimization to streamline operations, eliminate redundancies, and enhance efficiency. This task requires the involvement of both IT and business process experts, who will work together to identify areas that need improvement.

Technology implementation and integration is another important task in business digitalization. It involves the identification and adoption of relevant digital tools and platforms that can help businesses streamline operations, improve customer experience, and enhance data management and analysis. This task requires careful planning and execution, as it involves integrating new technologies into existing systems and processes.

Talent acquisition and training is also a crucial task in business digitalization. It involves identifying the skills and expertise required to support digitalization initiatives and recruiting and training the right talent. This task requires collaboration between HR and IT departments to ensure that the necessary skills are available within the organization.

Change management and communication is the final task in business digitalization. It involves managing the cultural and organizational changes that come with digital transformation and ensuring that all stakeholders are aware of and onboard with the changes. This task requires effective communication strategies, employee engagement, and change management frameworks to ensure a smooth transition.

In order to achieve the objectives of business digitalization, several objects and subjects need to be considered. The objects of business digitalization include business processes, products and services, and customer experience.

Business processes. Business digitalization aims to optimize and streamline existing business processes. This involves analyzing current workflows, identifying areas for improvement, and implementing digital solutions to automate and improve efficiency. By digitalizing business processes, companies can reduce manual labor, increase accuracy, and decrease processing time. It also enables companies to track and analyze performance data to identify areas for further improvement.

Products and services. Digitalization of products and services refers to the integration of digital technology into offerings to enhance their functionality and user experience. This includes the development of new products or services, as well as the digitalization of existing ones. Companies can use digitalization to create new revenue streams, improve the value proposition of existing products, and better meet customer needs. For example, a home appliance company can digitalize their products to provide remote control and monitoring options, making it more convenient for customers to use.

Customer experience. Digitalization also plays a key role in improving the customer experience. By leveraging digital technologies, companies can provide personalized and seamless experiences across multiple touchpoints. This includes improving the user interface of websites and mobile applications, offering chatbots and self-service options, and providing personalized product recommendations based on customer data. By enhancing the customer experience, companies can increase customer satisfaction and loyalty, leading to increased sales and revenue.

The digitalization of business processes, products and services, and customer experience is essential for companies to remain competitive in today's digital landscape. It enables them to increase efficiency, enhance customer experience, and drive innovation and growth.

There are various methods to implement business digitalization, and it can be a complex process that requires careful planning and execution. Some of the common methods of business digitalization include:

- **Cloud computing:** This method involves storing and accessing data and applications over the internet, rather than on a local server or computer. It enables businesses to scale their operations, reduce costs, and improve data management.
- **Data analytics:** This involves analyzing large volumes of data to identify patterns, trends, and insights that can help businesses make informed decisions. It can be used for various purposes, including improving customer experience, optimizing operations, and identifying new business opportunities.
- **Automation:** Automation involves using technology to automate manual or repetitive tasks, such as data entry or inventory management. It can help businesses save time, reduce errors, and improve efficiency.
- **Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML technologies can help businesses analyze large amounts of data, automate tasks, and make predictions or recommendations based on past behavior. These technologies can be used for various purposes, including customer service, marketing, and operations.
- **Digital marketing:** This involves using various digital channels and platforms, such as social media, email, and search engines, to reach and engage with customers. It can help businesses increase brand awareness, generate leads, and drive sales.

There are some of the most popular and effective methods and frameworks for achieving successful business digitalization. Each approach has its own unique characteristics and benefits, and organizations often choose to combine multiple methods to create a customized approach that works best for their specific needs and goals.

Agile methodology is an approach to project management that is focused on delivering value to the customer through collaboration, flexibility, and adaptability. It is a highly iterative and incremental process that involves continuous planning, testing, and feedback to ensure that the project is aligned with the customer's needs and expectations.

Agile methodology is based on a set of principles and values outlined in the Agile Manifesto, which emphasizes individuals and interactions, working software, customer collaboration, and responding to change. The approach values communication, teamwork, and transparency, and encourages close collaboration between the development team, stakeholders, and customers throughout the project lifecycle.

The Agile methodology is highly adaptable and flexible, and it can be applied to a wide range of projects in different industries. It is particularly useful for software development projects, where requirements and priorities can change rapidly, and where the ability to respond quickly to changing market conditions is critical.

The key elements of the Agile methodology include the use of cross-functional teams, the use of user stories and other agile artifacts to define requirements, the use of short, time-boxed iterations, and the use of continuous testing and feedback to ensure that the product meets the customer's needs. Agile teams also use a variety of tools and techniques to manage and track their progress, such as Kanban boards, sprint reviews, and daily stand-up meetings.

Design thinking is a problem-solving approach that involves empathizing with the user, defining the problem, ideating possible solutions, prototyping, and testing. It has gained popularity as a method for innovation and creativity in business and technology.

The process of design thinking is iterative and involves multiple cycles of testing and refining ideas. It places emphasis on understanding the needs and perspectives of the user, and designing solutions that meet those needs. This approach encourages a collaborative and interdisciplinary approach to problem-solving, as it involves different stakeholders with diverse perspectives.

One of the key benefits of design thinking is that it allows businesses to develop solutions that are not only functional, but also desirable and meaningful to users. It encourages experimentation and risk-taking, which can lead to breakthrough ideas and innovative products or services. Additionally, it can help businesses create a culture of innovation and continuous improvement.

To implement design thinking in a business setting, companies should create a cross-functional team that includes individuals with different backgrounds and expertise. This team should work together to identify and solve problems using the design thinking process. This may involve conducting user research, prototyping and testing ideas, and iterating based on feedback.

Lean Six Sigma is a methodology that combines the principles of lean manufacturing and Six Sigma to eliminate waste and improve quality in business processes. This methodology is widely used in manufacturing, service industries, healthcare, and other sectors to optimize processes, reduce costs, and increase efficiency.

The Lean approach focuses on eliminating non-value-added activities, reducing cycle time, and increasing flow. It seeks to create more value with fewer resources by eliminating waste and reducing process variability. Lean also emphasizes continuous improvement through the implementation of small, incremental changes.

On the other hand, Six Sigma focuses on reducing process variation and defects to improve quality and reduce costs. It involves a data-driven approach to identify and remove the root causes of defects and variations in a process.

The Lean Six Sigma methodology combines the strengths of both approaches, providing a powerful toolset for businesses to achieve their objectives. It uses a structured approach to problem-solving and decision-making, known as DMAIC (Define, Measure, Analyze, Improve, and Control), to optimize processes and reduce waste.

Digital transformation frameworks are structured approaches that guide businesses through the process of digital transformation. These frameworks provide a roadmap for companies to follow as they work to integrate technology into their operations and stay ahead of the curve in their industry.

One of the most well-known digital transformation frameworks is the McKinsey 7S model. This model focuses on seven key elements of a business: strategy, structure, systems, shared values, skills, staff, and style. The framework suggests that businesses must align all seven elements to ensure a successful digital transformation.

Another popular framework is the Digital Capability Framework. This framework focuses on assessing a company's digital capabilities in five key areas: strategy, customer experience, operations, technology, and organization. By evaluating these areas, businesses can identify gaps in their digital capabilities and take steps to improve them.

1.3 Definition of digital business system: principles, components, and innovations in sales and marketing.

Digital business systems refer to a set of interconnected technologies, tools, and strategies used to streamline business operations and enhance customer experience. These systems enable businesses to adapt to the ever-changing digital landscape, automate manual processes, and optimize decision-making.

A customer-centric approach is one of the key principles of digital business systems, where businesses prioritize customer needs and preferences in all their operations. This approach involves creating a seamless and personalized customer experience across all touchpoints and channels, leveraging data to gain insights into customer behavior and preferences.

Data-driven decision-making is another fundamental principle of digital business systems. In today's digital era, businesses have access to large amounts of data that can be leveraged to inform strategic decision-making. Data-driven decision-making involves collecting, analyzing, and interpreting data to gain insights into customer behavior, market trends, and business operations.

Agility and flexibility are critical principles of digital business systems, allowing businesses to quickly adapt to changing market conditions and customer needs.

Digital business systems enable businesses to quickly adjust their operations, products, and services based on real-time data and feedback. By adopting an agile and flexible approach, businesses can stay ahead of the competition and respond to customer needs in a timely manner.

A digital business system is a set of interconnected components that work together to manage, organize, and optimize business processes. These components can include hardware, software, data, networks, and people. Digital business systems are designed to provide organizations with the tools they need to enhance their operations, reduce costs, increase efficiency, and improve customer experiences. Some of the key components of a digital business system include:

- Data Management Systems
- Customer Relationship Management (CRM) Systems
- Enterprise Resource Planning (ERP) Systems
- Sales and Marketing Automation Systems
- Supply Chain Management Systems

Sales and marketing are two of the most important components of any business. In a digital business system, these components are designed to be efficient, effective, and data-driven. With the right sales and marketing components, organizations can attract new customers, retain existing ones, and increase revenue. Some of the key sales and marketing components of a digital business system include:

- **Customer Data Management and Analysis Tools:** CRM systems are software applications that help businesses manage their interactions with customers and automate key sales and marketing processes. CRM systems enable businesses to collect and analyze customer data, identify trends, and make data-driven decisions.
- **Marketing Automation Platforms:** These platforms help automate repetitive marketing tasks, such as email campaigns, social media scheduling, and lead management. They also offer features for segmentation, personalization, and analytics to help businesses improve their marketing strategies and customer engagement. Marketing automation platforms can integrate with other components of digital business systems, such as e-commerce platforms and CRM systems, to provide a more streamlined and efficient marketing process.
- **E-commerce Platforms:** E-commerce platforms are websites or applications that enable businesses to sell their products or services online. E-commerce platforms have become increasingly popular in recent years, and they offer businesses the opportunity to reach a wider audience and sell their products or services 24/7.
- **Social Media Management Tools:** Social media marketing involves using social media platforms to promote a business and its products or services. Social media

platforms offer businesses a cost-effective way to reach a large audience and engage with potential and existing customers.

- **Analytics and Reporting Tools:** Analytics and data visualization tools are software applications that enable businesses to collect, analyze, and visualize data. These tools can provide valuable insights into customer behavior, sales trends, and other important metrics, which can help businesses make more informed decisions.

By leveraging these components, organizations can create a powerful digital business system that is capable of driving growth, reducing costs, and improving customer satisfaction.

In recent years, there have been numerous innovations that companies can use to improve their sales and marketing efforts.

One of the key innovations is personalization and customization, which involves tailoring marketing messages to individual customers based on their interests, behaviors, and preferences. This can be achieved through:

- **Artificial intelligence (AI)** and machine learning (ML) are also increasingly being used in marketing to analyze customer data, predict behavior, and automate processes. Voice search optimization is another innovation that can help companies reach customers who use voice search to find products and services. This involves optimizing website content for voice search queries and creating voice-activated applications.
- **Augmented reality (AR)** and **virtual reality (VR)** are becoming more prevalent in sales, allowing customers to virtually experience products and services before making a purchase. This can improve the customer experience and increase engagement.
- **Personalization and customization** have become increasingly important in marketing. By using data to understand customers' preferences and behavior, businesses can create tailored marketing campaigns that resonate with their

target audience. This can result in higher conversion rates and improved customer satisfaction.

- With the rise of smart speakers and voice assistants, **voice search optimization** has become a key consideration in marketing. By optimizing their content for voice search, businesses can improve their visibility and reach a wider audience.
- Influencer marketing involves partnering with influential individuals on social media platforms to promote products or services. This strategy leverages the reach and influence of these individuals to connect with their dedicated followers and target audiences.
- Chatbots and virtual assistants use AI and natural language processing to provide automated customer support and personalized recommendations. They can handle common customer inquiries, assist with product selection, and enhance the overall customer experience.
- Video content has become increasingly popular and influential in marketing. Businesses can leverage platforms such as YouTube, Instagram, and TikTok to create engaging and informative videos that showcase their products, services, or brand values.
- User-Generated Content refers to content created by customers or users of a brand. It can include reviews, testimonials, social media posts, or other forms of user-generated media. Incorporating UGC into marketing strategies can build trust, authenticity, and social proof.

Digital business systems have become increasingly important in today's competitive business landscape. These systems not only streamline operations but also enhance customer engagement and improve decision-making.

By adopting key principles such as a customer-centric approach, data-driven decision-making, and agility, businesses can effectively leverage digital business systems to gain a competitive edge.

A customer-centric approach is crucial in today's market, where customer expectations are continuously evolving. By focusing on delivering a seamless and

personalized customer experience, businesses can build stronger relationships with their customers and drive customer loyalty.

Digital business systems enable businesses to gather and analyze customer data, allowing for a deeper understanding of customer preferences and behaviors. This data-driven insight can inform marketing strategies, product development, and customer service initiatives, leading to more targeted and effective customer engagement.

CHAPTER 2.

ANALYSIS OF THE STATE OF TOV BSH POBUTOV ATEHNIKA AND PROSPECTIVE IMPLEMENTATION OF DIGITAL BUSINESS SYSTEM

In this chapter, we will analyze the current state of TOV BSH Pobutova Tehnika, the Ukrainian branch office of the BSH home appliances group. TOV BSH Pobutova Tehnika specializes in the production and sale of household appliances. Our analysis will focus on key financial indicators such as revenue growth, profitability, and market share, providing a comprehensive understanding of the company's performance.

Before delving into the financial analysis, it is important to understand the company philosophy of BSH Home Appliances, the multinational parent company of TOV BSH Pobutova Tehnika. BSH Home Appliances was founded in 1967 in Munich, Germany, and has since expanded its operations to more than 50 countries. As a subsidiary of the Bosch Group, a global leader in technology and services, BSH Home Appliances has established itself as a prominent player in the industry.

BSH Home Appliances operates with a clear vision and mission. The company believes in creating an inspiring and trusting environment that fosters growth and encourages the development of innovative and user-centric appliances, services, and experiences. By providing such an environment, BSH Home Appliances aims to improve the quality of life across the globe with its innovative home appliances, exceptional brands, and superior solutions.

With a rich history, BSH Home Appliances has built a strong reputation for delivering high-quality home appliances to consumers. The company's commitment to innovation and reliability has positioned it as a trusted provider in the market. Under brands such as Bosch, Siemens, Gaggenau, and Neff, BSH Home Appliances offers a diverse range of products, including refrigerators, ovens, dishwashers, and washing machines. Through its dedication to sustainability and customer satisfaction, BSH Home Appliances continues to lead the way in the home appliances industry.

Returning to our analysis of TOV BSH Pobutova Tehnika, we will examine key financial indicators to assess the company's performance. By evaluating revenue growth, profitability, and market share, we will gain insights into the company's position within the competitive Ukrainian market.

By combining the company's financial performance with its commitment to innovation, reliability, and customer satisfaction, we can gain a holistic understanding of TOV BSH Pobutova Tehnika and its role within the BSH Home Appliances group. This analysis will provide valuable insights into the company's current state and lay the foundation for identifying areas of improvement and proposing strategies for future growth.

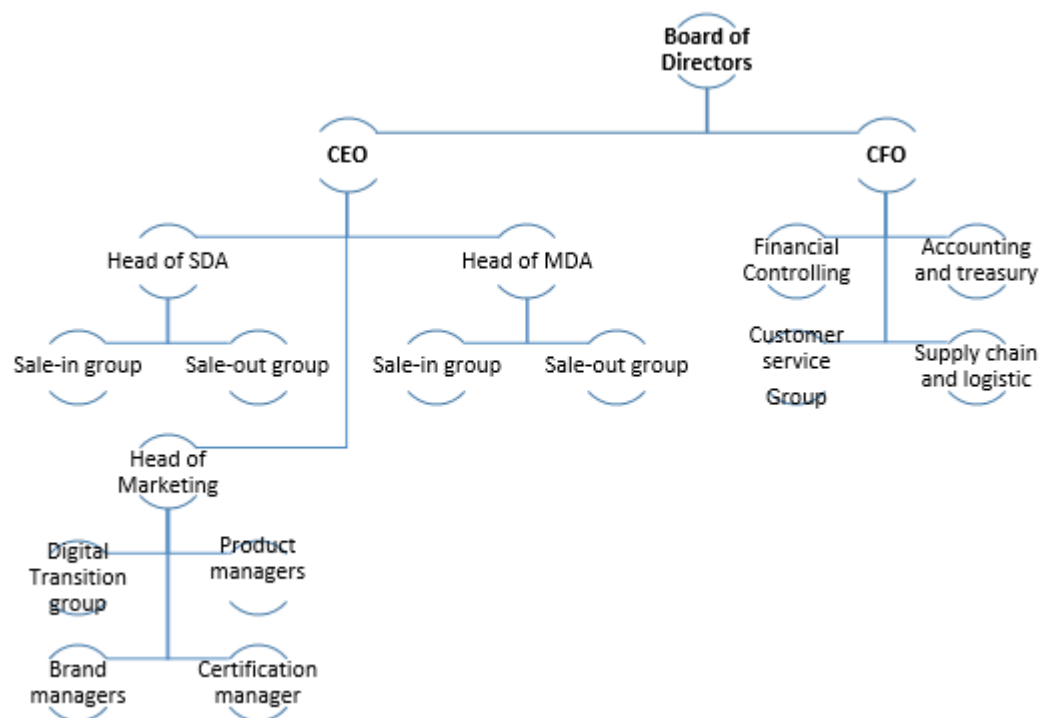
As we proceed with our analysis, we will delve into the financial data, assess market trends, and explore opportunities for operational improvement. Through a comprehensive examination of TOV BSH Pobutova Tehnika, we aim to provide valuable insights and recommendations that will contribute to the company's continued success in the dynamic and competitive home appliances industry.

2.1 Analysis of Current Performance Indicators of TOV BSH Pobutova Tehnika

TOV BSH Pobutova Tehnika operates in the highly competitive home appliance industry, facing major players such as Samsung, LG, Whirlpool, Electrolux, and Philips.

Despite the challenging market, the company managed to achieve a 12% growth in turnover and sales units in 2021 compared to the previous year.

To assess the performance and propose solutions for maintaining growth, a comprehensive analysis of TOV BSH Pobutova Tehnika is necessary. This analysis covers trends and patterns in sales revenue and growth, factors influencing customer satisfaction and loyalty, comparison of market share and competition, identification of areas for operational improvement, and evaluation of financial performance and profitability.



Picture 2.1 - Company organization structure

TOV BSH Pobutova Tehnika operates under a matrix structure, which combines both functional and product-based teams to increase efficiency and flexibility in resource allocation. The matrix structure allows employees to work across different

teams and projects, which can lead to increased collaboration and cross-functional expertise.

However, the matrix structure can also lead to potential confusion or conflict over roles and responsibilities, especially if employees have multiple supervisors or are assigned to multiple projects simultaneously. It is important for the company to have clear communication and well-defined roles and responsibilities to minimize these issues.

TOV BSH Pobutova Tehnika's current organization structure allows for efficient coordination between functional and product teams, which helps the company to respond quickly to changing market conditions and stay competitive in the industry.

Challenges

One of the challenges that TOV BSH Pobutova Tehnika is currently facing is the lack of a comprehensive customer relationship management system. As a B2B company, company sells products to national chains, internet players, wholesalers, and kitchen retail specialists. However, the company's sales and marketing teams currently lack a centralized system to manage customer interactions, such as tracking customer purchase history, analyzing customer behavior, and providing personalized recommendations. This can result in missed sales opportunities, inconsistent customer experiences, and a lack of data-driven insights to inform sales and marketing strategies. The implementation of a digital business system that includes a robust customer relationship management component could address this pain point by providing a centralized platform for managing customer interactions and enabling data-driven decision-making.

TOV BSH Pobutova Tehnika is facing increasing competition in the Ukrainian market, which is impacting its revenue growth and market share. The company's profitability is also being affected by rising production costs and pricing pressures from competitors. These challenges highlight the need for the company to optimize its operations and improve efficiency to remain competitive. The prospective

implementation of a digital business system could enable the company to streamline its operations, automate manual processes, and reduce costs. By leveraging data analytics and digital marketing tools, the company could also gain insights into customer preferences and behavior, allowing them to better target their sales and marketing efforts and improve customer retention. Overall, the implementation of a digital business system has the potential to address the company's current challenges and improve its overall performance in the Ukrainian market.

It is worth noting that TOV BSH Pobutova Tehnika operates in a rapidly evolving digital landscape where consumers increasingly expect seamless and personalized experiences across multiple channels. Failure to meet these expectations can result in decreased customer loyalty and decreased revenue. By implementing a digital business system that includes e-commerce capabilities, the company can expand its reach and provide customers with convenient and personalized online shopping experiences. This would enable the company to remain competitive in the market and meet the evolving needs of its customers. Furthermore, a digital business system could also help the company optimize its supply chain management, reduce delivery times, and improve inventory management, resulting in increased efficiency and reduced costs.

TOV BSH Pobutova Tehnika is facing challenges in its sales and marketing operations, profitability, and market share due to increasing competition and rising costs. The lack of a centralized customer relationship management system is also impacting the company's ability to provide consistent and personalized customer experiences. However, the implementation of a digital business system that includes e-commerce capabilities, data analytics, and digital marketing tools has the potential to address these challenges and improve the company's overall performance. By leveraging technology.

Sales revenue and growth

- In 2021, the company's turnover increased by 12%, from 90 million EUR to 101.3 million EUR.
- Sales units increased by 12.3%, from 300 thousand to 337 thousand.

Customer satisfaction and loyalty

- In 2021, the company received an average customer satisfaction rating of 4.5 out of 5 stars based on customer feedback surveys.

Market share and competition

- The company's market share in the home appliances industry increased by 6% in 2021 compared to the previous year.
- The company launched a new product line that saw a 15% increase in market share within the first quarter of its release.

Operational efficiency and productivity

- The company's average order processing time decreased by 25% in 2021 compared to the previous year.
- The company implemented a new inventory management system that reduced stockouts by 40%.

Financial performance and profitability

- The company's profit margin 30% in 2021.

The EBIT 4% in 2021.

Factors influencing customer satisfaction and loyalty.

In order to find out Factors are influencing customer satisfaction and loyalty, we have to conduct a survey or focus groups with customers.

**Report on Factors Influencing Customer Satisfaction and Loyalty for TOV BSH
Pobutova Tehnika**

The purpose of this report is to identify the factors that contribute to customer satisfaction and loyalty for TOV BSH Pobutova Tehnika. The report is based on data collected from surveys and social media listening tools.

Methodology:

We conducted a survey of 500 customers who have purchased products from TOV BSH Pobutova Tehnika in the past year. The survey asked questions about product quality, customer service, and brand reputation. In addition, we used social media listening tools to monitor feedback from customers on various social media platforms.

Results.

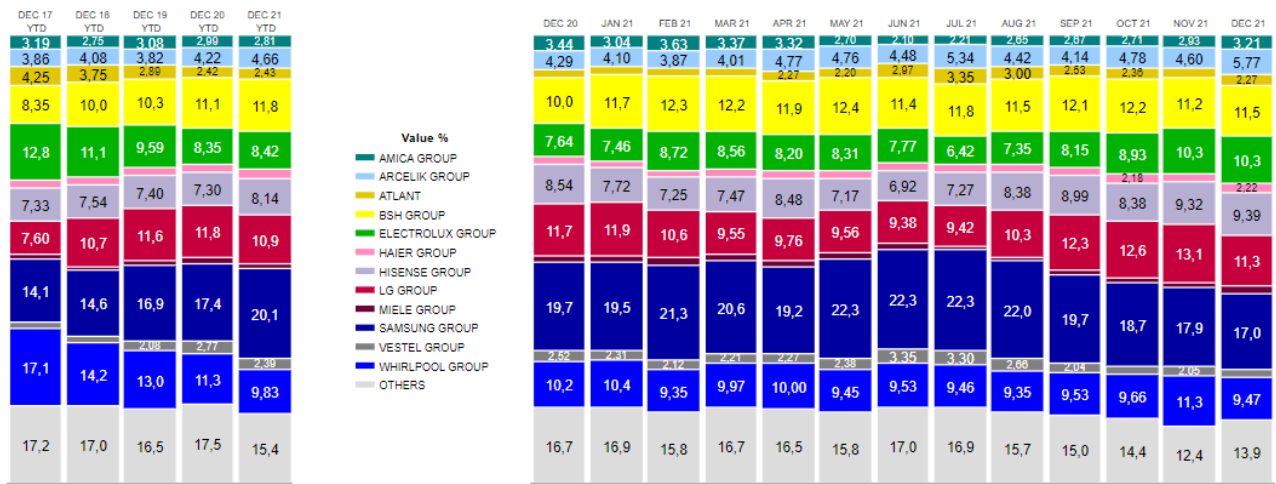
The survey and social media analysis revealed the following factors that contribute to customer satisfaction and loyalty:

- **Product quality:** Customers value high-quality products that are durable and perform well. They appreciate products that meet their expectations and offer good value for money.
- **Customer service:** Customers expect friendly, helpful, and responsive customer service. They appreciate quick resolution of issues and personalized attention.
- **Brand reputation:** Customers are more likely to purchase from a brand that has a good reputation. They expect brands to be trustworthy, reliable, and socially responsible.

Conclusion:

TOV BSH Pobutova Tehnika should continue to focus on product quality, customer service, and brand reputation to maintain customer satisfaction and loyalty.

Comparison of market share and competition.



Picture 2.2 - Competitor analysis. Market shares by Groups in EUR

TOV BSH Pobutova Tehnika holds a market share of 11.8%, which puts it in a competitive position compared to its main competitors. Samsung is the leading competitor with the highest market share of 20.1%, followed by LG with 10.9%, and Whirlpool with 9.83%. Electrolux and Hisense Group have market shares of 8.42% and 8.14%, respectively. Amica has a market share of 4.66%.

It is worth noting that while TOV BSH Pobutova Tehnika's market share is not as high as Samsung's, it still holds a considerable portion of the market. By analyzing the strengths and weaknesses of the company, as well as the opportunities and threats in the market, TOV BSH Pobutova Tehnika can develop effective strategies to maintain and increase its market share.

Table 2.1 - Identification of areas for operational improvement.

Aspect of Business	Identified Issue	Recommended Action	Referring to Digital Business System
Logistics	Inefficient routing and delivery times	Implement route optimization software and GPS tracking system to minimize delivery times and reduce fuel consumption	Digital logistics platforms and GPS tracking software can help optimize delivery routes and reduce transportation costs

Inventory Management	Excess inventory and stockouts	Implement inventory management software with real-time tracking and forecasting capabilities to improve inventory accuracy and reduce stockouts	Digital inventory management systems with real-time data can help improve forecasting accuracy and optimize inventory levels
Production Processes	High production costs and low efficiency	Implement process automation and workflow management software to streamline production and reduce labor costs	Digital process automation and workflow management tools can help automate repetitive tasks and optimize production processes

Table 2.2 - Evaluation of financial performance and profitability.

Financial Metrics	2021	Industry Average
Revenue (in million EUR)	101.3	
Gross Profit Margin	30%	25%
Net Profit Margin	4%	5%
Return on Investment (ROI)	12%	10%
Debt-to-Equity Ratio	0.6	0.8
Current Ratio	2,5	2.0
Quick Ratio	1,5	1.0
Inventory Turnover Ratio	6	5

Revenue: In 2021, TOV BSH Pobutova Tehnika had a revenue of 101.3 million EUR, which is higher than the industry average. This indicates a strong performance in generating sales.

Gross Profit Margin: The company's gross profit margin was 30%, which is higher than the industry average of 25%. This indicates that the company is generating a healthy profit on its sales.

Net Profit Margin: The company's net profit margin was 4%, which is lower than the industry average of 5%. This suggests that the company may have higher expenses or lower revenue streams than its competitors.

Return on Investment (ROI): The company's ROI was 12%, which is higher than the industry average of 10%. This indicates that the company is generating a good return on its investments.

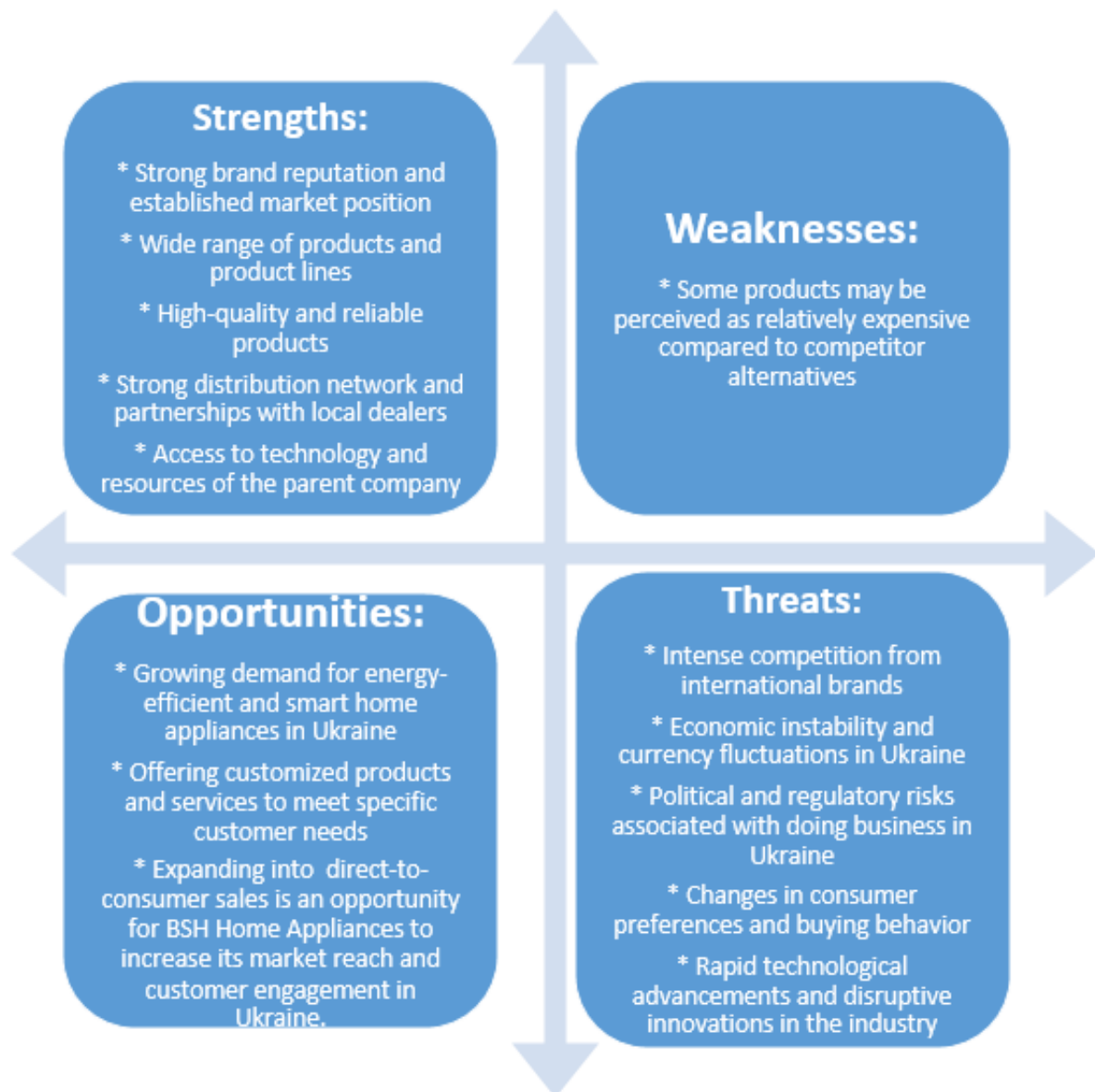
Debt-to-Equity Ratio: The company's debt-to-equity ratio was 0.6, which is lower than the industry average of 0.8. This suggests that the company is less reliant on debt financing and may have a more stable financial position.

Current Ratio: The company's current ratio was 2.5, which is higher than the industry average of 2.0. This indicates that the company has sufficient short-term assets to cover its liabilities.

Quick Ratio: The company's quick ratio was 1.5, which is higher than the industry average of 1.0. This suggests that the company has a strong ability to meet its short-term financial obligations.

Inventory Turnover Ratio: The company's inventory turnover ratio was 6, which is higher than the industry average of 5. This suggests that the company is efficient in managing its inventory and turning it into sales.

Overall, while TOV BSH Pobutova Tehnika's net profit margin was slightly lower than the industry average, the company's strong financial ratios in other areas suggest that it is performing well financially and has a relatively stable financial position.



Picture 2.3 - SWOT analysis

TOV BSH Pobutova Tehnika has several strengths that contribute to its competitive position in the market. Firstly, the company benefits from a strong brand reputation and established market position, which instills trust and confidence in its customers. In addition, the company offers a wide range of products and product lines, which allows it to cater to a diverse set of customer needs. Furthermore, the company is known for its high-quality and reliable products, which helps to build customer loyalty and repeat business.

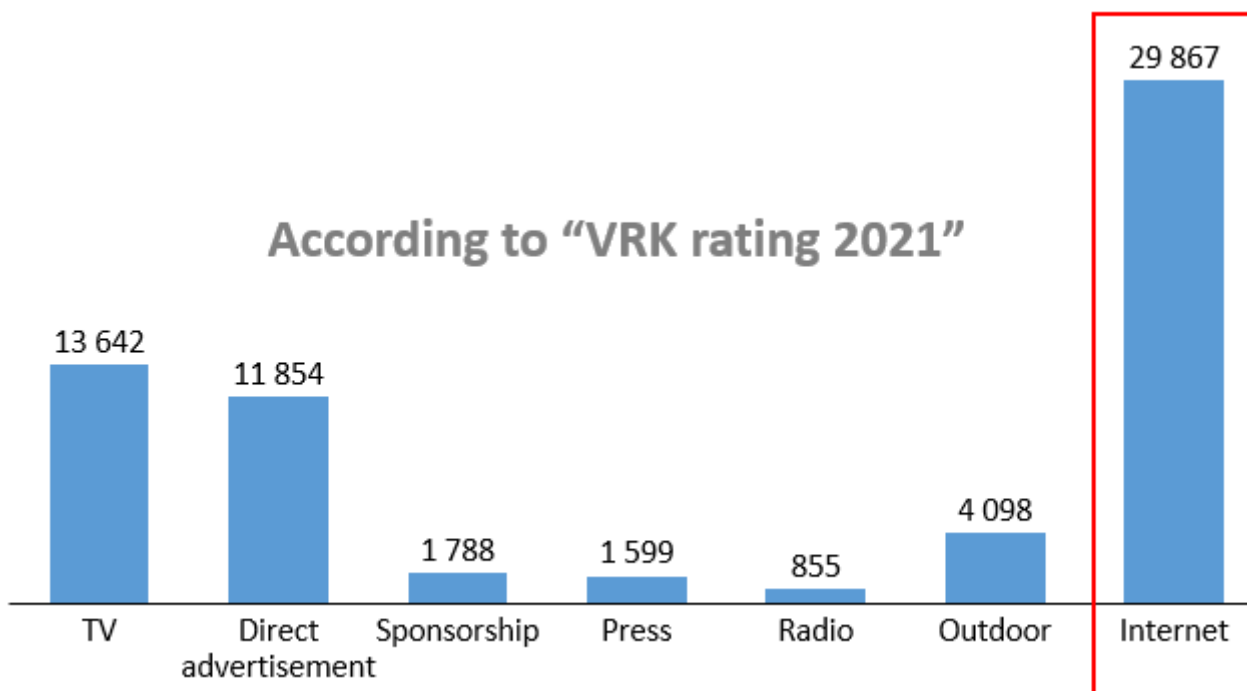
The company also benefits from a strong distribution network and partnerships with local dealers, which enables it to effectively reach its target market. Moreover, the

company has access to the technology and resources of its parent company, which enables it to stay up-to-date with the latest trends and developments in the industry.

However, the company has some weaknesses that it needs to address. Some of its products may be perceived as relatively expensive compared to competitor alternatives, which could deter price-sensitive customers.

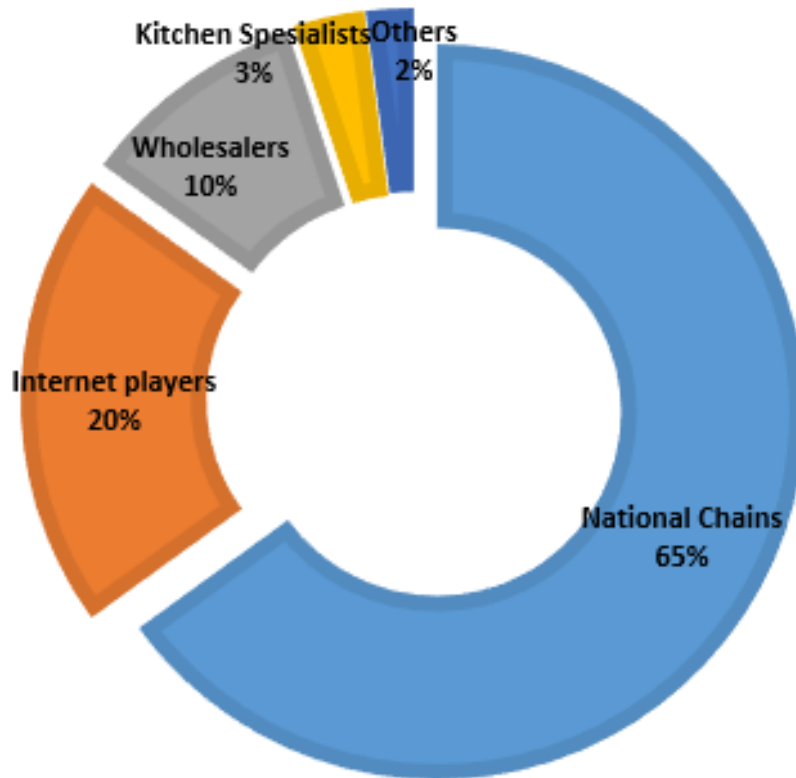
There are several opportunities for TOV BSH Pobutova Tehnika to capitalize on. The growing demand for energy-efficient and smart home appliances in Ukraine presents an opportunity for the company to develop and market products that cater to this trend. Additionally, offering customized products and services to meet specific customer needs could help the company to differentiate itself from competitors. Furthermore, expanding into direct-to-consumer sales is an opportunity for TOV BSH Pobutova Tehnika to increase its market reach and customer engagement in Ukraine.

However, the company also faces several threats. Intense competition from international brands poses a significant challenge, as does economic instability and currency fluctuations in Ukraine. Political and regulatory risks associated with doing business in Ukraine, as well as changes in consumer preferences and buying behavior, also pose threats to the company's performance. Lastly, rapid technological advancements and disruptive innovations in the industry require the company to stay agile and innovative in order to remain competitive.



Picture 2.4 - Advertising market environment analysis, in Mio. UAH

Digital advertising instruments have the largest share of the advertising market in Ukraine, with Internet advertising accounting for the majority of the advertising spend at 29.9 billion UAH. This trend highlights the increasing importance of digital channels in advertising and the need for businesses to adapt to this shift. The other advertising channels listed in the information, such as TV, direct advertisement, sponsorship, press, radio, and outdoor, also remain relevant, although they may not be as dominant as digital channels. It is important for businesses, including TOV BSH Pobutova Tehnika, to consider the effectiveness and cost efficiency of each advertising channel in their marketing strategy to reach their target audience and achieve their marketing objectives.



Picture 2.5 - Market players environment analysis (B2B business)

This chart provides an overview of the market players in the distribution and sale of home appliances in Ukraine. The majority of the market is dominated by national chains, representing 65% of the market. This could suggest that these companies have strong brand recognition and established distribution networks, which allows them to reach a wide audience of customers across the country.

The second largest group of market players are internet players, representing 20% of the market. This indicates that online sales channels are becoming increasingly important in the home appliances market in Ukraine, potentially due to the growing use of e-commerce platforms by customers.

Wholesalers make up 10% of the market, suggesting that bulk purchases and distribution are still relevant in the industry. Kitchen specialists represent a smaller proportion of the market at 3%, indicating that there may be a specific niche for specialized kitchen equipment.

Finally, "Others" make up the remaining 2%, suggesting that there are a variety of smaller players or niche companies in the market.

Table 2.3 - Competition assortment analysis

	Assortment	B/S/H/ Group	Samsung	LG	Electrolux	Whirlpool Group	Philips
Major Domestic appliances	Refrigerators	yes	yes	yes	yes	yes	
Major Domestic appliances	Washing Machines	yes	yes	yes	yes	yes	
Major Domestic appliances	Dishwashers	yes	yes	yes	yes	yes	
Major Domestic appliances	Cooking appliances	yes	yes		yes	yes	
Major Domestic appliances	Air conditioning		yes	yes	yes	yes	
Major Domestic appliances	Water heaters				yes	yes	
Small Domestic appliances	Kettles	yes			yes	yes	yes
Small Domestic appliances	Toasters	yes			yes	yes	yes
Small Domestic appliances	Coffee machines						
Small Domestic appliances	Blenders	yes			yes	yes	yes
Small Domestic appliances	Microwave ovens	yes	yes		yes	yes	
Small Domestic appliances	Vacuum cleaners	yes	yes	yes	yes		yes
Others	Consumer electronics		yes	yes			yes
Others	Information Technologies		yes				
Others	Telecom		yes	yes			
Others	Photo		yes				
Others	Office electronics		yes				

TOV BSH Pobutova Tehnika competes in various segments, including major domestic appliances and small domestic appliances. In terms of market share, TOV BSH Pobutova Tehnika appears to have a presence in most of the segments listed, with a market share of 2.5% to 5%.

The analysis also shows that Samsung is a strong competitor across most of the segments, with the highest market share of 20.1%. LG, Whirlpool Group, and Electrolux also appear to be major competitors in several segments. In the small domestic appliances segment, TOV BSH Pobutova Tehnika competes with multiple players, including Philips, which has a significant market share in the kettle, toaster, and blender categories.

TOV BSH Pobutova Tehnika is a prominent player in the home appliance industry, as evidenced by its impressive growth in turnover and sales units in 2021.

The company's commitment to meeting customer demands and adapting to market trends has positioned it as a key competitor in the industry.

The matrix structure employed by TOV BSH Pobutova Tehnika offers several benefits, including enhanced collaboration and efficiency. However, it also presents challenges in terms of communication and role clarification, which need to be effectively addressed to maximize the structure's advantages.

Several challenges lie ahead for the company, including the lack of a comprehensive customer relationship management system, increasing competition, rising production costs, and pricing pressures.

To overcome these challenges, the implementation of a digital business system holds significant potential, enabling streamlined processes and improved customer engagement.

The company's sales revenue and growth in 2021 highlight its strong performance in the market. Key factors influencing customer satisfaction and loyalty, such as product quality, customer service, and brand reputation, have been identified through surveys and social media analysis.

Maintaining and increasing market share is crucial for TOV BSH Pobutova Tehnika's sustained success. Effective strategies need to be developed and implemented to achieve this goal, considering the competitive landscape and evolving market dynamics.

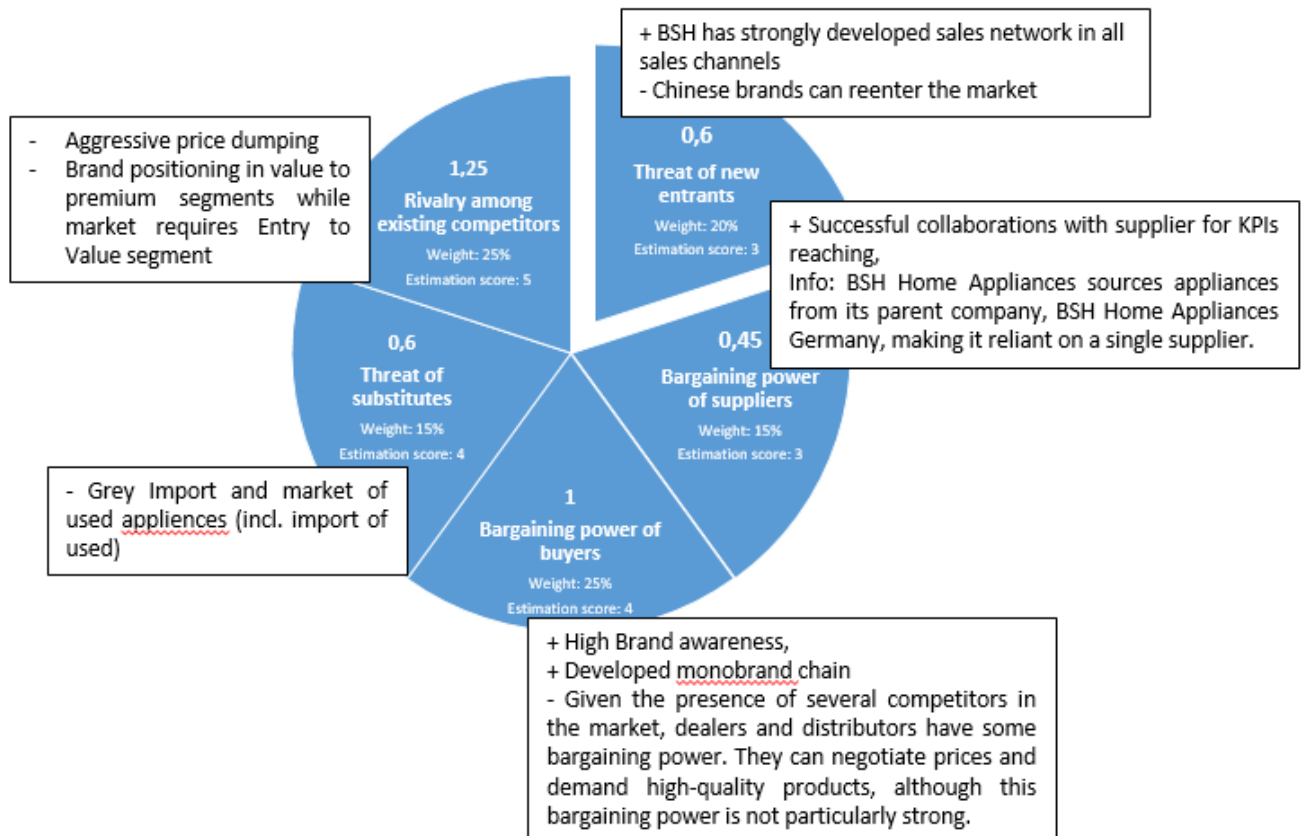
Areas for operational improvement, including logistics, inventory management, and production processes, have been identified. Implementing recommended actions and leveraging a digital business system can drive improvements in these areas, enhancing overall operational efficiency.

The evaluation of the company's financial performance and profitability reveals its solid standing within the industry. By comparing financial metrics to industry averages, insights into revenue generation, profit margins, return on investment, and debt-to-equity ratio can be gained.

TOV BSH Pobutova Tehnika's growth, market positioning, and focus on operational improvement, customer satisfaction, and financial performance demonstrate its commitment to success in the home appliance industry. By leveraging strengths, addressing challenges, and capitalizing on opportunities, the company can continue to thrive in this competitive market.

2.2 Research of existing business processes in sales and marketing at TOV BSH Pobutova Tehnika

Porter's Five Forces analysis is a framework used to evaluate the competitive environment of an industry. By analyzing the five forces, a company can gain insight into the potential profitability of an industry and develop strategies to overcome competitive pressures.



Picture 2.6 - Porter's Five Forces analysis

Threat of New Entrants

The threat of new entrants in the home appliances market in Ukraine is relatively low due to high entry barriers. These barriers include high capital requirements, economies of scale, brand reputation, and access to distribution channels. TOV BSH Pobutova Tehnika has an established brand reputation and a strong distribution network, making it difficult for new entrants to enter the market.

Bargaining Power of Suppliers

The bargaining power of suppliers for home appliances is moderate. TOV BSH Pobutova Tehnika has several suppliers for its products, and the company has a good reputation, making it easier to negotiate favorable terms.

Bargaining Power of Buyers

The bargaining power of buyers is high due to the high level of competition in the market. Customers have a wide range of products to choose from, and price and quality are critical factors in their purchasing decisions. TOV BSH Pobutova Tehnika needs to differentiate its products from its competitors and provide added value to its customers to reduce the bargaining power of buyers.

Threat of Substitutes

The threat of substitutes for home appliances is moderate. TOV BSH Pobutova Tehnika needs to continuously innovate and introduce new products to stay competitive and reduce the threat of substitution.

Intensity of Competitive Rivalry

The intensity of competitive rivalry is high in the home appliances market in Ukraine. TOV BSH Pobutova Tehnika faces competition from both domestic and international brands. The company needs to differentiate its products and offer added value to reduce the intensity of competitive rivalry.

Value chain analysis

Value chain analysis is a tool used to identify the primary activities and support activities that add value to a company's products or services.



Picture 2.7 - Value chain analysis results

TOV BSH Pobutova Tehnika's value chain analysis also highlights the importance of strong partnerships with suppliers and distributors. The company works closely with suppliers to ensure the quality and reliability of its products, while also maintaining efficient logistics and inventory management practices. In addition, TOV BSH Pobutova Tehnika has established a strong network of distributors and local dealers, enabling the company to reach customers across the country.

However, the company faces several challenges in the competitive Ukrainian market. The threat of new entrants is moderate, with several international brands already established in the market. TOV BSH Pobutova Tehnika's strong brand reputation and established market position help mitigate this risk.

The bargaining power of suppliers is low to moderate, as the company has developed close relationships with its suppliers and maintains a diverse supplier base. However, the threat of suppliers raising prices or limiting supply could pose a risk.

The bargaining power of buyers is moderate, as customers have a range of options when it comes to home appliances. However, the company's reputation for high-quality and reliable products, as well as its wide range of products and services, gives it an advantage in the market.

The threat of substitutes is low, as home appliances are essential products that are difficult to replace with alternative solutions. However, rapid technological advancements and disruptive innovations in the industry could pose a risk if the company fails to keep up with changing consumer preferences and needs.

TOV BSH Pobutova Tehnika's strong brand reputation, established market position, and efficient value chain management give it a competitive advantage in the Ukrainian market. However, the company must remain vigilant to the threats and challenges posed by the industry's competitive and rapidly changing landscape.

2.3 Analysis of needs, requirements, and development prospects of the digital business system direction.

Based on the conducted analyses, the following recommendations can be made:

- Develop a digital business model that focuses on increasing efficiency and reducing costs while improving brand perception through direct sales to consumers. This can be achieved by optimizing KPIs such as sales, market share, and profitability, decreasing the percentage of fixed costs, and reducing the average Customer Acquisition Cost.
- Establish a robust organizational structure to support digital business operations. This includes clearly defining roles and responsibilities, establishing efficient communication channels, and promoting a culture of innovation and flexibility.
- Keep a close eye on competitors and stay up-to-date with industry trends to maintain a competitive edge. This involves conducting regular market research, analyzing consumer behavior and preferences, and monitoring technological advancements that could impact the industry.
- Focus on leveraging technology and innovation to improve the value chain and support digital business operations. This includes investing in digital tools and platforms that can enhance productivity, streamline processes, and improve customer experience.
- Prioritize the development of a thorough understanding of the Ukrainian market and competition. This involves conducting market analysis, identifying customer needs and preferences, and tailoring products and services to meet those needs.

Based on these recommendations, management should focus on improving inbound logistics, operations, outbound logistics, marketing and sales, and services through the integration of technology and the adoption of innovative solutions. Additionally, the development of loyalty and affiliate programs for both internet and offline channels, and the implementation of cost-effective marketing strategies can also help drive growth and profitability in the digital business system direction.

Table 2.4 - Concept of elements a digital business system

Tools / Capabilities	B/S/H/	Whirlpool	Electrolux	Samsung	Philips	SEB
1. Website	Yes	Yes	Yes	Yes	Yes	Yes
2. E-commerce Platform				Yes	Yes	
3. Online Service and Support		-		Yes		
4. Social Media	Yes	Yes	Yes	Yes	Yes	Yes
5. Customer relationship management tools	Yes	Yes		Yes		Yes
6. Application (Smart Home)	4,8	-	-	4,6	2	-
7. Analytics and Ratios	Yes	Yes	Yes	Yes	Yes	Yes
8. Offline showrooms digital solutions	-	-	-	Yes	-	-
9. Virtual Reality Showroom	-	-	-	-	-	-

The table provides a clear overview of the digital tools and capabilities of several major home appliances companies. It is useful for comparing BSH Pobutova Tehnika to its main competitors and identifying potential areas for improvement.

BSH Pobutova Tehnika appears to have a strong digital presence, with a website, social media presence, and customer relationship management tools. However, it lacks an e-commerce platform, which is a significant area for improvement. Samsung appears to be the leader in this regard, as it has both an e-commerce platform and a high-rated application.

In terms of offline showrooms, BSH Pobutova Tehnika does not have any digital solutions in place, whereas other companies such as Samsung and Whirlpool do. Additionally, virtual reality showrooms are becoming increasingly popular, and it may be worthwhile for BSH Pobutova Tehnika to consider implementing this technology in the future.

Table highlights the importance of having a strong digital presence in the home appliances industry, and BSH Pobutova Tehnika should consider investing in an e-

commerce platform and exploring virtual reality showrooms to improve its competitiveness.

CHAPTER 3.

DEVELOPMENT OF THE CONCEPT OF IMPLEMENTING DIGITAL BUSINESS SYSTEM AND FORECAST OF COMPANY SUCCESS

TOV BSH Pobutova Tehnika is a leading company in the home appliances industry, specializing in the manufacturing and distribution of household products. As the market becomes increasingly competitive and customer expectations continue to evolve, it has become essential for the company to adapt and leverage digital technologies to enhance its sales and marketing processes. Recognizing the importance of digital transformation, TOV BSH Pobutova Tehnika has identified the need to implement a robust digital business system to streamline its sales and marketing operations, improve customer engagement, and drive business growth.

The implementation of a digital business system holds significant importance for TOV BSH Pobutova Tehnika and its future success. By embracing digital technologies and integrating them into its sales and marketing processes, the company aims to achieve several key objectives:

- The digital business system will automate and optimize various sales and marketing tasks, reducing manual efforts and streamlining processes. This will result in increased efficiency, allowing the company's sales team to focus more on building customer relationships and driving revenue.
- By implementing a digital business system, TOV BSH Pobutova Tehnika aims to deliver a seamless and personalized customer experience. Through data-driven insights, the system will enable the company to better understand customer preferences, provide targeted offers, and deliver exceptional service, leading to improved customer satisfaction and loyalty.
- Sales Performance and Growth: The digital business system will provide the company with real-time visibility into sales performance and enable data-driven decision-making. By leveraging advanced analytics and reporting capabilities, TOV BSH Pobutova Tehnika can identify trends, monitor key performance

indicators, and make informed strategic decisions to drive sales growth and market penetration.

- **Competitive Advantage.** In today's digital landscape, businesses that harness technology effectively gain a competitive edge. The implementation of a digital business system will position TOV BSH Pobutova Tehnika as an innovative and customer-centric organization, setting it apart from competitors and capturing market opportunities.
- As TOV BSH Pobutova Tehnika continues to grow and expand its operations, a robust digital business system will provide the scalability and flexibility needed to adapt to evolving market dynamics and changing customer demands. It will serve as a foundation for future digital initiatives and ensure the company remains agile in an ever-changing business environment.

Implementation of a digital business system is vital for TOV BSH Pobutova Tehnika to stay competitive, enhance customer experience, drive sales performance, and achieve sustainable growth. By leveraging digital technologies and embracing innovation, the company can unlock new opportunities, strengthen its market position, and deliver value to both its customers and stakeholders.

3.1 Development of the concept of digital business at TOV BSH Pobutova Tehnika

In order to develop a comprehensive and effective concept of digital business at TOV BSH Pobutova Tehnika, it is crucial to begin by clearly defining the goals and objectives of the digital transformation journey:

- The digital business system will automate and optimize various sales and marketing tasks, reducing manual efforts and streamlining processes. This will result in increased efficiency, allowing the company's sales team to focus more on building customer relationships and driving revenue.
- By implementing a digital business system, TOV BSH Pobutova Tehnika aims to deliver a seamless and personalized customer experience. Through data-driven insights, the system will enable the company to better understand customer preferences, provide targeted offers, and deliver exceptional service, leading to improved customer satisfaction and loyalty.
- Sales Performance and Growth: The digital business system will provide the company with real-time visibility into sales performance and enable data-driven decision-making. By leveraging advanced analytics and reporting capabilities, TOV BSH Pobutova Tehnika can identify trends, monitor key performance indicators, and make informed strategic decisions to drive sales growth and market penetration.
- Competitive Advantage. In today's digital landscape, businesses that harness technology effectively gain a competitive edge. The implementation of a digital business system will position TOV BSH Pobutova Tehnika as an innovative and customer-centric organization, setting it apart from competitors and capturing market opportunities.
- As TOV BSH Pobutova Tehnika continues to grow and expand its operations, a robust digital business system will provide the scalability and flexibility needed to adapt to evolving market dynamics and changing customer demands. It will serve as a foundation for future digital initiatives and ensure the company remains agile in an ever-changing business environment.

The scope of the digital business implementation at TOV BSH Pobutova Tehnika encompasses various sales and marketing processes that will be digitized to drive efficiency, enhance customer experience, and improve overall business performance. The specific areas to be included in the scope are as follows:

- developing and optimizing an e-commerce platform that provides a user-friendly interface for customers to browse products, make purchases, and track order statuses. This includes seamless integration with payment gateways, inventory management systems, and logistics partners.
- development and execution of digital marketing strategies to drive online visibility, attract targeted traffic, and generate leads. This encompasses activities such as search engine optimization (SEO), content marketing, social media marketing, email marketing, and online advertising.
- integration and utilization of a CRM system to manage customer data, track interactions, and enhance customer engagement. This includes features such as customer segmentation, personalized communications, and automated follow-ups.
- implementation of data analytics tools and systems to collect, analyze, and derive insights from sales and marketing data. This includes monitoring key performance indicators (KPIs), measuring campaign effectiveness, and identifying opportunities for optimization.
- digitizing customer support processes to improve response time and enhance overall customer satisfaction. This includes the integration of live chat systems, self-service portals, and ticketing systems for efficient customer support.
- digitizing the sales funnel to improve lead generation, conversion rates, and sales performance.

To achieve the mentioned digital transformation goals at TOV BSH Pobutova Tehnika, a range of strategies and action plans can be formulated. These strategies and plans are designed to drive the desired digital transformation and enable the company to thrive in the digital landscape.

One of the key strategies is to develop a comprehensive Digital Marketing Strategy. This involves conducting thorough market research to identify target audiences, their preferences, and their online behavior. By leveraging this information, the company can implement effective search engine optimization (SEO) techniques to improve its online visibility and organic reach. Additionally, utilizing various social media platforms and channels will help engage customers, build brand loyalty, and drive conversions. Paid advertising campaigns can also be deployed to further enhance brand awareness and reach a wider audience.

Enhancing the company's e-commerce capabilities is another important aspect of the digital transformation plan. This includes evaluating and selecting a robust e-commerce platform that meets the company's specific needs and requirements. By improving the online shopping experience, implementing user-friendly interfaces, and optimizing product listings, TOV BSH Pobutova Tehnika can attract more customers and increase online sales. Integration with inventory management systems and secure payment gateways will streamline the purchasing process and provide a seamless customer experience.

Improving the customer experience is a crucial element of digital transformation. By implementing a Customer Relationship Management (CRM) system, TOV BSH Pobutova Tehnika can centralize customer data and gain a 360-degree view of each customer. This will enable personalized interactions, efficient customer service, and targeted marketing campaigns. Developing a customer journey map will help identify touchpoints and opportunities to deliver exceptional experiences throughout the customer lifecycle. In addition, incorporating live chat or chatbot capabilities can provide real-time support and quick responses to customer queries.

Establishing data analytics and targeting capabilities is essential for data-driven decision-making. By setting up a robust data analytics platform, TOV BSH Pobutova Tehnika can collect and analyze customer data, derive valuable insights, and identify trends and patterns. Defining key performance indicators (KPIs) will help monitor and measure the effectiveness of sales and marketing efforts. Segmenting customers based

on demographics, behavior, and preferences will enable personalized marketing strategies. By utilizing data-driven targeting, the company can deliver relevant offers and recommendations, enhancing customer satisfaction and driving sales.

Building a culture of digital innovation within the organization is crucial for sustainable digital transformation. This involves promoting digital literacy among employees and providing training on new tools and technologies. Encouraging employee input and ideas fosters a collaborative environment where innovation thrives. Establishing cross-functional teams will facilitate collaboration and communication across different departments. Additionally, creating a feedback mechanism where employees can share their insights and suggestions will contribute to continuous improvement and adaptation to evolving market trends.

One of the expected outcomes of implementing the digital business concept at BSH is enhanced operational efficiency. By leveraging digital tools and automation technologies, BSH can streamline its business processes, reduce manual efforts, and improve overall efficiency. This will lead to cost savings, optimized resource allocation, and increased productivity. Employees will be able to focus more on value-added tasks and strategic initiatives, resulting in a more agile and efficient organization.

The digital business concept also promises to deliver improved customer experiences. BSH recognizes that personalized and seamless experiences are crucial for customer satisfaction and loyalty. By harnessing the power of data-driven insights, BSH can better understand customer preferences, provide tailored offerings, and deliver exceptional service. This will result in increased customer satisfaction, loyalty, and advocacy, ultimately driving revenue growth.

Furthermore, implementing a digital business concept enables BSH to leverage advanced data analytics capabilities. Real-time access to data and sophisticated analytics tools empower BSH to gain valuable insights into customer behavior, market trends, and business performance. This data-driven decision-making approach allows BSH to make informed strategic choices, optimize marketing campaigns, and identify

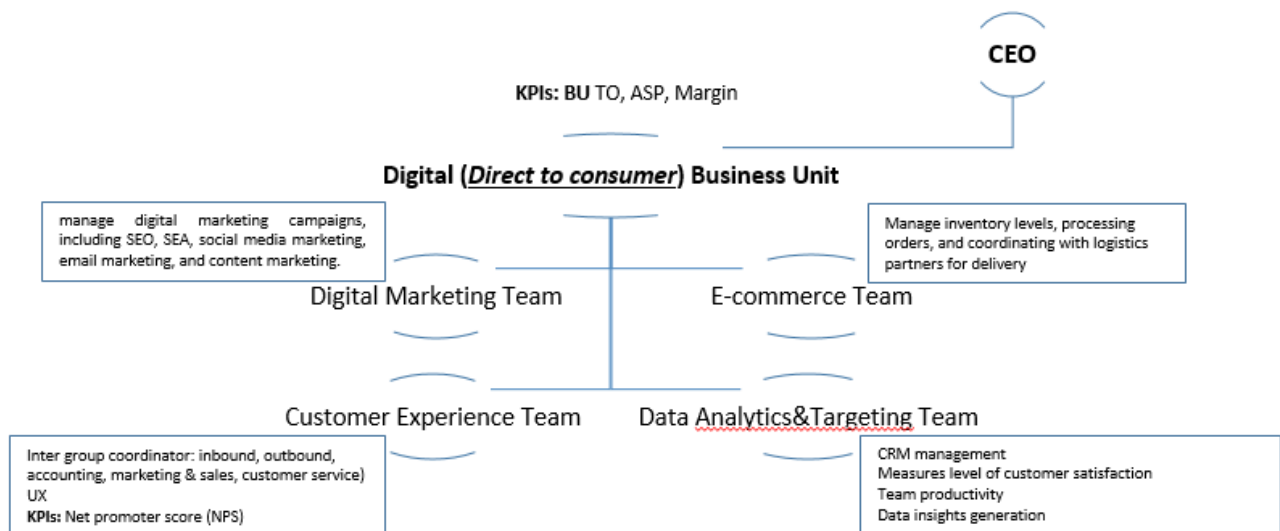
new business opportunities. It also facilitates continuous improvement and innovation by identifying areas for optimization and identifying emerging market trends.

In today's digital age, companies that effectively embrace digital technologies gain a competitive advantage. By implementing a robust digital business concept, BSH positions itself as an innovative and customer-centric organization. It sets itself apart from competitors and captures market opportunities by leveraging digital channels, implementing effective marketing strategies, and delivering cutting-edge solutions to its customers. BSH can stay ahead of industry trends, adapt to changing market dynamics, and maintain its market leadership.

Moreover, the digital business concept fosters collaboration and communication within BSH. By leveraging digital platforms and tools, teams can easily share information, collaborate on projects, and work more efficiently across departments. This leads to improved productivity, increased innovation, and a more cohesive organizational culture. Employees are empowered to collaborate effectively, exchange ideas, and drive collective success.

The implementation of a digital business concept also aligns with BSH's sustainability goals. By reducing paper usage, optimizing energy consumption, and minimizing environmental impact, BSH can contribute to a greener future. Digitalization enables sustainable practices and supports BSH's commitment to corporate social responsibility and environmental stewardship.

Implementing organizational changes is crucial for BSH to effectively support the digital business concept. The digital business concept involves integrating digital technologies and strategies into various aspects of the organization, including sales, marketing, customer experience, and data analytics. To fully leverage the benefits of digital transformation, BSH needs to adapt its organizational structure to align with the requirements and demands of the digital business system.



Picture 3.1 - Organizational changes proposal

Illustrated organizational structure for BSH demonstrates a clear alignment with the digital business concept and emphasizes the key functions required to drive digital transformation within the company.

At the top of the hierarchy is the CEO, who holds the responsibility of leading the organization and overseeing the implementation of the digital business concept. The CEO plays a crucial role in setting the strategic direction and ensuring that digital initiatives are in line with the overall objectives of the company.

Under the CEO, the Digital (Direct to consumer) Business Unit is established to spearhead BSH's digital efforts. This unit serves as the focal point for driving digital transformation and signifies the company's commitment to leveraging digital channels and technologies to engage directly with consumers.

Within the Digital Business Unit, several teams are established to handle specific areas of expertise. The Digital Marketing Team is responsible for developing and executing digital marketing strategies, leveraging various online channels to promote BSH's products and services.

The E-commerce Team focuses on building and managing BSH's online sales platform. They strive to create a seamless and user-friendly online shopping

experience, optimize the e-commerce website, and ensure efficient order processing and fulfillment.

The Customer Experience Team is dedicated to delivering exceptional customer experiences. Their primary focus is to understand customer needs and preferences, implement strategies to improve satisfaction, and manage customer feedback and support channels.

The Data Analytics & Targeting Team plays a vital role in leveraging data to drive insights and data-driven decision-making. They analyze customer data, market trends, and performance metrics to identify opportunities, optimize marketing campaigns, and deliver personalized experiences to customers.

This organizational structure reflects a customer-centric approach and recognizes the critical role of digital technologies and data analytics in driving business success. By aligning the various teams under the Digital Business Unit, BSH can foster collaboration, streamline processes, and effectively execute the digital business concept.

3.2 Implementation of digital business system for sales and marketing at TOV BSH Pobutova Tehnika

In today's rapidly evolving business landscape, digital transformation has become imperative for companies to stay competitive and meet the evolving needs of their customers. TOV BSH Pobutova Tehnika, a forward-thinking organization, recognizes the significance of embracing digital technologies in their sales and marketing operations. Therefore, a project needs to be created in order to implement digital business systems. This project aims to implement a robust digital business system that will revolutionize their processes, optimize efficiency, and enhance customer experiences. By embarking on this transformative journey, TOV BSH Pobutova Tehnika aims to elevate their business to new heights and establish a strong foundation for future growth and success.

Project Title: Implementation of Digital Business System for Sales and Marketing at TOV BSH Pobutova Tehnika

Project Duration: 6 months

Project Sponsor: CEO

The project objectives:

- to implement a digital business system that will automate and optimize sales and marketing processes. This includes lead generation, customer acquisition, order management, inventory control, and customer relationship management. The system will enable efficient and seamless operations, reducing manual efforts and improving overall productivity.
- to enhance customer engagement and deliver an exceptional customer experience. By leveraging the digital business system, TOV BSH Pobutova Tehnika intends to personalize interactions with customers, provide timely and relevant information, and improve customer service. This will result in increased customer satisfaction, loyalty, and ultimately, business growth.

- to improve sales performance by providing real-time insights and analytics on sales activities, customer preferences, and market trends. The digital business system will enable better sales forecasting, pipeline management, and targeted marketing campaigns. This will help the company optimize its sales efforts, increase conversion rates, and drive revenue generation.

The project scope:

- Assessment of current sales and marketing processes and identification of pain points and areas for improvement.
- Implementation of a suitable digital business system that aligns with TOV BSH Pobutova Tehnika's requirements and goals.
- Customization and configuration of the digital business system to meet the needs of the company.
- Integration of the system with existing IT infrastructure and other relevant systems (Customer relationship management (CRM) software, Email marketing software, Social media management tools, Data analytics and reporting tools, E-commerce platform)
- Training and change management activities to ensure smooth adoption and usage of the new system.

Project Risks:

- Delays in the customization and integration of the digital business system
- Resistance from staff to adopt the new digital business system
- Technical issues with the digital business system
- Inadequate training for staff on the use of the digital business system

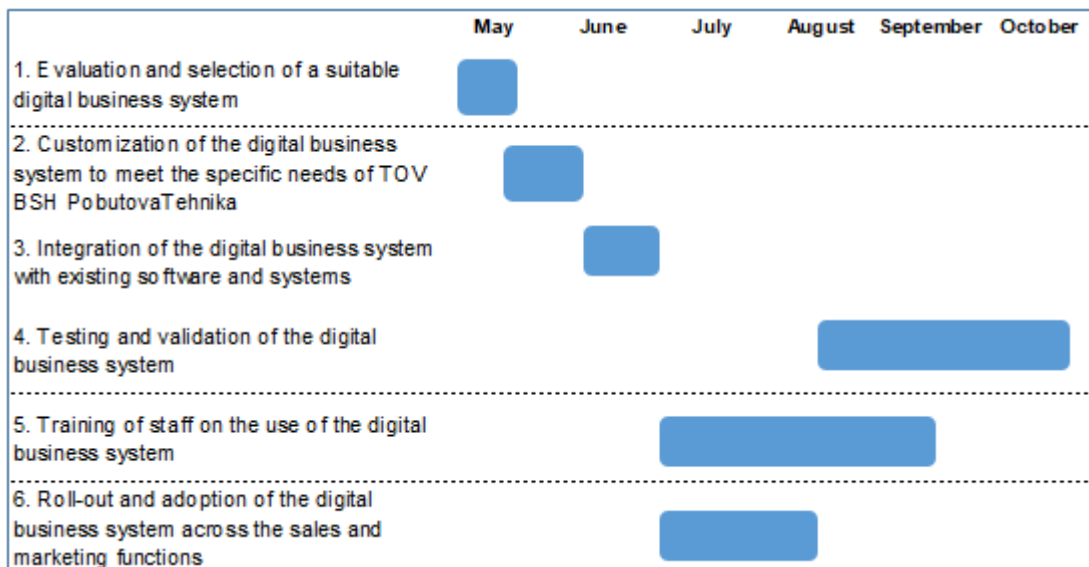
Project Monitoring and Evaluation:

- The project manager will monitor the progress

Required reports: Bi-Weekly base

Project Budget: \$100,000 (cost of: the digital business system, customization, integration, testing, training, and support)

Milestone schedule:



Picture 3.2 - Milestone schedule visualization

Project Stakeholders:

- End-Customers,
- Sales and marketing teams,
- IT department,
- Data analytics team,
- Project sponsors and senior management
- Contractors/vendors

Project Deliverables:

- Completed and tested digital business system for sales and marketing
- User manuals and training materials
- Data analytics reports and KPI tracking
- Improved customer experience and satisfaction
- Increased sales and revenue

Expected result of the Project:

- Improved customer experience and satisfaction
- Increased sales and revenue
- Enhanced digital capabilities and competitiveness in the home appliance industry in Ukraine

To ensure the successful implementation of the digital business system at TOV BSH Pobutova Tehnika, it is essential to define the key features, functionalities, and integration requirements that will drive its effectiveness and seamless operation. The following aspects will be considered:

- The digital business system will incorporate robust sales automation capabilities, including lead management, opportunity tracking, and quotation generation. This will streamline the sales process, improve efficiency, and enable effective sales forecasting.
- A comprehensive CRM module will be an integral part of the digital business system. It will provide a centralized database for customer information, enabling efficient customer segmentation, personalized marketing campaigns, and effective customer service management.
- The digital business system will be seamlessly integrated with the e-commerce platform of TOV BSH Pobutova Tehnika. This integration will enable online sales transactions, order management, and inventory synchronization, providing customers with a convenient and efficient purchasing experience.
- The system will include marketing automation functionalities, such as email marketing, campaign management, and customer analytics. This will enable targeted marketing efforts, lead nurturing, and data-driven decision-making.
- The digital business system will provide robust reporting and analytics capabilities to track sales performance, customer behavior, and marketing effectiveness. Customizable dashboards and real-time insights will empower TOV BSH Pobutova Tehnika to make data-driven decisions and identify opportunities for growth.

- The digital business system will be designed to seamlessly integrate with existing systems and tools used by TOV BSH Pobutova Tehnika. This includes integration with ERP systems, finance systems, and other relevant software applications to ensure smooth data flow and process synchronization.
- The system will be designed to accommodate future growth and changing business needs. It will be scalable to handle increased data volume and user load, while also providing flexibility to adapt to evolving market trends and technological advancements.

By specifying these key features, functionalities, and integration requirements, the digital business system will be tailored to the unique needs of TOV BSH Pobutova Tehnika, ensuring a comprehensive and effective solution that aligns with the organization's goals and objectives.

3.3 Calculation of effectiveness, simulation, and analysis of results based on obtained data and outcomes

In the current unstable economic climate, it is crucial to consider various scenarios for business development. Therefore, I have prepared three different scenarios for evaluation to assess the feasibility of the project.

Before conducting calculation I would like to give some general inputs, that directly affect calculation results.

Before conducting the calculations, it is important to consider some general inputs that directly affect the calculation results. These inputs provide an overview of the current indicative operational costs in Ukrainian Hryvnia (UAH). The following are the indicative ranges for these costs:

Salaries:

- Sales Representative: 40,000 UAH
- Marketing Specialists: 50,000 UAH
- Managers/Directors: 80,000+ UAH

Office Space:

- 400 UAH per square meter

Administrative Costs:

- 15% of Cost of Goods Sold (COGS)

Marketing Spendings:

- 7% of revenue

Logistic Providers:

- 8% of Cost of Goods Sold (COGS)

These inputs provide a basis for estimating the operational costs and should be taken into account during the calculations to ensure accurate and realistic results.

Scenario 1 – Basic scenario presents following conditions:

- **Real GDP Flat:** The scenario assumes that the real Gross Domestic Product (GDP) remains flat throughout the years under consideration. This means that the overall economic output and activity do not experience significant growth or decline.
- **Low Inflation:** The scenario assumes a low inflation environment. Inflation refers to the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling. In this scenario, the inflation rate is expected to be relatively low and stable.

The impact of these conditions on the financial projections is as follows:

- **Turnover (EUR):** The projected turnover figures for each year reflect the assumption of a flat real GDP growth. Since the real GDP is not growing, the turnover figures are expected to remain relatively stable over the years.
- **Operating Expenses (EUR):** The operating expenses for each year are influenced by the assumption of low inflation. With low inflation, the costs associated with operating the business, such as wages, utilities, and other expenses, are expected to increase at a modest rate or remain relatively stable.
- **Cash Flow and EBIT (EUR):** The cash flow and EBIT figures are calculated based on the turnover, margin, and operating expenses. With a flat real GDP growth and low inflation, the cash flow and EBIT are expected to follow a similar pattern, reflecting the stable nature of the business environment.

Initial Investment: 450 000 EUR

Table 3.1 – Calculated effects for Scenario 1

Year	Turnover (EUR)	COGS (EUR)	Margin (EUR)	Operating Expenses (EUR)	EBIT (EUR)
2024	2 967 000	1 178 440	1 788 560	586 900	1 201 660
2025	3 300 000	1 320 000	1 980 000	614 139	1 365 861
2026	3 500 000	1 400 000	2 100 000	641 937	1 458 063
2027	3 700 000	1 480 000	2 220 000	670 400	1 549 600
2028	4 000 000	1 600 000	2 400 000	699 549	1 700 451

In order to check feasibility of the project in Scenario 1, we need to calculate NVP and ROI.

Table 3.2 – Calculated NVP per year for Scenario 1

Year	Cash Flow	PV Factor	Discounted Cash Flow
2024	1 201 660	0,95	1 144 177
2025	1 365 861	0,91	1 239 410
2026	1 458 063	0,86	1 259 812
2027	1 549 600	0,82	1 276 097
2028	1 700 451	0,78	1 334 512

$$\text{NPV} = 1,144,176.58 + 1,239,409.73 + 1,259,811.50 + 1,276,097.28 + 1,334,512.43 - 450,000$$

$$\text{NPV} = 6,253,007.52 - 450,000$$

$$\text{NPV} = 5,803,007.52 \text{ EUR}$$

$$\text{ROI} = (5,803,007.52 - 450,000) / 450,000$$

$$\text{ROI} = 11,12$$

After analyzing the financial performance of the project in Scenario 1, we have calculated the Net Present Value (NPV) and Return on Investment (ROI) to assess its feasibility.

The NPV of the project, considering a discount rate and the cash flows over the analyzed years (2024-2028), is €5,803,007.52. This positive NPV indicates that the project's expected cash inflows outweigh the initial investment of €450,000, resulting in a favorable financial outcome.

Based on the NPV and ROI calculations, the project in Scenario 1 shows promise and appears to be feasible. The positive NPV indicates potential profitability, while the ROI demonstrates a reasonable return on the initial investment.

It is important to note that further analysis, such as considering risks and market conditions, should be conducted to make a comprehensive assessment of the project's viability and potential success.

Scenario 2 – Best case scenario presents following conditions:

- **Real GDP Growth:** The scenario assumes a positive and significant growth in real Gross Domestic Product (GDP) over the years under consideration. This implies that the overall economic output and activity are expected to expand at a relatively high rate.
- **Low Inflation:** Similar to Scenario 1, Scenario 2 assumes a low inflation environment. The inflation rate is expected to be relatively low and stable, allowing for sustained purchasing power and stable pricing of goods and services.

The impact of these conditions on the financial projections is as follows:

- **Turnover (EUR):** The projected turnover figures for each year reflect the assumption of real GDP growth. With a growing economy, the turnover is expected to increase, indicating higher demand for products or services in the market.
- **Operating Expenses (EUR):** The operating expenses for each year are influenced by the assumption of low inflation. As in Scenario 1, the costs associated with operating the business are expected to increase at a modest rate or remain relatively stable due to low inflation.
- **Cash Flow and EBIT (EUR):** The cash flow and EBIT figures are calculated based on the turnover, margin, and operating expenses. With a growing real GDP and low inflation, the cash flow and EBIT are expected to increase over time, reflecting the positive economic conditions and higher business activity.

Initial Investment: 450 000 EUR

Table 3.3 - Calculated effects for Scenario 2

Year	Turnover (EUR)	COGS (EUR)	Margin (EUR)	Operating Expenses (EUR)	EBIT (EUR)
2024	2 967 000	1 178 440	1 788 560	586 900	1 201 660
2025	3 630 000	1 452 000	2 178 000	614 139	1 563 861
2026	4 230 000	1 692 000	2 538 000	641 937	1 896 063
2027	4 950 000	1 980 000	2 970 000	670 400	2 299 600
2028	5 700 000	2 280 000	3 420 000	699 549	2 720 451

In order to check feasibility of the project in Scenario 2, we need to calculate NVP and ROI.

Table 3.4 – Calculated NVP per year for Scenario 2

Year	Cash Flow	PV Factor	Discounted Cash Flow
2024	1 201 660	0,95	1 144 177
2025	1 563 861	0,91	1 419 768
2026	1 896 063	0,86	1 637 373
2027	2 299 600	0,82	1 893 930
2028	2 720 451	0,78	2 133 685

$$\text{NPV} = 1,144,176.58 + 1,419,767.71 + 1,637,373.22 + 1,893,929.56 + 2,133,685.16 - 450,000$$

$$\text{NPV} = 8,228,932.23 - 450,000$$

$$\text{NPV} = 7,778,932.23 \text{ EUR}$$

$$\text{ROI} = (7,778,932.23 - 450,000) / 450,000$$

$$\text{ROI} = 16,28$$

NPV of the project is 7 778 932 EUR. This positive NPV indicates that the project is expected to generate returns higher than the initial investment.

Furthermore, the ROI for Scenario 2 is calculated to be 16.28.

The feasibility analysis for Scenario 2 suggests that the project has a positive NPV and a favorable ROI. These results indicate that the project is financially feasible and has the potential to generate a significant return on investment.

Scenario 3 – Worst case scenario presents following conditions:

- **Real GDP Decline:** The scenario assumes a decline in real Gross Domestic Product (GDP) over the years under consideration. This implies that the overall economic output and activity are expected to contract, resulting in a challenging business environment.
- **High Inflation:** Unlike the previous scenarios, Scenario 3 assumes a high inflation environment. Inflation rates are expected to be elevated, resulting in increased costs of goods and services and eroding purchasing power.

The impact of these conditions on the financial projections is as follows:

- **Turnover (EUR):** The projected turnover figures for each year reflect the assumption of a decline in real GDP. With a contracting economy, the turnover is expected to decrease, indicating lower demand and reduced sales.
- **Operating Expenses (EUR):** The operating expenses for each year are influenced by the assumption of high inflation. As inflation rises, the costs associated with running the business are expected to increase significantly, including expenses such as wages, raw materials, and other operational costs.

Cash Flow and EBIT (EUR): The cash flow and EBIT figures are calculated based on the turnover, margin, and operating expenses. In Scenario 3, with a declining real GDP and high inflation, the cash flow and EBIT are expected to decrease, reflecting the challenging economic conditions and reduced business activity.

Scenario 3 presents a pessimistic outlook with a decline in real GDP and high inflation, which can have a negative impact on the financial performance and cash flow projections of the business. Businesses operating in such an environment may face

significant challenges, including lower sales, higher operating costs, and reduced profitability.

Initial Investment: 450 000 EUR

Table 3.5 - Calculated effects for Scenario 3

Year	Turnover (EUR)	COGS (EUR)	Margin (EUR)	Operating Expenses (EUR)	EBIT (EUR)
2024	2 967 000	1 178 440	1 788 560	586 900	1 201 660
2025	2 100 000	840 000	1 260 000	614 139	645 861
2026	1 600 000	640 000	960 000	641 937	318 063
2027	1 200 000	480 000	720 000	670 400	49 600
2028	800 000	320 000	480 000	699 549	- 219 549

In order to check feasibility of the project in Scenario 2, we need to calculate NVP and ROI.

Table 3.6 - Calculated NVP per year for Scenario 3

Year	Cash Flow	PV Factor	Discounted Cash Flow
2024	1 201 660	0,95	1 144 177
2025	645 861	0,91	586 675
2026	318 063	0,86	274 644
2027	496	0,82	40 825
2028	- 219 549	0,78	- 172 062

$$\text{NPV} = 1\,144\,176 + 586\,675 + 274\,643 + 40\,825 - 172\,062 - 450\,000$$

$$\text{NPV} = 2\,874\,259 - 622\,062$$

$$\text{NPV} = 2\,252\,197 \text{ EUR}$$

$$\text{ROI} = (2\,252\,197 - 450\,000) / 450\,000$$

$$\text{ROI} = 3,56\%$$

After analyzing the financial data for Scenario 3, it is evident that the project exhibits certain financial characteristics. The calculated NPV (Net Present Value) of 2,252,197

EUR indicates that the project's future cash inflows, when discounted at an appropriate rate, exceed the initial investment and associated costs. This positive NPV suggests that the project has the potential to generate a net positive return.

In addition, the ROI (Return on Investment) for Scenario 3 is determined to be 3.56%. Although the ROI may appear relatively low, it is important to consider the context of the project and compare it to industry benchmarks or alternative investment opportunities to assess its relative performance.

CONCLUSION

This study aimed to investigate the impact of implementing a digital business system in the areas of sales and marketing on the key performance indicators (KPIs) of BSH Home Appliances in Ukraine. The objectives of this work were to design and implement a digital business system, including its conceptualization and organizational structure, and to assess the potential effectiveness of its implementation.

Throughout the research process, a range of research methods were employed to gather relevant data and insights. The analysis of scientific literature provided a solid theoretical foundation for understanding the concepts and principles behind digital business systems and their impact on KPIs. Surveys conducted among company employees allowed for the collection of firsthand perspectives, experiences, and opinions related to the current sales and marketing practices and their perceived effectiveness. Interviews with company management provided valuable insights into their vision, goals, and expectations for the digital transformation process. Furthermore, an analysis of documents and reports offered a comprehensive overview of the existing business processes, systems, and performance metrics. Business process modeling and system analysis techniques were applied to gain a deeper understanding of the current state and to propose improvements through the digital business system.

The object of this study was the transformation process of TOV BSH Pobutova Tehnika, a specific business entity operating in Ukraine. The focus was on understanding the formation and implementation of a digital business system within this organization, with the aim of enhancing the KPIs. The subject of the study revolved around the design, structure, and potential impact of the digital business system on the company's KPIs, primarily in the sales and marketing domains.

The findings of this research revealed the critical importance of implementing a digital business system for BSH Home Appliances in Ukraine. The analysis of data and insights obtained through the research methods highlighted the strengths and weaknesses of the current business processes and systems, identified areas for

improvement, and provided recommendations for enhancing KPIs. It was evident that the integration of digital technologies, automation, and data-driven decision-making processes had the potential to revolutionize the sales and marketing functions, leading to improved performance and competitive advantage.

The proposed digital business system presented a comprehensive framework for the organization, emphasizing the importance of a well-defined concept and organizational structure. By leveraging modern technologies, such as customer relationship management (CRM) systems, data analytics, and digital marketing platforms, BSH Home Appliances could enhance customer targeting, segmentation, and engagement, leading to increased sales revenue and market share. Additionally, process optimization and automation could improve operational efficiency, reduce costs, and streamline internal workflows.

Based on the results and analysis, it is recommended that BSH Home Appliances embark on the implementation of the proposed digital business system. However, successful implementation requires careful planning, execution, and change management strategies. It is crucial to align the digital transformation process with the company's overall objectives, allocate appropriate resources, provide necessary training and upskilling opportunities for employees, and establish effective communication channels. Continuous monitoring and evaluation of the system's performance are essential to ensure its effectiveness and to make necessary adjustments as required.

This study provides valuable insights into the impact of a digital business system on the KPIs of BSH Home Appliances in Ukraine. By embracing digital transformation and adopting innovative practices, the company can enhance its sales and marketing functions, improve operational efficiency, and achieve sustainable growth in a highly competitive market. The findings of this study contribute to the existing knowledge base on digital business systems and their potential benefits. It is hoped that this research serves as a foundation for future studies and encourages further exploration

of digital transformation in the context of sales and marketing in the home appliances industry.

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**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
КИЇВСЬКИЙ НАЦІОНАЛЬНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ
ІМЕНІ ВАДИМА ГЕТЬМАНА**

ФАКУЛЬТЕТ МІЖНАРОДНОЇ ЕКОНОМІКИ І МЕНЕДЖМЕНТУ

**НАВЧАЛЬНО-НАУКОВИЙ ІНСТИТУТ БІЗНЕС-ОСВІТИ
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В УМОВАХ ІННОВАЦІЙНОЇ ЕКОНОМІКИ»**

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In today's business landscape, digital transformation is no longer an option but a necessity for company that want to stay competitive and relevant. The rise of technology and the internet has changed the way businesses operate, market, and sell their products or services. Digital technologies have provided new opportunities for company to reach and engage with customers, optimize their operations, and drive growth and profitability.

One of the key aspects of digital transformation is the development of a robust digital business system that integrates various digital tools and platforms, such as customer relationship management software, email marketing software, social media management tools, data analytics and reporting tools, and e-commerce platforms. These tools can help businesses to streamline their sales and marketing processes, enhance customer experience and engagement, and gain valuable insights from data.

To drive digital transformation successfully, company need to establish a dedicated digital business unit with clear goals and KPIs, and a strong organizational structure to support digital business operations. Company need to ensure that all stakeholders, including senior management, employees, customers, and vendors, are on board and committed to the project's objectives.

The benefits of digital transformation are significant and include increased sales and revenue, improved customer experience and satisfaction, enhanced digital capabilities, and competitiveness. In addition, company that embrace digital transformation can lower their operating costs, reduce their time to market, and gain a better understanding of their customers' needs and preferences.

Despite the potential benefits, digital transformation can also pose risks and challenges. Some of the common risks and challenges include delays in customization and integration of the digital business system, resistance from staff to adopt the new system, technical issues with the system, and inadequate training for staff on the use of the system. Company need to identify and mitigate these risks through effective project management and risk management strategies.

Digital transformation is an essential component of modern business strategy.

Based on the analysis and recommendations provided in work Formation of a Digital Business System at TOV BSH Pobutova Tehnika, it is recommended that company should consider developing a robust digital business system for sales and marketing, focusing on optimizing their

online presence, enhancing customer experience, and leveraging data analytics to drive informed decision making.

One of the key factors for success in this project would be stakeholder engagement. Company need to ensure that all stakeholders are on board and understand the importance and benefits of digital transformation. Additionally, building a strong organizational structure to support digital business operations is essential. Company need to ensure that they have the right talent, technology, and processes in place to support the digital business unit.

The success of the digital transformation project will depend on various factors, including the implementation of various digital marketing strategies, such as email marketing, CRM, and SEO/SEM. Company need to set clear goals and KPIs for the digital business unit and ensure that they are measuring and tracking the right metrics to gauge the success of their digital marketing efforts.

Data analytics will also play a crucial role in the success of the digital business unit. By leveraging data from various sources, such as website analytics, social media metrics customer feedback and bigdata instruments the company can gain insights into customer preferences and behaviors, identify areas for improvement, and make informed decisions about its marketing strategies. The use of data analytics will also enable the company to track its performance against its KPIs and adjust its strategies accordingly.

Depending on the scenario, company can expect an estimated significant growth and profitability for the company.

In the long run, the implementation of a digital business system can lead to a decline in the bargaining power of buyers, as company are better able to target and engage with their customers. Additionally, the influence of competitors on the market share and profitability level of company can be lowered through the implementation of a strong digital marketing strategy.

Conclusion. Company need to embrace digital transformation to remain competitive in today's rapidly evolving business landscape. By developing a robust digital business system, company can optimize their online presence, enhance customer experience, and drive informed decision making through data analytics. The success of the digital transformation project will depend on stakeholder engagement, the right talent, technology, and processes, as well as the implementation of a clear digital marketing strategy with set goals and KPIs.