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Exploring the Role of Third Parties in Digital Transformation Initiatives: A Problematized Assumptions Perspective

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Abstract:

The exponential growth of digital transformation within information systems (IS) research is being matched only by the rapid development of third party solutions and services designed to assist organizations in delivering profound change through technology. However, digital transformation remains to be described in the literature as a primarily internally orchestrated initiative with limited insight on the role of third parties explored to date. This contributes to a wider trend of unqualified assumptions emerging within digital transformation research which has stunted theoretical and practitioner development within the initiative such as problematic axioms pertaining to the role of said third parties, the view of digital transformation as a process, or views on the role of value within a transformation. The assumptions and their associated impacts present major risk factors for successful digital transformation. Our study leverages assumption problematization and semi—structured interviews to explore the extent with which a digital transformation can be orchestrated by third parties outside of the organization with the associated findings providing alternative perspectives to expand the collective understanding of digital transformation within both research and practice.

Keywords: Digital Transformation, Third Parties, Managed Services, Problematization.

[Department statements, if appropriate, will be added by the editors. Teaching cases and panel reports will have a statement, which is also added by the editors.]

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1 Introduction

Digital transformation has permeated both information systems (IS) research and industry adoption as an initiative of undertaking fundamental organizational change and restructuring through the medium of technology and digital resources (Carroll, Hassan, Junglas, Hess & Morgan, 2023a; Hanelt, Bohnsack, Marz & Antunes Marante, 2020; Lindberg, Runardotter & Ståhlbröst, 2025; Lokuge, Sedera, Cooper & Burstein, 2021; Nambisian, Lyytinen, Majchrzak & Song, 2017; Vial, 2019). Piccoli, Grover & Rodriquez (2024: 2) present the phenomenon as the: “metamorphosis of an organization from one that is enabled by IT to a digital organization characterized by the strategic primacy of digital resources.” This infers a significant change in the organization to a state that positions digital resources as the fulcrum and apex of strategic change. We share their view of digital transformation referring to the metamorphosis of an organization from one which leverages IT to the development of the *digital organization* (Piccoli et al., 2024). The extant body of literature concerning digital transformation describes a profound organizational effort in terms of strategic focus, resource utilization, workforce transformation, and market direction to capture new opportunities and leverage the benefits associated with digital resources (Baiyere, Salmela & Tapanainen, 2020; Drechsler, Gregory, Wagner & Tumbas, 2020; Kortlarsky, Oshri & Sarker, 2024; Noesgaard, Nielsen, Jensen & Mathiassen, 2023). Successful digital transformation initiatives have demonstrated enticing benefits to organizations such as diversified market offerings, transformed workforce culture, and capabilities in addition to increased revenues across a range of other benefits (Dagar, Tate & Jonstone, 2024; Datta, 2020; O’Brien et al., 2023; Scott & Orlikowski, 2022; Vial, 2019). Digital transformation, as a consequence of requiring a profound organizational effort in delivering fundamental change outside of regular business routines also presents a major organizational risk with the vast majority of initiatives failing to achieve their intended goals (Brosnan et al., 2023; Carroll et al., 2023a; Fleron, Pries—Heje & Baskerville, 2022; Singh et al., 2023; Wade & Shan, 2020). With the intention of achieving the benefits of digital transformation and in avoiding the risks, many organizations have opted to leverage an extensive market of consultants, contractors, and advisors, herby referred to as ‘third parties’ to support in the strategizing and delivery of certain components of their digital transformation initiative (Krüger & Tueteberg, 2016; Rowe & Markus, 2023). These third parties generally provide specialist knowledge, assets, or resources to assist organizations in delivering pre—defined components of their digital transformation ambitions within set requirements specifications, and timelines (Eden et al., 2022; Li, Su, Zhang & Mao, 2017; Palákova—Kersten, Khanagha, van den Hooff & Khapova, 2023). Indeed, foundational digital literature such as ERP implementations (Chen, Sun, Helms & Jih, 2008; Legate, 2002; Maditinos, Chatzoudes & Tsairidis, 2011; Metrejean & Stocks, 2011; Staehr, 2010; Wang & Chen, 2006) have been quite explicit on the role played by third parties. For example, traditional IS development literature has been primarily concerned with the successful deployment and adoption of functional systems within pre—determined timelines, budgets, and user requirements (Brosnan et al., 2024). These success criteria fall short of the aforementioned benefits of digital transformation and the associated socio-technical factors which engender digital transformation such as metamorphosis (Baiyere et al., 2020), digital resource primacy and post-implementation state change (Piccoli et al., 2024), continuity (Carroll, Holmström & Matook, 2024; Scott & Orlikowski, 2022), culture (Baygi, Introna & Hultin, 2021), and strategic level change (Carroll et al., 2023a). Even comparing contemporary digital transformation with comparatively more recent phenomena such as IT—Transformation introduces several key differences. We defer to Piccoli et al., (2024: 3) who outline these differences from extant literature as: (i) differences in scope change, (ii) difference in strategic level change, (iii) difference in identity or value proposition and (iv) difference in digital technologies use. They also see digital transformation as the development of a digital organization through the aforementioned metamorphosis in addition to emphasizing the primacy of digital resources. However, in recent years, there has also been a push by certain third parties to provide more diversified and encompassing digital transformation services than would have traditionally been seen in early digital research such as the aforementioned ERP implementations (B&C, 2024; Deloitte, 2024a; KPMG, 2024a; McKinsey, 2024). This is largely with the aim of serving as trusted partners to organizations, delivering core components of the transformation that would traditionally be orchestrated by the business or digital units in—house as outlined in Appendix 1. Therefore, when we use the term ‘orchestration*’,* we refer to when third parties take ownership for the decision-making or implementation of a component of the transformation on behalf of a transforming organization. The extent of this orchestration can vary in line with the third party or transforming organization’s preferences. This is in contrast to the more traditional model of management consultancy or technology advisory which third parties often undertake. This is not to say that the component of the transformation is completely outsourced, but that key transformational workstreams such as strategy, human capital, change adoption and customer insights are being primarily driven by parties outside of the transforming organization. Such arrangements present opportunities but also fundamental risks to digital transformations and by extension, their organizations (Sebastian et al., 2017). Our study explores the influence of third parties within digital transformation initiatives as described by Piccoli et al., (2024) with the aim of understanding their current and potential influence for organizations and their stakeholders. It should also be observed that the contemporary view of digital initiatives being entirely orchestrated internally is relatively new with foundational IS research studies generally being quite open on the role or contributions of third parties within initiatives, even if not the central actors of the study (Dey, Kinch & Ogunlana, 2007; Kutsch & Hall, 2010; Phelps, 1996; Taylor, 2005). More recently, there have been isolated studies which discuss the role of third parties within digital transformation initiatives such as Mozaffar & Candi (2024) who outline the role of third parties in designing and co-developing certain components of an organization's transformation. Moreover, Shirish et al., (2025) present that third parties such as consultants are often relied upon as knowledge providers for microbusinesses undertaking a digital transformation. Notwithstanding these examples, despite the nature of digital initiatives evolving significantly since the publication of foundational research on the role of third parties, along with the significant and growing market for digital transformation services available to organizations, it can be argued that the role of third parties in digital transformation initiatives has been underrepresented (Brosnan, 2022). This underrepresentation in turn may have led to the development of problematic assumptions, limiting the collective understanding of the digital transformation phenomenon at large. Through these factors, we justify the research questions (RQs) of this exploratory study:

RQ1: To what extent can a third party service provider orchestrate an end—to—end digital transformation service offering?

RQ2: How do third parties influence the nature of digital transformation initiatives?

In acknowledging the factors which have led to the current state of digital transformation and third party research, we employ the Alvesson & Sandberg (2011) methodology as our conceptual foundation. This is intended to identify the implicit or poorly qualified axioms which may misinform academic or practitioner audiences on the role of third parties in digital transformation Thereafter, a series of 26 semi—structured interviews with organizations that have recently undertaken digital transformation initiatives through the extended deployment of third parties in both an advisory and transformation delivery capacity is used to evaluate these alternative assumptions (Figure 1).

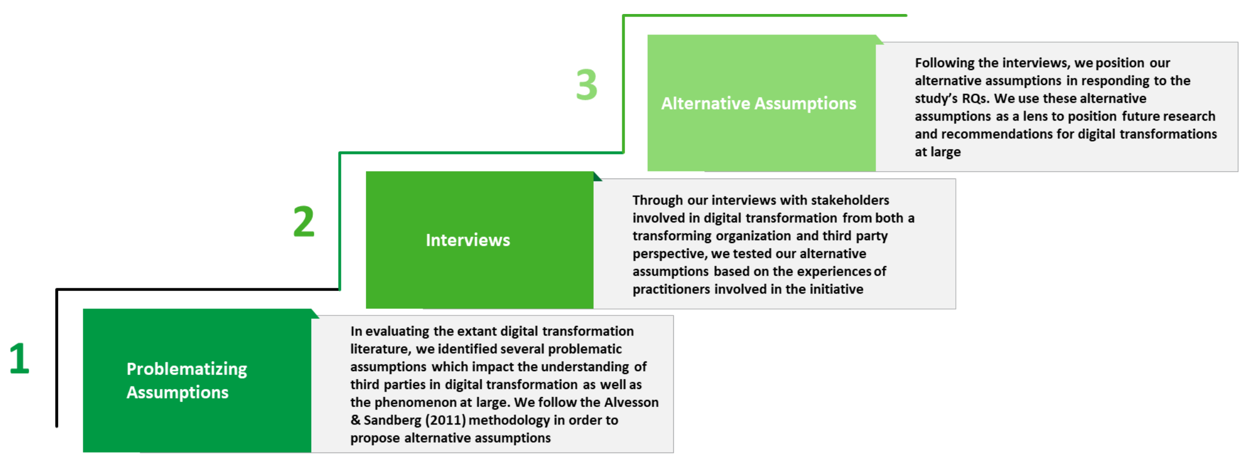

Figure 1. Deploying Problematization to Respond to Research Questions

Using these exploratory findings, the study's discussion evaluates the alternative assumptions against the extant literature to provide a clearer understanding on the role and nature of third parties within digital transformation. By changes in the 'nature' of digital transformation, we refer to when the influence of third parties changes the usual or expected characteristics of the transformation initiative by the assessment of interviewees. The associated findings for both RQs thereby provide implications to IS research and practice through (i) clarifying problematic assumptions within digital transformation ontology, (ii) highlighting the role of an underrepresented stakeholder group in digital transformation research in the form of third parties, (iii) introducing to practice some of the changes, both positive and negative, that third parties introduce to digital transformation initiatives in addition to (iv) setting a foundation for future research.

2 Literature Review

2.1 Literature Gathering

Below we outline our strategy for creating a corpus of literature which provides meaningful insights on the concept of digital transformation. The researchers focused on articles from the 'Senior Scholars' List of Premier Journals' and a selection of other journals with a reputation for publishing high quality digital transformation studies within the IS discipline. This included *Communications of the Association for Information Systems*, *MIS Quarterly Executive*, *Information Technology & People*, and *Technovation* (Figure 2).

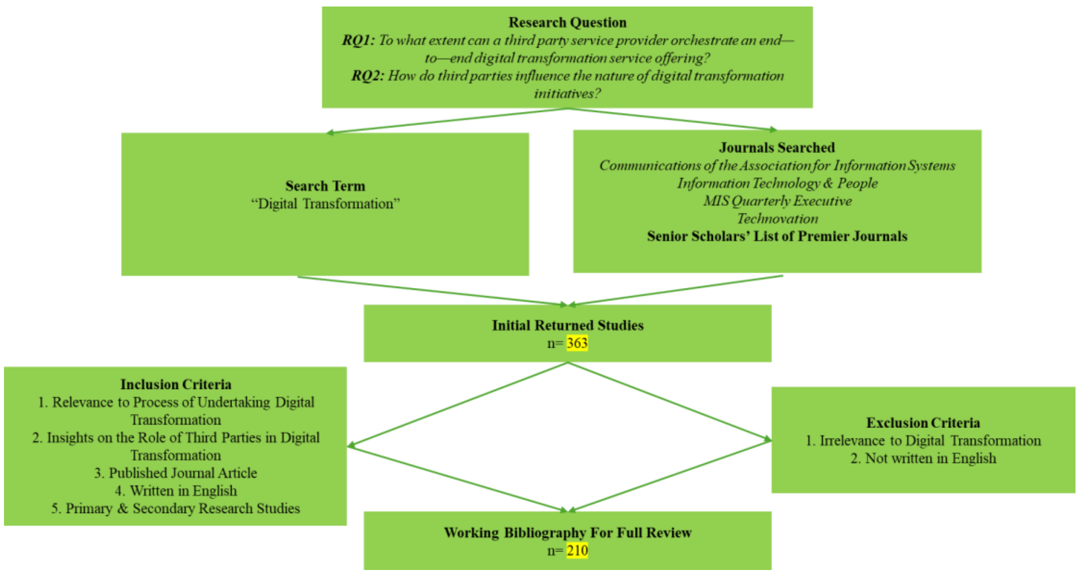

Figure 2. Approach to Literature Review

With regards to the sampling strategy, "digital transformation" was searched as a keyword on the individual databases of the journal's outlined above. Studies which returned "digital transformation" in their title, abstract, and keywords (TAK) were included. As outlined through the reference to Piccoli et al., (2024) in the introduction, digital transformation is ontologically distinct from other digital phenomena with key differences emerging across many components of the transformation initiative (Markus & Rowe, 2021). Therefore, although prior literature on the role of third parties within digital initiatives has been foundational to our current understanding of the phenomenon, their insight may no longer be applicable to contemporary digital transformation initiatives. We were conscious of this by narrowing our focus to solely articles published in top IS outlets which have incorporated the term 'digital transformation' in their TAK to avoid confusion with using the term as a catch-all for all things digital (Carroll et al., 2023a). As such, it could be argued that we problematize the concept of digital transformation as opposed to the digital transformation ontology outright which we discuss further in the Limitations section. Both primary and secondary research were included which provided insight on the nature of digital transformation. We were particularly interested in studies which provided insight on the process of undertaking a digital transformation, particularly those with reference to the contributions of third parties. In this regard, we sought insights on any components of undertaking the concept of digital transformation which could potentially be benefited or hindered by the role third parties. Against these literature findings we could develop assumptions to be problematized against our interviews with third party practitioners or stakeholders who leverage third parties within the transformation. In this sense, the literature findings augmented how we approached primary research in the later stages. However, all studies which gave a view on the nature of digital transformation were included to establish a baseline against which we could identify and evaluate problematic assumptions. No date range was applied in order gather a broad perspective on the development of digital transformation research with the aim of understanding how they view the role of third parties, if at all. This strategy ensured that we could extract meaningful insights on the concept of digital transformation, capturing both theoretical and practical perspectives. Although our approach could be classified as a selective as opposed to a comprehensive sample of the literature, we were able to extract 363 journal articles from our search strategy. In addition to studies which did not reference digital transformation in their TAK, studies were also excluded if they were published in a language other than English, were work-in-progress or referred to digital phenomena that were not digital transformation. Applying these exclusion criteria reduced the sample size to 210 articles. By removing peripheral studies, this approach ensured that the final collection of articles was robust, relevant, and conducive to producing meaningful insights into the concept of digital transformation. Although a careful process was used to select the articles that were examined, it is illogical to assume that every aspect of digital transformation was adequately explored. For example, non-IS disciplines have progressed the study of digital transformation in other directions which may not be reflected herein (Manning et al., 2023). This strategy however guaranteed that the collected data was aligned to the research objectives, providing a solid foundation for subsequent analysis.

2.2 Approach to Problematization

The recent and continuing expansion of digital transformation within the zeitgeist can be welcomed within IS research and practice through providing a wide range of benefits. However, it has also resulted in the ideation and entrenching of problematic assumptions within digital transformation as a concept (Carroll, Conboy, Hassan, Hess, Junglas & Morgan, 2023b; Chanias, Myers & Hess, 2019). Without universally understood definitions, values, and concepts pertaining to digital transformation, a wide range of competing and often contradictory mores and assumptions have permeated digital transformation discourse (Ashrafi, Constantinides, Mehandjiev & Thatcher, 2024; Olupado, Carroll & Helfert, 2024). The prevalence of these assumptions can obfuscate the lens with which digital transformation is viewed, limiting diversity and novelty in perspectives and understandings of the concept (Markus & Rowe, 2023; Wessel, Mosconi, Indulska & Baiyere, 2024). Therefore, *in lieu* of a traditional literature review, our study utilizes Alvesson & Sandberg's (2011) problematization method to challenge existing assumptions and axioms within digital transformation, particularly with respect to the nature and role of third parties (Table 1).

Table 1. Problematization Method (Adapted from Alvesson & Sandberg, 2011)

Methodological Principle	Description
Identifying a domain of literature	An extensive review of digital transformation literature across the Senior Scholars' List of Premier Journals and a select number of other IS journals specializing in digital transformation research was undertaken.
Identifying and articulating assumptions underlying this domain	Assumptions were defined as axioms or widely cited statements within the concept of digital transformation research which have been weakly articulated and have not been justified through primary research or an original citation referring to primary research.

Evaluating the assumptions	A longlist of assumptions were considered and problematized with respect to how their interpretation may negatively impact the reader's understanding of the phenomenon. In order to ensure a rigorous and replicable list of problematizations, Alvesson & Sandberg's typology was used to evaluate the assumptions. In this study, two types of assumptions from the typology were applicable: 1. **In-house assumptions** referred to when particular schools of thought within the digital transformation literature were in contradiction with other theoretical schools. This can be seen through discrepancies in how digital transformation is viewed as a primarily internally orchestrated initiative as identified in the academic literature or externally orchestrated as seen through industry perspectives. 2. **Root metaphor assumptions** evolve from the construction of a unitary set of values pertaining to the phenomena in question. For digital transformations, the high volume of competing perspectives on the actual role of third parties within a digital transformation has obfuscated the true nature of the initiative. This can also be seen with the high degree of contradiction across studies on the definition or role of value within the initiative.
Developing an alternative assumption ground	Alternative assumptions were developed by identifying and evaluating contradictions within the problematized assumptions longlist. Alternative assumptions were ideated through statements that did not necessarily propose a binary alternative but rather explored conditions in which these contradictions could exist and operate in tandem. This approach is consistent with Carroll et al., (2023a) and Ashfrafi et al., (2024) whereby the problematizations being made are seldom macro contradictions or challenges to our conceptual understanding of the digital transformation phenomenon but rather undercurrents of inconsistencies which in isolation are relatively insignificant but when left unchallenged can have major impacts on the phenomenon as a whole. The objective in developing an alternative assumption was not to empirically prove the 'correct' answer but rather to expand the collective understanding of the digital transformation and third party phenomena. For example, Ashrafi et al., (2024) use problematization as an approach to synthesize, extend or negate knowledge in addition to filling in incomplete knowledge or identifying oversights which makes their contribution valuable in terms of mobilizing new frontiers to support future empirical research in previously underrepresented or misunderstood domains.
Considering the phenomenon in relation to its audience	These alternative assumptions were considered within the context of third parties in digital transformation and how a study may be designed to not only evaluate the alternative assumption within the context of the study's research questions but also provided insight for digital transformation scholarship going forward.
Evaluating the alternative assumption ground	This principle was pursued following primary research and refers to the analysis conducted on the interview findings which supported or contrasted from the alternative assumption. From there, insight could be extrapolated in relation to third parties in digital transformation and the phenomenon as a whole. This is comparable to the approach taken by Carroll et al., (2023b) who considered their problematized assumptions in relation to the panel of experts who participated in the study and used their findings in turn to construct a roadmap to guide future research on the topic.

Through a rigorous review of 210 research studies on the concept of digital transformation, three core assumptions were evaluated within the lens of understanding the nature of third parties in digital transformation. These assumptions are (i) digital transformation is a primarily internally orchestrated initiative (ii) digital transformation represents a process of socio—technical change within organizations (iii) the reconceptualization of value is a core element of a digital transformation.

3 Problematizing Assumptions on Digital Transformation

3.1 Problematized Assumption 1: Digital Transformation is a Primarily Internally Orchestrated Initiative

Within the literature, digital transformation is primarily viewed as a function of internally orchestrated fundamental changes within the organization, even when triggered by factors outside of the organization such as changing regulations or technology trends (Drechsler et al., 2020; Hinings, Gegenhuber & Greenwood, 2018; Mann, Karanasios & Breidbach, 2022; Nwankpa & Datta, 2021; Oberländer, Röglinger & Rosemann, 2021). The extant body of case studies discussing digital transformation generally outline significant organizational change being orchestrated by a C—Level leader, often leveraging a digital unit outside of the business—as—usual of the organization before handing transformed elements back to the business units (Hansen, Kraemmergaard & Mathiassen, 2011; Lorenz & Buchwald, 2023; Singh & Hess, 2018). In turn, transformation is driven by transformational middle—management, incubated by digital champions, and enabled by a newly digitalized workforce (Baiyere et al., 2020; Chanias et al., 2019; Haffke, Kalgovas & Benlian, 2017; Koch, Chipidza & Kayworth, 2021; Sundermeier, 2022). It is quite rare that these case studies discuss the role of outside actors with the exception of partners within digital networks and ecosystems or strategic sourcing arrangements which are intended to benefit both organizations' internal digital transformation initiatives (Hansen & Kien, 2015; Hinings et al., 2018; Kohli & Johnson, 2011; Mann et al., 2022; Wimelius, Mathiassen, Holmström, & Keil 2021). Alternatively, third parties are often described as specific contractors, consultants or advisors who support the delivery of certain components of the transformation such as technology delivery although the transformation strategy and value realization continues to be managed by the transforming organization (Eden et al., 2022; Li et al., 2018; Palákova—Kersten et al., 2023). It is less common for literature to acknowledge the role of these third parties even though these roles are often integral to fulfilling capability gaps within pre—digital organizations or delivering transformational digital change. This can be considered to be an in-house assumption as although uncommon, there are examples within the literature of studies reflecting on the role of third parties within digital transformation, leading to inconsistencies in their true role or impact within a transformation (Alvesson & Sanberg, 2011). For example, within the scope of achieving organizational agility, Gerster, Dremel, Conboy, Mayer & Van Brocke (2021) discuss the role of IT Services Provider, Fujitsu as strategic partners within the transformation of four Fortune 500 case studies. Additionally, Williams & van Triest (2023) explore the influence of technology and management consultancy services in supporting organizational innovation, learning, and business performance. Therefore, the literature highlights examples of third parties being used extensively as valued partners so it is logical that such relationships and value could be attributable to digital transformation. Additionally, large professional services firms such as McKinsey & Company, Boston Consulting Group, Bain & Company (B&C) and the Big Four (Deloitte, EY, KPMG and PwC) have been increasingly deploying new digital consulting and advisory services globally to assist organizations in undertaking the major digital changes required within a transformation (Appendix A). Moreover, Rowe & Markus (2023: 1468) discuss the role of these third parties in a recent editorial as:

> *"The second thing that gets lost is the enormous ideological and economic power of IT vendors, consultants, professional associations, and promoters … In Washington, D.C., the influence of the technology lobby rivals that of the financial, health care, energy, or defense lobbies. The energy impact of IT production and use today is said to equal that of the automotive industry … In our personal view, good theories of digital transformation in society must take into account the power, interests, and actions of designers' organizations (and those of IT consultants, educators, etc.), not just the activities of designers as individual professionals imbued with good intentions"*

Although they present an ominous depiction of the abuse of this influence, their discourse still suggests that the role of these third parties in the provision of digital transformation may be greater than initially suggested from the literature.

From a theoretical understanding, it is perhaps unsurprising that organizations are willing to offload much of their digital transformation change requirements to third parties. For example, one of the leading theories in digital transformation research, *dynamic capabilities theory* suggests that organizations are preconditioned to integrate, build, and reconfigure internal and external competencies to respond to rapidly changing environments (Baiyere et al., 2020; Bendig, Wagner, Goraya, Yaqub, Khan & Alofaysan, 2024; Jung & Nüesch, 2021; Karimi & Walter, 2015; Li et al., 2018; Soluk & Kammerlander, 2021; Weritz, Braojos, Matute, & Benitez). Therefore, it stands to reason that these conditions would motivate organizations to onboard stakeholders or actors to enable these new capabilities and it is often more practical to leverage specialized third parties to fulfil these requirements than recruiting full—time employees or attempting to increase internal capabilities in non—core business areas (Gerster et al., 2021). In order to respond to digital challenges, Soluk & Kammerlander (2021) suggest that organizations and their employees need to be able to develop new capabilities quickly and build strategic assets to sense and seize opportunities in order to maintain competitiveness. These are skillsets developed outside of the business—as—usual (BAU) activities of most organizations and considering the rise in digital transformation service offerings by specialists, the actual role of third parties in driving digital transformations is likely greater than initially understood. Furthermore, *institutional theory,* as another leading theory within the study of digital transformation would imply that institutional logics and routines would be forced to adapt by the influence of external change agents (Hinings et al., 2018; Baygi et al., 2021; 2019; Faik, Barrett & Oborn, 2020; Zimmer, Baiyere & Salmela, 2023). Therefore, it is interesting that the role of third parties is not reflected despite a precedence for studying them within the context of other digital phenomena. While we cannot criticize prior literature for failing to provide insight on questions they did not intend to answer, we can question whether certain limitations in the design of IS studies at large have led to the exclusion of third party stakeholders and we posit that a consideration of more peripheral actors within digital transformation may uncover additional insights on the factors influencing relationships within digital transformation going forward.

With regards to third parties in digital transformation, the assumption that the phenomenon is an internally orchestrated initiative may be problematic from the perspective of evaluating the nature of the initiative as digital transformation researchers and practitioners are conditioned to evaluate these transformations solely from the perspectives of internal activities as opposed to studying the impacts of utilizing third parties. For example, functional knowledge loss and limited stakeholder development are already well understood risks within the literature with regards to the role of third parties, particularly in relation to IT sourcing (Lanamäki, Väyrynen, Laari—Salmela & Kinnula, 2020; Sandberg, Holmström & Lyytinen, 2020; Soluk & Kimmerlander, 2021). Evidently, there are gaps in the literature's understanding of the actual role of third parties in undertaking a digital transformation which may be predicated upon implicit or weakly articulated assumptions. Therefore, a more appropriate alternative assumption to be evaluated may be: *Digital transformation is bimodal and leverages the experience of the market while cultivating internal skillsets.*

3.2 Problematized Assumption 2: Digital Transformation Refers to a Process of Socio—technical Change within Organizations

Perspectives differ within the literature as to whether digital transformation is a process that enables change or the target state of socio—technical maturity that the organization wishes to achieve. Although several of the most highly cited definitions such as Vial (2019) and Wessel, Baiyere, Ologeanu—Taddei, Cha & Blegind—Jensen, (2021) assert that digital transformation is the process of perpetual and continuous improvement, a significant proportion of definitions within the literature view digital transformation as a target state to be achieved (Ashrafi et al., 2024; Hinings et al., 2018; Nambisian et al., 2017; Piccoli et al., 2024). This is an in-house assumption as both theoretical schools present that digital transformation is one or the other although the conceptual foundation upon which these assumptions are based remains unclear (Alvesson & Sandberg, 2011). In their editorial, Markus & Rowe (2021) discuss how these different perspectives reshape how digital transformation research is conducted as viewing digital transformation as a process may not be able to leverage the extensive research already conducted in relation to theories of IT organizational change while viewing digital transformation as an outcome or target state may exclude theories on IT diffusion. Both perspectives would have an impact on third parties in digital transformation such as the need to manage risks like functional knowledge loss and IT agility from the perspective of digital transformation as a process while the culture transformation or organizational learning components may be forsaken if the transformation third party is solely concerned in achieving a technical target state (Sundermeier, 2022; Westergren, Mähler & Jadaan, 2025). We concede that in presenting Piccoli et al., (2024) as our definition of digital transformation, we have presented a perspective that digital transformation is a target state which may shape how we interpreted our findings, how a reader interprets our study and the replicability of our study by of a contrary view within this binary. This assumption can shape how digital transformation research is conducted and delivered in practice, requiring a much firmer conceptual understanding than is currently available.

This assumption also raises questions on several research streams within digital transformation such as questioning when a digital transformation ends as a target state would imply that once the transformation agenda has been achieved, the organization would stop transforming and begin to operate as a digitally mature entity (Carroll et al., 2023a; Piccoli et al., 2024). However, a core element of successful transformations is the continuous exploration and exploitation of digital opportunities to develop and optimize competitive advantages (Baiyere et al., 2020; Jarvenpaa & Selander, 2023; Shirish, Srivastava & Panteli, 2023; Soluk & Kammerlander, 2021). With the exacerbating rate of digital change across all industries, it is perhaps unrealistic that an organization that achieved a successful transformation would be able to cease transforming and begin to operate as a digitally mature organization (Carroll et al., 2023a). Indeed, no case study of this occurring has been identified to date. However, the inverse also raises several questions on the nature of digital transformation such as if an organization is expected to continuously divert internal resources and funding to enabling an organizational wide process of digital transformation through perpetual cycles of development and optimization. Although regular optimization of digital capabilities is common, the exponential rate of change required in a digital transformation is perhaps untenable for an organization to continue as a component of their BAU (Chanias et al., 2019). One questions what an organization's business model, value proposition, operating model, digital vision or strategy could be if the expectation is that it is always susceptible to fundamental change within an evolving digital transformation initiative (Chen, Li, Lassen & Meller, 2022; Chanias et al., 2019; Gurbanxi & Dunkle, 2019; Leary, Perkins, Thakkar & Gimpel, 2024). Consequently, although a seemingly trivial observations within the scope of digital transformation scholarship, the assumption of digital transformation being a process or a target state can significantly shape research and practitioner perspectives of the concept, interpretations on the role of digital transformation notwithstanding (Gritt, Forsgren & Pandza, 2024).

With regards to digital transformation risk and success, these third parties also raise questions on how organizations should address risk such as whether to approach third party digital transformation risk management as a target state with pre—defined expectations of quality criteria or digital capability for the business units that would traditionally be expected to operate the entity within business—as—usual (Hansen & Kien, 2015). This may challenge existing approaches to mitigating risk within digital transformations as the project would exist within narrow, clearly defined constraints in terms of timeline, scope and deliverables among others and may not consider the wider organizational strategy implications (Wade & Shan, 2020). However, in viewing digital transformation third party risk as a function of a process, it may be more relevant to leverage existing perspectives in IT sourcing or IT process management which incorporates service level agreements (SLAs), ongoing quality expectations, shorter development cycles in addition to process and knowledge loss within business units if critical digital components of the organization are being managed by a transformation office or third party as opposed to the business unit exclusively (Mann et al., 2022; Singh & Hess, 2018). As such, differences in assumptions on the nature of digital transformation can lead to significant deviations as to how critical components like risk or effectiveness measurement should be managed. While our study only concerns the concept of digital transformation and the definitions of the phenomenon proposed in high-quality outlets to avoid diluting the collective understanding of the phenomenon even further, we acknowledge that other digital phenomena have proposed other views on this assumption. For example, Besson & Rowe (2012: 103) view systems—enabled organizational transformation as: *"a process that engenders a qualitatively different organization."* Although their definition extends no further than the remit of systems-enabled organizational transformation, we appreciate that the state of digital transformation may not be easily classified into a binary. Therefore, a clearer conceptual foundation is required to support ongoing research development in this field. This contributes to an alternative assumption that: *Digital transformation refers to a process of socio—technical change with the aim of adopting a steady—state of regular change and evolution to core organizational components like business model, value chain and organizational structure as required to augment the organization.*

3.3 Problematized Assumption 3: Digital Transformation Requires the Reconceptualization of Value to be Considered a Success

The reconceptualization of value is often cited as one of the unique characteristics of digital transformation which distinguishes it from other digital phenomena (Carroll et al., 2023a; Wessel et al., 2021). This stems from the prevailing view of digital transformation engendering a metamorphosis of the organization in which it emerges from one state into another through a shift in organizational identity through developing a new value proposition (Baiyere et al., 2020; Jesus, Rosemann, Desouza & Kowalkiewicz, 2024; Wessel et al., 2021). Although this view of digital transformation is based on rigorous theoretical and empirical foundations, it also presents a root metaphor assumption based on the variances in what other studies, both academic and practitioner, consider the core construction of digital transformation to be. For example, numerous studies posit that digital transformation can improve an organization through digital technologies without reference to the role of the reconceptualization of value. In these studies, digital transformation is observed in practice as an evolution to the organization's digital journey but not necessarily a reconceptualization of what the organization is or what their values are (Struijk, Angelopoulos, Ou, & Davison, 2023; Wimelius et al., 2021).

There is also disparity on what value is considered to be within the context of digital transformation. Value is inherently a variable concept from industry to industry, organization to organization and often stakeholder to stakeholder. Candidly, there are several, often competing values against which a digital transformation could be judged for organizations such as return on investment for shareholders, improved service delivery, increased stakeholder capabilities or superior public service provision (Goh & Arenas, 2019; Magnusson, Koutsikouri & Päivärinta, 2021; Wade & Shan, 2020). For example, a military's concept of value may be rooted in civil defense, humanitarian support, and geopolitical influence (Struijk et al., 2023). While technology may be used as an enabler to achieve these values, it would be inaccurate to say that the military's concept of value has changed to prioritize digital capabilities over the latter. In this sense, even if the core components of a digital transformation were delivered through a major program of human capital optimization, improved digital capabilities, and process optimization, if the notion of value has not changed, the digital transformation was a failure under several leading definitions (Markus & Rowe, 2021). It may be more accurate to argue that digital transformation fundamentally changes the organization at a more operational level than the core conceptualization of value. One such example is the Vision & Mission, Objectives, Strategy, and Tactics (VMOST) of the organization which may be more effectively adapted to support service delivery excellence through the efficient deployment of technology (Table 2):

Table 2. VMOST Definitions (Adapted from Sondi, 1999)

Concept	Definition
Vision & Mission	A description of where the organization is going, defining their target state and the role of the organization following the implementation of their vision
Objectives	Specific goals to be achieved to deliver the mission, the metrics against which the success will be judged
Strategy	A description of the high—level plan that will enable the objectives, this will define how the organization will achieve success
Tactics	The specific actions that need to be taken to deliver the strategy

These concepts may have a much more operational capability against which the success of digital transformation can be better understood and measured. For example, the effects of introducing digital technologies within an organization's tactics to deliver their mission is easier to measure, perceive and revise than the concept of value (Carroll et al., 2023b; Jarvenpaa & Selander, 2023). Moreover, an organization could more easily identify, manage, and evaluate the success or shortcomings of a digital transformation on components of VMOST as opposed to value as it may be better able to redefine and adapt to shape the delivery of the organization's values. Although primary research is required to measure the effectiveness of using VMOST *in lieu* of solely value as a measure of assessing the nature of third parties within digital transformation, as an initial step, it may be effective to introduce an alternative assumption as a foundation for such a study: *Digital transformation success should not be viewed as solely the reconceptualization of value but an optimization in key components of VMOST.*

2. Gathering Perspectives on Third Parties in Digital Transformation

Owing to the exploratory nature of the research, a series of semi—structured qualitative interviews were conducted across organizations and industries that had offloaded a significant proportion of their digital transformation strategy implementation to third parties. This was to provide a high—level perspective on the role of third parties within complex organizational digital transformations through pre—prepared questions while giving the interviewee the opportunity to expand and delve into detail (Schultze & Avital, 2011). In total, 26 interviews were conducted across two key stakeholder groups: (i) senior stakeholders within transforming organizations that had first—hand experience with extensive external management of their digital transformations in addition to (ii) senior third party actors such as consultants, contractors, and advisors who managed significant aspects of the digital transformation planning, and implementation. These interviews were solicited from organizations that had posted about their digital transformation capabilities and experiences on LinkedIn and initial questions on the extent of external management undertaken within their digital transformations were gauged online before the participant was invited to a virtual interview. In total, 13 interviews were conducted with stakeholders from transforming organizations and 13 interviews were conducted with third party digital transformation service providers (Table 3):

Table 3. Overview of Interviewees

Interview	Title	Organization	Transforming Organization or Third Party?
A	Chief Information Officer (CIO)	Manufacturing	Transforming Organisation
B	Digital Lead	Manufacturing	Transforming Organisation
C	Chief Data Officer (CDO)	Manufacturing	Transforming Organisation
D	Digital Transformation Manager	Automotive Manufacturing	Transforming Organisation
E	CIO	Academic Institution	Transforming Organisation
F	Chief Executive Officer (CEO)	Academic Institution	Transforming Organisation
G	Digital Transformation Manager	Academic Institution	Transforming Organisation
H	Chief Enterprise Architect	Academic Institution	Transforming Organisation
I	Digital Director	Charity	Transforming Organisation

J	CEO	Charity	Transforming Organisation
K	Digital Transformation Manager	Asset Management Firm	Transforming Organisation
L	Chief Technology Officer	Asset Management Firm	Transforming Organisation
M	Director	Marketing	Transforming Organisation
N	Transformation Manager	Multinational Consulting Service	Third Party
O	Manager	Multinational Consulting Firm	Third Party
P	Consultant	Multinational Consulting Firm	Third Party
Q	Director of Digital Transformation	Multinational Consulting Firm	Third Party
R	Partner	Technology Consulting Firm	Third Party
S	Consultant	Technology Consulting Firm	Third Party
T	Partner	Multinational Consulting Firm	Third Party
U	Integration and Technology Infrastructure Lead	Digital Service Provider	Third Party
V	Director	Digital Services Provider	Third Party
W	Consultant	Digital Service Provider	Third Party
X	Digital Transformation Director	Digital Service Provider	Third Party
Y	Enterprise Solutions Leader	Enterprise Technology Services Provider	Third Party
Z	Senior Practice Lead	Digital Services Manager	Third Party

The interviews took place over Microsoft Teams and lasted approximately an hour. The interview transcript was automatically generated using Microsoft Streams and sanitized by the research team. Interviewees were questioned on the extent with which the digital transformation was externally orchestrated, the nature of the work that was being externally managed, their opinions on the strengths and weaknesses of such work being managed externally. However, through semi—structured interviews, the interviewees had the opportunity to expand their discourse beyond the scope of the prescribed questions (Schultze & Avital, 2011). Each interview was facilitated by an Interview Lead who briefed and debriefed the interviewee in addition to asking questions and follow—ups. The Interview Support was responsible for the recording software and transcription thereafter.

Thematic analysis was employed as the primary strategy for coding and extracting data from the transcribed interviews in our study. The researchers used a grounded approach to comparing data points that fell within specific categories relating to the nature of third parties within digital transformation to identify common themes and, as per Braun & Clarke (2006), examine these themes in relation to specific facts to develop a unified narrative. Facts and occurrences, such as points to challenge or support our alternative assumptions in addition to insights on the true nature of third parties within digital transformation initiatives were initially coded into themes in isolation (Yin, 1994). To centralize the collection of these coded themes, as well as to contrast and compare the frequency of occurrences of said themes, a codebook was developed to house the codes in an organized fashion. Given the exploratory nature of this research, we expected the inclusion of unanticipated concepts and topics by interviewees. To account for the inclusion of an unknown quantity of potential concepts, the codebook was left open to include as many potential codes as possible throughout the course of the interview process. These codes were taken from the transcripts of interviewees and reviewed in pairs by the research team. Each code necessitated the unanimous agreement of the entire research team in order to maintain consistency among the codes generated. The result was a comprehensive spreadsheet of primary and secondary codes grouped by their associated research question. To refine the quality and accuracy of these codes, the auditing process involved several collaborate sweeps of the transcribed interviews. Codes which were initially included in the codebook but did not have a high occurrence of use were eventually removed as they were deemed substantively insufficient for inclusion (Braun & Clarke, 2006). The result of this auditing process was a concise and representative codebook that appropriately reflected the views of interviewees. The codebook was subsequently used to feed the findings section of the paper and acted as a validated means of supporting our findings and alternative assumptions.

4 Key Elements of Third Parties in Digital Transformation

The analyzed research findings provide critical insight on the research questions and the nature of leveraging third parties to support digital transformation. This in turn provides critical insight into the alternative assumptions. RQ1 identifies that although certain components of the digital transformation can be externally managed, the initiative remains a primarily internally orchestrated endeavor on account of the culture and change management requirements associated. For RQ2, the interview findings suggest that the nature of third parties in digital transformation can be best understood across the spectrum of VMOST.

4.1 RQ1: To What Extent can a Third Party Service Provider Orchestrate an End—to—End Digital Transformation Service Offering?

The primary research findings suggest that although significant components of a digital transformation can be successfully managed externally, the majority of the transformation requires joint ownership or input from the transforming organization to the point that a fully outsourced model of transformation would be infeasible. For example, interviewees generally view the technical delivery and technology service management components favorably in terms of a third party digital transformation such as:

> *"These transformations require an extensive and ongoing process simplification and reengineering which all needs to be reintegrated with the back—end. I think it would be very valuable to have a third party to bring these skills to the organization so they're on hand to manage these small alignments needed between IT and business strategy throughout the transformation."* (Interview X)

This view is extended by the CIO of a manufacturing organization who observes that:

> *"They would often be the catalyst for the transformation by having a good idea of industry trends and new requirements for our enterprise systems. They'd likely understand the IT changes we'd need to implement and bring the know—how before we'd really know what needs to be done."* (Interview A)

In this sense, the technical development, delivery, and ongoing management of technology systems likely benefits from the input of third parties to allow the organization to focus on their core business operations. However, frictions develop with regards to the extent with which the transforming organization is comfortable offloading decision making rights to third parties as seen among executive leadership as: "These decisions are not the responsibility of the service provider. It's our responsibility to support our people in the transformation. So I wouldn't outsource or delegate responsibility of the transformation to anybody" (Interview G). The human element of the transformation continues to pose a major obstacle in terms of the viability of a third party in digital transformation with regards to change management in ensuring that organizations which may not be familiar with regular or extensive changes to their normal way of working are supported effectively in transitioning to new systems, processes, and cultures. This is emphasized in a discussion with a CIO of a transforming academic institutional who observes that:

> *"Although these third parties would probably provide really effective training in operating new systems, probably better than we could do, real change management is more subtle than that. People generally look for buy—in from management or to have somebody local there to support them. My fear is that change management turns into a box ticking exercise where because people completed a course in using a new system, they're now able to use that new system in a transformational way that's different from what they did before."* (Interview E)

Therefore, in reviewing the primary research findings, it appears that although interviewees agree with the viability of a third party managing technical delivery and service management, the extent with which other critical components of a digital transformation can be managed entirely by a third party appears to be limited. Instead, many interviewees observe that enacting joint responsibility of certain functions is more conducive to a successful digital transformation.

The research findings illustrate that within a digital transformation, both the vendor and the transforming organization have shared responsibilities for the success of the initiative. In doing so, both parties must align on which domains they will take proprietorship and ultimate accountability for such as the service provider for ongoing technical support and process optimization while the organization focuses on embedding the transformation through culture and skills development. In any case, no party can operate entirely within a silo, rather, collaboration is still required to align the third party's expertise with the organization's industry and people insights. This is emphasized with regards to developing the digital transformation strategy and roadmap:

> *"So it's not about going in well, we got a prepackaged solution here or we got a prepackaged cookie cutter approach to doing things … it's about working with the business to understand their vision, then when we really understand the problems they're facing we can work together to develop a plan to solve them."* (Interview X)

With the findings outlining that the strategy must be collaboratively developed to ensure that all parties are operating toward the same shared goal, a number of interviews also emphasize the importance of agility across all parties. This is to update their strategy iteratively to accommodate technology trends but also to learn from lessons in previous projects and the evolving business ecosystem to ensure that both parties are working towards a shared goal. In this sense, interviewees within transforming organizations are cautious when discussing the viability of an entirely third party managed transformation as a result of the philosophies of both parties:

> *"For these services and consultants, their definition of done and our definition are usually completely different. They'd prefer to make a list of what needs to be done and start ticking off items as they develop it without really checking if it's actually having the impact we require. We tend to go a bit slower and really test the impact of any change to our business and if it's not perfect, we'd rather go back and fix it before moving onto the next thing."* (Interview L)

Therefore, although the third party and transforming organization share a common view of the vision, mission and strategy, the individual objectives and tactics appear to be risks with regards to the extent with which a digital transformation can be successfully orchestrated. The service provider likely focuses on complying with SLAs or pre—determined deadlines while the organization tends to be more grounded in observing the impact that a change has made on overall transformation success. Therefore, although the findings support that certain components of the third party managed digital transformation are effective for organizations, the difficulties associated with third parties mitigating incumbent cultural and human change limit the overall effectiveness of such a model.

4.2 RQ2: How do Third Parties Influence the Nature of Digital Transformation Initiatives?

Interviewees within both the transforming organizations and third parties observe trends with how the initiatives are orchestrated at both a governance and operational level. On the whole, although both groups affirm that third parties augment digital capabilities in key areas of the transformation compared to solely internally orchestrated initiatives, a significant component of the transformation still requires orchestration from the transforming organization. As per the aforementioned VMOST, the Vision & Mission of a transformation should still be orchestrated by the transforming organization while the Strategy and Tactics can be managed externally. The Objectives present a shared forum to enable the transformation.

The Vision & Mission of a digital transformation are arguably the most important components which differentiate it from other digital phenomena. Although interviewees from third parties are more likely to suggest that they could support with the development of a digital vision or in defining what the organization should be following transformation, both groups are resolute that this level of the transformation cannot be outsourced. This is emphasized by a Consulting Partner:

> *"When undertaking a major program of transformation work you really need to know why you're doing this and what you want to get from it. If you ask a Consultant to build you AI then that's what they'll do but you'll be the same old company with an expensive new tool … we can help you in putting into words what your strategic vision or mission statement is but you need to develop the sentiment and embed it across everybody and everything in your organization."* (Interview T)

In defining the Vision & Mission, interviewees advise organizations to ideate the kind of organization they wish to be following the transformation. Primarily, identifying the areas both technical and non-technical which differentiate the organization from their competition. This is discussed by the Director of a Marketing Firm undertaking a transformation:

"Fundamentally our Mission as an organization has not changed drastically, we still strive to provide excellence in customer delivery and satisfaction. What has changed is the means we use to get to this destination. For example, we wanted to pursue a digital-first approach to our customer engagement so this was factored into the target state we're continually striving to meet. Now that we understand this, we have a 'north-star' that we can work towards in our digital transformation strategy." (Interview M)

Therefore, the interview findings suggest that even when leveraging third parties within a digital transformation, the Vision & Mission must continue to be ideated and defined by the transforming organization. This is in contrast to managing the Objectives layer of a digital transformation which appears to be influenced by both the transforming organization and third party. This is likely due to this layer's function as the pivot between the layers orchestrated at an organizational and third party level. This is generally seen through the organization providing the operational requirements while the third party provides the metric against mutually agreed key performance indictors (KPIs). This can be seen in the case of an automotive manufacturer who describes the process as:

"One of our biggest priorities was increasing more Agile best practices in what we do so this is something that we made (third party) aware of. So they proposed a couple of KPIs which we could use to track their progress on embedding this across our business. We settled on things like the burndown of our backlog, certifications earned, release frequency etc. which they then had to provide regular updates on how they were progressing this for our digital transformation." (Interview D)

With regards to these regular updates, this appears to be one of the key ways in which the transforming organization influences these objectives as they define the forum in which these metrics are reviewed. For example, some organizations chose Steering Boards in which these metrics are reviewed at a senior level within the organization as reported by the third party. However, other interviews highlight that when Working Groups or Weekly Status Reviews are the governance fora for this layer, the gathering and analysis of these metrics was much more collaborative. Therefore, this layer represents a clear division in the nature of digital transformation as influenced by third parties and transforming organizations. While interviews also highlight that the more Strategy and Tactics focused aspects are primarily localized within the third party's remit. This is explored by the CDO of a digitally transforming manufacturing organization:

"When our third party provider came in they did a pain point analysis. We understand where our efficiencies are, where we're having trouble with things, we understand the impact this has on the whole business and then we were able to plan where we wanted to be stronger by the end of the partnership." (Interview C)

In this sense, the third parties are seen to play a critical role in developing the digital transformation strategy which in turn serves as the roadmap to delivering the initiative. The delegation of responsibilities is presented by a Consulting Director:

"Defining the digital strategy is not as simple as laying out all the projects which need to be delivered on a page and working at it day by day. You could take two banks in the same country and of a similar size and very little of the strategic requirements will be shared. So you make a bespoke strategy by first identifying all the gaps in their current capabilities, you need to get an idea of where they want to be in terms of maturity, you need to gauge the sentiment with their workforce and customers to see what their priorities are. Then you need business cases for each project you're planning on undertaking, you need to assess if you have the budget and resources in place, you need to make assumptions and anticipate what projects will be dependent on others within the strategy. We have specialists across all major industries so we often know the industry trends before our clients do. They understand their current processes and challenges, we understand where the industry is heading and what other competitors are doing so we can translate their vision into a tangible delivery roadmap." (Interview X)

The benefit of using a third party stems from experience supporting similar initiatives in other organizations. Other interviewees also suggest that third parties reduce the biases that emerge from digital strategy development through prioritizing projects impartially based on business value as opposed to stakeholder influence. In addition to planning the activities to be undertaken within the strategy, interviewees also suggest that third parties can introduce best practices during the strategy development phase to enable a successful transformation:

> *"Yes we brought in (Third Party) to create a digital roadmap for us as justification for getting funding for the projects we needed to get approved in our digital transformation but maybe what we didn't realize at the time was that we also needed the strategic enablers they included in the strategy. Things like formal knowledge transfer protocols, training plans, escalation protocols, project architectures etc. We never had those before but it's definitely helping with transparency and consistency across our business as we're implementing the strategy."* (Interview B)

The majority of interviewees are in favor of third parties leading strategy development on the condition that their recommendations are in line with the Vision & Mission set by the organization with other interviewees warning against the use of generic strategies that were not undertaken using the methodology discussed by the Consulting Director. Slightly more contentious is the utilization of third parties exclusively when implementing the tactics of the digital transformation. On the whole, there is agreement that third parties can deliver specialized resources such as developers, architects, project managers and business analysts which may not be readily available within organizations organically. The main reservations with relying on third parties for the tactics of a digital transformation is firstly the aforementioned governance in which the transforming organization must ensure throughout the transformation that the changes being delivered are conducive to delivering the Vision & Mission. The other reservation refers to the handover from third parties to the business unit following development as discussed by the CEO of a charity as:

> *"We have a small IT unit, we can't manage a large information system internally so we became reliant on our vendor. After a while it became too expensive to keep paying this vendor so we decided to manage it ourselves. Even though they provided us with the functional documentation we realized that there were so many features that we didn't know how to use so we could barely use our own bespoke system."* (Interview K)

The risk of vendor lock-in is a significant risk within transforming organizations who may be pressured into adopting advanced digital solutions which creates a dependency on third parties maintaining the solution indefinitely. This emphasizes the importance of aligning the tactics delivered with the organization's digital transformation vision as although the interviewee's organization did not intend to be locked-in to their vendor, they had outlined in their own digital vision to leverage the market over growing their in-house IT unit. With digital transformation generally requiring a high degree of continuous improvement even after go-live, there is an impetus on the transforming organization to communicate the requirement to either upskill in-house employees in continuing development in-house or developing a relationship whereby continuous improvement can be undertaken efficiently. This once again emphasizes the importance of governance across both parties with service quality and costs needing to be factored and evaluated jointly within the objectives.

In spite of the risks, interviewees were generally in favor of leveraging third parties within the tactics components of the transformation such as requirements gathering, technical delivery, change management and training:

> *"I found that once you were clear with what needed to be developed from the start, the development team were really effective. We spent quite a bit of time with them in design workshops or user acceptance testing so the development team took away our feedback and tailored it to our requirements and showed us how to make customizations in-house. Some departments provided less input and unfortunately didn't get the benefit they were expecting."* (Interview M)

Although cautious on offloading the governance of the tactical component of a digital transformation delivery to third parties, interviewees are largely in favor of the capabilities that they introduced to transforming organizations without requiring large digital units in-house as would traditionally be implied from the literature.

Therefore, the interview findings imply that the nature of digital transformation changes through the influence of third parties. However, this influence generally follows a pattern across the spectrum of VMOST in which the transforming organization provides the most input at the Vision & Mission level while the Strategy and Tactics are most efficiently undertaken by specialized third parties. The Objectives layer represents a shared forum for enabling transformation success. This view provides implications for the collective understanding of digital transformation as although the phenomenon cannot be entirely outsourced, the findings highlight that there are benefits to leveraging the market for certain components of the digital transformation.

5 Third Parties in Digital Transformation Insights on Alternative Assumptions

In line with the Alvesson & Sandberg (2011) approach, this study dissects the often contradictory nature of digital transformation, presenting it not merely as a dichotomy between a target state and a process, but rather as a dynamic interplay between orchestrated change and the evolution of core organizational components through the efficient utilization of the wider market and intelligent measurement of effectiveness. In doing so, the findings provide a lens for future studies attempting to explore new dimensions of digital transformation and third parties such as (i) the role of the market within a transformation, (ii) the influence of a steady—state within the initiative, and (iii) the evaluation of value.

5.1 Alternative Assumption 1: Digital Transformation is Bimodal and Leverages the Experience of the Market while Cultivating Internal Skillsets

The primary research findings are in consensus with the alternative assumption that digital transformation, although a primarily internally orchestrated initiative, can leverage the market efficiently to onboard new skillsets and the extensive past experiences from third parties that provide digital transformation solutions. However, leveraging the market for digital transformation support should not be used *in lieu* of an internally orchestrated initiative that is aligned to culture transformation, social capital management, introspective process optimization, and innovation as set out within the extant literature (Agarwal, Gao, DesRoches & Jha, 2010; Eden, Burton Jones, Casey, & Draheim, 2019; Kaganer, Gregory, & Sarker, 2023; Nguyen, Broekhuizen, Dong, & Verhoef, 2023; Wade & Shan, 2020). As outlined within the primary research, a digital transformation requires extensive tailoring to address organizational pain points and support development for the future. A Technology Consulting Partner advises on the perils of attempting to implement pre—packaged or generic solutions to digital challenges as:

> *"So it's not about going in well, this is what we did on the last client so let's do the same for this one. That's not how it works because there might already be a functional way of working or strengths in the existing environment so you need to study the organization extensively before you start proposing solutions to problems you don't understand."* (Interview T)

This perspective is broadly understood within the literature with digital transformation studies advising extensive requirements definition, business tailoring of solutions, and agile implementations which are supportive of quick failures to inform future lessons learned as opposed to a monolithic solution to a multitude of organizational challenges (Baygi et al., 2021; Gerster et al., 2021; Palákova—Kersten et al., 2023). The benefit of leveraging the market in this sense is the ability to onboard expertise over short periods of time to define specific requirements, develop realistic implementation plans and conduct resourcing estimates to allay some of the risks generally found in failing transformations. This is reflected in:

> *"I think in terms of bringing in a third party you're really relying on them for their expertise. That they know which modules you need, how much it's going to cost, which resources you'll need to provide internally and how much it'll cost them to bring in the remainder. There's a reliance on their subject matter expertise because what gets proposed within a digital transformation is so far removed from business as usual."* (Interview G)

Where leveraging the market appears to be less effective is in outsourcing core functionality to third parties which can lead to vendor lock—in, functional knowledge loss, and a reduction in IT flexibility within organizations which stifles transformation success (Hodapp & Hanelt, 2022). With organizations increasingly expected to do more with limited IT Departments and budgets, the challenge for future research is to understand how the market can efficiently leverage the benefits of third parties in delivering critical components of their digital transformation while retaining internal control and skillsets to avoid the associated risks. Therefore, although the third party digital transformation model would likely not lead to an effective digital transformation initiative as a third party market offering, the research has contributed to a refined understanding on the role of third parties and the market at large within digital transformation initiatives.

5.2 Alternative Assumption 2: Digital Transformation Refers to a Process of Socio—technical Change with the Aim of Adopting a Steady—state of Regular Change and Evolution to Core Organizational Components like Business Model, Value Chain and Organizational Structure as Required to Augment the Organization

The literature provides often contradictory perspectives of digital transformation as a target state such as through technology and strategy delivery in line with an aligned digital transformation roadmap but also as a process through factors such as SLAs and IT sourcing arrangements (Braa, Sahay & Monteiro, 2023; Hess, Matt, Benlian & Wiresbock, 2016). Although an argument can be made that digital transformation is one or the other, from the perspective of third parties in digital transformations, organizations appear to focus on the process of transformation through procuring a third party, setting SLAs and contract management with the aim of leveraging the process to achieve target states which is in line with perspectives from other digital phenomena (Besson & Rowe, 2012). This is discussed by a Chief Architect describing what they look for in a potential third party partner as:

> *"It comes down to the breadth of your offering and how you're able to weave in the skills and expertise we need without delay. We don't want to need to go through a full tendering process to bring in one architect for six months, we'd expect our Partner to be instinctive and onboard the right resource for as long as they need to be effective with minimal disruption to the progress of our transformation without it costing an arm and a leg."* (Interview H)

The prevailing view of procuring third parties within a digital transformation context is to onboard specific skillsets to carry out pre—determined work with the aim of delivering specified deliverables within an agreed timeframe. The use of third parties responds to the ambition for organizations to leverage the full breadth of their service offerings to support the process of transformation with the ability to scale up or scale down their input to respond to fluctuating demand. This is with the aim of delivering specific service requirements and target states in line with more traditional IT sourcing arrangements (Karimi—Alaghehband & Rivard, 2020; Smith & Watson, 2018). Therefore, the digital transformation third party model would enable organizations to undergo periods of significant change through the simultaneous planning and delivery of diverse digital projects while also scaling down to a more gradual steady—state of service management and generative evolution of critical business and digital functions before scaling back up to deliver further digital projects once a new target state is determined in line with the more organic model of transformation described in the literature (Chanias et al., 2019; Eden et al., 2019; Koch et al., 2021; Mann et al., 2022). Based on these findings, the alternative assumption that digital transformation is a process of delivering a target state and regular evolution appears to be more aligned to the views of the research sample than the initial problematized assumption that digital transformation was either a process or a target state. The identified shift towards perceiving digital transformation as an ongoing process is closer to the alternative assumption that digital transformation involves a steady—state of regular change and evolution. This aligns with the socio-technical change perspective, wherein the aim is not only to achieve a defined target state but to foster continuous adaptation and evolution across key organizational components. The third party digital transformation model emerges as a facilitator of this nuanced understanding, offering organizations the flexibility to oscillate between periods of significant change, marked by the planning and execution of diverse digital projects, and a more gradual steady-state of service management and generative evolution.

5.3 Alternative Assumption 3: Digital Transformation Success Should not be Viewed as Solely the Reconceptualization of Value but an Optimization in Key Components of VMOST

While value remains a fundamental component of a digital transformation, its reconceptualization does not pose as significant a consideration in undertaking a digital transformation as implied from the literature (Mandviwalla & Flanagan, 2021; Karimi & Walter, 2015; Kauffman & Weber, 2018; Palákova—Kersten et al., 2023; Shirish et al., 2023). Interviewees were generally satisfied with their organizations' existing conceptualization of value with the motivation for undertaking a digital transformation and by extension, a third party orchestrated one, moreso focusing on fundamentally adapting the ways in which value is captured than revising what value means to the organization. In this regard, it is more apparent that organizations seek third parties to support them in revising their Vision & Mission to establish the new target state to be achieved by the organization through a transformation. This can be seen through the development of Mission Statements pertaining to their market offerings, customer service and workplace in addition to Vision Statements concerning how their organization would be positioned within their market through the provision of data to inform decision making or a newfound prioritization of innovation to achieve the values that they already had hitherto the transformation. For example, the Director of a Marketing Firm still considers their value proposition to be excellence in the provision of customer service but the strategy and the tactics that they undertake to achieve this was enabled through transformational projects such as implementing a self—service approach to employee administration and greater emphasis on positioning the IT Department as a valued partner in decisions. While the prevailing view in the literature might be to describe the latter and former as new sources of value for the organization to be achieved through the digital transformation, in practice, the digital transformation appears to be the catalyst to enable and uplift existing values through fundamental changes to various components of VMOST across the organization. Therefore, practitioners and researchers may benefit from viewing the organization's target state and process for delivering it through the full spectrum of VMOST to ensure that the changes being implemented have a realistic potential to fundamentally transform how the organization operates and achieves value rather than seeking to reconceptualize value without fully understanding the complex dynamics and structures which motivate and deliver change. Although this alternative assumption challenges a deeply held view within the digital transformation domain, it should not be viewed as refuting the contributions of previous studies but moreso understanding that there is a larger spectrum of considerations that the role of value should be viewed from within a digital transformation context. Therefore, future studies would benefit from understanding the nature of VMOST within a digital transformation and third party context more closely.

6 Implications For Third Parties in Digital Transformation Research

Our research develops the collective understanding of the role of third parties in digital transformation through challenging existing axioms relating to the phenomenon in addition to conducting original primary research with stakeholders involved in digital transformations with a high degree of contribution by third parties. In effect, we introduce a new frontier to digital transformations scholarship through positioning the true nature of third parties within the initiative.

Our findings suggest that the role of third parties in digital transformation is greater than implied from extant literature alone. In spite of Rowe & Markus (2023) broaching the role of consultants and advisors within digital transformation in addition to early digital research generally being quite open on the contributions of third parties, digital transformation is generally viewed as an entirely internal initiative. Our research includes stakeholders from across different industries, sizes and geographies but the input of third parties within the initiative is a constant. Critically, we could not conduct control interviews with stakeholders from organizations which did not use third parties within their digital transformation as these stakeholders could not be identified. The potential but also the risks of leveraging third parties to support digital transformation is an enticing new frontier of research which we encourage researchers to pursue. Digital transformation research will benefit from investigating the contributions of all stakeholders, both internal and external, to the initiative. While our findings that the role of third parties in digital transformation does not directly challenge the contributions of the past decade of research, it does call for future critical perspectives on digital transformation to evaluate the axioms which have developed. To this effect, our problematizations also contribute to digital transformation research.

Our study has challenged problematic assumptions pertaining to the role of third parties in digital transformation research. Adapting Alvesson & Sandberg's (2011) methodology, our research introduces and evaluates alternative assumptions such as the view of digital transformation as a bimodal phenomenon which leverages both internal and external stakeholder groups. As opposed to a binary view of digital transformation as either a solely internal or solely external phenomenon, we introduce that the nature of digital transformation is more fluid and benefits from the input of different stakeholder groups for different components. Therefore, future studies would benefit in assessing the contributions of each stakeholder group and how this can be augmented to ensure more successful transformations. Our study also contributes to the debate of whether digital transformation refers to a process or target state as within the context of third parties within digital transformation, the phenomenon refers to a process of socio-technical change with the aim of achieving a steady-state of digital maturity. This has implications for how digital transformation studies should be organized based on our understanding of the nature of the phenomenon. Finally, while the reconceptualization of value is a significant component of digital transformation, our research suggests that it is actually the reconceptualization of various components of VMOST. Therefore, the nature and contributions of third parties in digital transformation is organized across the levels of VMOST. For example, the Vision and Mission components are most effectively organized by the transforming organizations while the third party generally makes the most impactful contributions at a strategic or tactical level. Using this reconceptualization of the nature of the phenomenon, research can position the role of third parties to more effectively support digital transformation initiatives. In presenting these alternative assumptions, we welcome further research which problematizes our understanding of third parties in digital transformation. We encourage research to adopt a more critical lens of the phenomenon. By our willingness to challenge prior research, we can also propose more effective solutions to augment digital transformation research in addition to practice.

7 Implications For Third Parties and Digital Transformation in Practice

With the breadth of digital transformations service offerings by third parties expanding to meet the demand from increased digital transformation uptake by organizations (Appendix 1), the findings of this study form a foundation on the viability and nature of third parties orchestrating core components of an organization's digital transformation initiative. Although IT sourcing and business process outsourcing are core components of contemporary technology provision and provide a wide range of benefits to organizations such as cost savings, outsourcing of non—core business functions and immediate access to talent, the risks of leveraging third parties for culture and change management related functions of the transformation may make this a net negative for the organization. Our study provides several implications regarding the nature of third parties in digital transformation which should augment how transforming organizations leverage them in practice.

Our research indicates that the role of third parties within digital transformation is greater than initially thought. Our research introduces several guiding principles on leveraging third parties in supporting the initiative. Our findings, particularly with regards to RQ2 demonstrate how decision—making, risk management in addition to the division of roles and responsibilities are required to adapt when leveraging third parties in a digital transformation. Our aforementioned problematizations highlight that the nature of digital transformation is primarily that of a process which is undertaken across various levels of VMOST also shapes how the initiative should be managed to leverage third parties to the fullest extent. This could include the implementation of SLAs and the governance models generally found in IT sourcing literature to be more effective than leveraging third parties to enable a target state. Furthermore, by understanding the nature of digital transformation across the levels of VMOST, third parties can be more effectively organized and leveraged to support the components of transformation which they can make the largest contributions in namely strategy and tactics. Although our research contributes to understanding the viability and high level management of such a model, there is still a requirement for further research to understand from a practitioner's perspective how these third parties can most effectively be leveraged to enable a successful transformation. This presents an opportunity for future research, particularly with respect to understanding the specific components to be managed externally and how this changes across different industries and geographies. Research which constructs ways of effectively leveraging third parties in digital transformation in addition to observing successful bimodal relationships will contribute to an enhanced collective understanding of the phenomenon.

8 Avenues for Future Third Parties in Digital Transformation Research

In addition to exploring the feasibility with which core components of an organizational digital transformation could be managed by external third parties, a core contribution of the research is problematizing certain assumptions within the digital transformation domain and evaluating alternative assumptions. By challenging widely held axioms pertaining to digital transformation such as it being an entirely internally orchestrated initiative, a process, and the role of value in transformations, the research sets stronger theoretical foundations on which future digital transformation studies can be developed to explore the dynamic nature of third parties within digital transformation or the phenomenon at large (Hovorka & Mueller, 2024; Table 4).

Table 4. Opportunities for Future Research Based on Problematized Assumptions

Problematized Assumption	**Alternative Assumption**	**Potential Research Questions**
Digital transformation is a primarily internally orchestrated initiative	Digital transformation is bimodal and leverages the experience of the market while cultivating internal skillsets	• How do third parties influence digital transformation within specific industry or organizational contexts? • Which components of a digital transformation can be effectively managed by third parties?
Digital Transformation refers a process of socio—technical change within organizations	Digital transformation refers to a process of socio—technical change with the aim of adopting a steady—state of regular change and evolution to core organizational components like business model, value chain and organizational structure as required to augment the organization	• How are approaches to governance and risk management shaped by the influence of third parties in digital transformation? • How can the market be leveraged to successfully augment digital transformation initiatives?
Digital transformation requires the reconceptuaIization of value to be considered a success	Digital transformation success should not be viewed as solely the reconceptuaIization of value but an optimization in key components of VMOST	• How can VMOST be effectively leveraged to as a tool within a live digital transformation environment? • How does the conceptualization of value change within digital transformation across different industries, geographies and environment?

With respect to the digital transformation and third parties, the frontiers of digital transformation research have been expanded beyond the extant literature to better reflect the realities of the wider industry within an academic context. For example, a clearer reflection on the role of the market in enabling core elements of a digital transformation should incentivize researchers to expand the scope of their primary research beyond a core digital function or set organizational boundaries. Rather, future digital transformation studies should explore all actors directly and indirectly involved in delivering a digital transformation initiative. Additionally, with recent calls for research to understand risk mitigation and enabling success in digital transformations (Brosnan et al., 2023; Carroll et al., 2023a), the study provides spotlight on several sources of risk associated such as outsourcing the culture or change management component of digital transformation. Additionally, the study highlights some of the success or enabling factors of digital transformation and third parties which can be extended to understanding the digital transformation phenomenon at large. Future studies may benefit from understanding the risks and enablers of externally managed digital transformations within live organizational environments to support or challenge the findings of this study, as this study has done through the digital transformation assumptions. We also question why some of the foremost theories within the study of digital transformation such as *dynamic capabilities, institutional theory* or *organizational theory* have yet to study the role of these third party actors and how they may influence the nature of these initiatives, particularly the view that digital transformation is primarily internally orchestrated (Hinings et al., 2018; Karimi & Walter, 2015). Future research could approach this through a more empirical approach of testing hypotheses and theories pertaining to relationships accompanying third parties and digital transformation in addition to exploring the influence of said third parties on the phenomenon at large. Case studies exploring this within live organizational environments which feature more targeted interviews would likely introduce comparisons and contradictions from our findings which could be problematized further.

9 Limitations

As with all research, our study has limitations which future research in the area of third parties in digital transformation should be conscious of. For example, our literature review, although significant in terms of the number of articles, was limited to 15 journals within the IS discipline. Although these journals have a reputation for publishing leading digital transformation research, our literature review, and by extension, our problematizations excludes a number of perspectives of the phenomenon, particularly within other disciplines. Future research should expand the number of journals considered in the literature review. Moreover, as our search strategy only included the search term ‘digital transformation’ we have likely excluded perspectives from other digital phenomena which may reflect on the nature of third parties in digital transformation initiatives with greater clarity. In effect, it could be argued that we problematize the concept of digital transformation. We defend this decision as it allowed us to problematize only the contemporary phenomenon of digital transformation and by the extension, the role of third parties within them. We acknowledge that the pluralism of digital transformation definitions within published studies is varied. For example, the Piccoli et al., (2024) description of Amazon’s metamorphosis to a *digital organization* is in contrast with Brosnan’s (2021) description of using digital technology as an asset to augment European military’s capabilities. However, both of these are classified as digital transformations. The latter speaks to the concept of digital transformation and the former speaks to the digital transformation ontology. Each author brings a unique perspective on what they consider or do not consider to be a digital transformation which may benefit from problematization in the future. However, we posit that while including findings from other digital phenomena may have strengthened our contributions in relation to the role of third parties, it likely would have weakened our contribution with regards to their role in digital transformation. Candidly, we considered 210 digital transformation studies from the top IS journals across over a decade of research. We argue that if this topic has not been explored to date it is not as a result of a gap in research but problematic assumptions in our collective understanding which we hope that our study in addition to future, targeted research can clarify. We position our study as the first step in a concerted journey to understand the role of third parties in digital transformation initiatives.

10 Conclusion

Our research augments the collective understanding on the viability and nature of third parties within digital transformation initiatives through problematization and primary research. This approach has provided insight on two key research questions. With regards to RQ1, we present that although a digital transformation cannot be entirely outsourced, the current role and potential contributions of third parties within the phenomenon is greater than initially understood. Certain components of digital transformation in particular appear to benefit from the influence of third parties. As explored in RQ2, the strategic and tactical levels of a transformation, although never able to be completely outsourced, can benefit from the experience, tools and approaches used by third parties within digital transformation. In contrast, other components such as the Vision & Mission, can benefit from third party perspectives but can never be managed externally. This presents new opportunities to understand the changing nature of digital transformation on account of the role of third parties and we encourage future research to adopt a critical or problematizing perspective on our findings in addition to the phenomenon at large.

In closing, contrary to the prevailing view, we find that digital transformation is not a dichotomy between internal and external efforts but rather a collaborative process that leverages the strengths of both. The integration of third-party expertise must be aligned the transforming organization in order to achieve meaningful outcomes but it is also difficult for transformation initiatives to be successful without the input of third parties. This research contributes significantly to the understanding of the nature of third parties, providing a foundation for future studies to explore the dynamic interplay between external support and internal capability in digital transformation initiatives.

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Appendix A: Contemporary Consulting Services

Firm	Services Offered	Reference
Deloitte	• Core Business Operations • Customer & Marketing • Enterprise Technology & Performance • Human Capital • Strategy, Analytics & AI	Deloitte, 2024b
EY	• Customer Experience • Cybersecurity Transformation • Enterprise Resilience • Finance Transformation • Internal Audit Transformation • Organization & Workforce Transformation • People Experience • Supply Chain Transformation	EY, 2024
KPMG	• Customer & Digital • Data & Analytics • Digital Transformation • Financial Management • IT Advisory • Operational Transformation • Outsourcing Advisory • Programme Assurance • People & Change	KPMG, 2024b
PwC	• Cloud • Cybersecurity, Privacy & Forensics • Data & Analytics • Artificial Intelligence • Strategic Alliances	PwC, 2024

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