The Impact of Digital Transformation on Business Strategy

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Abstract
The concept of digital transformation (DT) has garnered significant interest from researchers specialising in management and organisational studies over the course of the last ten years. Moreover, there is a growing interest among corporations in utilising digital technology (DT) as a means to gain a competitive edge. However, there is a limited amount of research available on the consequences of decision tree (DT) analysis. Hence, this empirical study aimed to examine the impact of digital transformation on the performance of firms. This was achieved by categorising the necessary competencies for implementing digital transformation, focusing on customer experience and IT innovation. In order to flourish in the current era of digitalisation, it is imperative for organisations to possess qualities such as agility, adaptability, and forward-thinking. These attributes should be accompanied by a strong emphasis on leveraging technology to effectively pursue their goals and vision. This study aims to examine the impact of the digital revolution on organisational strategy in greater detail, offering valuable insights and techniques for effectively navigating the ever-shifting digital environment. The study's findings indicate that digital transformation, customer experience, and IT innovation have a favourable impact on a firm's performance, with customer experience demonstrating the most significant effect.

Keywords: Business Models, Business Strategy, Digital Technology, Digital Transformation, Innovation

Introduction
In recent years, the concept of digital transformation (DT) has gained significant attention in the field of strategic information systems (IS) research as well as among practitioners. At a macroscopic level, digital transformation (DT) comprises the fundamental shifts occurring in both the societal and industrial realms as a result of the adoption and integration of digital technology. At the organisational level, scholars have posited that companies should seek avenues for innovation through the development of plans that acknowledge the ramifications of digital transformation and facilitate enhanced operational performance. Recent studies have made significant contributions to enhancing our comprehension of particular facets of the DT phenomenon (Albert et al., 2021). Consistent with prior studies on the change facilitated by information technology, scholarly investigations have indicated that technology alone is but one component of the intricate challenge that organisations must address in order to maintain competitiveness in a digitally driven environment. In order to foster the ability to produce novel avenues for value creation, it is important for an organisation to implement both strategic initiatives and organisational modifications, encompassing alterations to its structure, procedures, and culture. Despite the valuable contributions made thus far, our present knowledge of this phenomenon and its ramifications across all levels of study remains
incomplete. The present study aims to conduct a comprehensive review of existing literature in order to examine the research question, "What is the current state of knowledge regarding digital transformation?" In accordance with the comprehensive nature of the research enquiry, this study employs an inductive methodology that draws upon grounded theory methodologies derived from the information systems literature to investigate the phenomenon of digital transformation (Bist et al., 2022). This paper formulates a conceptual definition of digital transformation (DT) based on existing definitions. According to Porfírio et al. (2020), DT is defined as a systematic process that seeks to enhance an entity by instigating substantial modifications to its attributes through the utilisation of various technologies such as information, computation, communication, and networking. In this study, we proceed to introduce an inductive framework that characterises digital transformation (DT) as a dynamic process in which organisations adapt to environmental changes by leveraging digital technology to modify their methods of value generation. This framework was developed through a comprehensive survey of existing literature. In order to achieve effective outcomes and mitigate potential obstacles, organisations must consider many elements that may impede the implementation of their change.

According to Caliskan et al. (2020), the development of digital technology has brought about a significant alteration in the global landscape during the 21st century. The convergence of cutting-edge technologies, ubiquitous internet connectivity, and the proliferation of data have fundamentally transformed the operational landscape of enterprises. Consequently, in response to the dynamic and swiftly evolving environment, organisational strategies have undergone necessary adjustments and advancements in order to sustain competitiveness and relevance (Albert et al., 2021). This introduction examines the significant influence of the digital revolution on organisational strategy, emphasising notable patterns, obstacles, and prospects that firms encounter while manoeuvring through this era of transformation.

The advent of the digital revolution has brought out a novel epoch characterised by enhanced connectivity, heightened efficiency, and unprecedented creativity, thereby fundamentally transforming the manner in which organisations engage in commercial activities. Conventional models are experiencing disruption, leading to the emergence of novel paradigms. Digital technologies, including artificial intelligence, cloud computing, big data analytics, and the Internet of Things, have become essential components in various aspects of operations, decision-making processes, and customer engagement. Consequently, organisations spanning many industries are pushed to thoroughly reconsider their strategy from the foundational level. The increased pace of change itself is a prominent outcome of the digital revolution. The field of technology undergoes rapid evolution, while client tastes exhibit swift changes in response to digital developments. Therefore, it is imperative for organisations to embrace agile tactics that facilitate rapid adaptation, experimentation with novel concepts, and adjustment to evolving market conditions. Conventional and inflexible strategic planning cycles are being replaced by dynamic and iterative approaches that actively embrace the presence of uncertainty and change as enduring factors.

Moreover, the advent of the digital revolution has resulted in a significant blurring of boundaries across many industries, fostering a climate of convergence and promoting innovation at the intersections of diverse sectors. There is a growing trend among companies to engage in collaborations and partnerships with entities outside of their conventional sectors in order to capitalise on mutually beneficial capabilities and broaden their range of products or services. Cross-industry alliances have emerged as a crucial component of contemporary organisational strategy.

Nevertheless, the advent of the digital revolution brings noteworthy obstacles. According to Chen and Hao (2022), the increasing complexity and prevalence of cybersecurity threats require the integration of
security measures into the strategic plans of organisations. Privacy concerns, legal compliance, and ethical considerations are significant factors that heavily influence the formulation of strategies in a digitally interconnected society.

This change encompasses a wide range of sectors and organisational sizes, impacting firms across all industries, ranging from small startups to large global enterprises. In the present setting, the significance of leadership is of utmost importance. There is a significant demand for leaders who possess the ability to effectively utilise digital technology, cultivate an environment conducive to innovation, and negotiate the intricate challenges posed by digital disruption (Correani et al., 2020).

Literature Review

The advent of the digital transformation age has significantly altered the corporate landscape, necessitating organisations to reconsider and reframe their strategy in order to maintain competitiveness and relevance. The objective of this literature study is to present a thorough and inclusive examination of the influence of digital transformation on corporate strategy. This will be accomplished by synthesising information from a range of scholarly sources and industry publications (Correani et al., 2020). The examination of scholarly literature pertaining to the influence of digital transformation on corporate strategy uncovers a substantial corpus of study and discerning observations on the manner in which organisations are adjusting to the era of digitalisation (Fernández-Rovira et al., 2021). The following section provides a summary of the primary results and recurring themes identified in the literature.

Definition and Scope of Digital Transformation:

The definition and scope of digital transformation involve the incorporation of digital technologies into various facets of an organization's operations, leading to significant alterations in business processes, customer engagements, and the generation of value. Scholars emphasise that the process of digital transformation encompasses more than just the adoption of new technologies. It also involves cultivating a culture of creativity and adaptability within the entire organisation (Fernández-Rovira et al., 2021). The process of digital transformation is not a singular endeavour but rather a continuous and evolving expedition. Organisations must demonstrate a strategic and enduring commitment, accompanied by strong leadership endorsement. The achievement of a successful digital transformation has the potential to result in enhanced operational effectiveness, financial savings, expansion of income streams, and heightened levels of customer contentment (Gil-Gomez et al., 2020). Nevertheless, the use of technology in organisations presents several difficulties, including the need to address cultural resistance towards change and the need to ensure that technological investments are in line with the strategic objectives of the firm.

Scope of Digital Transformation:

The scope of digital transformation encompasses the range and extent of activities and processes involved in the adoption and integration of digital technologies and strategies within an organisation or industry (Klos et al., 2021).

- **The optimisation of business process:**

  The use of digital technologies, such as robotic process automation (RPA) and workflow management systems, to optimise and automate conventional business operations. The use of data analytics and machine learning techniques is employed to get valuable insights for the purpose of making informed decisions based on data and to facilitate predictive analytics.
• Improving Customer Experience:
The implementation of customised and all-encompassing client interactions using digital platforms, including websites, mobile applications, and social media. Utilising data analytics for the purpose of comprehending client preferences and behaviour in order to enhance targeting and engagement strategies.

• The Utilisation and Analysis of Data:
The process of gathering and using data from many sources in order to get valuable insights pertaining to business operations, consumer behaviour, and market trends. Leveraging data analytics, machine learning, and artificial intelligence to facilitate business insight and predictive analytics (Rof et al., 2020).

• Culture and Talent Development:
Promoting a corporate environment that cultivates creativity, adaptability, and proficiency in digital technologies across the organisation. Enhancing the competencies and capacities of the labour force to effectively respond to and embrace digital technologies and processes (Mattila et al., 2021).

• The integration of technology into several domains
The incorporation of emerging technologies, such as cloud computing, the Internet of Things (IoT), and blockchain, into pre-existing systems. The objective is to guarantee the compatibility and capacity for expansion of digital solutions across the organisation.

• Supply Chain and Operations Optimisation:
The use of Internet of Things (IoT) sensors and analytics has promise for enhancing the visibility and efficiency of supply chain operations. The implementation of digital technologies for the purposes of controlling inventory, projections of demand, and their manufacturing optimisation (Miklosik & Evans, 2020).

• Compliance and safety:
This paper aims to examine the regulatory and security considerations that arise in the context of digital transformation. The implementation of cybersecurity measures is crucial in safeguarding digital assets and preserving the integrity of consumer data.

• Business Model Innovation:
According to Sundaram et al. (2020), the concept of business model innovation refers to the process of developing and implementing new strategies and approaches inside a company’s business model. This involves identifying and capitalising on opportunities for. This study aims to investigate the potential of digital technologies, such as subscription models and platform-based ecosystems, in facilitating the exploration of novel income streams and business models (Mattila et al., 2021). The task at hand involves the identification of potential areas for disruptive innovation within the sector.

• Environmental Sustainability:
According to Kraus et al. (2021), the concept of environmental sustainability refers to the practise of ensuring that human activities and development are conducted in a manner that does not compromise the Utilising digital technologies to enhance sustainability endeavours entails employing strategies such as the implementation of intelligent infrastructure in buildings to curtail energy usage or optimising transportation logistics to mitigate carbon emissions.

• Partnerships and ecosystems:
Engaging in strategic partnerships with technology partners, entrepreneurs, and industry ecosystems in order to get access to cutting-edge technologies and maintain a competitive edge. Establishing strategic alliances to enhance the organization’s market presence and broaden its consumer base (Melović et al., 2020).
Strategic Imperatives of Digital Transformation:
The strategic imperatives of digital transformation have been highlighted in several studies. There is a strong recommendation for businesses to prioritise customer-centricity through utilising data-driven insights in order to improve customer experiences. The capacity to collect and analyse extensive quantities of data is recognised as a fundamental skill set that can provide valuable insights for strategic decision-making and establish competitive advantages (Gil-Gomez et al., 2020). The advent of digital transformation has significantly altered the competitive landscape by challenging established industry boundaries and giving rise to novel kinds of competition. Platform-based business models, exemplified by companies like Uber and Airbnb, have emerged as formidable agents of disruption (Klos et al., 2021). Moreover, digital-native enterprises are presenting a formidable challenge to well-established industry leaders across multiple industries, compelling them to either adjust their strategies or risk becoming obsolete.

Numerous strategic frameworks have been presented by scholars to provide guidance for organisations undertaking digital transformation (Melović et al., 2020). The "Three Horizons of Growth" concept is a well-known framework that proposes organisations should simultaneously oversee and allocate resources towards three distinct categories of innovation: sustaining, adjacent, and transformative. This methodology guarantees the establishment of a well-rounded assortment of digital endeavours (Rof et al., 2020).

Organizational Culture and Leadership:
The significance of leadership and organisational culture in facilitating digital transformation cannot be overemphasized. According to existing research, it has been found that the achievement of successful digital transformation endeavours necessitates the presence of visionary leadership, a readiness to undertake well-thought-out risks, and a corporate culture that actively embraces experimentation and derives valuable insights from instances of failure. The responsibilities of leadership and organisational culture are crucial in enabling effective digital transformation projects within an organisation (Gil-Gomez et al., 2020). The importance of organisational culture cannot be overemphasised, as it plays a crucial role in shaping the attitudes, behaviours, and actions of workers, ultimately impacting the organisation's ability to successfully adapt to and capitalise on digital technology (Türkmen & Soyer, 2020).

Challenges and Risks:
According to Metzler and Muntermann (2020), challenges and hazards are inherent in the process of digital transformation, despite its vast potential. Organisations are required to address prominent risks such as cybersecurity threats, data privacy concerns, and regulatory compliance. Resistance to change among the workforce can pose a significant obstacle to the successful implementation of digital transformation programmes. Although digital transformation brings several benefits, it also introduces a range of organisational problems and dangers that have the potential to affect its overall success (MIHU et al., 2021). Addressing these problems and hazards requires a proactive approach to planning, effective leadership, and a steadfast dedication to adaptation. Organisations that adeptly tackle these challenges are more strategically positioned to negotiate the intricacies of digital transformation and capitalise on its benefits.
Measurement and Evaluation:
The measurement and evaluation of digital transformation endeavours are pivotal components of strategic analysis since they ascertain the effectiveness and influence of such initiatives. Scholars emphasise the necessity for organisations to establish key performance indicators (KPIs) and metrics that are in line with their strategic objectives. These indicators have the potential to aid in the evaluation of the return on investment (ROI) and the overall efficacy of digital transformation endeavours (Porfírio et al., 2020). Measurement and evaluation play a crucial role in the effective implementation of digital transformation initiatives. They assist organisations in making well-informed choices, monitoring progress, and optimising their plans to have the highest possible effect. Organisations may achieve sustainable development and enhance their competitiveness by using data-driven insights to inform and lead their digital transformation endeavours. This strategic approach enables them to effectively respond and adapt to the evolving digital world (Rof et al., 2020).

This literature study examines the significant influence of digital transformation on corporate strategy. This statement highlights the significance of embracing digital technology, cultivating a culture of innovation, and adjusting to the changing competitive environment. Although the process of digital transformation has several challenges and dangers, firms that effectively navigate this journey in a strategic manner are positioned to attain sustainable growth and enhance their competitiveness in the era of digitalization.

![Image of Digital Transformation Strategies] "Figure 1: Digital Transformation Strategies  
Source: (Tashawor, 2021)"

Research Methodology
An essential component of the assessment involves discerning the project's influence on the small business proprietors while distinguishing it from other factors that may be influencing their firms. It is imperative to attribute the intended results to our intervention. Put differently, the objective is to ascertain the portion
of the impact that the specific enterprises would not have attained under normal circumstances. A commonly employed approach for isolating this phenomenon involves the utilization of a control group, which consists of observations where no support was provided as part of the study. In this particular scenario, the design of a quasi-experimental study methodology was deemed to be the most appropriate. This methodology entails the establishment of treatment and control groups that are comparable, enabling us to assess the impact using a difference-in-difference approach. This strategy is seen as more appropriate in this specific scenario as opposed to employing a randomized experiment due to the following rationales:

- Putting the needs of the most vulnerable first.
- Strict criteria for choosing beneficiaries.
- Financial limitations.
- Little data and inadequate statistical power.

In addition to using a quantitative methodology, a qualitative analysis was also conducted for the project. Given that this is a pilot study for a novel initiative, our primary objective was to ascertain the magnitude of the effect across certain metrics. Additionally, it is intended to gather detailed qualitative information at a more nuanced level, with the intention of uncovering unforeseen discoveries. Consequently, a series of concise qualitative case studies were produced for each individual recipient, drawing on their testimonials gathered during the duration of the project as well as upon its conclusion.

To address the research inquiry and ascertain the influence of digital transformation on firms’ business models, a series of actions were undertaken. In order to provide a clear understanding of the subject matter and develop a framework for predicting its potential outcomes, it was necessary to provide a comprehensive explanation of the digital transformation idea. The research methodology used in this study was a thorough review of pertinent scholarly literature. This approach was chosen in order to get a full understanding of the existing knowledge in the field.

In addition, relevant publications were identified via publication searching platforms such as Google Scholar and Scopus by employing the following search terms: digital evolution, online technology, technological advancement, digital corporation, internet-based businesses, social, mobile, analytical tools, and cloud computing. Finally, the "snowball" technique was used to ascertain suitable scholarly sources through an examination of the references cited in a related study.

The subsequent phase included the creation of a business model measuring methodology, which was essential for assessing the tangible impacts of digital transformation. Four enterprise model infrastructures, namely VISOR, C-SOFT, the organization's model canvas, and the entrepreneur's model, were assessed in order to determine their suitability for further integration. The reason for considering these frameworks is their industry-agnostic nature and the presence of well-defined and distinct building components. The fundamental components were then operationalized into metrics based on scholarly literature on business models from many pertinent meta-analyses and the process categorization framework.

The subsequent phase of this study involved formulating the presumptions that would subsequently undergo testing. Hypotheses may be established for the bulk of the detected indicators based on the relevant literature on digital transformation and the operationalized business model canvas obtained in the first portion of the investigation.

The last phase of the study was the collection of empirical data using a survey in order to examine the hypotheses and measure the impact of digital transformation on the business models of firms. The selection of a survey as the selected approach is based on its efficiency in gathering a substantial sample of quantitative data pertaining to the impact of digital transformation on enterprises.
conducted among IT consultants, who are often regarded as a highly skilled cohort in implementing digital transformation and, therefore, in assessing its impact on enterprises.

Findings of the study
The study results indicate that digital transformation is anticipated to bring about significant changes in many aspects of companies. Nearly all nine business model constructs are projected to undergo at least moderate, if not substantial, transformations. Certain business model constructions may exhibit varying degrees of predicted changes across all underlying aspects, ranging from mild to strong. The primary areas that will see significant influence include firms' value proposition, their ability to identify and cater to client groups, their customer outreach strategies, and the allocation of resources. This study demonstrates that various modifications are anticipated within distinct components of the company model. Amongst the many transformations, there exists a solitary cohort that reaps the most advantages, namely, clients. When examining the study findings pertaining to consumers' value propositions, it is evident that their perception of value for money experiences a significant enhancement. It is anticipated that there will be a rise in the level of customization, performance, accessibility, and convenience of products and services, accompanied by a slight drop in pricing.

This research is a valuable contribution to the current body of literature by offering a distinct study that examines the anticipated impacts of digital transformation on businesses' business models across various sectors. The study results pertaining to enhanced consumer segmentation, heightened customization of goods and services, and higher online customer engagement validate prior research outcomes. Furthermore, this study goes beyond the scope of previous research by presenting quantifiable projected impacts rather than relying just on qualitative results. Moreover, this study demonstrates that many other components of the company model are anticipated to be influenced. It is noteworthy that the bulk of these conclusions align with research that has specifically examined these factors, with a single underlying technology being taken into account.

Results & Discussion
Digital changes have emerged as a fundamental aspect of almost all corporate operations. In order to effectively address the challenges posed by expanding market contexts, it is essential for companies to engage in continuous development. According to Samper et al. (2022), the primary driver behind expenditures in information technology is the need to meet the organizational demands of the company. Business leaders want the information technology (IT) department to depend on the company's excellent performance, inventiveness, and overall success. Digital transformation may be defined as the process of enhancing corporate capabilities, processes, practices, and models in order to effectively use the possibilities and advancements presented by evolving technologies while strategically prioritizing their implementation (Singh et al., 2021).

Numerous firms have faced various hurdles and achieved success by using digital business operations. These firms have used digital transformation strategies to modify their conventional business models with the aim of enhancing customer service (Türkmen & Soyer, 2020). The examination of several enterprises via case studies has shown that the incorporation of digitization into business models may effectively facilitate the advancement of entrepreneurial endeavours, increase productivity, generate higher profits, and ultimately contribute to broader economic development. The report acknowledges that the digitization of business models has been widely seen as advantageous for developing enterprises (Ziółkowska, 2021).
However, it also highlights the existence of certain problems that are linked to the adoption of these digital models. Moreover, the implementation of digital business models entails the integration of large volumes of data and the use of artificial intelligence inside the supply chains of organizations. The absence of progress in alignment with the rapid transformations in digital processes and the evolving dynamics of the market gives rise to declining earnings, hence posing an existential risk to a corporation. The integration of digital technology is a significant factor in fostering the long-term viability and expansion of a company. In contemporary times, it has become imperative for enterprises to integrate digitalization into their supply chain operations due to the growing societal inclination towards digital technology and the pursuit of transparency (Udovita, 2020). Consequently, many companies are aligning their economic models with the ethical obligation of knowledge dissemination. The use of digitalization has facilitated the real-time accessibility of information, hence enhancing customer-supplier connections. Nevertheless, organizations continue to face challenges in adopting the notion of digitalization within the prospective realm of supply chain management.

**Conclusion**

The primary conclusion of this study was to conduct a comprehensive review of the significance of implementing digital transformation in business models. Specifically, the study examined the effects of digitized business models on a company's revenue structure, the transformation of distribution channels through digitization, and the various challenges that arise during the implementation of digitized business models. The emergence of digital transformation has created new opportunities for scholarly investigation. Organizations are now directing their attention towards modifying their business models with the aim of enhancing the client experience and augmenting the financial performance of the company. In addition to the benefits associated with digitized business models, there are some drawbacks inherent in the process of digital transformation. The present research does not include the incorporation of solutions to overcome these difficulties. Therefore, this constraint may be mitigated by researchers in their next investigations.

The digital technologies used by the organization are contingent upon their capacity to address the individualized requirements and desires of the clients. The tactics associated with digital transformation place emphasis on prioritizing and coordinating several aspects of corporate operations. The primary accomplishment of attaining a high level of digital transformation maturity is closely associated with advancements in technology. Future research should prioritize the investigation of CEOs who analyse the use of digital assistance as an integral element of their digital transformation plan. The executives are required to advance their efforts by prioritizing distinctive technologies in order to use the potential of digital technology that is closely connected with the transformation plan.

**Conflict of Interests**

The writers state that they personally have no conflicts of interest.

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