

**Exploratory Analysis on the Importance of Business Model
Innovations (BMIS) and Digital Transformation in Global
Management Consulting Forms (MCFS)**

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(BMIs) enhance organizational and customer value by transforming underlying operational models. Management consulting firms (MCFs) play a crucial role in improving business model strategies and organizational performance. Digital transformation serves as a critical bridge between BMIs and MCFs, facilitating the implementation of advanced business strategies through information technology (IT).

Methodology: *This exploratory study investigates the impact of digital transformation on business model innovation within MCFs. The research examines how MCFs utilize IT to explore and implement innovative ideas that enhance customer satisfaction and operational performance.*

Results/Findings: *The study finds that adopting digital transformation enables MCFs to discover and apply innovative technologies that improve their operational performance. By developing strategic digital impact transformations, MCFs can redefine*

Abstract

Introduction: *Business model innovations*

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business model innovations to meet global market demands and technological advancements. This integration of digital technology helps MCFs to enhance their service offerings and align business models with customer activities and strategies.

Future Direction: *Future research should focus on the long-term effects of digital transformation on BMIs in various industries. Additionally, investigating the role of emerging technologies such as artificial intelligence and block chain in further enhancing BMIs within MCFs could provide valuable insights. The continuous evolution of e-commerce and advanced technologies underscores the need for ongoing innovation to meet global customer needs effectively.*

Keywords: *Digital Transformation, Business Model Innovation, management consulting firms*

Introduction

The concept of business models (BM) and recent BM innovations (BMI) have been influential in macro management research in recent years (Spieth, Schneckenberg, and Ricart 2014). Recent literature on BM highlights the usefulness of BM in E-commerce and its application in different theories, and the evolution of the term BM itself. Wirtz et al. (2016) reflect point to a convergence of definitions, so that much current literature proposes the

notion of BM as "design or architecture. The firm's mechanism for creating, delivering, and capturing value has been studied in the past (Schneider and Spieth 2014). Management Consulting Firms (MCF) play a central role in the management of assignments innovation in different fields (Birkinshaw, Hamel, and Mol 2008) and the BMI industry (Osterwalder and Pigneur 2010). MCF takes the lead in empowerment Digital Transformation (DT). European Federation of Management Consultancies Associations (FEACO) highlighted MCFs as supporting organizations to assess their Information Technology (IT) strategy to realize the fit between technology and business strategy. Their services include strategic advice for planning decisions and implementing new technologies for business practice. The current research is an exploratory study that has been conducted to analyze the effect of digital transformation on business model innovation when management consulting firms explore and implement their ideas using advanced business through information technology (IT) to improve and satisfy their customers.

Role of Management consultancy firms in Business Model Innovation

A strong and persistent interest in innovation has been found globally. This interest is not surprising in the technology-based advanced business world (Hoecht and Trott 2006). Innovation remains a major source of competitive advantage and business inflation. It is also the cornerstone of sustainable growth. However, a review of the existing literature shows that most innovation research only focuses on firms in advanced economies. This is surprising because emerging world-class multinationals such as Tata Consulting Services in India and South Korea's Samsung are leaders in Innovation (Kothari, Kotabe, and Murphy 2013). The rapid development of emerging economies needs researchers to focus on innovation in these areas. Market Emerging economies have higher growth rates in developing countries and countries in post-communist transition and more business opportunities than anywhere else.

Innovation outsourcing has the problem of information leakage (Ho 2009). The rising importance of advanced emerging economies drives universities to study innovations at the academic level as part of economic academia (Black and Lynch 2004). Firms looked at the consult to better understand the companies in

these markets of business model innovation (Cottom 2017). We believe that the work of a consulting firm can improve both R&D expenditure (investment in innovation) and sales of new products and develop products/services (results). Management consulting firms can provide the necessary information and knowledge and the legitimacy of the innovation outsourcing in making decisions, and with their support and validation. They offer sourcing and legal benefits to businesses in emerging economies. They hire people who reduce risk and uncertainty in interesting ways. Although consulting can help firms innovate more effectively, some researchers argue that outsourcing management (such as seeking advice) does not always have positive results. For example, research shows that it often fails to improve performance because it is difficult to manage contracts for a longer time with such companies. Decision-making may be slower, and quality control can be more difficult. In addition to the following disadvantages, some critics believe the advice, due to its outsourced nature, also involves immediate negative issues. The consulting firm was found to be accused of telling companies what they wanted to hear often. Although consultation may have inconsistent effects in terms of innovation, we believe that supporting

management consulting firms remains unpredictable due to its following disadvantages.

Disadvantages of Management consultancy firms

It frequently fails to enhance performance because it is difficult to manage the contract.

- It has an outsourced nature time telling other companies their where about.
- Firms in emerging markets are often reluctant to invest in innovation because of the institutional void endemic to such markets
- Consulting managers sometimes justify decisions they have already made for them.

However, management consultancy firms have some beneficial impacts. Some of the advantages are;

Advantages of Management consultancy firms

- Firms in emerging markets receive help from external management consulting firms to address their organizational deficiencies and highlight the complementary resources for a better setup.
- It helps businesses in emerging economies to drive innovation because of their essential role in

replacing missing bodies.

Methodology

The study was conducted using a descriptive research method. The adopted methodology was qualitative exploratory literature research and was considered appropriate for our research design (Ferrari 2015; Martínez-Torres 2006).

Content investigation allows researchers to collect, analyze, and represent other researchers' findings systematically. Discover and identify any inconsistencies in the body of knowledge. It is one of the oldest procedures, qualified as qualitative, not quantitative, Literary, and oral (Hunter and Schmidt 2004). Moreover, it allows researchers to extract the results of each selected study and try to find an overall theory that matches the results. The results of the narrative examination serve as an educational tool for practitioners as they are a more up-to-date view of a given topic (Green, Johnson, and Adams 2006).

Given the research objectives of this study, it was necessary first to identify the literature being seen that changes the market strategies and transformation of business models toward innovation. These new models

must be more appealing to relevant customers. This study was conducted with a few existing novel examples reflecting the importance of business model innovation's importance.

Research findings

Transformation of business model to Business model innovation

Business model innovation is a game changer as it progresses due to brilliant insight at the right place and right time. It offers market reliable and competitive advantages. It should organize systematically with sufficiently supportive and explicit management. The traditional business model consists of two essential elements. The value proposition that works explicitly focuses on the customer's choice, its satisfaction according to need and the compensation offered by the model. The operating model should be able to answer the above facilities or proposed offerings. It is responsible for configuring the chain to value customer demand through in-house or outsourcing, cost efficiency for both producer and consumer, and enhancing the organization's competitive advantage. The business model innovation is more relevant due to global market access after the world's pandemic (Sheng et al. 2021). It is more valuable than a simple business

model in times of global market instability. This article has selected two interesting examples to understand business model transformation to business model innovation; the Apple and air services of Australis Qantas and Virgin Blue. They transform their traditional business model infrastructure into an innovative, competent, cost-effective market, introducing more customer facilities with innovative characteristics. Apple, in 1990, ran out of steam and designing software and hardware and its performance was limited as a niche player. It sparked in 2001 by successful new products and services like iPod, iPhones and iTunes that offer online music services. Its success is not defined by the market growth rates and products it launched in past years. Its success resulted from the design workable business model for downloading music that the music industry needed at that time (Abraham 2013).

In 2001 the Virgin Group of Australian Airlines launched Virgin Blue air transport services with low fares for the premium coach. It gained a 30% market share and disrupted the Qantas air service and its economics. Qantas has realized it is not cost-effective for it to provide similar services as Virgin Blue in the current situation, and it would not be cost-effective for their airline. Qantas

established the low-cost setup to come back into the market. Rather than copying the ideas adopted by Virgin blue' model, it outset creating Jetstar. It offers ultra-low-cost air transport service, offering new planes with rock-bottomed fares. Its model evaluation process to international services in 2006. It has become the first world-class low-cost, long-haul airline. Qantas, to some extent, replaced Jetstar also but effectively slowed down the growth rates of Virgin Blue's business (Lindgardt et al. 2009). It is the true example of Business model innovation and the true example of changing the game when it gets tough.

The role of the MCF as an innovation and knowledge broker has been extensively explored in the literature (Anand, Gardner, and Morris 2007). Our understanding of how MCFs innovate Business models (BM) is limited, especially for current DTs. Any further BMI literature examines new venture capital, which is somewhat paradoxical, or focuses on the cultural creativity industry but still stands out at MCF; the industry leader introduced BMI to other client companies in different industries, a remarkable exception of pioneering work on the emergence of new practices in MCF (Snihur and Zott 2020). Still, they contribute away from a complete description of BMI in MCF without

reference to DT because MCF is the driver of managerial innovation.

Role of Digital Technology in business model innovation

Digital technology within a firm's operation is increasing adaptation. They transform the physical process into the digital one. In recent years, DT has become an important phenomenon for researchers and practitioners of strategic innovation (Kohli and Melville 2019). At a high level, DT encompasses profound changes in society and industry through recent technologies. At the organizational level, it has been argued that companies must find innovative ways to technology through developing strategies, digital impact transform and improve operational performance.

Advances in digital technology require new activities developed by companies. In particular, new methods for defining the value of these activities are to create, advise and capture (Sohl, Vroom, and Fitz 2020). Creating, offering, and capturing value are the three most important components of BM society. A structural model for describing stories organizing work as a cognition language program (Magretta 2002)

A business model is

characteristic of a real company. A cognitive language schema interprets BM as a formal, conceptual language to negotiate and differentiate between cognitive and linguistic explanations (Massa, Tucci, and Afuah 2017). The formal representation of the concept is that the first is narrative, not detailed, Usually. At the same time, the latter is written explicitly and is a mathematical model or visual representation. The interpretation we adopt in this context is that BM is defined as a legitimate firm. BM collection of operations and procedures, resources, and capabilities to carry them out for partners, suppliers, or customers, whether internal or external to the business (Markides and Sosa 2013).

Discourse Analysis of Management Consultancy Firm Through Digital Transformation to Upgrade the Business Model Innovation

Our study has aimed to highlight the importance of business model innovation from the traditional business model and the role of management consultancy firms. Our study highlights the three different perspectives of global business addressing the innovation ideas based on an advance or digital technology and, in actuality, are the bridging for each other according to the fastest global market and their need. Usually, BMIs are

successful in near-sighted views and piloting creativity or innovation but face resistance due to expenses, past disruptive ideas, and unmet needs of customers and fail to catch the opportunity claimed to approach at the smaller scale. In such conditions, the business model innovation asked for assistance from management consultancy firms. Sometimes they handed over the management sides to their professional or advice implementations to overcome the problems in business model innovation. Management consultancy firms act as external management to help with organizational deficiencies. They were hired to enhance the performance and strengthen the production to overcome the difficulties from living resources to nonliving resources. Management consultancy firms usually fail due to the nature of outsourcing, reluctance to invest in BMIs, and the passage of time to manage the contract to enhance performance.

The role of digital transformation in management consultancy firms can address and overcome its disadvantages. The role of consultancy firms in managing business models can get desired results at a low cost by introducing digitization in different working domains, especially in micro to

macro businesses. The cost-effective effectiveness of digitalization is evident in the literature on physical working bodies that can easily be replaced by digitalization, resulting from a progressive reduction in material loss (Reuter 2016; Rimmer et al. 2008).

Conclusion

Digitalization and management consultancy firms can meet their goals in real-time reactions and monitor and analyze product performance trends. It also addresses and resolves the new business model innovations demanded by spot decision-making to come up with the best decisions about which products to give away. It has been advised to MCFs to develop two organizational facilities to entertain business model innovation more effectively. They need to build office spaces as traditional solution shops to entertain business model innovation. Secondly, they need an increased virtualizing platform that provides tangible, repeatable, controllable, and standardized assets. MCF to increase mergers and acquisitions activity for IT and manufacturing resources, not as a typical management consultancy industry, to develop alliances and networking abilities and play a vital role in their supplier ecosystem. This will

allow MCF to provide prototypes and software, driving innovation, end-to-end products, and engagement that enhance results and client performance.

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