

# Digital Transformation Of Businesses, Its Need & Mechanism

Ayushie Gupta

*Ex- Student, BCA, Vivekananda Institute of Professional Studies, New Delhi*

*Executive Sales, DPB Print Media Pvt. Ltd*

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## ABSTRACT

On the basis of the analysis of digital transformation models and an assessment of digital maturity in the management of a model and mechanism for the transformation of enterprises, the present article defines participants of a strategic partnership in three institutional spaces of an enterprise model of digital transformation. Mechanism of enterprise's digital transformation is an organizational and economic interaction of such participants, using methods and tools that ensure these interactions. Proposed model and mechanism of managing the enterprise's digital transformation is connected with creating new forms of cooperation in three institutional spaces by using short-term flexible cycles of development of software, creation of new forms of digital innovation services, and then putting these services into practice through digital transformation.

## INTRODUCTION

The process of using digital technologies to change current traditional and non-digital business processes and services or to create new ones in order to meet changing customer and market expectations is known as "digital transformation." This completely changes how businesses are run and how value is provided to customers.

"Being a digital enterprise—an organization that uses technology to continuously evolve all aspects of its business models (what it offers, how it interacts with customers, and how it operates)" is the main goal of digital transformation.

The challenge of the digital economy is to come up with a new form of an enterprise that could harness the power of networking technologies to provide organizational management in the chaotic dynamics of the economic environment. Management of the digital enterprise represents a new paradigm of management in the building and development of engagement of the digital service developers or providers with sellers of digital services to consumers. Thus, digital transformation should become a qualitatively new advance of productive forces to the next level of technological and economic development. Digital transformation in the current situation ensures a possibility of transition from an old-fashioned approach to management into the application of digital approaches towards enterprise management.

## GOAL

The goal of digital transformation is to advance your company by experimenting with new technologies and reconsidering how you currently handle common problems. A transformation doesn't always have a definitive end because it's an evolution. continual adaptation to a constantly changing environment.

For businesses, this entails always looking for methods to enhance the end-user experience. This might be accomplished by utilizing artificial intelligence, moving data to cloud services, providing better on-demand training, and other methods.

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## EXISTING THEORIES

McKinsey Company defined the most important facets of the enterprise cycle of digital transformation as: digital engagement with customers; innovative products and services as well as the development of collaborative models; mechanisms for distribution, marketing, and sales; implementation of digital; risk optimization; corporate control reinforcement.

The Price waterhouse Coopers digital transformation model allows showing six phases: strategy that includes company analysis, value creation, corporate culture, human capital; design is the development of the transformation roadmap; construction is the development of the digital business platform, operating model, IT services; implementation is, in its turn, related to business platform and employee training; operational development includes the formation of new business model and management of business platform and applications; review is the monitoring of service level efficiency and optimization of a business model.

## IMPORTANCE OF DIGITAL TRANSFORMATION

1. **Customer experience:** gaining a deeper understanding of customers, leveraging technology to support their expansion, and expanding their touch points
2. **Operational Procedures:** enhancing internal procedures through automation and digitization, providing workers with digital tools, and gathering information to track performance and make more strategic business choices
3. **Business Models:** introducing digital products, utilizing technology to offer worldwide shared services, and enhancing physical offerings with digital tools and services to transform the business

The main objective of any digital transformation project is to enhance your current procedures, though each one will have unique objectives. Because businesses need to change to stay competitive, digital transformation is essential. You're falling behind if you're not changing.

However, avoiding IT meltdowns requires digital transformation, which is more complicated than simply updating legacy systems.

The fact that leaders invest more in changing their companies than in managing them is one tactic that distinguishes them. Digital transformation is crucial because it enables businesses to adjust to rapidly evolving markets and continuously enhance their operational efficiency. For businesses, this entails always looking for methods to enhance the end-user experience.

This might be accomplished by utilizing artificial intelligence, moving data to cloud services, providing better on-demand training, and other methods.

## THE ADVANTAGES OF DIGITAL TRANSFORMATION

Although a number of variables affect the return on investment (ROI) of digital transformation, the correct technology can significantly enhance both the operations and customer experience of your company. The digital transformation of a traditional business can you achieve following easily

- Increases productivity while lowering labor costs—One of the most powerful ways to change your company is to use technology to increase productivity. The time and money spent by businesses, for instance, on training new hires and updating digital resources can easily spiral out of control. You can increase productivity and reduce expenses if you have the right tools.
- Enhances the customer experience: Tech-savvy consumers want to have a positive experience across a variety of channels, including live chat, email, social media, and mobile apps. Better customer experiences are being driven by digital transformations.
- Encourages creativity, it keeps you one step ahead of your rivals. Whether you are interested in digital transformation or not, your rivals are. In essence, refusing to adopt digital transformation means you don't care about falling behind. Putting money into your company's future enables

**THE KEY ELEMENTS OF DIGITAL TRANSFORMATION**

Maintaining the momentum of any initiative toward your ultimate business goals is essential for successful transformation. Address the primary forces behind digital transformation—digital twins, privacy, culture, augmented intelligence, and digital product management—continually in order to achieve this. There are five key areas to facilitate successful digital transformation in any organisation.

**1. Digital twins**

An encapsulated software object or model that replicates a distinct physical object, procedure, organization, individual, or other abstraction is called a digital twin. Because they make it easier to experiment and gather information that helps businesses make better decisions, digital twins help digital transformation.

**2. Personal Space**

Your digital transformation is doomed if you are unable to handle privacy. Organizations tend to adopt more convenient trends as more digital solutions become available. But sometimes customers are unwilling to forgo security and safety in favor of convenience. If workers and customers believe a change will compromise their privacy or the security of their personal information, they will not support it.

**3. Cultural Humans**

If you neglect the cultural component of a digital transformation, you will soon encounter obstacles. By addressing culture, you can be sure that your transformation project will receive internal support. You can use the voices of change leaders, who are outspoken advocates for your digital transformation, to propel your project forward.

**4. Intelligence Augmentation**

Beyond artificial intelligence (AI), augmented intelligence enables humans and machines to collaborate. AI is far more capable than a human worker at gathering and analyzing data. However, augmented intelligence isn't about substituting workers with machines; rather, it gathers and displays data so that humans can learn more.

**5. Management of Digital Products**

Digital product management, which is the process of changing perspectives from projects to products. These goods must be supplied via digital channels and created to enhance the consumer experience. Understanding your industry and creating products that cater to it are key components of digital product management. For instance, Apple developed a watch that tracks the wearer's health rather than assuming the healthcare sector would adopt its products.

**THE REASONS BEHIND DIGITAL TRANSFORMATION PROJECT FAILURE**

Although there are many reasons why digital transformations fail, the majority of problems can be traced back to one of the three challenges: measurement, people, and communication. Let's examine each in more detail:

**Individuals**

Individuals have the power to make or break your digital transformation. Recall that culture is one of the six pillars of successful digital transformations and one of the main forces behind them. Your initiative will fail if people and culture are not given enough attention.

**Ineffective communication**

Talking to your team about a digital transformation project is not the same as announcing it. Leadership frequently merely orders changes without bothering to explain the how and why. Your initiative won't go very far if you don't offer clear, practical advice prior to, during, and even after a transformation.

**Insufficient measurement**

If you don't know what success means to you, you can't have a successful digital transformation. Businesses sometimes believe that the key performance metrics (KPIs) they have already set up for their company will allow them to track success. However, you'll need to set more KPIs to track the impact if you're making changes to your business practices.

## **SLOW DIGITAL TRANSFORMATION'S RISKS**

Businesses that successfully undergo digital transformation and become "future-ready" have a higher net margin than comparable businesses in their sector that have not yet undergone digital transformation. But slow digital transformation projects also have a detrimental effect on revenue growth

- impede businesses' ability to innovate and grow, causing them to fall behind their rivals.
- has a detrimental effect on the client experience as procedures, services, and apps age.
- Employees' legacy habits are reinforced, which may lead to future resistance to change that calls for more retraining.
- fails to provide workers with the resources they require in order to optimize their output, productivity, and performance.
- Strengthens data silos across the organization, preventing departments from sharing information and data and causing conjecture when making decisions.

## **WAYS TO QUICKEN THE DIGITAL TRANSFORMATION PROCESS**

- A plan of action for launching, evaluating, and advancing a digital transformation project is known as a digital transformation strategy. In addition to helping to speed up digital transformation, your strategy will specify the business objectives you hope to accomplish.
- A successful digital transformation plan will give you a framework to work within during this constantly changing process. It's crucial to know your goals before you start, though, so you can assign KPIs to monitor your progress.

## **TEN EFFECTIVE AND USEFUL TACTICS FOR IMPLEMENTING DIGITAL TRANSFORMATION**

### **1. To create an IT roadmap that takes into account the needs, objectives, and contextual drivers of your company**

- Organizations must invest in transformation projects that produce business outcomes that are in line with their primary drivers and business requirements, even though new business technologies may sound exciting.
- First and foremost, this entails informing and educating all leaders about the fundamental requirements of your company, particularly IT leaders and department heads who make technological decisions. As a result, there are fewer unsuccessful software implementations and quicker development cycles.
- In the same way that product managers use an IT roadmap to plan the development of new features and products, organizations should use it to map their future technological investments and business needs. An IT strategic plan that illustrates how these investments will be in line with overarching business goals includes an IT roadmap that details the overall goals, technologies, tactics, and more.

### **2. Offer upskilling instruction to raise the digital literacy of your employees.**

- More of the businesses claim that a lack of digital literacy among their employees prevents them from meeting their goals for digital transformation. Most of workers believe they use more assistance and training because they are not proficient with the tools they use on a daily basis.
- Majority of workers are unfamiliar with some essential features and procedures in the software they use on a daily basis. Even before you start your digital transformation efforts, you can overcome this major obstacle by consistently upskilling staff members to develop digital dexterity through various forms of employee training.
- Digital transformation initiatives are seen by many organizations as a means of increasing worker productivity. However, it should be seen the other way around: by automating repetitive tasks, using technology to help them, and being more creative, digital transformation empowers workers to be more efficient and perform better.
- Keep in mind that not every employee requires the same amount of upskilling training. Together, your IT and L&D teams should conduct a skills gap analysis assessment to determine which employee cohorts require more training. Employee characteristics and backgrounds, such as age, role, work experience, etc., may cause this to vary.

**3. Make investments in client experiences that satisfy their requirements.**

- Internal operational enhancements and enhancing customer experiences are the two main areas of focus for digital transformation initiatives. Hearing what your customers have to say about your product or service is the best way to start customer-facing transformation projects.
- To find out what your most valuable partners expect from your service, read customer reviews, get feedback, and schedule one-on-one meetings. The difficulties and issues found in your customer research should be resolved by your investments in customer-facing transformation.
- Additionally, you should make it easier for clients to use your software
- by offering self-service support and improved customer onboarding experiences. There are some of the most popular customer experience transformation initiatives to fund;
- Developing multichannel consumer experiences.
- constructing more contextual consumer experiences.
- Using self-help resources to provide a more seamless service and support experience.

**4. Track the uptake of new customer-facing experiences and employee-based apps.**

- The adoption phase is a crucial step in the transformation process. At this point, habits are formed and integrated into workflows as staff and clients recognize the benefits of new technology or change. You need to use event-based product analytics to monitor user behavior in order to gauge digital adoption for Using a framework for adoption analysis, you can;
- Create groups of end users who have distinct ways of embracing new technologies so that you can create contextual onboarding and persona-specific guidance.
- Identify areas of friction and dropoff in your digital tools and processes.
- Determine common support and troubleshooting issues that can be resolved with in-app instructions, how-to articles, and new end-user documentation.

**5. Make all business operations and procedures more agile.**

- IT executives need to adopt the agile methodology as a fundamental business principle since digital transformation is always adjusting to new technologies (for example, the quick development and pervasiveness of AI). most of digital leaders believe that their organization's competitiveness is largely dependent on the flexibility of its technology architecture, this entails incorporating agile technology frameworks and infrastructure.
- Fostering an agile mindset with regard to company culture is another aspect of an agile change strategy. Your staff will be less likely to oppose change, be able to swiftly adopt new tools and procedures, approach problem-solving with greater openness, and enable your company to be more agile if you have creative team members who can quickly adjust to change.

**6. Make investments in reusable and repurposeable tools and processes.**

Businesses need to concentrate on making the proper software and technology investments as well as in digital ecosystems that can be used for a wide range of applications, assist in resolving a wide range of problems, share data via APIs, and integrate naturally. When updating legacy apps to meet future demands and scale, this is essential.

Additionally, businesses shouldn't spend money on technology just for the sake of doing so. Hiring a digital transformation consulting firm is one way to prevent making the wrong technological investments.

**7. Give your staff members tools for performance self-support.**

Too frequently, leaders in IT and L&D consider training to be a one-time event. Employees frequently run into problems with digital tasks, though, particularly when completing atypical tasks (such as compliance-related tasks, data audits, and performance reviews).

It can be challenging to locate and access software training and support materials. This is exacerbated by companies modifying or completely altering internal processes and applications releasing new features and improvements to their products.

Employees grow dissatisfied with their digital tasks and applications as a result, which hinders adoption, reduces productivity because they must look for solutions on their own, and results in a high volume of internal IT support tickets.

In order to get around this, companies should give their team members access to employee performance support tools that enable contextual self-service assistance while they are working like itself service portal.

When an employee overlays on digital apps and connects to a company's knowledge base, internal wiki, Google Drive, SharePoint, third-party websites, and any kind of documentation.

### **8. Make your business data-driven**

Dismantling data silos and providing organizations with the analytics they require to make data-driven decisions is one of the factors propelling digital transformation. Better employee training and more open data sharing are two ways that organizations can promote a data literacy culture.

These procedures assist organizations in finding previously unnoticed patterns and trends and in making better data-supported decisions.

### **9. Have open lines of communication with staff members**

IT executives and CIOs may be aware of the daily obstacles they encounter in addition to the company's goals. However, they are unable to understand the fundamental issues facing each department without having direct conversations with department heads and staff members.

The people in charge of making IT investments will be able to comprehend the most important issues and digital friction points that their workforce is facing and where they require assistance if they encourage open communication between IT leaders and staff.

Additionally, it enables IT leaders to publicly discuss ongoing IT-related projects and to warn and update staff members about impending changes to applications and processes that will directly affect their daily routines.

### **10. Motivate staff members and executives to look for opportunities in cutting-edge technology.**

Technology is changing quickly. Those who keep up with developments in their field, in the field of information technology, and in general have an advantage over those who don't. Employers should capitalize on this by offering staff members conferences, online subscriptions, lunch and learns, and other learning opportunities on new trends and technologies.

By developing an idea charter system, you can encourage your leaders and staff to contribute fresh ideas. This will give staff members a structure for presenting fresh concepts, assist in connecting them to corporate goals, enable companies to rank the most intriguing ones, and weed out those who aren't ready.

## **CONCLUSION**

The digital transformation of an enterprise is regarded as the process of rethinking business model business processes in light of existing and accessible digital technologies that needs coordination of the entire organization in applying new technologies and changing existing ways of doing business. There are several driving motivations behind digital enterprise transformation. It is possible to support business-to-business cooperation and ecosystems and deliver a huge number of products and services through digital technologies and digital services. Digital collaboration now extends beyond the enterprise and enables customers to improve their products and services.

The mechanism developed for the management of the digital transformation of the enterprise allows the purposeful unification and joint interaction of management subjects: the developer and the software vendor, which becomes a basis for the formation of the digital enterprise service for the final consumer and the use of network platforms acting as new intermediaries with the application network collaboration.

The proposed model and mechanism of managing the enterprise's digital transformation require new forms of cooperation. This leads to the horizontal organizational hierarchy based on network platforms inside as well as outside the traditional organizational structure of the enterprise. A proposed model and mechanism for managing thus presumes the creation and introduction of digital innovations with the application of short-term agile cycles of software development, forming innovative digital service and its introduction by digital transformation of the enterprise in required spheres of activity of the enterprise with constant estimation of the digital transformation of the enterprise.

Thus, according to the analysis, done above despite a multi variability of the existing theoretical and practical models and approaches toward digital transformation of the enterprise, issues of the management of the enterprise's digital transformation remain open. But it is for sure that a company should change with the times. At this stage, businesses are more concerned with determining how to transform than with deciding to transform at all.

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