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**Zhyvko Zinaida** doctor of economic sciences, professor, professor of the department of aviation management, Ukrainian State Aviation Academy, Kropyvnytskyi, <https://orcid.org/0000-0002-4045-669X>

**Kukharska Liliia** PhD in Management, Associate Professor, Department of Foreign Languages, Hetman Petro Sahaidachnyi National Army Academy, <https://orcid.org/000-0002-8957-6983>

**Shehynska Anastasiia** Master of Computer Science, Master of Psychology, Junior Researcher, Scientific Center of Innovative Research, Pussi, Estonia, <https://orcid.org/0009-0007-5785-6730>

## THE TRANSFORMATION OF THE DIGITAL ECONOMY IN UKRAINE: CHALLENGES, OPPORTUNITIES, AND STRATEGIC DIRECTIONS FOR IMPROVEMENT

**Abstract.** This paper explores the ongoing transformation of the digital economy in Ukraine, analyzing its current landscape, key strengths, challenges, and strategic pathways for development. The Ukrainian digital economy exhibits both global similarities and distinctive national features shaped by its socio-political context, human capital, and institutional environment. Ukraine has emerged as a major hub for IT outsourcing and cybersecurity expertise, supported by a robust STEM-oriented education system and a highly skilled workforce. However, persistent obstacles such as outdated digital infrastructure, regulatory uncertainty, corruption, and bureaucratic inefficiencies hinder broader technological adoption and innovation.

The study emphasizes the importance of leveraging international best practices and fostering international cooperation to enhance Ukraine's digital capacity. Strategic areas for improvement include investment in digital infrastructure, promotion of innovation and entrepreneurship, support for small and medium-sized enterprises (SMEs), development of digital skills, regulatory reform, cybersecurity enhancement, digital inclusion, and alignment with global digital standards. The paper also highlights the crucial role of digital technologies in modern warfare, particularly in cyber defense, intelligence, and information operations.

Furthermore, the research outlines actionable strategies for advancing Ukraine's digital transformation. These include creating favorable conditions for startups, expanding e-government services, encouraging digital financial inclusion, and developing digital innovation hubs. Through a comprehensive, multi-stakeholder





approach involving the government, private sector, academia, and international partners, Ukraine can unlock the full potential of its digital economy, fostering long-term economic resilience, inclusive growth, and global integration.

**Keywords:** Digital economy, Ukraine, digital transformation, IT sector, innovation, cybersecurity, digital infrastructure, entrepreneurship, regulatory reform, SMEs, e-government, international cooperation, economic development.

**Живко Зінаїда Богданівна** доктор економічних наук, професор, професор кафедри менеджменту авіаційної діяльності, Українська державна льотна академія, м. Кропивницький, <https://orcid.org/0000-0002-4045-669X>

**Кухарська Лілія Василівна** доктор філософії з менеджменту, доцент кафедри іноземних мов, Національна академія сухопутних військових імені геть Петра Сагайдачного, <https://orcid.org/000-0002-8957-6983>

**Шегинська Анастасія Іванівна** магістр комп'ютерних наук, магістр психології, молодший дослідник, Науковий центр інноваційних досліджень, Пюссі, Естонія, <https://orcid.org/0009-0007-5785-6730>

## ТРАНСФОРМАЦІЯ ЦИФРОВОЇ ЕКОНОМІКИ В УКРАЇНІ: ВИКЛИКИ, МОЖЛИВОСТІ ТА СТРАТЕГІЧНІ НАПРЯМКИ ВДОСКОНАЛЕННЯ

**Анотація.** У цій статті досліджується поточна трансформація цифрової економіки в Україні, аналізуючи її поточний стан, ключові сильні сторони, виклики та стратегічні шляхи розвитку. Українська цифрова економіка демонструє як глобальні подібності, так і відмінні національні особливості, сформовані її соціально-політичним контекстом, людським капіталом та інституційним середовищем. Україна стала головним центром ІТ-аутсорсингу та експертизи в галузі кібербезпеки, що підтримується потужною системою освіти, орієнтованою на STEM, та висококваліфікованою робочою силою. Однак постійні перешкоди, такі як застаріла цифрова інфраструктура, регуляторна невизначеність, корупція та бюрократична неефективність, перешкоджають ширшому впровадженню технологій та інноваціям.

У дослідженні підкреслюється важливість використання передового міжнародного досвіду та сприяння міжнародній співпраці для підвищення цифрового потенціалу України. Стратегічні сфери для покращення включають інвестиції в цифрову інфраструктуру, сприяння інноваціям та підприємництву, підтримку малих та середніх підприємств (МСП), розвиток цифрових навичок, регуляторну реформу, покращення кібербезпеки, цифрову інклюзію та узгодження з глобальними цифровими стандартами. У статті також підкреслюється вирішальна роль





цифрових технологій у сучасній війні, зокрема в кіберзахисті, розвідці та інформаційних операціях.

Крім того, у дослідженні окреслено практичні стратегії для просування цифрової трансформації України. Це включає створення сприятливих умов для стартапів, розширення послуг електронного урядування, заохочення цифрової фінансової інклюзії та розвиток центрів цифрових інновацій. Завдяки комплексному підходу за участю багатьох зацікавлених сторін, що охоплює уряд, приватний сектор, академічні кола та міжнародних партнерів, Україна може розкрити весь потенціал своєї цифрової економіки, сприяючи довгостроковій економічній стійкості, інклюзивному зростанню та глобальній інтеграції.

**Ключові слова:** Цифрова економіка України, цифрова трансформація, ІТ-сектор, інновації, кібербезпека, цифрова інфраструктура, підприємництво, регуляторна реформа, малі та середні підприємства, електронне урядування, міжнародне співробітництво, економічний розвиток.

The digital economy is fundamentally transforming economic activity through the widespread use of digital technologies. Key aspects include digital transformation, data-driven decision-making, connectivity and collaboration, innovation and disruptive change, customer-centricity, flexibility and adaptability, sustainability, policy and regulation, and continuous development.

The digital economy is revolutionizing business operations, interactions, and value creation by digitizing processes, products, and services, which leads to increased efficiency, innovation, and new revenue streams.

Data is a central element of the digital economy. Businesses use vast amounts of data to gain insights into customer behavior, market trends, and operational efficiency, enabling more informed decision-making. The digital economy accounts for 65% of Ukraine's GDP. The country operates on a «digital-by-default» principle, where most public services are extensively digitized. Digital technologies facilitate seamless communication and collaboration, enabling new forms of value creation and breaking down geographic barriers.

The digital economy fosters rapid innovation and disruptive change across all sectors. Emerging technologies, business models, and market participants constantly challenge established players, driving ongoing evolution and transformation. Digital technologies enable businesses to deliver personalized and seamless experiences to customers. From online shopping and targeted advertising to customized products and services, the digital economy is centered around the customer.

**The purpose of studying the digital economy.** Researching the digital economy is critical for understanding its dynamics, challenges, and opportunities. It informs policy-making, strategy development, and evidence-based decision-making by identifying emerging trends, assessing economic impacts, evaluating policy effectiveness, addressing societal challenges, fostering innovation and entrepreneurship, guiding education and training, and enhancing international cooperation.





**Overview of previous research.** Several scholars have contributed to the understanding of the dynamics, impact, and implications of the digital economy. Among the most prominent are Erik Brynjolfsson and Andrew McAfee [1], Carl Shapiro and Hal R. Varian [2], and Yochai Benkler [3]. In their book «The second machine age: work, progress, and prosperity in a time of brilliant technologies», Brynjolfsson and McAfee explore how digital technologies are reshaping the economy, labor markets, and society. Key findings include technological advancement, digital transformation, labor market impact, the productivity paradox, and socio-political challenges.

They argue that we are living in a new era of exponential growth in computing power, connectivity, and digital innovation, which they refer to as the «Second machine age» [1]. Technologies such as artificial intelligence, big data analytics, and robotics are transforming industries and everyday life. The authors discuss the implications of automation on job displacement, changing skill requirements, and income inequality, while also highlighting the potential to create new jobs and raise living standards. Despite rapid technological innovation, productivity growth has been slower than expected. They explore possible causes, including measurement issues and implementation lags. Brynjolfsson and McAfee emphasize the need for education and workforce training, policies to address income inequality, and support for innovation. They also express concerns about privacy, cybersecurity, and the ethical implications of AI and automation.

In the book «Information rules: a strategic guide to the network economy», Carl Shapiro and Hal R. Varian discuss the economics of information goods, network effects, pricing strategies, and competition in the digital economy. Key insights include the unique economic principles governing digital markets [2]. The authors explore the characteristics of digital products such as software, music, video, and online content, emphasizing how they differ from traditional goods in terms of production costs, distribution, and consumption models. They explain how the value of a product or service increases as the number of users grows, distinguishing between direct network effects (value increases as more users join the same platform) and indirect network effects (value increases due to growth in a complementary user group). The book also addresses how network effects can lead to market dominance and examines competition strategies in network markets such as building compatible systems and forming strategic alliances.

In «The wealth of networks: how social production transforms markets and freedom», Yochai Benkler explores the transformative potential of peer production, collaborative communities, and open-source models in the digital economy. Benkler highlights how non-market collaboration and decentralized production can reshape markets [3]. Key topics include: the networked public sphere – the role of digital networks in enabling open communication and collaboration; economic models of peer production – an analysis of how collaborative and open-source models





challenge traditional economic paradigms; freedom and innovation – the impact of networked production on individual liberty and creativity; political implications – the need for policies that support and regulate emerging digital practices.

This synthesis of the digital economy in Ukraine underscores the transformative power of digital technologies and the importance of continuous research to effectively navigate and harness this transformation. The works of Brynjolfsson, McAfee, Shapiro, Varian, and Benkler provide valuable insights into the opportunities and challenges arising from ongoing digital transformation.

Yochai Benkler (1) explores how social production has become a new model of economic organization enabled by digital technologies [3]. He argues that collaborative efforts by individuals, often facilitated by digital platforms and networks, can generate valuable goods and services without traditional hierarchical structures or market incentives. Y. Benkler introduces the concept of commons-based peer production, where individuals contribute time, skills, and resources to collectively create and share digital content, software, and knowledge. Examples include open-source software development, Wikipedia, and Creative Commons licensing. Y. Benkler emphasizes how digital technologies promote a more decentralized and participatory public sphere. He explores how online platforms amplify diverse voices, foster public discourse, and challenge traditional media gatekeepers. He analyzes the economic mechanisms behind peer production, including: motivations for participation, reputation systems, support for collective efforts. He argues that non-monetary incentives such as intrinsic motivation, reputation, and social norms play a major role in driving participation and coordination in peer production communities. Overall, «The Wealth of Networks» offers a comprehensive analysis of the transformational potential of social production in the digital age, providing insights into how decentralized collaboration and open-access models are reshaping economic, social, and political dynamics.

In his work «Economics for the common good», Jean Tirole (2) examines the challenges and opportunities arising from digital platforms, data-driven markets and network effects [4]. He examines issues such as platform competition, regulation and the societal consequences of digitalisation. Jean Tirol discusses various market failures, such as externalities, asymmetric information and monopolistic behaviour, that can lead to inefficiencies and sub-optimal outcomes. He emphasises the role of regulation and public policy in correcting these failures and promoting the common good. Drawing on game theory, he analyses strategic interactions between firms, consumers and regulators. He explores topics such as competition policy, collusion, pricing strategies, and the design of regulatory mechanisms to promote competition and consumer welfare. Overall, economics for the common good provides a clear yet accessible framework for understanding economic principles and their application to promote the common good and solve social problems in an ever-changing world.

Joseph E. Stiglitz (3), Nobel Prize laureate in Economics, has made significant contributions to our understanding of the digital economy, particularly with regard to





information asymmetry and its implications [5]. Here are some key takeaways from his work: information asymmetry; market imperfections; the role of government intervention; the digital economy; the platform economy; inequality and the digital divide; regulatory challenges. Joseph E. Stiglitz's seminal work emphasizes the importance of information in economic transactions and its impact on market efficiency. He argues that when one party has more information than another, it can lead to market failures and inefficiencies, such as adverse selection and moral hazard. Stiglitz emphasizes that information asymmetry can lead to market imperfections, where prices do not reflect the true value of goods and services, leading to allocative inefficiencies and welfare losses. He examines how this market failures can distort the allocation of resources and hinder economic growth. Stiglitz advocates for government intervention to address information asymmetry and correct market failures. He argues that policies such as regulation, consumer protection laws, and disclosure requirements can help mitigate the negative effects of information asymmetry and promote fair and efficient markets. In the context of the digital economy, Stiglitz applies knowledge from information economics to analyze issues such as online marketplaces, digital platforms, and data privacy. He discusses how information asymmetry affects consumer choice, market competition, and the distribution of benefits in digital markets. Stiglitz has studied the economic dynamics of digital platforms such as Google, Facebook, and Amazon, and their impact on competition, innovation, and consumer welfare. He raises concerns about the market power of dominant platforms, data privacy violations, and the concentration of wealth and power in the digital economy. Overall, Stiglitz's work on information asymmetry and its application to the digital economy provides valuable insights into the economic dynamics, challenges, and policy implications of the digital age.

Lawrence Lessig's book «Code: and other laws of cyberspace» is a foundational work that explores the intersection of law, technology, and society in the digital era [6]. Lawrence Lessig introduces the concept of «code» as a form of law in cyberspace. He argues that the architecture and design of digital technologies such as software code, algorithms, and network protocols can significantly shape online behavior and interactions, much like legal regulations. He discusses how code can regulate and structure online activity by defining rules, constraints, and incentives within digital environments, using examples of regulatory mechanisms embedded in software and hardware systems, such as access control, encryption, and digital rights management (DRM).

Lessig explores the unique regulatory dynamics of cyberspace, where multiple forces including law, code, norms, and markets interact to shape behavior on the Internet. He analyzes how these regulatory layers interplay and sometimes conflict, leading to complex socio-technical outcomes. The author discusses the tension between control and freedom in cyberspace, emphasizing how design choices in digital technologies can either enhance individual autonomy and creativity or restrict users'





rights and freedoms. He advocates for a balance between innovation and regulation to preserve openness and diversity in the digital realm. Overall, «Code: and other laws of cyberspace» offers a thought-provoking analysis of the legal, technological, and social dimensions of cyberspace, providing insights into the challenges and opportunities of governance in the digital age.

Julia Powles (5) is a legal scholar and researcher known for her work on the legal and ethical implications of technology, particularly in areas such as data privacy, surveillance, artificial intelligence, and digital governance [7]. Although she may not be the author of a book like some of the other scholars mentioned, Powles has contributed to various academic works, articles, and public discussions on these topics. Julia Powles has examined the legal frameworks and ethical considerations surrounding data privacy and surveillance practices, particularly in the context of digital platforms, government surveillance programs, and emerging technologies such as facial recognition and biometric data collection. She has investigated issues of algorithmic accountability and bias in automated decision-making systems, including algorithms used in criminal justice, hiring practices, and financial services. Powles has raised concerns about the potential for algorithmic discrimination and the need for transparency and accountability in algorithmic systems. Through her research, publications, and advocacy work, Julia Powles has contributed to a deeper understanding of the legal and ethical dimensions of technology, informing public discourse and policy debates on these critical issues.

Susan Athey (6) is an economist known for her research on the economics of technology and platforms [8]. Her work spans various topics in this field, including online markets, digital platforms, and the economic dynamics of technology adoption. Susan Athey has studied the economic principles governing digital platforms such as e-commerce platforms, online marketplaces, and social networks. She has analyzed issues related to platform competition, pricing strategies, network effects, and platform design to enhance efficiency and consumer welfare.

As an expert in auction theory and mechanism design, Athey has explored optimal auction mechanisms for online advertising, sponsored search auctions, and other digital marketplaces. She has developed theoretical models and empirical methods to understand bidder behavior, auction dynamics, and revenue optimization in online auctions. Thanks to her interdisciplinary research approach, Susan Athey has contributed to a deeper understanding of the economic principles underlying technology markets and platforms, forming a foundation for both academic research and real-world policy development in the digital economy.

Nicholas Economides (7) is known for his research in network economics and digital platforms [9]. His work covers various aspects such as two-sided markets, network effects, and competition policy in digital environments. Nicholas Economides has examined how the value of products or services increases with the number of users, analyzing their impact on sectors such as telecommunications, social networks, and





online platforms. His research on digital platforms spans online marketplaces, search engines, social networks, and app stores, focusing on platform competition, pricing strategies, network externalities, and the role of data. Economides has developed models to understand the pricing and operational decisions of platforms that connect different user groups, exploring implications for user engagement and platform profitability. He has studied the competitive dynamics of digital platforms, including potential market concentration and abuse of market power, and has proposed regulatory measures to foster competition and innovation. Through his extensive research, Nicholas Economides has deepened our understanding of the economic forces shaping network industries and digital platforms, influencing both academic theory and policy debates on competition and regulation.

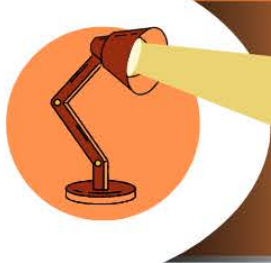
Tim O'Reilly (8) is a prominent figure in the technology field, known for his insights into emerging trends such as Web 2.0, open-source software, and the Internet of Things [10]. O'Reilly coined the term «Web 2.0» to describe the evolution from static websites to dynamic, user-driven platforms. His influential essay «What is Web 2.0» highlighted principles such as user participation, collective intelligence, and data-driven applications. He explored how platform-based business models are transforming various industries, emphasizing network effects, innovation, and ecosystem dynamics. Business and policymakers must continuously adapt and innovate to account for the unique characteristics of the digital economy.

The presented studies examine key challenges of economic security, digital transformation, and strategic management under conditions of war, globalization, and technological change. They analyze the impact of military conflict on Ukraine's IT industry and digital resilience, identify institutional and legal gaps in cybersecurity regulation, and propose advanced management models for innovative and sustainable economic development. Particular attention is paid to institutional clustering, adaptive business strategy selection, and the role of artificial intelligence in shaping modern economic, legal, and managerial systems. Collectively, the research substantiates methodological and practical approaches to strengthening resilience, competitiveness, and strategic adaptability of organizations and national economies in the 21st century [11-15].

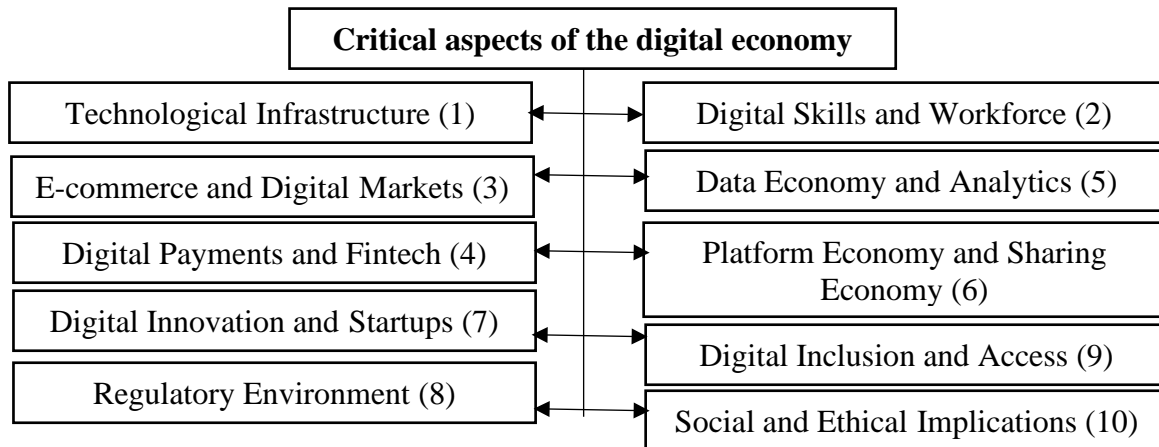
**Aspects that require further research have not been developed.** It is necessary to develop a strategy for evidence-based decision-making by identifying new trends, assessing economic impact, evaluating policy effectiveness, addressing societal challenges, promoting innovation and entrepreneurship, guiding education and training, and strengthening international cooperation.

**Research results.** In our view, the digital economy is an integrated socio-economic system in which digital technologies, data, and intelligent platforms become the core drivers of value creation, productivity, and competitiveness, transforming business models, labor relations, governance mechanisms, and social interactions, while ensuring adaptability, resilience, and sustainable development in conditions of





global uncertainty and rapid technological change. The study of the digital economy involves examining several critical aspects (fig.1).



**Fig.1. Critical aspects of the digital economy\***

\* forged by the author

Examining internet access, broadband penetration, mobile connectivity, and emerging technologies such as 5G, cloud computing, and Internet of Things (IoT) devices (1). This infrastructure forms the foundation of the digital economy. Assessing educational and training programs, workforce demographics, digital literacy, and the availability of skilled professionals in areas such as software development, data analytics, and digital marketing (2). Exploring online retail, cross-border e-commerce, market dynamics, consumer behavior, and payment systems to understand the digital marketplace landscape (3). Analyzing trends in digital payment adoption, mobile wallets, peer-to-peer payment platforms, blockchain solutions, and regulatory frameworks governing fintech (4).

Investigating data generation, collection, storage, processing, analysis, and monetization practices, along with data privacy regulations and the role of big data analytics (5). Examining platforms such as Uber and Airbnb to understand network effects, platform governance, user participation, and regulatory challenges (6). Exploring digital innovation ecosystems, startup ecosystems, venture capital trends, incubators, accelerators, and tech hubs (7). Reviewing regulations related to data privacy, cybersecurity, intellectual property, antitrust issues, taxation, and cross-border data flows (8). Assessing inequalities in internet access, digital divide issues, accessibility barriers, and initiatives aimed at ensuring equitable participation in the digital economy (9). Exploring digital rights, online privacy, algorithmic bias, platform labor practices, and the societal impact of automation and artificial intelligence (10).

The digital economy in Ukraine exhibits both similarities and unique features compared to global trends (tabl.1):

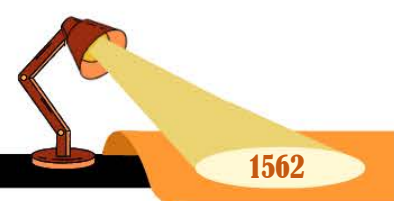




Table 1

**Demonstrating similarities and unique features compared to global trends in the digital economy in Ukraine\***

#	Features	Essence
1	Outsourcing and IT Services	Ukraine is a leading hub for outsourcing and IT services, including software development and IT consulting, thanks to its skilled IT workforce and competitive pricing
2	Strong IT talent pool	The country boasts a significant number of skilled software engineers and IT professionals, supported by a robust education system that produces a large number of STEM graduates annually
3	Cybersecurity expertise	Ukraine has notable expertise in cybersecurity, driven by its geopolitical context and the prevalence of cyber threats. Local firms are recognized for their capabilities in cybersecurity consulting and threat intelligence
4	Challenges in infrastructure and regulation	Ukraine faces challenges such as inadequate digital infrastructure, bureaucratic obstacles, corruption, and legal uncertainty, which can hinder the growth of the digital economy and the development of tech startups

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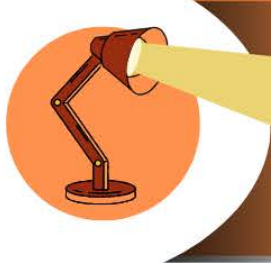
By exploring these aspects, researchers can gain a comprehensive understanding of the structure, dynamics, and impact of the digital economy, which can support policy-making, business strategy, and academic discourse. In summary, while Ukraine’s digital economy shares many global trends such as technological innovation, the expansion of e-commerce, and government support it also reflects unique characteristics shaped by the country’s specific context, talent pool, and challenges. Addressing infrastructure gaps, improving the regulatory environment, and fostering innovation and entrepreneurship will be critical to unlocking the full potential of Ukraine’s digital economy. The digital economy offers numerous benefits that contribute to economic growth, innovation, efficiency, and social development. Key advantages include (tabl.2):

Table 2

**Benefits of the digital economy\***

N i/o	Benefits	Essence
1	Efficiency and productivity	Digital technologies enable automation, process optimization, and streamlined operations, boosting efficiency and productivity across industries by reducing manual intervention and costs
2	Global connectivity	The digital economy facilitates global interaction, allowing businesses, individuals, and governments to connect, collaborate, and conduct international operations, fostering globalization and economic integration





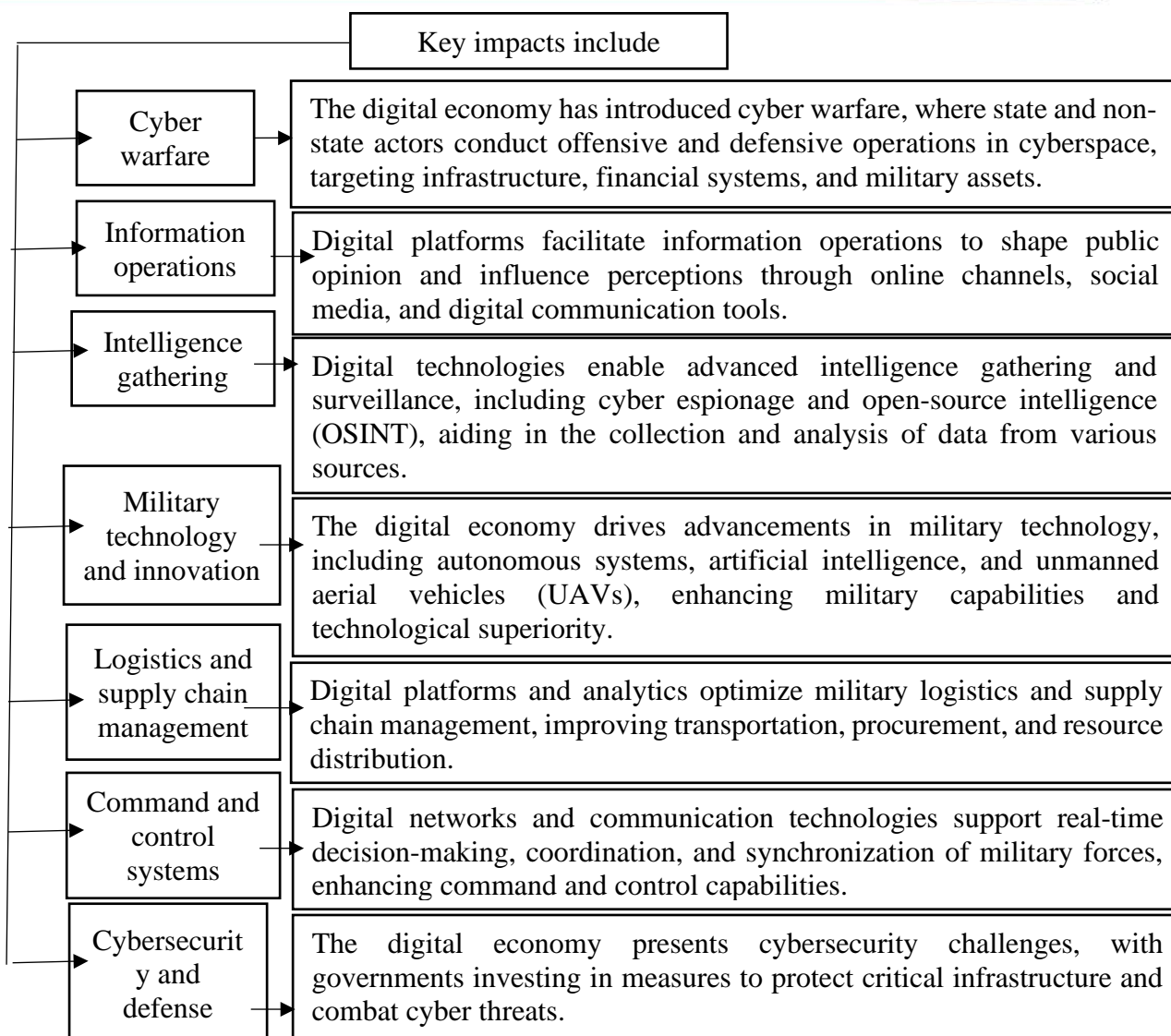
N i/o	Benefits	Essence
3	Innovation and entrepreneurship	Digital technologies lower entry barriers, support rapid prototyping, and encourage experimentation. Startups and small businesses leverage digital platforms, cloud computing, and open-source software to innovate and scale, driving economic growth and job creation
4	Access to information and education	Digital platforms democratize access to information and education, providing opportunities for lifelong learning, skills development, and professional advancement regardless of geographic or socio-economic status
5	E-commerce and digital markets	The growth of e-commerce and digital marketplaces enables companies to reach global audiences, personalize customer experiences, and optimize supply chains, improving market access and sales
6	Cost reduction and affordability	Digital solutions reduce transaction costs, overhead, and entry barriers. Cloud computing and Software-as-a-Service (SaaS) offer cost-effective access to computing resources and infrastructure
7	Flexible work schedules	Digital technologies support remote work, telecommuting, and freelancing, improving work-life balance, job satisfaction, and productivity, while enabling effective collaboration from anywhere
8	Data-driven decision-making	The digital economy generates vast amounts of data, which through analytics and machine learning helps organizations make informed decisions, optimize processes, and anticipate market trends, offering a competitive edge
9	Environmental sustainability	Digital technologies contribute to sustainable development by reducing physical travel, lowering carbon emissions, and supporting energy-efficient operations and waste reduction

\* forged by the author

The digital economy has a significant impact on modern warfare, influencing military operations, intelligence, cybersecurity, and information warfare. The presented benefits reflect the multifaceted impact of the digital economy on economic systems, organizations, and society. Efficiency and productivity are enhanced through automation, digital workflows, and process optimization, which reduce human error, operational time, and costs, allowing organizations to focus on value-added activities. Global connectivity emerges as a fundamental advantage, as digital infrastructures remove geographical barriers and enable seamless cross-border communication, trade, and cooperation, thereby intensifying globalization and economic integration.

Overall, these benefits substantiate the digital economy as a key driver of sustainable development, competitiveness, and resilience in contemporary global economic systems. Key impacts include (Fig. 2):





**Fig. 2. Key Impacts Include\***

\* forged by the author [14-15]

The digital economy also serves as a powerful catalyst for innovation and entrepreneurship. By lowering entry barriers and providing access to scalable digital tools, it enables startups and small enterprises to experiment, innovate, and rapidly enter global markets, stimulating economic growth and employment. Access to information and education is significantly expanded through digital platforms, which promote inclusiveness, continuous learning, and the development of digital and professional competencies essential for modern labor markets.

The expansion of e-commerce and digital markets transforms traditional trade models by enabling personalized services, global market reach, and optimized supply chains, increasing both competitiveness and consumer satisfaction. Cost reduction and affordability are achieved through digital solutions that minimize transaction costs and



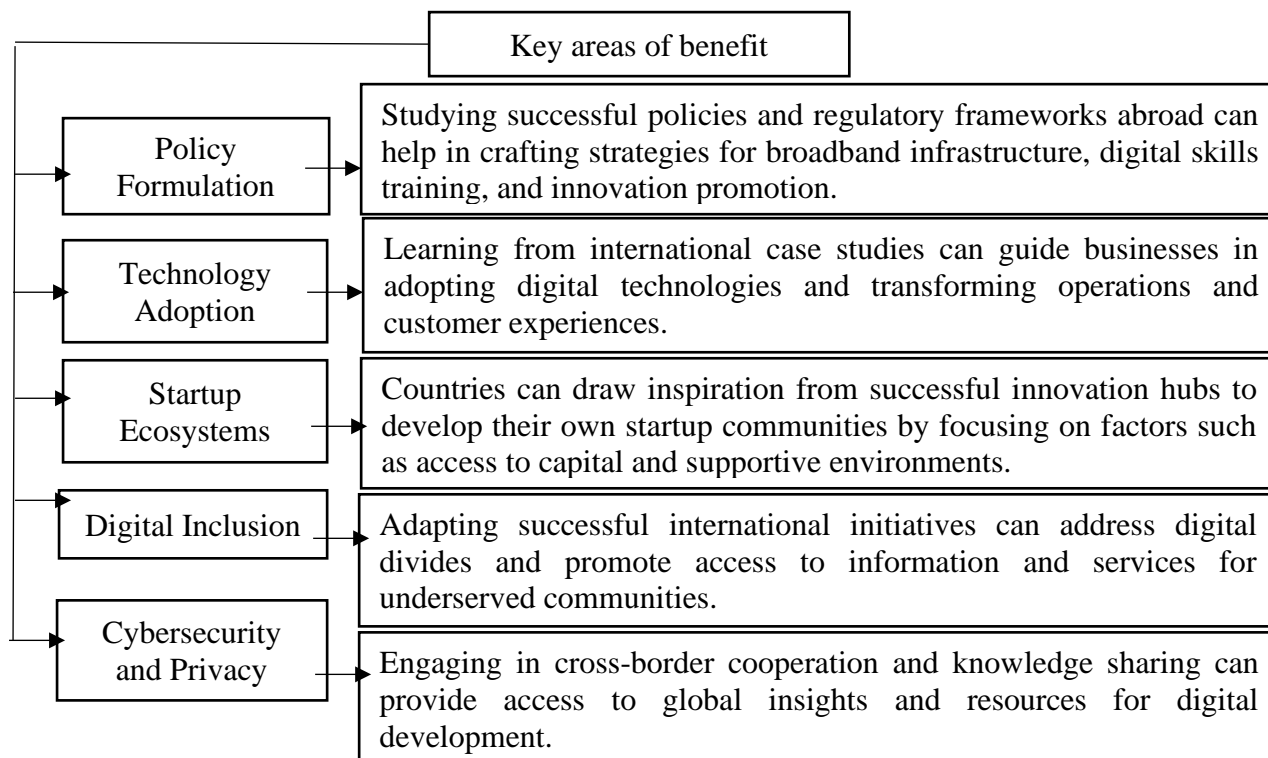


provide flexible, on-demand access to technological resources, particularly via cloud computing and SaaS models.

Furthermore, the digital economy supports flexible work arrangements, facilitating remote work and new forms of employment that enhance productivity, work-life balance, and organizational resilience. Data-driven decision-making strengthens strategic management by leveraging big data analytics and artificial intelligence to forecast trends, improve efficiency, and gain competitive advantages. Finally, environmental sustainability is reinforced as digital technologies reduce the need for physical resources, lower emissions, and support more energy-efficient and sustainable economic practices.

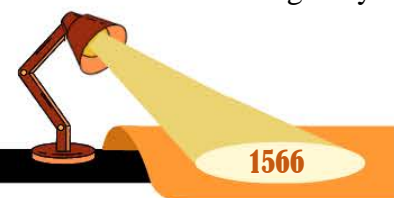
Insights and best practices from the digital economy refer to the knowledge, experiences, and proven strategies derived from the implementation and evolution of digital technologies across economies and industries. These insights emerge from observing successful models, innovations, policy frameworks, and business approaches adopted by digital leaders globally. They provide valuable lessons on how to drive digital transformation, improve efficiency, and foster innovation. Best practices represent repeatable methods or strategies that have shown superior results in digital environments. They include approaches to scaling digital infrastructure, encouraging entrepreneurship, ensuring cybersecurity, promoting digital literacy, integrating emerging technologies like AI and IoT, and building inclusive digital ecosystems.

Countries can gain valuable insights and best practices from the digital economy experiences of other nations. Key areas of benefit include (Fig. 3):



**Fig. 3. Key Areas of Benefit\***

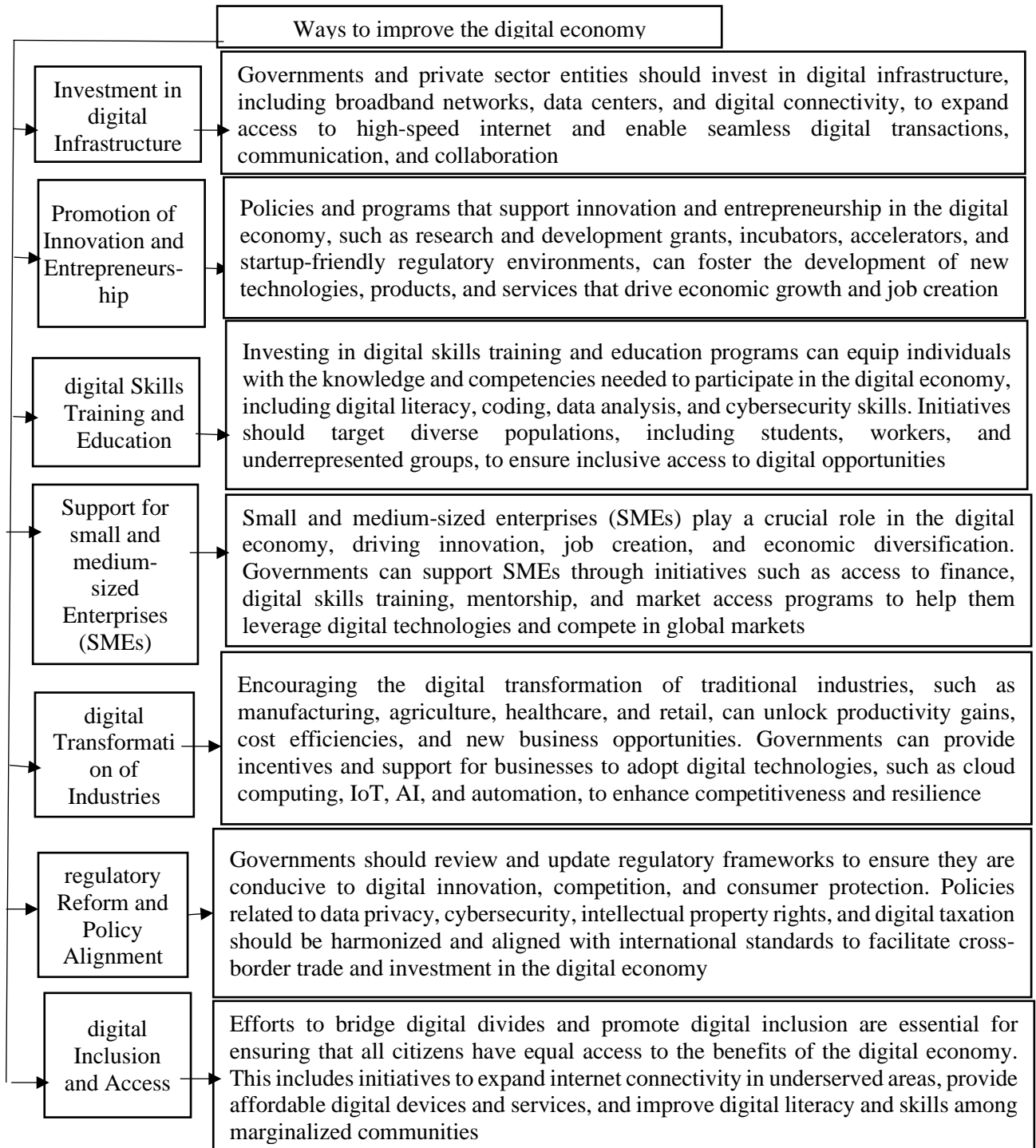
\* forged by the author [11; 14-15]





Collectively, these insights and practices serve as a guide for governments, businesses, and institutions seeking to modernize their economies. By adopting and adapting them, countries like Ukraine can accelerate digital growth, enhance competitiveness, and align with global digital standards.

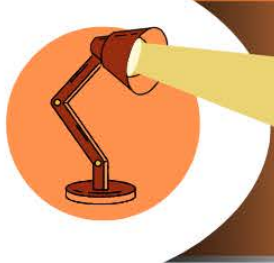
Strategies for Enhancing the Digital Economy (see Fig. 4):



**Fig. 4. Strategies for Enhancing the Digital Economy\***

\* forged by the author [12-13]





Enhancing the digital economy requires a multifaceted approach focused on: investment in digital infrastructure; promoting innovation and entrepreneurship; digital skills training and education; supporting small and medium-sized enterprises (SMEs); digital transformation across sectors and oter.

This includes - developing and upgrading technological infrastructure to support digital growth; encouraging new ideas and startups through support and incentives; providing education and training to equip people with essential digital skills; assisting SMEs in adopting digital technologies; promoting the integration of digital solutions across various sectors; updating regulations to align with digital progress and ensure fair competition; ensuring equal access to digital resources and opportunities; strengthening cybersecurity measures and building trust in digital systems; engaging in global partnerships and adhering to international standards to promote development and innovation.

Strengthening cybersecurity measures and fostering trust in digital technologies are vital for protecting the digital economy from cyber threats and ensuring consumer confidence. It is essential for governments, businesses, and individuals to prioritize cybersecurity best practices, maintain incident response readiness, and participate in awareness initiatives to defend against cyberattacks and data breaches.

International cooperation is also crucial for addressing global challenges and maximizing opportunities offered by the digital economy. Countries must collaborate on developing common standards, interoperable systems, and frameworks for digital trade, data governance, and cybersecurity to enable cross-border collaboration and innovation.

By applying these strategies, countries can foster a favorable environment for digital innovation, entrepreneurship, and inclusive growth, ultimately contributing to economic development and prosperity in the digital era.

**Conclusions.** The development of Ukraine's digital economy requires a comprehensive approach involving various stakeholders, including government, businesses, educational institutions, and the tech community. Key strategies for enhancing the digital economy include: investment in infrastructure; support for startups and SMEs; development of digital skills; encouragement of research and development; promotion of e-government services; cybersecurity measures; digital payments and financial inclusion; promotion of digital innovation hubs; regulatory reforms; and international cooperation.

Specific priorities include:

1) Improving digital infrastructure such as broadband internet, mobile networks, and data centers to ensure broad nationwide access. This foundation is crucial for supporting digital innovation and entrepreneurship.

2) Providing funding, mentorship, and regulatory support for startups and SMEs in the tech sector. This can include grants, tax incentives, and simplified bureaucracy to stimulate entrepreneurship and innovation.





3) Implementing educational programs and training initiatives to equip Ukrainians with essential digital skills, including coding, digital marketing, data analytics, and cybersecurity training.

4) Promoting collaboration between academia, research institutions, and the private sector to drive innovation and advanced technology development through grants, research partnerships, and technology transfer programs.

5) Expanding online government services to streamline administrative processes, reduce bureaucracy, and improve transparency. This will enhance efficiency and convenience for both citizens and businesses.

6) Strengthening cybersecurity infrastructure and implementing robust measures to protect digital assets, sensitive information, and critical infrastructure from cyber threats and attacks.

7) Encouraging the adoption of digital payment solutions and expanding financial inclusion by improving access to banking services and digital financial tools, particularly in rural and underserved areas.

8) Establishing and supporting digital innovation hubs and tech clusters in key cities to foster collaboration, knowledge exchange, and networking among tech startups, investors, and industry stakeholders.

9) Reviewing and updating regulatory frameworks to create a conducive environment for digital entrepreneurship and investment. This includes updating policies for emerging technologies such as blockchain, artificial intelligence (AI), and the Internet of Things (IoT).

10) Promoting partnerships with international organizations, governments, and technology companies to leverage best practices, attract foreign investment, and access global markets.

By implementing these strategies, Ukraine can unlock the full potential of its digital economy, fostering innovation, job creation, and long-term economic growth.

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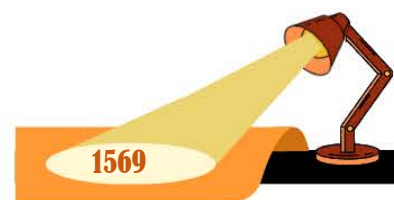
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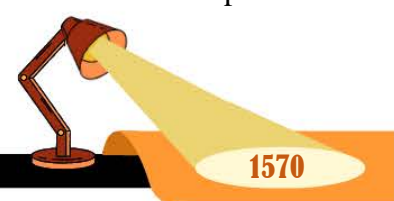




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