ORIGINAL RESEARCH PAPER
Volume - 12 | Issue - 11 | November - 2023 | PRINT ISSN No. 2277 - 8179 | DOI : 10.36106/ijsr
INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH

DIGITAL TRANSFORMATION- AN OVERVIEW

Commerce

Dr. Shankar T. Battase Assistant Professor of Commerce, Government First Grade College Sedam- 586128. Dist: Kalaburagi, Karnataka, India

Smt. Sunanda Shankar Asst. Professor of Economics, Government Women's First Grade College Jewargi Colony-585102.Dist: Kalaburagi, Karnataka, India

ABSTRACT

It is no surprise that research on digital transformation (DT) has raised vast interest among academics in recent decades. Countries, cities, industries, companies, and people all face the same challenge of adapting to a digital world. The aim of the paper is twofold. First, map the thematic evolution of the DT research in the areas of business and management, because existing research in these areas to date has been limited to certain domains. To achieve this, articles were identified and reviewed that were published in the Chartered Association of Business Schools' (ABS) ≥ 2-star journals. Based on these findings, the second objective of this paper will be to propose a synergistic framework that relates existing research on DT to the areas of business and management, which will help form the evolutionary perspective taken in this paper. Considering the emerging development of the topic under investigation, the framework is understood as a sound basis for continued discussion and forthcoming research.

KEYWORDS

INTRODUCTION

An Introduction to Digital Transformation Patrick Mikalef and Elena Parmiggiani Abstract Digital transformation has been one of the most studied phenomena in information systems (IS) and organizational science literature. With novel digital technologies emerging at a growing pace, it is important to understand what we have learned in over three decades of research and what we still need to understand in order to harness the full potential of such digital tools. In this chapter, we present a brief overview of digital transformation and develop a conceptual framework which we use as a basis of discussing the extant literature. The conceptual framework is also used as a means of positioning the empirical chapters presented in the rest of this edited volume. Finally, we discuss the role of context in digital transformation and identify some differences that span industry, domain, size class, and country of Digitization, digitalization, and digital transformation are terms that often appear in the top of priorities for contemporary managers. While often used synonymously, these notions have very different meanings and entail a radically different approach. Digitization describes the process of moving from analog to digital, while digitalization is defined as "the way many domains of social life are restructured around digital communication and media infrastructures" . Finally, digital transformation has been defined as "a process that aims to improve an entity by triggering significant changes to its properties through combinations of information, computing, communication, and connectivity technologies" . Although largely acknowledged that these three terms often follow a sequential order of maturity, most contemporary organizations are now in the process of digitally transforming their operations. Doing so, however, presents a number of caveats, and technology is often only a part of the complex puzzle that must be solved to remain competitive in the digital world.

DT represents a substantial challenge not only for individual companies, but also for national economies). To become a digital nation, i.e. a country in which citizens, governments, and companies live in a digital society that interacts and creates value benefitting all stakeholders, national governments can/must learn from the experiments conducted in smart cities, and the experiments of entrepreneurs in particular. DT research tends to be very specialized and restricted to particular domains. It is currently seeing a rapidly growing number of publications that annually present results from different disciplines and points of view. Due to this, the larger field of DT has become very complex and difficult to comprehend.

What is digital transformation?

Digital transformation refers to the adoption of digital technology to transform business processes and services from non-digital to digital. This encompasses, among others, moving data to the cloud, using technological devices and tools for communication and collaboration, as well as automatingprocesses

Components of Digital Transformation

Digital transformation is driven by three key components: cloud services, mobile technologies, and the internet of things (IoT). These technologies continue to alter the digital landscape in innovative ways.

Cloud Services-

Cloud services is a term that covers a wide variety of services, including infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS). Cloud services are a vital enabler of digital transformation, providing the scalable, on-demand infrastructure businesses need to be agile and scale quickly. Many companies are aware of cloud services, such as Salesforce (CRM), Google (productivity), and Amazon (infrastructure). While these are a few of the current staples in cloud services, companies will need to continue reviewing options to ensure the solutions they use fit best with their businesses and enable them to keep pace with customer needs.

Mobile Technologies-

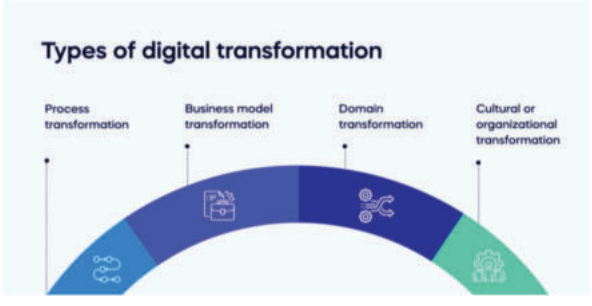
Mobile technologies use wireless devices such as smartphones, tablets, and laptops to access information and applications. They are becoming increasingly popular as people seek greater flexibility and convenience in how they work, shop, and live. Advancements in mobile phone technology have placed potent computing capabilities, telecommunications access, and sensory technology directly in people's hands. And mobile technologies have become a key driver of digital transformation, as they enable businesses to reach their customers anywhere, anytime.

Internet of Things (IoT)-

The Internet of Things (IoT) is more ubiquitous than mobile technology. IoT is a network of physical objects—devices, vehicles, buildings, and other things—that are embedded with sensors to collect and exchange data. These IoT-enabled devices are expected to be 3x the global human population by 2023. IoT is transforming how businesses operate and creating new growth opportunities.

Main Focus Areas of Digital Transformation

The four primary focus areas of digital transformation are business processes, business models, domain expertise, and culture and organization. Each focus area builds upon the others to create a better experience for companies and customers by maximizing efficiency, minimizing costs, optimizing production cycles, and improving products and services.



Business Processes-
The "digital transformation" of business processes has become a ubiquitous term, especially as an increasing number of productivity apps emerge on the market. However, not all solutions are equally effective. The key to digitally transforming business processes is:
Mapping out the entire business system
Understanding requirements for each step
Formulating the best model
Finding the right solution

Although organizations can develop tech solutions in-house, there are many turn-key options that are customizable and accommodate standard business processes. Examples include customer relationship management (CRM), project management, accounting, and social media management software.

Business Models-
The digital transformation of business models has become more important as digital-native companies have grown in market share. Netflix began as a lender of DVDs and redirected its efforts towards streaming. After pivoting to a digital business model, Netflix achieved exponential growth and nearly eliminated its reliance on physical inventory, expanding its reach to any household with an internet connection.

Domain Expertise-
Domain transformation leverages a company's advantages in one domain to extend its competitive reach into another domain. For example, after Amazon displaced competitors in the publishing space, it created Amazon Prime, its own brand of streaming services, and Amazon Web Services (AWS), its cloud computing and infrastructure services. By leveraging its technological expertise in delivering internet resources at a mass scale, Amazon could not only enter into a new domain but become a dominant player in it.

Culture and Organization-
Organizations and company cultures must adapt to the shifting landscape of digital business. Consider the many ways that web and mobile technologies continue to change how business interactions occur. These transitions happen more seamlessly in organizations where the culture supports and enables digital transformation.

Four pillars of the digital transformation
In the following we will present some general developments as well as selected examples in order to illustrate the ongoing digital transformation.2 Therefore, we will apply a framework looking into four pillars of digitalization: value creation structures and processes, products and services, as well as the infrastructure. All four areas are linked to each other and mutually dependent.
Value Creation Structures
Value Creation Processes
Products and Services
Infrastructures

Importance of digital transformation
Companies are increasingly spending on digital transformation processes, with Gartner forecasting that worldwide IT spending will total $4.7 trillion in 2023.

Staying competitive –
Businesses that do not embrace digital transformation risk falling behind their competitors, who have upgraded their tools and processes to become more efficient and effective.

Improving efficiency and productivity –
Digital transformation streamlines processes, automates tasks, improves data management, frees time for employees to focus on other business areas, and improves productivity.

Enhancing customer experience –
Companies can offer online services, personalized interactions, quick responses to queries, and a more seamless experience, which means digital transformation is vital for customer experience.

Making data-driven decisions –
Organisations can collect and analyze digital transformation data at scale, using it to understand customer behavior and preferences. They can then make informed decisions to create products and services that better meet customer needs.

Increasing adaptability –
Digital transformation allows companies to keep up with changing market conditions and customer demands. They have enhanced capabilities for taking a consistently responsive and flexible approach.

Strengthening sustainability –
With digitized processes in place, companies can reduce their energy consumption and paper waste, allowing them to take an environmentally friendly and sustainable approach to their business.

Allowing for innovation –
By implementing digital transformation processes, companies can explore new business models, develop new products or services, or enter new markets.

Attracting and retaining talent –
Creating a technologically advanced company means that younger generations entering the workforce are more likely to apply. Companies with digital transformation strategies are likely to attract and retain top talent.

Saving money –
Digital processes reduce the need for physical resources, manual labor, and paperwork, significantly reducing costs in the long run.

7 drivers for digital transformation in 2023
When businesses choose to implement digital transformation, they are motivated to do so. While increased profits are at the crux of any operation, this digital change has a business-specific driver. 7 drivers for digital transformation in 2023.

Creating new business models
Companies want to stay ahead of the digital curve. By developing new digital transformation models, they can develop cutting-edge products, services, or delivery channels to keep them competitive – both with other companies and with their existing product lines and offerings. For example, 2023 has seen the rise of freemium, on-demand, and subscription models.

Enhancing customer experiences
Businesses must keep up with the convenience customers can access when shopping online, streaming videos, banking from their smartphones, etc. Developing adaptive AI for personalized recommendations and AI trust, risk, and security management can help enhance customer experiences.

Modernizing IT infrastructure
Legacy IT infrastructure can be a critical part of daily operations in several organizations, but keeping these systems in place prevents the company from achieving improved growth and scalability. It also won't work well with other methods, and getting support will be difficult.

As a result, modern systems such as the Internet of Things (objects connected to the Internet that can communicate with each other and centralized systems), cloud-native application development, and Business Intelligence (BI) for analytical reporting will help greatly with business growth.

Optimizing operational efficiency
Existing business procedures for internal and external interactions may involve time-consuming manual steps and complex authorization protocols. They are also subject to human error. By digitizing operations, businesses can facilitate new applications, utilize API services, and benefit from automated systems to bolster their operations and maximize efficiency.

Upgrading talent acquisition
Existing employees may not be current on the latest systems or technologies. Therefore, digital transformation can encompass training employees, getting them certified, and providing educational seminars.

Another way businesses can plug the knowledge gap is by taking on new hires who are up to date with the latest innovations in the industry. If the company has upgraded with digital transformation processes, it will be more likely to attract and retain new employees.

Promoting external partner collaboration

Digitizing company processes assists with the promotion of strong integration with stakeholders such as marketing and delivery channels, suppliers, vendors, and partners. There is still some hesitation when sharing data with third parties, but the benefits of external collaboration are clear – the construction of new business models, improved products or services, and better delivery channels.

Implementing data-driven decision-making

Decision-making is quicker and more accurate if data drive it. Digitizing company operations makes data accessible so key stakeholders can trace operation development, report on previous outcomes, and anticipate future events. Verifiable facts can be used to create measurable metrics and monitor their progression, resulting in more effective operations.

3 reasons why digital transformation fails

People

Getting the people in a company behind the digital transformation processes is vital. Stakeholders will be accustomed to existing ways of working, so they will resist change. Figuring out how to manage organizational change is important, as reframing the narrative so that employees are taken on the journey with management will help them to feel excited about it instead of overwhelmed by culture shock.

Poor communication

It's advisable to keep everyone informed as the digital transformation journey progresses. Simply announcing a new initiative will not be enough for it to succeed. Instead, leadership needs to take the time to communicate how and why the changes are happening. Positive actions can include sharing a demo, giving employees an early release of a product that is being transformed, and requesting feedback so that they feel part of the process.

Lack of measurement

As digital transformation is a process, setting goals will help keep it on track and ensure that key targets are met. Standard KPIs may already be in place, but these may need to be reset if the method of doing business is changing. There must be a clear reason for the transformation and a vision of how the business will operate afterward.