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# Digital Transformation in Business

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**Abstract.** The aim of the research is to identify the clear definition of digital transformation and to present a structured framework with digital transformational stages, activities and results. This research contains a literature review which is giving insight into the fundamental comprehension of digital transformation. Findings indicate that even though digital transformation is a well-known idea a method for the organized digital transformation of business models is missing. The research gives an explicit meaning of digital transformation of business models and phases for the digital transformation of business models. In addition, the paper offers the roadmap for digital transformation.

**Keywords:** Business model · Digital transformation · Digitalization · Innovation

## 1 Introduction

Digital transformation affects all sectors of society, in particular economies. Companies now are given an opportunity to radically change their business models by new digital technologies like social networks, mobile, big data, Internet of things, other innovations like blockchain. This mostly involves changes of the core business operations and modifies products and processes, as well as organizational structures, as companies ought to set up management practices to conduct these complex transformations [13]. Consequently, society overall is facing a radical change due to the development of digital technologies and their extensive implementations of all markets [4]. To add to the expanded interest from clients, organizations are facing even harder competition because of globalization [24] and putting strain to go digital before others do, looking to survive and accomplish competitive benefits [2].

The digital transformation phenomenon has been explored widely in different academic domains, resulting in a crude overview of the field. What is still unaccounted for is an unmistakable definition for the digital transformation of business models, a methodology how to digitize business models, which stages and instruments ought to be considered and what models and empowering influences exist. In this paper, there is a framework presented for digital transformation of business models by analysing the existing literature and practical examples.

## 2 Theoretical Background

### 2.1 Defining Digital Transformation

Multiple definitions of digital transformation can be found in literature. The concept of digital transformation is formed by the merger of personal and corporate IT environments and encapsulate the transformational effect of new digital technologies such as social, mobile, analytical, cloud technologies and the Internet of Things (SMACIT) [26]. In a broader sense, digital transformation is presented as the integration of digital technologies and business processes in a digital economy [12]. A comparative boundless view sees it as the utilization of innovation to radially enhance the execution or reach of ventures [23]. More accurate recognition under the influence of digital transformations implies three organizational aspects: from the outside, with the improvement of the client's experience and the change of his entire life cycle; on the inside, the impact on business objectives, basic leadership and hierarchical structures; and in general, when all business sections and opportunities are influenced, usually leading to completely new business models [6].

The depicted idea of digital transformation shows that its multifaceted nature exceeded the level of past transformations endowed with IT capabilities, new transformations. This is upheld by the fact that DT is viewed as one of the real difficulties in all industries lately, without exception, and even in spite of the fact that organizations perceive its fundamental significance, they still confront numerous obstacles that repress them from starting, not to mention profiting by, digital transformation [17]. They battle to get business profits by new digital advancements, as contending needs lead the rundown of normal hindrances [7]. This may be because of an absence of lucidity about the distinctive accessible choices and components that directors need to consider in their transformation approach [6]. Fitzgerald et al. (2014) recommend that a noteworthy minority of organizations have prevailing with regards to building up the privilege administrative and mechanical aptitudes to pick up transformational impacts from new digital innovations [5]. They additionally recommend that extra authority and institutional difficulties are likewise looked by businesses today. Authority challenges incorporate an absence of criticalness, vision and bearing, though institutional ones are identified with the mentalities of more seasoned specialists, inheritance innovation, development weariness and legislative issues. Institutional difficulties can best be clarified by the way that most innovation empowered transformations include a specific level of protection from change showed in the conduct of specific individuals, who decline to acknowledge the new situation [11]. This social hindrance is frequently thought little of and for the most part not perceived by organizations [20].

To conclude, we infer that digital transformation is a more mind boggling kind of technology enabled business transformation, which needs to address the vital jobs of new digital advances and capacities for effective digital development in the digital world [27]. This paper characterize it as the process through which organizations meet numerous new digital innovations, upgraded with universal network, with the expectation of achieving predominant execution and managed upper hand, by changing various business measurements, including the business model, the client encounter (involving digitally empowered items and administrations) and tasks (containing

processes and basic leadership), and all the while affecting individuals (counting abilities ability and culture) and systems (counting the whole esteem framework).

## 2.2 Research Questions and Research Design

In the introduction, the brief literature review provided with fundamentals of digital transformation. To fill in as a base for a Roadmap, I examined six digital transformation strategy frameworks encountered in the literature and shed light on their nature [6, 8, 15, 18, 20, 25].

Despite the fact that these methodologies make esteemed commitments, they do not totally cover digital transformation of business models and don't determine the digital transformation's application. In my contribution, I initiate the digital transformation of business models and build up a Roadmap including a few stages.

Based on the problem described and current understanding, we will answer the following research questions:

How do businesses define and execute their digital business transformation strategies?

What does an organized methodology for digital transformation of business models resemble?

For our literature review, we applied case study strategies since this procedure is attractive for portraying and analysing applicable cases in which grounded-hypothesis can be produced. The authors analysed existing definitions, methodologies and examples for digital transformation of business models. We conducted the literature review to gain insight into current research in digital transformation and developed a Roadmap for the digital transformation of business models.

## 3 Discussion

Looked with various digital transformation challenges, organizations have perceived the need to oversee this perplexing undertaking by defining and executing an unmistakable technique to keep pace with the new digital reality [13]. This is bolstered by different partners inside associations: administrators see the capability of developing digital advances, but they are indistinct about how to accomplish their transformation objectives. Specialists in the business world are all in understanding that the capacity to digitally rehash the business isn't just about the advances being received, yet rather about a radical vital and social change inside the association [20], and corporate representatives similarly believe in a core role that strategy plays for effectively implementing new technologies [5].

The two levels, individual and hierarchical, are along these lines encouraged to fathom this key basic behind any digital mix and transformation endeavors [8]. Regardless of the vital significance of planning a committed technique that coordinates all the prioritization, coordination instruments and execution ventures of digital transformation, the scholarly community still neglects to give a reasonable rule that locations a all inclusive transformation system [6]. "We require key systems that are

gone for intentionally tackling the remarkable capacities of digital innovation that are inserted into items to increase upper hand” [27]. This “developing feeling of criticalness about the need to make effective methodologies for the digital commercial center” [10] makes it evident that the idea of an organization level digital transformation appears to depend on a methodology point of view, or, in other words the writing, and additionally by and by. Three Major Strategy Levels are the most commonly met in the world of business:

Corporate Strategy: What set of business should we be in?

Business Strategy: How should we compete in this business?

How important is a functional strategy and how does it form a competitive advantage?

How important the strategy is and how useful it is for each situation should pay attention to the fact that the choice can be limited at the expense of the participants involved in each level [14].

The plan of a digital transformation strategy expects organizations to make appropriate key choices in a few key areas and this segment incorporates the applicable ones experienced in the writing, as summarised below.

From a business perspective, an underlying business case must be made, in which the longterm destinations should be clear and furthermore overweighing the simple quest for brisk additions. Firmly identified with this are choices about the potential requirement for a general change readiness evaluation with the end goal to understand the current condition of an organization’s execution, and to distinguish potential issues, vulnerabilities, openings and the related dangers [8, 11].

Innovative technological choices are urgent while bringing new rising advances into organizations. Among territories being investigated here is the job that advancements play in the firm to accomplish vital objectives. This can be isolated into an empowering job for new business openings or a simply steady one to satisfy current business necessities. Nearly identified with that is an organization’s disposition towards new advances and its capacity to misuse them for future business objectives. The relationship with investments allows us to predetermine the possibilities of the impact of digital technologies on the business [7] and also suggests special change programs to guarantee the organization to simultaneously develop with technologies [22].

Various vital choices must be taken in connection to changes in the communication with clients. Organizations are urged to research conceivably new advantages made they would say through digitally improved changes to the client venture [19]. This can be accomplished by investigating all the client contact focuses and incorporating the organizations’ communications crosswise over different digital, and additionally physical, stages [1]. Changing the client experience can likewise be refined through the presentation of digitally upgraded items and administrations [6]. Moreover, interests in R&D can additionally enable associations to create digitized answers for foresee client needs instead of just reacting to existing ones [18].

Managerial decisions area have a monetary component, which develops around picking how to back the digital transformation try, subsequent to evaluating the monetary weight on the present business [13]. The emphasis on cultivating advancement is additionally a basic component to be examined [11], in which managers are

urged to see digital advancement as an indispensable piece of their strategy [8]. Nimble and new adaptable working, alongside a thought of a base up advancement processes, should drive a progressing digital transformation [25]. Supervisors need to additionally be mindful of the principal significance that different capacities play, to be specific, authoritative, innovation based, item related and digital capacities [3]. Looking at their organizations' vital resources and abilities through a digital focal point may enable directors to pinpoint which existing resources can be utilized, which capacities can be utilized in new ways and whether or not new abilities are should have been brought into the organization [16]. If the digital divide is overcome, many developing countries would be able to distribute their products, increase their client base and form trade partnerships [21].

Different organizational decisions are likewise distinguished in the writing, in which organizations are encouraged to investigate the workers, culture, ability and range of abilities, and authority. Organizations should survey the requirement for building up a collective work condition and guarantee that the transformation venture is staffed effectively [7]. Workers are regularly surveyed from a development perspective, in which their jobs, aptitude and capacities are examined [20]. This empowers organizations to arrange themselves into a classification of digital development and furthermore causes them to explore their transformation in an organized way. Further contemplations are required with respect to the vital changes in the organization's way of life, which are gone for adjusting it to work with new advancements as opposed to forcing these advances on representatives.

The authors conduct research and focus on the six pillars of digital transformation often found in the world literature [6, 8, 15, 18, 20, 25]. They direct most of the attention to the previously discussed content of the strategy, where everything is gradually projected. This echoes the idea that transformation is a process that goes through stages, leaning on each other, rather than on individual events [9]. Having identified one of the main distinctive stages defined for all structures, as well as for equipping managers with a structured approach during the transition from one stage to the next, we form a new reincarnation strategy.

#### Phases distinguished in Digital Transformation Frameworks:

Initiation: Understanding digitalization openings, dangers and effect;

Ideation: Imagining transformation measurements as alternatives for the business;

Assessment: Evaluating digital preparation levels and distinguishing holes;

Commitment: Communicating the vision and incorporating the fundamental individuals;

Implementation: Proceeding with the activity plan in different areas;

Sustainability: Validating and streamlining the activity plan persistently;

A Roadmap is given here dependent on the introduced ways to deal with digital transformation and dependent on existing speculations about business model advancement, the Roadmap for digital transformation of business models is clarified as pursues:

Digital reality: In this stage, Digital reality, the organization's current business model is outlined alongside an esteem added examination identified with partners and a

study of client prerequisites. This gives a comprehension of the Digital Reality for this organization in various territories.

**Digital aspiration:** Based on the Digital reality, targets with respect to digital transformation are characterized. These goals identify with time, accounts, space and quality. Digital desire hypothesizes which destinations ought to be considered for the business model and its components. Therefore, goals and business model measurements are organized.

**Digital potential:** Within this Digital potential stage, best practices and empowering agents for the digital transformation are gathered. This fills in as a beginning stage regarding Digital potential and the outline of a future digital business model. For this reason, diverse alternatives are inferred for every business model component and consistently consolidated.

**Digital fit:** The Digital Fit stage takes a gander at choices for the plan of the digital business model, which are assessed to decide Digital Fit with the current business model. This guarantees one satisfies client necessities and that business goals are accomplished. The assessed mixes are then organized.

**Digital integration:** Digital usage incorporates conclusion and usage of the digital business model. The different mix alternatives are additionally tightened inside a digital execution system. The Digital usage likewise incorporates the plan of a Digital Customer Experience and the digital esteem creation organize that portrays combination with accomplices. Moreover, assets and capacities are likewise recognized in this stage.

## 4 Conclusion

The aim of this paper has been to demonstrate the current state of academic research in digital business transformation strategies and give a broaden understanding of the definition of digital transformation. It uncovers the options how organizations digitally change and outlines organizations' inside inspirations, and additionally their outer triggers. At long last, we recognize numerous measurements with respect to the substance of methodology plan in the digital time, and furthermore remark on the technique process.

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