Business Model Innovation in the Era of Digital Transformation

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ABSTRACT.

This study presents a systematic literature review (SLR) that explores the dynamic interplay between Business Model Innovation (BMI) and Digital Transformation (DT). Drawing on a curated selection of 11 peer-reviewed articles published in leading journals, this review identifies theoretical foundations, methodological patterns, and thematic trends that shape current scholarship at the intersection of BMI and DT. The findings reveal that digital transformation acts as a strategic catalyst that compels firms to reconfigure value creation, delivery, and capture mechanisms, leading to novel business model configurations. Three dominant BMI pathways in digital contexts are identified: enhancement of existing models, extension through digital platforms, and disruptive creation of entirely new value logics. The literature demonstrates a strong reliance on theoretical frameworks such as Dynamic Capabilities Theory and the Resource-Based View, yet remains methodologically fragmented, with a predominance of qualitative case studies and a lack of longitudinal or cross-sector analyses. Notable research gaps include the need for empirical studies in developing economies, robust measurement frameworks for digital BMI, and greater integration of ecosystem-oriented perspectives. This study contributes to the consolidation of fragmented insights and proposes a future research agenda that emphasizes multi-level analysis, theoretical integration, and methodological diversification. The review offers both scholarly direction and practical relevance for organizations navigating digital transformation through business model innovation.

Keyword: business model innovation; digital transformation; systematic literature review.
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INTRODUCTION

In an increasingly volatile and digitally-driven business environment, organizations are compelled to rethink the way they create, deliver, and capture value. This imperative has brought Business Model Innovation (BMI) and Digital Transformation (DT) to the forefront of strategic discourse across various industries. Business Model Innovation refers to the process of redefining an organization's value logic and operational architecture to gain competitive advantage, often by altering its core value proposition, target markets, or delivery mechanisms (Teece, 2014). Meanwhile, Digital Transformation encompasses the integration of digital technologies across all functions and levels of an organization, leading to fundamental changes in business processes, organizational structures, and customer interactions (Vial, 2019).

The convergence of BMI and DT is rapidly reshaping the strategic landscape, driving firms to adopt more agile, technology-enabled, and customer-centric models. Scholars have increasingly recognized that digital transformation is not merely a technological upgrade, but a catalyst for deeper strategic reconfigurations, often manifested in innovative business models (Foss & Saebi, 2017). Companies that successfully align their digital initiatives with business model innovation tend to exhibit superior adaptability, improved performance, and stronger competitive positioning. This intersection has gained substantial attention in recent years, as organizations face continuous disruption from technological advancements, shifting consumer behavior, and platform-based competition.

Despite the growing volume of research, the conceptual boundaries, theoretical underpinnings, and empirical linkages between BMI and DT remain fragmented. Prior studies have explored diverse facets of this intersection—ranging from value co-creation and digital capabilities to strategic renewal and ecosystem orchestration—yet no consensus exists on the dominant themes, frameworks, or outcomes. Moreover, the rapid evolution of digital technologies has led to terminological inconsistencies and methodological heterogeneity, further complicating the synthesis of existing knowledge. As a result, scholars and practitioners alike face challenges in navigating this complex and dynamic field.

To address this gap, the present study conducts a Systematic Literature Review (SLR) to provide a comprehensive and integrative synthesis of scholarly work that links Business Model Innovation with Digital Transformation. By applying the PRISMA framework and focusing on high-impact, peer-reviewed journal articles published between 2015 and 2024, this review aims to map the intellectual structure of the field, identify prevailing theoretical perspectives, uncover research trends, and highlight unresolved issues. Furthermore, it seeks to propose a research agenda that can guide future investigations at the intersection of BMI and DT.

This review contributes to the literature in three important ways. First, it offers a structured overview of the current state of knowledge by systematically classifying and analyzing extant studies. Second, it identifies key conceptual intersections and emerging research streams, thereby enhancing theoretical clarity. Third, it provides actionable insights for practitioners seeking to leverage digital transformation through innovative business model configurations. In doing so, this

article bridges the gap between fragmented academic discourse and managerial practice, laying the groundwork for future theoretical advancement and empirical exploration..

METHODS

This study employs a Systematic Literature Review (SLR) approach based on the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework to ensure methodological transparency, replicability, and analytical rigor (Rahardjo et al., 2025). The objective of this review is to explore and synthesize peer-reviewed scholarly articles that examine the intersection between Business Model Innovation (BMI) and Digital Transformation (DT), particularly within the domain of business, management, and accounting. The Scopus database was selected as the primary source of data due to its extensive coverage of high-quality journals and its recognition as a leading citation index in social science research.

The search strategy was designed using the keywords "Business Model Innovation" and "Digital Transformation," connected by the Boolean operator AND to retrieve articles addressing both concepts simultaneously. A total of 330 documents were initially identified. To enhance the relevance and quality of the selected articles, several inclusion and exclusion criteria were applied. First, the publication period was limited to the last ten years (2015–2024) to capture recent developments and contemporary discussions. Second, the subject area was restricted to "Business, Management and Accounting" to ensure disciplinary relevance. Third, only English-language journal articles were included, while other types of publications such as book chapters, conference proceedings, editorials, and reviews were excluded. Furthermore, the selection was limited to open access articles to ensure accessibility and transparency of sources.

To maintain the quality and impact of the reviewed literature, only articles with more than 50 citations were retained for further analysis. One article was excluded during the screening stage due to its lack of thematic relevance based on full-text evaluation. After these filters were applied, the final set of articles was selected through a multi-stage PRISMA process consisting of identification, screening, eligibility assessment, and inclusion. The detailed process is illustrated in the PRISMA flow diagram (Figure 1).

Each of the retained articles was carefully examined to extract data related to research objectives, theoretical frameworks, methodological approaches, key findings, and contributions to the BMI–DT discourse. A qualitative assessment of article quality was also conducted using five criteria: clarity of research objectives, appropriateness of the methodological approach, robustness of the theoretical foundation, depth and relevance of the findings, and overall contribution to the field. Articles that failed to meet these quality thresholds were excluded from the final synthesis.

Finally, a thematic synthesis approach was applied to organize the findings from the selected studies. This process enabled the identification of recurring patterns, dominant themes, research gaps, and emerging directions in the literature at the intersection of business model innovation and digital transformation. The review offers a structured overview of the existing knowledge base while outlining future research opportunities for scholars and practitioners in the field.

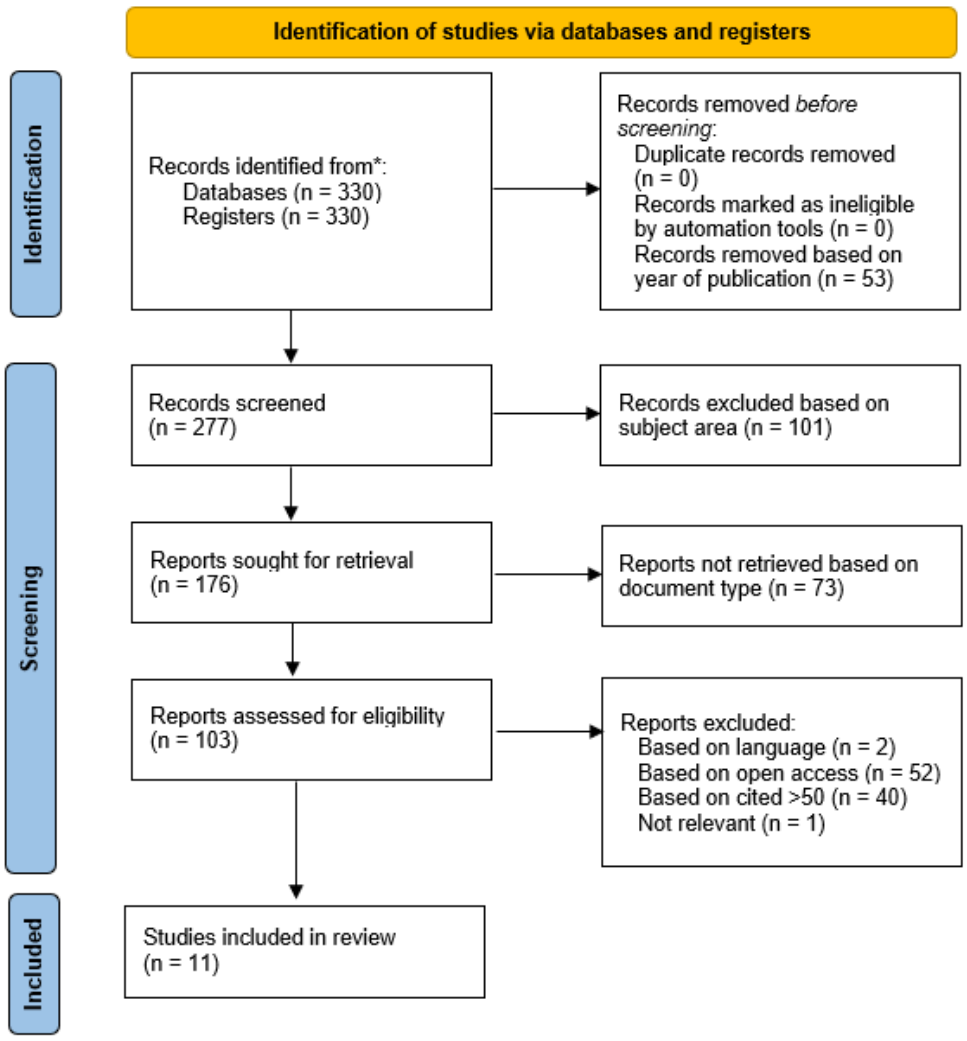

Figure 1 PRISMA flow diagram

Source: processed researcher data

RESULT AND DISCUSSION

This systematic literature review synthesizes the growing academic interest in the convergence of Business Model Innovation (BMI) and Digital Transformation (DT). As evidenced in studies such as (Felicetti et al., 2024; Kamalaldin et al., 2020; Verhoef et al., 2021), digital transformation is increasingly recognized not merely as a technological trend but as a strategic imperative that drives radical reconfigurations of business models. The reviewed articles reflect a shift from viewing digital technologies as tools for automation to understanding them as enablers of value creation, delivery, and capture mechanisms in digitally intensive contexts.

A recurring theme in the literature is the redefinition of value logic. Digital transformation leads firms to rethink how they deliver customer value, often by embedding digital layers into products and services or shifting toward servitization models d(Kamalaldin et al., 2020; Ruggieri et al., 2018; Sund et al., 2021). For example, article (Ruggieri et al., 2018) demonstrates how platform-based business models challenge traditional value chains by enabling multi-sided interactions. The reviewed studies emphasize that BMI in digital contexts is not a one-time shift but a continuous, iterative learning process.

Several articles adopt Dynamic Capabilities Theory and the Resource-Based View (RBV) to frame how organizations respond strategically to digital pressures (Felicetti et al., 2024; Li, 2020; Verhoef et al., 2021). These perspectives help explain how firms sense digital opportunities, seize them by innovating business models, and transform organizational capabilities accordingly. Article (Li, 2020), for instance, develops a holistic business model framework rooted in these theoretical foundations, suggesting that organizations must dynamically reconfigure their internal and external resources to sustain competitive advantage.

In terms of methodology, most of the selected articles utilize qualitative case studies or systematic literature reviews, reflecting an exploratory orientation within the domain (Bouwman et al., 2019; Felicetti et al., 2024; Kamalaldin et al., 2020; Sund et al., 2021). For instance, article (Bouwman et al., 2019) applies structural equation modeling (SEM) but is the exception rather than the rule. This trend suggests that while the theoretical development is advancing, there remains a need for more quantitative validation and cross-industry empirical generalization.

Table 1. Journal sources of reviewed articles

Journal Name	Number of Articles
Management & Marketing. Challenges for the Knowledge Society	I
Review of Managerial Science	I
Telecommunications Policy	I
Technovation	I
Industrial Marketing Management	I
Journal of Business Research	I
Technological Forecasting & Social Change	II
Journal of Business Research	II
Management Science Letters	I

Source: processed researcher data

Organizational ambidexterity—the ability to balance exploitation of existing business models and exploration of new digital models—is identified as a critical enabler of successful digital transformation (Felicetti et al., 2024; Kamalaldin et al., 2020; Palmié et al., 2022). Several articles highlight tensions between maintaining operational efficiency and pursuing innovation. For instance, identifies that many firms struggle to overcome inertia caused by legacy systems, which impedes their ability to transform their business models quickly and effectively (Palmié et al., 2022).

Three configurations of BMI in the context of digital transformation emerge from the review: enhancement, extension, and creation. Enhancement refers to digital tools improving existing models, as illustrated in (Sjödin et al., 2021; Verhoef et al., 2021); extension involves expanding value propositions through platforms or ecosystems, as in (Ruggieri et al., 2018); and creation entails designing entirely new models, often seen in startups or disruptive innovators (Felicetti et al., 2024; Mihardjo et al., 2019). This typology provides a useful framework for categorizing digital BMI strategies.

Collaboration and ecosystem participation are prominent topics, especially in platform-oriented studies such as (Ruggieri et al., 2018; Sjödin et al., 2021). These articles stress that the locus of

innovation is shifting from the firm to the digital ecosystem, where value is co-created with customers, suppliers, and even competitors. This insight aligns with broader innovation literature emphasizing open innovation and co-creation models in digital environments.

The role of SMEs in digital BMI is particularly highlighted in articles (Bouwman et al., 2019; Li, 2020; Mihardjo et al., 2019). Despite resource constraints, SMEs often exhibit greater agility and risk-taking behavior, allowing them to experiment with digital innovations more freely. For example, presents evidence that digital leadership in SMEs facilitates not only technological adoption but also transformation in customer orientation and service delivery (Mihardjo et al., 2019).

While the field is advancing, the review identifies several research gaps. First, longitudinal studies are scarce, limiting understanding of how digital BMI unfolds over time (Felicetti et al., 2024; Sund et al., 2021). Second, there is a lack of quantitative metrics to evaluate the performance impact of BMI initiatives. Most studies rely on qualitative insights or conceptual models, which hampers comparability and generalization. Additionally, Sjödin et al., (2023) highlights the underrepresentation of developing country contexts, suggesting a geographic skew in existing research.

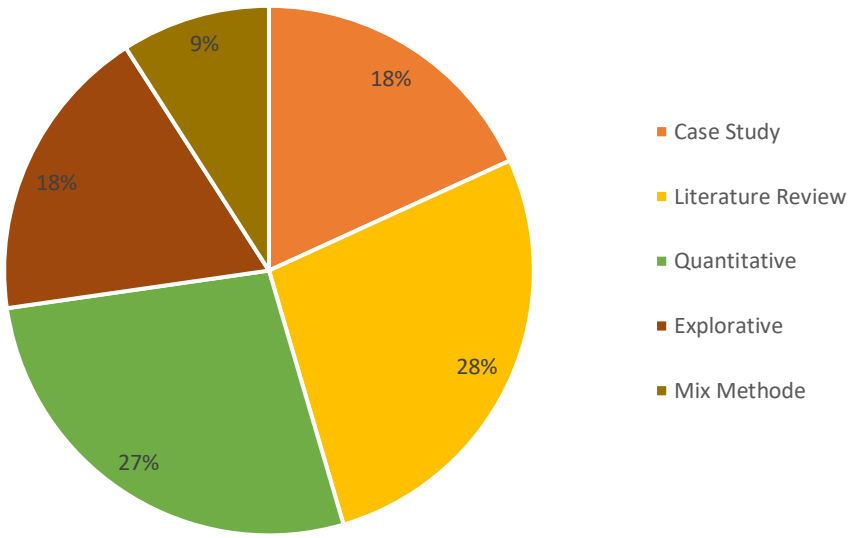

Figure 2 Methodology used in the reviewed articles.
Source: processed researcher data

The literature strongly supports the view that digital transformation and business model innovation are mutually reinforcing processes that must be addressed in tandem. However, the pathway is complex and context-dependent, influenced by firm size, industry characteristics, leadership capabilities, and ecosystem dynamics. This SLR underscores the need for future research to adopt multi-level, interdisciplinary, and longitudinal approaches to deepen our understanding of digital BMI across diverse organizational and institutional settings.

CONCLUSION

This systematic literature review provides a comprehensive synthesis of current knowledge on the intersection of Business Model Innovation (BMI) and Digital Transformation (DT). The review underscores that digital transformation is not merely a technological evolution but a strategic process that redefines how firms create, deliver, and capture value. Business model innovation, in this context, emerges as both a response to and a driver of digital transformation, reinforcing a dynamic and recursive relationship between organizational capabilities and technological change.

The findings reveal that while BMI and DT are frequently studied in tandem, the theoretical and methodological foundations remain fragmented. Most studies are grounded in the Dynamic Capabilities Theory and the Resource-Based View, emphasizing the need for firms to reconfigure resources and competencies in response to digital change. Methodologically, the field is dominated by qualitative case studies, with limited quantitative validation or large-scale comparative studies.

Conceptually, three dominant BMI configurations were identified: enhancement of existing models, extension into new digital domains (e.g., platforms), and creation of entirely new models. These configurations vary across firm sizes, industries, and digital maturity levels. The review also highlights that ecosystem thinking, organizational ambidexterity, and leadership are critical success factors for firms undergoing digital transformation.

Despite the growing body of research, several gaps remain. There is a notable lack of longitudinal studies that trace BMI-DT processes over time, as well as empirical studies in emerging markets and traditional sectors where digital transformation may unfold differently. Moreover, there is still a need for robust performance metrics to assess the outcomes of business model innovation initiatives in digital contexts.

Based on these insights, future research should pursue multi-level, mixed-method approaches to better capture the complexity of digital BMI. Comparative cross-industry and cross-country analyses would offer valuable contributions, particularly in understanding contextual moderators such as regulatory environments, digital infrastructure, and institutional maturity. Researchers are also encouraged to develop and test integrative theoretical frameworks that bridge strategic management, information systems, and innovation studies.

Furthermore, deeper investigation into the role of digital leadership, culture, and stakeholder co-creation in facilitating business model transformation is warranted. As firms increasingly operate within interconnected digital ecosystems, future studies should adopt ecosystem-oriented perspectives, exploring how firms orchestrate, adapt, and evolve within dynamic value networks.

In conclusion, while the intersection of BMI and DT presents a fertile ground for inquiry, advancing the field will require theoretical consolidation, methodological diversification, and contextual sensitivity. Bridging these gaps will not only enrich academic understanding but also provide actionable insights for practitioners navigating the digital transformation journey.

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