



Digital Transformation and Business Process Modeling: Challenges and Opportunities

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Article Info	ABSTRACT
Corresponding Author: Ida Hindarsah E-mail: ida.hindarsah@unpas.ac.id	Digital transformation has become top of the agenda for many organizations looking to increase their efficiency, innovation and competitiveness. Business process modeling becomes a critical foundation in managing this change, enabling organizations to redesign and optimize their processes. This research aims to investigate the impact of digital transformation on business process modeling, focusing on the challenges faced and the opportunities that arise in this context. This research uses a qualitative approach with descriptive methods. The research results show that digital transformation in business process modeling has a positive impact on organizations. Effective system integration, use of automation technology and advanced data analysis have increased operational efficiency and customer engagement. Although there are challenges in overcoming resistance to change and integration of complex systems, effective change management can minimize negative impacts. Opportunities opened up through digital transformation include product innovation, enhanced customer experiences, and more effective internal collaboration. In conclusion, organizations that successfully adopt these changes can gain a competitive advantage and improve their performance in an ever-evolving market. Keywords: Digital Transformation, Business Process Modeling, Challenges, Opportunitie.

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INTRODUCTION

Over the past two decades, the evolution of computers has fundamentally changed the business landscape, enabling their use in almost every industry. Technological developments such as increased processing speeds, larger storage capacities, and innovations in cloud computing have provided a significant impetus for the implementation of digital solutions (Wakil et al., 2022). The business world is responding to this change by adopting a digital transformation process model, which not only includes the integration of advanced technology, but also involves changes in organizational culture and strategy (Permatasari, 2022).

In implementing digital solutions, companies focus not only on operational efficiency but also on improving customer experience. Digital transformation helps simplify workflows, improve real-time responsiveness, and provide new opportunities for innovation

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(Farhani & Chaniago, 2021). By utilizing more sophisticated data analysis and artificial intelligence technology, companies can optimize their processes, make better data-based decisions, and create services that are more personalized and tailored to customer needs (Haikel & Sunitiyoso, 2022). The development of computers over the past two decades has been a key driver in realizing digital transformation, providing significant benefits for companies in various industrial sectors.

Digital transformation has become imperative for companies that want to remain relevant and competitive in the modern business era. The application of digital technology to create or modify business processes is a critical step in aligning ourselves with ever-changing market demands (Arifiani & Furinto, 2022). Today, most companies decide to undergo a digital transformation process to take advantage of modern tools that provide efficiency, flexibility and inevitable innovation. The decision to transform often arises from the realization that technology can be a catalyst for increasing operational efficiency, speeding response times to customers, and creating more adaptive business models (Ngamal & Perajaka, 2022).

One of the main reasons behind a company's decision to adopt digital transformation is the drive to remain competitive in an ever-changing market. In an increasingly connected and rapidly changing world, the ability to adapt to the latest technology and integrate it into business strategy is the key to success (Abidah et al, 2020). Digital transformation provides an opportunity for companies to not only follow trends, but also lead innovation, create added value for customers, and strengthen their position in global competition. The application of digital technology is an inevitable strategy for companies that have the ambition to achieve long-term growth and success (Sutandi, 2018).

The digital transformation process is often misunderstood as simply digitalization, even though the two have significant differences that need to be understood well. Digitalization includes the use of information technology to automate or improve existing business model-based processes without fundamentally changing them. This often relates to the use of software and technological equipment to increase efficiency and productivity (Rahadjeng, 2022).

Meanwhile, digital transformation involves deeper changes to the business model which can include organizational restructuring, the introduction of new products or services, and adjustments to overall business strategy (Rahman, 2022). Digital transformation is not just about implementing new technologies, but also about changing organizational culture and processes to create greater added value. This can include the use of artificial intelligence technology, more sophisticated data analysis, and the integration of new technologies that can change the way companies interact with customers or understand the market (Kurniawan et al, 2021).

The digital transformation process model can be divided into several stages that include document evolution and marketing digitalization. First, in the context of document management, transformation begins with changing it from physical form to digital form (Widnyani et al, 2021). Traditional documents, such as paper, are converted into digital formats to enable easier access, more efficient collaboration, and centralized management. In addition, digital documents can be well organized and systematized, facilitating faster and more accurate searches, updates and adjustments (Oktavenus, 2019).

In the marketing realm, digital transformation indicates a significant shift from traditional marketing channels to digital channels. This includes leveraging online

platforms, social media and other digital marketing tools to reach a wider audience and interact more personally with consumers. This transformation not only modifies the way companies communicate with customers, but also enables deeper data analysis to understand consumer behavior and improve overall marketing strategies (Gunawan et al, 2021).

By combining these two aspects, companies can assemble a holistic digital transformation strategy. Efficient document management provides the foundation for more sophisticated operations, while the shift to digital marketing opens the door to exploration and adaptation to the ever-changing trends and consumer preferences of the digital era. This entire transformation process is not only about moving business aspects to the digital realm, but also about understanding and combining various elements to create added value for the company and customers (Rio, 2018).

Process modeling is a simple but effective approach to describing, planning, and managing change in the context of multiple stakeholder needs in an organization. Using diagrams or graphical representations, process modeling visualizes the workflow and interactions between various elements in an activity or business process. Through process modeling, organizations can easily understand, strategize, and manage their work processes more efficiently (Opit, 2013).

One of the advantages of process modeling is its ability to simplify complexity. By representing processes visually, modeling makes it easier to understand how each step or task relates to one another. It helps organizations in evaluating, improving, or optimizing those processes. Better understanding of workflows also allows organizations to respond to changing stakeholder needs more flexibly (Sintaro, 2022).

Process modeling also serves as an effective tool for strategizing. By looking at the overall picture of the process, stakeholders can identify potential areas that need to be improved or changed to increase performance and effectiveness. This supports strategic planning by providing a holistic view of organizational operations (Prayoga, 2022).

This research aims to investigate the impact of digital transformation on business process modeling, with a focus on the challenges faced and the opportunities that arise. It is hoped that the research results will provide in-depth insights for business practitioners and academics, as well as provide practical guidance for organizations that want to optimize their business processes through technology integration. Its primary goals are to contribute to the academic literature, improve operational efficiency, and design innovations to increase competitiveness in an ever-changing market.

METHOD

This research is qualitative research which aims to explore social problems by referring to the theoretical framework by Moleong (2014). This research methodology focuses on in-depth understanding of the research subject's experiences, such as behavior, perception, motivation for action, with an emphasis on holistic descriptions using language and words. This research is descriptive in nature, aiming to provide a clear picture of a situation, event, population or particular area, in line with the concept of Anggito and Setiawan (2018) which emphasizes systematic, factual and accurate descriptions. In data analysis, all information is collected and organized to produce research findings that are presented in scientific writing. This descriptive approach was adopted to provide a comprehensive overview of the research topic.

RESULTS AND DISCUSSION

In the rapidly developing era of digitalization, digital transformation has become a necessity for companies and business people in various economic sectors. Digitalization has brought about significant changes in the way businesses operate, communicate and transact. This article will explore the opportunities and challenges that arise as a result of digital transformation in process modeling in the business world.

Digital Transformation Challenges in business process modeling

Digital transformation in business process modeling brings a number of challenges that need to be overcome for successful implementation. Some of the main challenges include:

a) Implementation and Employee Training Costs

Digital transformation, as an effort to adopt new technologies and change the operational foundations of an organization, requires a substantial financial commitment. Investments involving hardware, software, and employee training can be key factors for successful implementation. Advanced hardware and updated technology infrastructure are critical elements in ensuring organizations are ready to adopt the latest technology. Additionally, procuring software that is relevant and tailored to an organization's specific needs supports operational efficiency and adaptability. To ensure smooth change, employee training is also a crucial element, enabling them to understand and use new technologies with confidence.

The importance of budget management in digital transformation cannot be ignored. Organizations need to plan and manage budgets wisely to be able to cover necessary investments without compromising financial stability. Apart from that, overcoming resistance from employees is an equally important aspect. Effective communication, employee participation in transformation planning, and emphasis on the positive benefits that will accrue from change can help reduce resistance and create a positive attitude toward digital transformation. With a mature and comprehensive approach to financial investment, training, and change management, organizations can increase their chances of success in adopting and leveraging digital technologies for growth and competitive advantage.

b) Complex System Integration

Integration of existing systems with new digital solutions raises important challenges in an organization's digital transformation process. First, it requires a deep understanding of the architecture and functionality of existing systems in order to identify appropriate integration points. This process is often complex, given the differences in technology, programming languages, and data structures between old and new systems. Achieving optimal compatibility is a crucial step to ensure coordinated and integrated operations, but often requires significant financial investment and considerable time.

Additionally, another challenge is ensuring effective collaboration between IT teams and business stakeholders. Active involvement of various parties is required to identify specific business needs, and to design and implement appropriate digital solutions. Technical difficulties and changes in organizational culture may arise during the integration process, and fast and precise problem solving will be the key to success. By keeping these factors in mind, organizations can design thoughtful integration strategies, maximize the potential of digital solutions, and mitigate any negative impacts that may arise during their digital transformation journey.

c) Information Security

In the process of an organization's digital transformation, the integration of existing systems with new digital solutions is an important test that requires a mature approach. First of all, a deep understanding of the architecture and functionality of existing systems is the key to avoiding obstacles in the integration process. This complexity arises from differences in technology, programming languages, and data structures between old and new systems, which require careful analysis to identify the most effective integration points.

Achieving optimal compatibility is a crucial step to ensure that organizational operations can run in a coordinated and integrated manner. While this can bring long-term benefits, significant financial and time challenges are often involved in this process. Additionally, effective collaboration between IT teams and business stakeholders is an important aspect for successful integration. Active involvement from various parties is required to ensure that the digital solutions implemented meet specific business needs. Technical difficulties and potential changes to organizational culture require quick and precise handling, highlighting the importance of effective change management in digital transformation. By carefully considering all these factors, organizations can design thoughtful integration strategies, minimize risks and optimize the positive potential of adopted digital solutions.

d) Organizational Resistance

Changes in the context of process modeling often encounter major challenges in the form of resistance from internal parties in the organization. Employees who have become accustomed to old ways of working may feel reluctant to change their routines or adapt to proposed new technology. These factors can create an atmosphere of uncertainty and worry among employees, especially if they feel that the change may affect the stability or security of their jobs. Resistance can also arise from a lack of understanding or inadequate communication regarding the benefits and goals of the proposed process modeling. Employees who feel disengaged from the decision-making process or do not see its positive impact may be more likely to show resistance.

Overcoming internal resistance is a critical step in ensuring process modeling success. First of all, it is important to build transparent and effective communication, conveying clear information about the goals of the change and the benefits that can be generated. Involving employees in the planning stages and providing a forum to voice their concerns can help ease reluctance. In addition, providing adequate training and supporting employees in developing new skills can increase their self-confidence and interest in adapting to change. By approaching resistance as a natural part of organizational change and implementing proactive strategies, organizations can create an environment that supports successful process modeling and is acceptable to all team members.

e) Organizational Culture Challenges

Organizational culture change plays a key role in handling digital transformation successfully. Migration to a digital environment requires developing a culture that supports innovation, collaboration, and openness to adapting to change. Challenges arise when an organization has a culture that previously tended to be conservative or resistant to change. A culture that has crystallized certain routines and norms can create significant barriers to the adoption of new technologies and different process modeling. Establishing an environment where creativity is valued, and experimentation is given space, often involves changing the views and values that underlie an organization's culture.

Overcoming these challenges requires proactive steps to build awareness and involvement of the entire organization in the culture change process. Clear and ongoing communication about the digital transformation vision, as well as the benefits that can be achieved, can help change perceptions and increase acceptance of change. Furthermore, facilitating active participation from all levels of the organization, including employees at the operational level, in change initiatives can strengthen the bonds of the new culture. Employee training and development to increase digital literacy and necessary skills is also a key factor. By taking a holistic approach to culture change, organizations can create a strong foundation for success in digital transformation, ensuring that new values and norms support the process modeling needed to navigate the digital era.

Digital transformation opportunities in business process modeling

The existence of digital transformation in business process modeling opens up a number of opportunities that can provide strategic benefits for organizations.

- a. efficiency can be significantly improved through business process automation.

The use of automation technology in a business context makes a significant contribution to increasing operational efficiency. By automating routine tasks, organizations can reduce the time required to complete these processes. For example, repetitive administrative processes, such as data processing, can be automated so that work can be completed more quickly and with a higher level of accuracy. This not only increases productivity, but also frees up human resources from routine tasks so they can focus on activities that are more complex and require creative thinking.

Therefore, automation creates opportunities for workers to focus more on activities that require creativity and strategic thinking. By shifting operational tasks to automated systems, individuals can focus their attention on innovation, strategic planning, and more contextual decision making. This creative and strategic thinking becomes an important asset in facing an ever-changing business environment, enabling organizations to be more responsive to market changes and create sustainable added value. Thus, the use of automation technology is not just about operational efficiency, but also about freeing up human potential to contribute more deeply to the achievement of an organization's strategic goals.

- b. Opening the door to more sophisticated data collection and analysis.

Leveraging big data technology and predictive analytics opens up huge opportunities for organizations to gain in-depth understanding of various critical aspects of their business. With the ability to collect, store, and analyze large amounts of data from multiple sources, organizations can unearth insights that were previously difficult or even impossible to discover. This advanced data analysis allows organizations to more accurately understand customer behavior, track market trends, and evaluate business process performance with a significant degree of depth.

Information obtained from big data and predictive analysis not only provides a picture of the past, but also provides a strong basis for making smarter decisions in the future. Organizations can respond in a more timely manner to changes in the market, detect new opportunities and identify potential risks. Data-driven decisions enable management to design more targeted strategies, maximize operational efficiency, and increase competitiveness in an ever-changing marketplace.

Additionally, advanced data analysis also gives organizations the ability to respond to market dynamics more proactively. By predicting future trends, organizations can take

preventative steps or design more relevant innovations, creating faster response cycles and more effective adaptation. Thus, utilizing big data technology and predictive analysis is not only a strategic advantage, but also the key to long-term continuity and success in an ever-evolving business environment.

c. Paving the way for increased customer interaction and engagement.

The use of digital platforms, social media and e-commerce solutions has paved the way for organizations to forge closer and more personal relationships with their customers. Digital platforms provide easily accessible communication channels, allowing organizations to interact directly with customers. Through social media, organizations can not only convey product and service information, but also engage in active dialogue, listen to feedback, and respond more responsively to customer needs or concerns. Additionally, e-commerce solutions provide organizations with the opportunity to create a more personalized and connected shopping experience.

The use of digital platforms and social media also allows organizations to better understand customer preferences and behavior. By analyzing data from digital interactions, organizations can identify purchasing patterns, product preferences and individual customer needs. This information can be used to develop more targeted marketing strategies, present appropriate offers, and increase the relevance of the content presented to customers.

Furthermore, e-commerce solutions provide the opportunity to create a more personalized shopping experience. By providing customized product recommendations, offering specific promotions, and facilitating a seamless transaction process, organizations can increase customer satisfaction and strengthen loyalty. Overall, leveraging digital platforms, social media and e-commerce solutions creates an environment where organizations can build closer, more meaningful relationships with customers, creating sustainable added value in an era of ever-evolving customer experiences.

d. Can strengthen internal collaboration within the organization.

The use of digital collaboration tools is key in facilitating effective communication and seamless collaboration among geographically distributed teams. These tools include various platforms such as instant messaging applications, video conferencing, and cloud-based platforms that allow teams to interact in real time without being limited by geographic boundaries. Faster communication and better accessibility to information helps overcome time and distance barriers, allowing team members to work together efficiently even in different locations.

Additionally, digital collaboration tools also increase transparency and accessibility of shared resources. Teams can easily share documents, data, and ideas via cloud-based platforms, ensuring that all team members have equal access to the information they need. Digital collaboration also facilitates centralized data storage, reducing the risk of information loss and ensuring consistency in working with shared documents.

The success of digital collaboration lies not only in the effectiveness of communication, but also in increasing productivity and innovation. Digitally connected teams can easily share ideas, provide feedback, and tackle challenges together, resulting in more creative solutions and more holistic problem solving. Thus, the use of digital collaboration tools not only overcomes distance limitations, but also enriches the quality of team work, creating a work environment that is adaptive and responsive to modern work dynamics.

CONCLUSION

In the era of digital transformation, business process modeling has become the core of organizational strategies to increase efficiency, responsiveness and innovation. Digital transformation is not just about automation or the use of new technologies, but also involves changing culture and approaches to work. Systems integration, advanced data analysis, and use of digital platforms give organizations the ability to adapt to market changes and better understand customer needs. Resistance to change and challenges in integrating legacy systems with new digital solutions require effective change management and a holistic approach. Challenges aside, the opportunities opened up through digital transformation involve increased efficiency, product and service innovation, more personalized customer experiences, and enhanced internal collaboration. Overall, through careful business process modeling and adaptation to digital change, organizations can achieve competitive advantage, increase added value, and build the foundation for long-term growth.

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