

Digital Transformation of Business after COVID-19: Opportunities and Challenges.

OPEN ACCESS

Volume: 3

Issue: Special

Month: May

Year: 2024

ISSN: 2583-7117

Published: 07.05.2024

Citation:

Prachi1. "Digital Transformation of Business after COVID-19: Opportunities and Challenges" International Journal of Innovations In Science Engineering And Management, vol. 3, Issue: Special, 2024, pp. 76–81.



This work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License

Prachi¹

¹Department of Commerce St. Xavier's College of Management and Technology.

Abstract

Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to customers. This transformation involves the adoption of new technologies, the rethinking of business processes, and the development of a digital culture. After the COVID-19 times, the physical and social contacts have rapidly lessened. Now it's difficult to find businesses which do not have any digital integration into their business operations. It is the need of the hour for a digital transformation for every business be it small or large in the cutting-edge competition. The inculcation of new technological changes is critical for the business in order to run their business smoothly, be more customer centric, satisfy the needs of the customer and take more data driven decisions which will directly be reflected on the increased revenue of the business.

This paper investigates the concept of digital transformation and argues that it is a necessary to be massively adopted by businesses. This paper focuses on opportunities and challenges faced by the businesses due to digital transformation after COVID-19

This paper is based on secondary data collected through various websites, journals, reports and governmental statistics.

Keyword: Digital transformation, Cutting-edge competition, new technologies, digital infrastructure.

1. INTRODUCTION

Digital Transformation is a topic that has been one of the hottest buzzwords in recent years, it was also a thing in the last 90s and was talked about tremendously in the mid-2020s. It is a matter of almost 30 years ago, that we started using computerized procedures and the businesses and companies also had started incorporating it in its operations.

Digital transformation is the pivotal process that leverages digital technologies to create new — or modify existing — business processes, corporate culture, and customer experiences to align with evolving market dynamics. [1]

Although the concept of digital transformation is very old, but it picked a rapid speed after the countries were being bogged down by the widespread of COVID-19 virus.

Objective

To study about the digital transformation took place in businesses after COVID-19.

To study about the opportunities and challenges faced by the businesses during digital transformation.

Research Methodology

This paper is based on the secondary data collected through different past researches. The past researches are reviewed and based on their methods and findings; a conclusion is derived

Literature reviews

This article examines how the digital economy has spread and focuses on the skills and preparedness of different economies to undergo digital transformation. It goes on to say that although the digital revolution is altering the world's economy and culture, not everyone is reaping the benefits. With so many individuals affected by the digital divide, the problem is to make sure the new digital system doesn't lead to a more "restricted" social and economic climate. Despite opposing factors, the article stresses that the inevitable result of any automation process is the displacement of humans as robots take over for human labour. [2]

The paper has a dual use. Due to the domain-specific nature of the extant literature in business and management, it is necessary to first chart the thematic development of DT research in these fields. Articles published in the publications of the Chartered Association of Business Schools (ABS) with two stars or more were sought for and evaluated in order to do this. The second goal of this study is to provide an evolutionary viewpoint based on these results by proposing a synergistic framework that connects current research on DT to the domains of management and business. The framework is seen as a solid foundation for further debate and upcoming study, taking into account the developing nature of the subject being studied. [3]

In order to comprehend the factors that lead to digital transformation in the corporate sector after COVID-19, this research constructs a theoretical framework. Human, organisational, and technological aspects are used to classify the determinants. Cybersecurity concerns, business process automation, virtual collaboration, remote work, corporate resilience and recovery, and employee health and safety are all part of this category. This research adds to the literature by providing a post-COVID-19 time conceptual framework for digital transformation in businesses that takes human, organisational, and technical aspects into account. [4]

The purpose of this paper is to add to the existing literature on digital transformation by shedding light on its interpretation and discovery, its cognitive development, its positive aspects, its accomplishments, the urgency of digital

transformation in light of the COVID-19 pandemic, and the limitations and challenges faced by the initiative of the contingent of public servants and leaders involved in digital transformation. Articles from scholarly journals, books, and other published works, as well as the opinions of the authors shared on many websites, form the backbone of the research methodology. Findings from the study will help provide the theoretical groundwork and guide future recommendations to leaders. From a practical standpoint, research has demonstrated that digital transformation may be challenging. However, the key to effective digital transformation across nations is to detect and prepare for leadership thinking innovation. [5]

Discussion

In this paper, after a lot of research from various secondary sources came out various instances which proves the importance of digitalization the business world. There are many such examples which will be quoted further in the paper, which will show the significant success the businesses have seen due to their one right decision of adapting itself with the changing times and going digital which is the need of the hour. This transformation enhanced the need of digital skills in the workplace.

There are many areas in the business can think about the digital transformation, but talking precisely about the main 4 areas in which the business can transform digitally are:

1. Culture / People: Under this transformation the business focuses on their employees, current customers, how to find more potential customers, finding its vender i.e. supply chain management. The business uses digital platforms like Microsoft Teams to change the way the company approaches meetings, scheduling, project management etc. [6]

2. Process Transformation: In this, businesses use digitally advanced technologies to make their business processes more effective and efficient. [7]

The most famous example of this can be 'Domino's', it is a company which makes and serves pizza to its customer, but with time it started transform its business process along with the technological advancements taking place all around. It started taking online order via their own mobile apps, added the feature of tracking the orders to their customer who order online and also invented delivery drones. All these changes kept the business growing rapidly along with the changes it made with time.

3. Business Model: The business needs to keep updating its business models with time to time to serve its customers better and according to the demand of the time.

The best example for this 'Netflix'. Netflix first used to deal in DVDs and with time it shifted to online streaming of different kinds of entertainment materials like, films, web series etc. This change was very much required as the time was evolving and every other home started having internet facility. If the business would have not changed its operation model within time, then it would have gone irrelevant now, and wouldn't have been such a huge success. [8]

Changing the business model in the course of digital transformation does not mean to change its core values, the core purpose does not change.

4. Domain: Under this changes the business changes the thing they are offering all together to be more relevant in the market and increase its productivity and revenue out of it.

One the example of domain change in business is 'Amazon'. Amazon was initially into selling books, but that was not yielding the required amount of revenue, so it switched its business plan to reselling platform, and it's now the largest warehouse provider and distributor logistically of all products.

This proves that the digital transformations were taking place way before COVID-19 hit the market. But it was slow and many did not trust this process and were still stuck to the traditional business making. But when the COVID-19 spread, it nearly shut down the entire industries and forced companies of all sizes to evolve and adapt. It was the time when the whole economy of the world was shut down entirely for months, and many big to small businesses realized that going digital is the only option to survive in the tough times. The mindset of every businessman, industrialists and even government took a U-Turn. This was era where Digital Transformation became the most sensationalized topic to be discussed and thought upon by every business.

There were many big corporate transformations in the wake of COVID-19. The business started to change the way business worked and what it served entirely in order to survive in the market and meet the new needs which arose in the market due to the crisis. [9]

Quoting few real-world examples from all around the world showing how COVID-19 forced the digital business transformations are as follows:

1. Grocery Stores Become Dark Fulfilment Centers: Many groceries store to serve their customers better and protect their employees restricted its stores for customers to enter. They converted their stores into dark stores or fulfilment centers from where they took only orders for delivery online or pickup mode. Examples of such stores are Whole Foods which converted stores in Los Angeles and New York, and Kroger and Giant Eagle have done the same with multiple locations.

2. Stores Expand Digital Ordering: Many restaurants and grocery stores came into a tie up with tech companies to increase their mobile ordering. For example, Walgreens partnered with Postmates to deliver a wide variety of grocery items and personal care products.

3. Fitness Companies Move Workouts Online: It was the time when the gyms and fitness companies had to think of something creative as all their physicals stores were shut down. Many such companies started various kinds of wellness programs online in which people can enroll themselves based on their needs. Example fitness apparel company Under Armour started hosting a 30-day Healthy at Home fitness challenge to encourage customers to stay active even when they were locked in their homes.

These are the live example from around the world which shows how the business entirely changed the way they operated and few even entered new fields in which they never thought of operating. The business which adapts itself which changing times can only survive the competition all around.

Going digital was the only option left for many companies in order to sustain, right from conducting online classes to consulting doctors on the phone zoomed. In this paper we will see few more successful digital transformation examples. [10]

Digital transformation looks very different for different companies. Companies had already started expanding digitally since over a decade now.

1. Banking: The banking system used to be traditional many years ago. The customer would need to visit the bank branch for accessing every other service the bank provides. But now almost every bank has gone digital, and it

emphasizes the customers to get access to most of the services online so that it is easy and convenient for both the bank as well as the customer. It saves a lot of time and resources all together. From opening an account in the banks to getting loans, everything is just a few clicks away from the customers. The banks have built an outstanding customer support channel as well from which the customer can get all their queries solved without visiting the branch again and again.

One of the remarkable digital transformations in the banking sector was the introduction of UPI by India. Unified Payments Interface (UPI) is an Indian instant payment system developed by the National Payments Corporation of India (NPCI) in 2016. The interface facilitates inter-bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions. It is used on mobile devices to instantly transfer funds between two bank accounts.

2. Retail shops: In the retail industry, the main goal of digital transformation was to serve its customer better and make its operations customer centric. One of the leading examples to this is IKEA stores, this is well known company which deals in furniture items worldwide. They have hit a huge milestone in terms of transforming its business operations digitally by various means, such as incorporating a buy-online-pick-up-in-store (BOPIS) model. Also using the Ikea's website, one can design any custom furniture for home, save that design in their systems and visit any nearby Ikea store to choose the finishes in person.

3. Hospitality: In the hospitality industry, going digital means to mainly provide a contactless service to its customers, provide a better online booking facility, and ensure their safety. It also includes managing the inventory from the hotel's point of view and many more. One of the examples of it is Four Sisters Inns which operates 17 beautiful boutique inns across some of California's most popular destinations. They pride themselves on providing a curated luxury vacation experience — made all the more luxurious with the use of fully contactless communications.

4. Healthcare: The healthcare industry is rapidly going digital from online doctor's consultancy to getting therapies online via internet sitting in our homes. There are many pharma companies which has also providing medicines direct to the patient's home verifying a valid prescription to that medicine like 'Pharmeasy'. All these transformations help to overcome the barriers of time, travel as well as cost.

Even in times of covid, when the world was busy to develop vaccines and drugs to take up arms against the pandemic, technology companies were offering their expertise to accelerate the development and approval processes. For example: 'Digital Twin'

5. Education: During the crisis, all the schools, colleges and universities were shut down for almost a year and it was not safe to step out of the homes both for the teachers and the students. Then a major transformation took place in the education industry which was conducting online classes using various platforms like Zoom, Google Meet, Microsoft Teams etc.

The Maharashtra government also took up an initiative named 'Swadhyay' to improve online education of children around the state. All the students enrolled under the state government schools were provided with online resources to study and tests to analyze their performance. [11]

Findings

The study highlights the significant impact of Digital Transformation (DT) on business processes and working culture, particularly evident in India. Notably, a major milestone occurred in September 2023 with the introduction of UPI-ATMs, facilitating QR-based UPI cash withdrawals, a joint venture by Hitachi Payment Services and the National Payments Corporation of India (NPCI). The adoption of remote work, previously unforeseen pre-pandemic, became widespread among tech-driven companies like Infosys, Wipro, and TCS, proving cost-effective and leading to increased profits.

Moreover, the digital expansion has benefited Small and Medium Enterprises (SMEs), with many flourishing upon embracing digital strategies. The availability of internet connections in rural areas has democratized access to information and innovation, inspiring youth to develop environmentally friendly solutions. The rise of digital startups, operating solely online through platforms like Instagram and Facebook, has enabled cost-saving and wider audience reach, exemplified by startups like Carmesi and Food Darzee.

Despite these successes, the digital shift poses challenges for businesses, including significant investments in infrastructure, technology upgrades, and acquiring new skills. While many businesses embarked on their digital transformation journey years ago, few have mastered it, emphasizing the importance of continuous adaptation to

technological innovations rather than aiming for predetermined maturity levels. Thus, staying abreast of technological advancements and embracing change remain pivotal for leveraging digital transformation's benefits in the business landscape.

Conclusion

The study done through this paper concludes that digital transformation should be adapted by every business. A business may look up for digital transformation due to several reason, it is a survival issue for many businesses after the COVID-19 pandemic and were going digital is the need of the hour in order to maintain its customer base and serve in a better way. The businesses which ignore the digital transformation lacks behind in many aspects.

Although it is not a very smooth and easy, businesses do face a lot of difficulty in switching from the traditional method of doing business to an advance and modern way of doing the same, but the businesses which takes up the challenge excels than the rests and we have studies about numerous real-world examples of it.

Overall, the businesses which have an inclusive approach towards digital transformation have the potential to attain a lot of value from it, as it is not a one-time approach, it is an ongoing process which requires constant attention as it is one of the rapidly evolving areas.

References

- [1] K. Stalmachova, R. Chinoracky, and M. Strenitzerova, "Changes in Business Models Caused by Digital Transformation and the COVID-19 Pandemic and Possibilities of Their Measurement—Case Study," *Sustain.*, vol. 14, no. 1, 2022, doi: 10.3390/su14010127.
- [2] D. Schilirò, "Digital transformation, COVID-19, and the future of work Digital," *Int. J. Bus. Manag. Econ. Res.*, vol. 12, no. 3, pp. 1945–1952, 2021.
- [3] S. Kraus, S. Durst, J. J. Ferreira, P. Veiga, N. Kailer, and A. Weinmann, "Digital transformation in business and management research: An overview of the current status quo," *Int. J. Inf. Manage.*, vol. 63, no. August 2020, 2022, doi: 10.1016/j.ijinfomgt.2021.102466.
- [4] S. Tripathi, "Determinants of Digital Transformation in the Post-Covid-19 Business World," *IJRDO - J. Bus. Manag.*, vol. 7, no. 6, pp. 75–83, 2021, doi: 10.53555/bm.v7i6.4312.
- [5] T. N. Hai, Q. N. Van, and M. N. T. Tuyet, "Digital transformation: Opportunities and challenges for leaders in the emerging countries in response to covid-19 pandemic," *Emerg. Sci. J.*, vol. 5, no. Special Issue, pp. 21–36, 2021, doi: 10.28991/esj-2021-SPER-03.
- [6] J. Amankwah-Amoah, Z. Khan, G. Wood, and G. Knight, "COVID-19 and digitalization: The great acceleration," *J. Bus. Res.*, vol. 136, no. August, pp. 602–611, 2021, doi: 10.1016/j.jbusres.2021.08.011.
- [7] P. Datta and J. K. Nwankpa, "Digital transformation and the COVID-19 crisis continuity planning," *J. Inf. Technol. Teach. Cases*, vol. 11, no. 2, pp. 81–89, 2021, doi: 10.1177/2043886921994821.
- [8] A. J. Reuschl, M. K. Deist, and A. Maalaoui, "Since January 2020 Elsevier has created a COVID-19 resource centre with free information in English and Mandarin on the novel coronavirus COVID- 19 . The COVID-19 resource centre is hosted on Elsevier Connect , the company ' s public news and information website . Elsevier hereby grants permission to make all its COVID-19-related research that is available on the COVID-19 resource centre - including this research content - immediately available in PubMed Central and other publicly funded repositories , such as the WHO COVID database with rights for unrestricted research re-use and analyses in any form or by any means with acknowledgement of the original source . These permissions are granted for free by Elsevier for as long as the COVID-19 resource centre remains active . Digital transformation during a pandemic : Stretching the organizational elasticity," no. January, 2020.
- [9] A. Kutnjak, "Covid-19 Accelerates Digital Transformation in Industries: Challenges, Issues, Barriers and Problems in Transformation," *IEEE Access*, vol. 9, pp. 79373–79388, 2021, doi: 10.1109/ACCESS.2021.3084801.
- [10] S. Alanzi and V. Ratten, "The use of technology in facing the COVID-19 negative consequences and the associated opportunity for digital entrepreneurship in

- KSA,” J. Trade Sci., vol. 11, no. 2/3, pp. 31–44, 2023, doi: 10.1108/jts-06-2023-0002.
- [11] F. Almeida, J. Duarte Santos, and J. Augusto Monteiro, “The Challenges and Opportunities in the Digitalization of Companies in a Post-COVID-19 World,” IEEE Eng. Manag. Rev., vol. 48, no. 3, pp. 97–103, 2020, doi: 10.1109/EMR.2020.3013206.