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Xiaoming Zhu

Emerging Champions in the Digital Economy

New Theories and Cases on Evolving
Technologies and Business Models



Xiaoming Zhu
China Europe International Business School
Shanghai, China

Translated by Xuehui Cao et al.

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Foreword I

This is the second time I have had the pleasure of writing a foreword for one of Prof. Zhu Xiaoming's new books.

Emerging Champions in the Digital Economy is only one of the impressive tomes he has published over the last seven years. Besides the ones on innovation that he has translated, his monographs mainly revolve around the theme of the digital economy. In addition to his latest work, those that focus on the topic include *Platform as a Service*, *E-payment Revolution*, *China's Technology Innovators*, and *10 Mega Business Trends in the Digital Age*.

His fascination with the subject matter is understandable. In today's globalized digital era, Chinese companies are being transformed by a wave of innovation. In such a fast-paced environment, business schools are faced with the challenges that come from having a limited number of textbooks and reference material on the digital economy. This new book by Prof. Zhu conducts a holistic study of both theoretical frameworks and business practices within the digital economy, a kind of theoretical innovation that is in line with the bold steps taken by China Europe International Business School (CEIBS) over the years.

As a pioneer in management education in China, CEIBS has long been committed to case development and case-based teaching that integrate theory with real business practices. It has provided Chinese companies with local management insights and contributed to the world's economic development by generating Eastern business wisdom. The book *Emerging Champions in the Digital Economy* will present to the world firsthand academic knowledge on the development of the digital economy in China. The eleven cases in the book showcase a vigorous and blossoming digital ecosystem. With this ecosystem's rapid growth, there is a need for more cases to be developed and more academic research to be done.

Fast-growing Chinese companies are a gold mine for cases on the digital economy. Those written and presented by Prof. Zhu in this book are not only informative, but also enjoyable to read. This is not surprising, as he has fully embraced digital technology inside the classroom, skillfully leveraging multiple digital tools to facilitate case presentations. As a result, his classes have been well received by MBA and EMBA students.

The digital economy has become a major trend that cannot be ignored. We should embrace the changes it brings and take a lead role to further enhance its

development. As General Secretary of China Xi Jinping said during the opening of the 19th Meeting of the Academicians of the Chinese Academy of Sciences and the 14th Meeting of the Academicians of the Chinese Academy of Engineering, “The integration of internet, big data and AI into the real economy should be strengthened, and the digital economy should be further developed.” According to China’s National Internet Information Office’s “2017 Report on Digital China Development”—released on April 24, 2018—China has the second largest digital economy in the world. With a total value of RMB 27.2 trillion, it is 32.9% of the country’s GDP.

In this large digital nation, Chinese companies are pioneers in the digital economy; they are at the forefront of technological innovation and commercial applications. As the cradle for future global business leaders, Chinese business schools should proactively take the initiative, fully harness and leverage their impact, and push for further development of the vitally important digital era.

Shanghai, China

Mingjun Li
President, Professor of Management
CEIBS

Foreword II

Professor Zhu Xiaoming has a very rich experience. After an excellent education, he decided to become a government official. While in many Western countries government officials are often associated with bureaucracy, the Chinese reality is completely different. When Deng Xiaoping opened China in 1978, China was a very poor country lacking from education to infrastructures and obviously all kind of social services.

The Chinese government officers really became entrepreneurs in government projects and in state-owned companies that they really started and made a great contribution to the developing of China toward becoming the leading economy in the world.

Professor Zhu Xiaoming was one of those entrepreneurs as General Manager of Jinqiao Export Processing Zone Developing Co. Ltd., and also Chairman of the Shanghai Foreign Trade and Economic Cooperation Commission and Shanghai Foreign Investment Committee. From these positions, he contributed a lot to the development of Jinqiao as a very entrepreneurial model in the Shanghai environment. From his government positions, Prof. Zhu Xiaoming supported the launching and growth of CEIBS, and finally, in 2006, he joined the school as President. During our years sharing the president level at CEIBS, I must say that we worked very well as a team and the school enjoyed the successful growth that it has always had.

Professor Zhu Xiaoming has always been a strong supporter of innovation at CEIBS and has been a pioneer, at international level, in stimulating the interest in digitalization as a source of innovation in the school process of teaching but also as a new technology which undoubtedly is impacting the management practice. He already published a book with very interesting cases on how technological innovation was influencing the business model in some companies.

As I always remind, Peter Drucker, probably one of the biggest contributors in the field of practical management knowledge, highlighted the importance of the case method and, comparing management and medical studies, he said that in the world's best University Hospitals, the leading doctors and professors often bring the medical students close to the patients' beds and they discuss the patient case with all the medical analytical information available and the newest technologies. And Peter Drucker said that in the best management schools, the best professors

also bring the real management problems to the classroom in the form of cases for students to learn and discuss.

Professor Zhu Xiaoming brings the cases to his books so that we can learn how to improve management through the introduction of digital technology as a critical source of innovation which today is needed to guarantee the success of companies.

This book is a great contribution to CEIBS and places the school in the front state of the management practice as we advance toward 2020. As President of CEIBS, I express my gratitude, my congratulations, and my respect to Prof. Zhu Xiaoming for his continuous effort to follow the impact of innovation and specially digitalization to our basic concern: lead in management education on a global basis.

Shanghai, China

Pedro Nueno
Honorary President (European)
CEIBS

Foreword III

It is an honor and privilege to write a few words for Prof. Zhu Xiaoming who has been an accomplished entrepreneur, a well-respected government official, and more recently the president and professor for nine years at China Europe International Business School (CEIBS). During his tenure, CEIBS gained significant reputation as a global academic institution.

This book *Emerging Champions in the Digital Economy* is a clear reflection of his passion for digital economy driven by innovation and entrepreneurship.

It is a practical book designed to help senior executives in business and government who are looking to unlock the promise of digital revolution and translate this promise into a significant driver of global economic growth and prosperity.

It is a valuable resource for readers interested in the transformative ability of the digital economy to change fundamentally how we create and deliver customer value through innovation—and how the modern tools we use also reshape the way we collaborate and design our businesses and organizations.

It is believed that a significant contribution of the digital economy is that each time a company interacts with a customer it generates valuable data. Such a data-driven economy will therefore impact everyone, whether you are a consumer, a business, a not-for-profit organization, or the government. The author clearly articulates how the shift from the *Industrial Economy* to the *Digital Economy* will change the business architecture, business strategy, and the business model of corporations competing globally.

In particular, the book highlights that the digital revolution combined with cloud computing will drive the new economy toward a more *Service Economy*. For firms, a service mind-set will not only create but also sustain competitive advantage in the marketplace.

Another key aspect of the book is its emphasis on the economic growth of China, which today has become the second largest economy in the world. The book very well highlights the development of China's strategy for the global digital economy. The richness of the book comes from the illustrative examples of the Chinese companies and entrepreneurs as promising players in the field of IoT and emerging technologies.

Professor Zhu clearly highlights that the digital revolution is not only for enhancing operational efficiency and customer value, but also for organizational

transformation and human development. Attracting, developing, and retaining human talent are core elements of corporate strategy today. Furthermore, the spirit of entrepreneurship is a major driver of economic growth globally. It is my belief that corporations moving forward will combine *innovation excellence* with *business relevance* and increase its focus on *social significance*. Bill Gates is a brilliant role model for corporate executives and young entrepreneurs.

In summary, this book contributes on three dimensions: first is the focus on *Digital Economy* and its impact on business and government; second is the highlight on *China's Economic Growth* and its contribution to the global economy; and third is the emphasis on *Entrepreneurship and Entrepreneurial Firms* creating abundant customer value in emerging markets.

This book will be a great resource for business executives, government officers, and entrepreneurs who are actively contemplating business opportunities in China and other Asian economies. I am very hopeful that readers of this book will find it a worthwhile experience.

Shanghai, China

Dipak C. Jain
President (European)
Professor of Marketing
CEIBS

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We also specially thank the companies who kindly support us in writing the cases and publishing the book. They are iFLYTEK, JD.com, Shanghai Tower, PPDAL, 3DMed, Children's Hospital of Shanghai, Shanghai Ninth People's Hospital, First Respond, IBM, and Amazon.

Brief Introduction

The book *Emerging Champions in the Digital Economy* has the digital economy as the main theme and explores into the new “1+10” theoretical framework, including the data economy, service economy, platform economy, IoT economy, sharing economy, prosumer economy, long tail economy, inclusive economy, collaborative economy, and smart economy. The book collects eleven cases from ten different renowned organizations. They are iFLYTEK, JD.com, Shanghai Tower, PPDAl, 3DMed, Children’s Hospital of Shanghai, Shanghai Ninth People’s Hospital, First Respond[®], IBM, and Amazon, ranging from the healthcare industry, the internet industry to the financial industry. There are also 16 case analyses that are highly relevant for professors and students from the business schools, researchers, and managers.

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Recommendations from the Professors

Prof. Zhang Weijiong

Vice President and Co-Dean, Professor of Strategy, CEIBS

In the grand transformative process of China's economic reform, transformation, innovation, and entrepreneurship have become the main themes of the business community. In this process, some companies harvest enormous success, while more other companies face setbacks. They have to review their strategies, reposition themselves, and then manage to get out of the difficulties. These vivid cases will become a great inspiration for business leaders. The book *Emerging Champions in the Digital Economy* uses the theme of digital economy running through all the eleven cases. When reading these cases carefully, the readers can understand how entrepreneurs fight for success, and how the author superbly designed the book. This book is another important book authored by Prof. Zhu after his recently released *China's Technology Innovators: Selected Cases on Creating and Staying Ahead of Business Trends*.

Dai Kerong

Academician, Chinese Academy of Engineering, Shanghai Ninth People's Hospital, Shanghai Jiao Tong University School of Medicine

In the digital economy, both patients and doctors are getting smarter and more efficient. Patients start to use wearable devices to track and share their symptoms, use mobile phones to get registered, and pay for the medical bills, while doctors start to use digital technologies to offer telemedicine services, make the rounds of the wards, answer patients' questions, and adopt 3D printing to provide personalized medical service. Professor Zhu Xiaoming and I have taught the CEIBS Smart Healthcare Entrepreneurship Program, and both of us have a strong belief that students think the innovative "1+10" framework of the digital economy is highly relevant to them. As a doctor, I think we urgently need to figure out how to turn the unstructured data, which accounts for over 80% of the total, into structured data to offer patients precise, smart, and mobile healthcare services. In the future, the communities in the world will work together to provide inclusive healthcare services to the human beings. The eleven cases in this book reflect the business

reality and demonstrate the cutting-edge technologies. It is a worthwhile reading experience for readers from different walks of life.

Chai Hongfeng

Academician, Chinese Academy of Engineering, Director, National Engineering Lab for E-commerce and E-payment

In the Introduction titled “From the Industrial Economy to the Digital Economy: A Giant Leap”, Prof. Zhu Xiaoming uses the “1+10” framework to articulate the digital economy. It is a kind of creative research with a unique perspective, and a school of knowledge that should be mastered by the business school students. Innovation in both business model and technology is critical to the success of the companies amidst fierce competition. Hence, entrepreneurs in today’s world should attend to the business model innovation and not lose sight of the science and technology innovation. This book is originated from the programs of Digital Finance, Trends and Innovation for MBA, EMBA, and FMBA (Finance MBA) students. These programs are very popular among students because students can learn up-to-date theories and pragmatic cases. This book is a new valuable addition to Prof. Zhu’s Innovation Series. Through reading the book, readers can understand better that the digital economy should better serve the real economy.

Prof. Chen Shimin

Professor of Accounting, Zhu Xiaoming Chair Professor, the Case Center Director, and Former Associate Dean

Professor Zhu Xiaoming’s course “Trends in Business and Innovations in Science Recommendations from the Professors and Technology” has been very well received by our MBA students. With a focus on innovation economics and management, the course substantially expands our students’ horizon and helps their career exploration and development. CEIBS MBA students, in particular our international students, are very keen in understanding and studying how Chinese firms innovate in the global competitive business environment. Professor Zhu’s newest book, *Emerging Champions in the Digital Economy*, collects many of the cases that he developed and used successfully in the classroom. I strongly recommend this book to any business student and/or business executive with an international mind-set. You will benefit greatly for years to come from reading and studying these cases.

Prof. Juan A. Fernandez

Professor of Management, MBA Director, Associate Dean, CEIBS

Professors and MBA students from business schools are experiencing the big switch as the world is making a giant leap from the industrial to the digital economy. If business schools want to maintain their competitive advantages in today’s rapidly changing world, they must go beyond the conventional route of teaching content, research interests, and pedagogy. Since 2011, Prof. Zhu Xiaoming has

published four translated books on innovation, and five monographs on digital economy and business trends. Sharing his insights with participants from MBA, EMBA, EE, FMBA, and Smart Healthcare Startup programs, Professor Zhu conceived the “1+10” framework for digital economy and revealed key tips of how increasing numbers of Chinese companies are transforming from followers to front-runners. Professor Zhu’s course Digital Economy and Technology Innovation has been very popular among the CEIBS students, mostly because it has an extraordinary and unique lineup of digital and teaching technology, tools, and methods. Professor Zhu is a true visionary leader—visionary because he foresaw the big transformation taken place in China toward innovation and digitalization, and leader because he is also part of the realization of the changes through his role as professor of management at CEIBS. As of today, business schools have very limited textbooks in digital economy, we are fortunate to have this book *Emerging Champions in the Digital Economy* which has filled up the void. I strongly recommend this book to readers who have interest in digital economy.

Prof. Zhu Qigui

Party Secretary, Professor of Economics and Statistics, Ph.D. Supervisor, Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University

The digital economy can lower the operating costs, improve efficiency, and optimize the relations between supply and demand. With the power of the digital technologies, the economy is becoming more advanced, better structured with clearer division of labors and bigger potential. The digital economy represents a new direction for higher productivity, a key area of growth for supply-side reform programs, and a commanding height for a new round of industrial competition worldwide. Professor Zhu Xiaoming has published substantial amounts of books, which produce a great social impact. His new book *Emerging Champions in the Digital Economy* is an excellence textbook for business school students, and also a great reference book for entrepreneurs, academic experts, and government officials.

About the Author



Dr. Xiaoming Zhu

President (June 2006–March 2015)

Professor of Management

Zhongtian Chair Professor in Management, China Europe International Business School

Dr. Xiaoming Zhu is Professor of management at CEIBS, where he served as President from June 2006 to March 2015. He graduated from Shanghai Jiao Tong University with a doctoral degree in engineering.

As an expert enjoying the State Council's special subsidy, he was Adjunct Professor and Ph.D. Supervisor in the College of Economics and Management at Shanghai Jiao Tong University and at Shanghai University of Finance and Economics. He is also Ph.D. Supervisor for the China UnionPay postdoctoral program and Member of IAM (International Academy of Management). He assumed the positions of Vice Chairman of the China Society of Industrial and Applied Mathematics, Director of the Shanghai Pudong Evaluation Committee of Senior Professional Titles, and Director of the Shanghai Evaluation Committee of International Business Professionals. He was also the Deputy Secretary General of the Shanghai Municipal Government, Chairman of the Shanghai Foreign Trade and Economic Cooperation Commission and Shanghai Foreign Investment Committee, Vice Chairman of the Shanghai Municipal People's Congress, Vice Chairman of the Shanghai People's Political Consultative Conference.

The major honors awarded to him include the second prize for "Science and Technology Advancement in Shanghai", the first prize for "Shanghai Policy-making

Consultation”, Distinguished Award of the International Academy of Management (IAM), the first prize for Excellent Academic Publications of the Chinese University Presses in 2015, and the CEIBS Excellent Teaching Award in September 2016.

He has published substantial amounts of research on economics and technology, including *the Shanghai Foreign Trade and Economic Cooperation Series*, *the Mathematical Model Study of Economic and Management Cases*, *the Report on China’s Outsourcing Development (2007, 2008, 2009, 2010–2011, 2012, 2013)*, *the 2010 Report on Development of China’s Outward Investment and Economic Cooperation*, *Report on China’ Third Party E-payment Sector*, *E-payment Revolution*, *the Chinese Translation of Mastering the Hype Cycle*, *10 Mega Business Trends in the Digital Age (Chinese, English, and Arabic Editions)*, *Selected Cases of Business Trends and Technological Innovation in the Digital Age (Chinese Edition)*, *China’s Technology Innovators: Selected Cases on Creating and Staying Ahead of Business Trends (English Edition)*, *the Chinese translation of Innovation in the Family Business: Succeeding through Generations*, *the Chinese translation of New Frontiers in Open Innovation*, *Emerging Champions in the Digital Economy: New Theories and Cases on Evolving Technologies and Business Models (Chinese and English Editions)*, *the Chinese translation of Managing Open Innovation in SMEs*.