

## Understanding Digital Revenue

**Author: Jerry Ndemera . November 2019**

Digital revenue refers to company's income from services offered on their digital platforms and covers a broad set of services from social networking, analytics, cloud computing and artificial intelligence. The website <https://economictimes.indiatimes.com/> records top IT companies earn over one-third of their revenue from digital solutions. Revenue from IBM's cloud services, which are driving the company's pivot away from established businesses including mainframe servers, rose 11% to \$5 billion in the third quarter ended Sept. 30.

In the face of industry disruption, having a digital strategy and developing digital new products are key to survival. Considering digital revenue and retail revenue is especially applicable to several industries. The music industry is one major example, where digital downloads and online music subscriptions generate digital revenue. Television, movies and video gaming all earn revenue from digital sources. Not long ago, booking a place to stay meant going to a full-service hotel chain — one that owns and maintains multiple buildings and on-site restaurants and hires vast numbers of service workers. Now, many room seekers just head to Airbnb, which is using an online, community-based platform to challenge an established business model. The result is new revenue generated with minimal costs incurred and the ability to expand room inventory with near-zero capital.

This epitome of digitalization should inspire sales leaders to look for and support digital opportunities in their own companies. Focus must be put on digital initiatives most likely to drive enterprise market share, revenue and profits. Media companies are experienced operators of the two-sided market model. The core of their traditional revenue model is producing journalistic content that attracts readers who purchase newspapers, becoming targets for advertisements sold to companies and published in those newspapers. So far, media companies have struggled to adapt this model to the new digital publishing landscape because the digital market works differently than traditional newspapers. This is one of the main reasons for the recent erosion of income encountered by the media industry as it has entered into the digital age (Krumsvik 2012; Picard 2011: 139ff). It is important to know the digital product one is selling. From this paper, Jens Barland Innovation of New Revenue Streams in Digital Media we can note that successful media companies who have adapted well to digital media have revenue streams built upon digital traffic garnered via journalistic content. These media companies have used journalism as a traffic engine and a means to build customer relations to develop digital business.

McKinsey and Company records nearly one-third of respondents believe IT-enabled business innovations will account for at least half of their companies' earnings growth over the next five years. This is from their seventh annual survey on business technology, which asked executives across all functions, industries, and regions about their companies' use of, expectations for, and spending on IT. The results indicate that organizations are looking more and more to IT for help in driving growth. We will discuss more industry players who have had substantial success with their digital revenue strategies and continue to record growth in digital revenue in the next article.

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*Jerry Ndemera is a consultant at Industrial Psychology Consultants. You can reach him on email at [jerry@ipcconsultants.com](mailto:jerry@ipcconsultants.com) or call 0242 481946-8.*

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