

Navigating digital transformation in the post-Covid world

By Lipika Bhattacharya, Clarence Goh and Gary Pan

TO COMPETE effectively in today's post-Covid business environment, it has become crucial that companies continually seek to enhance the agility and speed of their decision-making and the productivity of business processes. Often, this entails embracing data-driven decision-making and leveraging digital technologies to transform their organisational structures, processes and service/product offerings. Certainly, digital transformation – which describes company-wide changes, including developing new business models, that increase the entity's business value – has emerged as a key driver of corporate competitive advantage in the post-Covid world.

Given that the successful implementation of digital transformation not only offers the potential of value creation for a company's front- and back-end business activities but also positively impacts its investment attractiveness, finance leaders increasingly find themselves having to develop and articulate a coherent strategy for the process.

But how should finance leaders think about digital transformation? In a recent article titled *Knowledge-Driven Agile Innovation in Digital Transformation*, published in the *International Journal of Business and Economics Research*, we developed a model that introduces three key dimen-

sions of digital transformation: business model, digital infrastructure, and digital talent and culture.

Digital transformation provides organisations with the opportunity to not only improve upon existing business models, but also to create new paradigms where appropriate. With the rapid development of digital technologies, companies have the potential to fundamentally reshape aspects of their business model related to their value propositions and architecture. This can be achieved in two key ways.

First, companies, by strategically implementing digital technologies, can explore extending their existing offerings of physical products or services through digital means, thereby creating new revenue streams. Second, through innovative implementation of digital technologies, companies can seek to redefine the value for customers by replacing traditional products or services with digital alternatives.

Four key aspects

Digital infrastructure refers to the basic informational technologies and organisational structures, along with the related services and facilities necessary for a company to carry out its business processes and activities. As a company progresses on its digital transformation journey, it relies on its digital infrastructure to directly support the digital aspects of its business model. It is therefore critical that a company carefully considers its digital infras-

tructure requirements. Here, four key aspects of a company's digital infrastructure should be noted:

Complexity: This focuses on the processes by which digital infrastructure can be adapted to a company's internal and external business environments and used independently by different stakeholders in the business model.

Network: This relates to how different users utilise existing digital technologies, thereby creating a network of actors that form part of the digital infrastructure.

Relational: This looks at how sociotechnical relations can emerge from the engagement of IT-related activities within a company.

Strategic asset: This is about how much finance leaders see digital infrastructure as a strategic asset. To the extent that they do, a company can initiate and implement changes in the digital infrastructure to better align its digital resources with its strategic objectives.

People determine the success or failure of a company's digital transformation efforts. While it may be relatively easy to implement a new technology, it can be extremely difficult to assemble people with the skills to use that technology effectively and to change the way that a company conducts its business activities or how its employees work. One important factor that influences how a company's digital talent works is its digital culture, which relates to aspects of its culture that allow it to inte-

grate digital technologies, systems, processes and structures. A company's culture can provide a tacit code of conduct, which guides employees to act appropriately and make choices that advance the organisation's goals and strategies with respect to its digital transformation goals.

Digital talent: A key ingredient

Digital talent – a key ingredient in determining the success of a company's digital transformation – is increasingly scarce. For example, CPA Australia's *Business Technology Report 2022*, citing findings from a survey of accounting and finance professionals in the Asia-Pacific region, identified the shortage of tech talent as one of the key challenges that businesses face in technology adoption today.

Given the challenges involved in assembling a team with the right skill sets to drive a company's digital transformation efforts, finance leaders should constantly be on the lookout for talents who possess relevant digital capabilities.

At the same time, it is also crucial that universities recognise the need for today's accounting and finance professionals to possess relevant technology skills and revamp their curriculums to include the teaching of such competencies. For example, in response to these industry trends, the School of Accountancy at Singapore Management University offers a second major in accounting data and analytics, which students can pursue to complement

their Bachelor of Accountancy degree programme. As part of this second major, students take courses that not only equip them with data and analytics skill sets useful for accounting and finance professionals, but also teach them to apply these competencies across various finance-related settings such as audit, investments and forensic accounting.

Covid has accelerated the drive for companies to embark on digital transformation. In order to capitalise on the benefits that digital transformation can bring, finance leaders need to think about and develop effective digital transformation strategies that incorporate relevant aspects of their company's business model, digital infrastructure, and digital talent and culture. To address the challenges relating to shortages in digital talent, universities have a crucial role to play. They should work closely with industry practitioners to develop innovative programmes that equip young accounting and finance professionals with relevant digital skills that companies can leverage in their drive for digital transformation.

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