

Chapter 2

Digital Transformation: Influence on Business Performance in Competitive Milieu

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ABSTRACT

Digital transformation and innovative business models are enabling a high level of competition among business enterprises. The worldwide adoption of the internet and an increasing number of associated technologies have strengthened the digital transformation. Digital technologies allow the customers to co-create value by designing and customizing products, perform last-mile distribution activities, and help other customers by sharing product reviews. Digital transformation is an enterprise-wide phenomenon that leads to the development of new business. This is intrinsically linked to strategic changes in the business model as a result of the implementation of digital technologies models, which may be new to the focal business units or industry. The chapter articulates the influence of digital transformation on the performance of business enterprises in the competitive environment. It analyzes the barriers to the effective use of digital technologies and also the digital transference initiatives of modern business enterprises.

INTRODUCTION

The use of digital technologies can increase the performance and competitiveness of a business enterprise. Digital technologies can enhance the innovation process by enabling transposition and collaboration since they can offer new functionalities and deliver value through a digital solution. The worldwide

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adoption of the internet and an increasing number of associated technologies such as broadband internet, smartphones, Web 2.0, SEO, cloud computing, speech recognition, online payment systems, and so on have strengthened the digital transformation. Therefore, successful digital transformation requires an enterprise to develop a wide range of capabilities, which will diverge its significance depending on the business context and the specific entrepreneurial needs. Digital technology needs to become central to how the business operates, and enterprises effectively need to re-think and possibly re-invent their business models to endure the competition in the market.

The emergence of novel and powerful digital technologies, digital platforms and digital infrastructures has transformed innovation and entrepreneurship in significant ways. The customer's expectations and behaviours are also changing as a response to the digital revolution. Beyond simply opening new opportunities for innovators and entrepreneurs, digital technologies have broader implications for value creation and value capture. The dynamics of market changes and the high level of turbulence in the business environment make modern economic enterprises face the challenge of continuous improvement in their operational methods and development. In practice, it implies the necessity to use modern information and communication technology (ICT) solutions in knowledge management, which enable to support business processes within the acquisition and reinforcement of an enterprise's competitive advantage. Digital business blurs the physical and virtual environment in a way that transforms business designs, industries, markets and enterprises. The enduring digital business evolution exploits emerging and strategic technologies to integrate the physical and digital worlds and create entirely new business models in the market (Patro, 2021).

Digital transformation provides productive solutions for individuals to solve their complications because of its quick reach. It enhances the skills and knowledge of individuals as well as business enterprises. Such skills include artificial intelligence, augmented reality, cloud computing machine learning, data exploration, and growth hacking and so on. Many enterprises invest huge amounts in digital transformation instead of a smart investment. The enterprises are trying to improve the abilities of their employees for future growth. Despite the rapid spread and uptake of digital technologies, adoption and usage differ among the enterprises through demographic categories, industries and business size, rising apprehensions about the inclusiveness of the digital transformation (OECD, 2017). The digital transformation is having a wide-ranging impact on the business environment, creating both opportunities and challenges for the entrepreneurs.

BACKGROUND

In recent years, enterprises in almost all sectors have taken several initiatives to explore new digital technologies and exploit their advantages. This frequently involves transformations of key business operations and affects products and processes, as well as organizational structures and management thoughts. The enterprises should begin management practices to administer these complex digital transformations. An important approach is to formulate a digital transformation strategy that serves as a central concept to integrate the entire coordination, prioritization, and implementation of digital transformations within an enterprise.

The exploitation and integration of digital technologies often influence major segments of an enterprise and even go beyond their borders, by impacting products, business processes, sales channels, and supply chain systems. Potential benefits of digitization are diverse and embrace rises in productivity,

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