



Artificial Intelligence and Business Model Innovation: A Dynamic Capabilities Explanation

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Abstrak

This study examines how artificial intelligence (AI) drives business model innovation (BMI) by addressing the fragmented theoretical understanding of the relationship between technological capabilities and strategic transformation. While prior research highlights AI's role in enhancing data-driven decision-making and innovation outcomes, it provides limited explanation of the mechanisms through which AI capabilities reshape business model architectures. Drawing on the dynamic capabilities perspective, this article develops a mechanism-based conceptual framework explaining how AI-enabled sensing, seizing, and reconfiguring processes mediate the relationship between AI capabilities and systemic business model reconfiguration. Using theory synthesis and integrative conceptual analysis, the study bridges literature on AI capabilities, business model innovation, and dynamic capabilities. The proposed framework conceptualizes AI as an enabling organizational capability that strengthens opportunity recognition, supports data-driven strategic experimentation, and facilitates the reconfiguration of value creation, delivery, and capture mechanisms. The study contributes by advancing a process-oriented explanation of AI-driven BMI, integrating previously disconnected research streams, and developing testable theoretical propositions. Beyond theoretical contributions, the framework offers implications for managers and policymakers seeking to leverage AI for sustainable digital transformation, particularly in advancing innovation-driven economic growth and adaptive organizational systems.

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Keywords

artificial intelligence; business model innovation; dynamic capabilities; digital transformation; strategic renewal; AI-enabled capabilities

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1. Introduction

The rapid diffusion of artificial intelligence (AI) is transforming how organizations create, deliver, and capture value. Advances in machine learning, predictive analytics, and generative AI enable firms to automate decisions, personalize customer interactions, and optimize complex operations at scale. As AI becomes embedded in organizational processes, it increasingly shapes strategic choices and the architecture of firm activities. Scholars therefore view AI not only as a technological tool but as a transformative force capable of reshaping organizational strategies and business models in the digital economy (Mariani & Dwivedi, 2024; Sjödin *et al.*, 2023). Explaining AI-driven strategic transformation has consequently become a central issue in research on innovation and organizational change.

Digital strategy research identifies AI as a foundational infrastructure for organizational learning and adaptive decision-making. AI systems convert large data flows into predictive and prescriptive insights that reshape innovation management, customer engagement, and operational coordination (Raisch & Krakowski, 2021; Mikalef *et al.*, 2019). Algorithmic intelligence increasingly guides strategic decisions, positioning AI adoption as a driver of organizational transformation rather than technological modernization (Verhoef *et al.*, 2021).

Business models constitute a central construct for explaining how firms create and appropriate value. Early research defined business models as the logic linking strategy with value creation and capture mechanisms (Teece, 2010). Later studies conceptualized them as interdependent systems of activities coordinating resources, partners, and transactions across organizational boundaries (Zott & Amit, 2010). Building on this view, research on business model innovation (BMI) examines how firms redesign activity systems in response to technological disruption and shifting market expectations (Foss & Saebi, 2017). Innovation emerges when organizations recombine resources, reconfigure value creation processes, or introduce new mechanisms of value capture.

Recent empirical research increasingly examines artificial intelligence as an enabler of business model innovation. AI capabilities generate data-driven insights, improve predictive decision-making, and support intelligent service systems that reshape value propositions and delivery mechanisms (Burström *et al.*, 2021). AI-enabled analytics facilitate real-time customer co-creation and adaptive service delivery, while algorithmic decision systems allow firms to scale digital offerings and coordinate complex ecosystems. Studies on digital servitization further show that perceptive, predictive, and prescriptive AI capabilities expand firms' capacity to redesign service-oriented business models and create new forms of value (Sjödin *et al.*, 2023). These findings position AI as a strategic driver of organizational transformation.

Despite growing interest, research on AI-driven business model innovation remains conceptually fragmented. Studies on AI capabilities often emphasize technological infrastructures, data pipelines, and algorithmic performance. Research on business model innovation, however, typically focuses on value propositions, revenue structures, and activity architectures while treating digital technologies as generic enablers. Consequently, the relationship between AI capabilities and business model transformation is frequently discussed implicitly rather than explained through coherent theoretical mechanisms (Jorzik *et al.*, 2024). This fragmentation constrains theoretical understanding of how AI reshapes business models.

A key limitation lies in limited attention to the organizational mechanisms linking AI adoption to strategic renewal. Many studies show correlations between AI adoption and innovation outcomes, yet few explain how AI capabilities translate into systematic business model reconfiguration. Research rarely specifies how AI-generated insights are recognized, mobilized strategically, and embedded into organizational activity systems. As a result, the theoretical connection between AI capability development and business model transformation remains underdeveloped.

This limitation carries important implications for strategic management and business model research. Without specifying mechanisms connecting AI capabilities to business model change, explanations risk remaining technology-centric and descriptive. Identifying the organizational processes through which AI reshapes value creation is therefore essential for explaining how firms adapt to digitally driven competitive environments.

The dynamic capabilities perspective offers a useful theoretical lens. Dynamic capabilities describe a firm’s ability to sense opportunities, seize them through strategic action, and reconfigure resources in response to environmental change (Teece *et al.*, 1997; Teece, 2018). Technological resources alone cannot generate advantage unless embedded within organizational processes that enable adaptation. Applying this lens suggests that the strategic impact of AI depends on how firms leverage AI-enabled capabilities to identify opportunities, commit resources, and redesign activity systems.

Building on this perspective, this study develops a mechanism-based conceptual framework explaining how artificial intelligence drives business model reconfiguration through dynamic capabilities. AI is conceptualized as an organizational capability that strengthens three core processes: AI-enabled sensing, AI-enabled seizing, and AI-enabled reconfiguring. These mechanisms support opportunity recognition, strategic experimentation, and the redesign of value creation, delivery, and capture architectures. Linking AI capabilities with dynamic capability processes clarifies how technological advances translate into business model transformation.

This study contributes in three ways. First, it integrates research on artificial intelligence, digital transformation, and business model innovation by positioning dynamic capabilities as the connecting mechanism. Second, it advances a mechanism-based explanation of how AI capabilities reshape business models, shifting discussion from technology-centric accounts toward process-oriented theory. Third, it develops theoretically grounded propositions that guide future empirical research on AI-driven business model innovation.

2. Fragmented Theoretical Landscape

Growing interest in artificial intelligence (AI) in strategy and innovation research has produced a rapidly expanding literature examining how AI influences organizational processes, innovation outcomes, and digital transformation. Despite this growth, explanations of AI-driven business model change remain theoretically fragmented. Existing research is largely distributed across three streams that seldom intersect: the AI capability perspective, the business model innovation perspective, and the dynamic capabilities perspective. Each offers important insights into how organizations respond to technological disruption. However, each explains only part of how AI reshapes business model architectures. Comparing these perspectives clarifies both their contributions and their limitations in explaining AI-enabled strategic transformation.

The table below systematizes the fragmented theoretical landscape discussed in the literature review by comparing the main perspectives that examine the relationship between artificial intelligence and business model innovation. Presenting these perspectives side-by-side clarifies their analytical focus, theoretical contributions, and explanatory limitations.

Table 1. Comparative Perspectives on Artificial Intelligence and Business Model Innovation

Perspective	Core Analytical Focus	Key Constructs	Primary Contribution	Key Limitation
AI Capability Perspective	Development and deployment of technological	Data assets, machine learning	Explains how organizations extract value from	Focuses primarily on technological resources and

	infrastructures that enable advanced data processing and algorithmic decision-making	models, analytics capabilities, digital infrastructures	large-scale data environments and improve predictive decision-making	analytics capabilities, offering limited explanation of how these capabilities reshape organizational strategies or business model architectures
Business Model Innovation Perspective	Strategic redesign of how firms create, deliver, and capture value	Value proposition, value delivery mechanisms, revenue models, activity systems	Explains how firms redesign activity systems and introduce new value creation and capture mechanisms in response to technological and market change	Often treats digital technologies such as AI as contextual enablers rather than mechanisms embedded in organizational processes of strategic transformation
Dynamic Capabilities Perspective	Organizational processes enabling adaptation to technological and environmental change	Sensing opportunities, seizing opportunities, reconfiguring resources and activity systems	Provides a process-oriented explanation of how firms adapt and renew strategies through capability development	Rarely specifies how emerging technologies—particularly artificial intelligence—reshape these processes and drive systemic business model reconfiguration

Source: Synthesized from the literature reviewed in this study.

Table 1 clarifies the fragmented theoretical landscape surrounding artificial intelligence and business model innovation. By comparing the AI capability, business model innovation, and dynamic capabilities perspectives, Table 1 highlights how each research stream contributes partial insights while leaving important mechanisms underexplained. The comparison demonstrates that technological capabilities, business model structures, and organizational adaptation processes have typically been examined separately. This observation motivates the integrative framework developed in the article, which links AI capabilities with dynamic capability mechanisms to explain systemic business model reconfiguration.

2.1 The AI Capability Perspective

Research on AI capabilities examines how organizations develop and deploy technological infrastructures that enable advanced data processing, predictive analytics, and algorithmic decision-making. This perspective conceptualizes AI as a strategic resource composed of data assets, algorithmic models, and digital infrastructures that allow firms to extract value from large-scale data environments (Mariani & Dwivedi, 2024). Studies emphasize technological architectures, data governance, and analytical capabilities as key determinants of firms' ability to innovate and compete in digitally mediated markets.

Empirical evidence shows that firms with strong AI capabilities enhance their capacity to generate insights about customer behavior, operational efficiency, and emerging market opportunities. For example, Burström *et al.* (2021) demonstrate that AI capabilities support business model innovation by enabling firms to scale digital solutions through feedback loops between data collection, algorithm development, and service delivery. Research on AI-enabled digital servitization similarly shows that perceptive, predictive, and prescriptive analytics allow firms to transform product-centric offerings into adaptive intelligent service systems (Sjödin *et al.*, 2023). These findings position AI as an enabling infrastructure for data-driven innovation and new value creation mechanisms.

Recent studies also highlight the importance of complementary organizational resources in realizing AI's strategic value. Data governance structures, analytics talent, and cross-

functional integration strongly influence how effectively firms convert AI investments into innovation outcomes (Mikalef *et al.*, 2021; Mikalef *et al.*, 2019). Without such complementary capabilities, AI adoption may increase technological sophistication without producing substantial strategic impact.

Despite these insights, the AI capability perspective often conceptualizes innovation primarily in technological terms. Research frequently emphasizes data infrastructures and algorithmic expertise while paying limited attention to how these capabilities reshape broader organizational and strategic structures. Consequently, the literature explains how AI improves operational efficiency and decision quality but offers limited explanation of how these capabilities drive systemic changes in business model architectures. AI capability research therefore provides an important technological foundation yet only a partial account of how AI reshapes the logic of value creation.

2.2 The Business Model Innovation Perspective

In contrast to the technology-oriented emphasis of the AI capability literature, research on business model innovation (BMI) focuses on the strategic reconfiguration of how firms create, deliver, and capture value. Business models are commonly conceptualized as systems of interdependent activities that coordinate resources, transactions, and organizational boundaries to generate value for firms and customers (Zott & Amit, 2010). Building on this activity-system perspective, studies examine how organizations redesign business models in response to technological disruption, competitive dynamics, and evolving customer expectations (Foss & Saebi, 2017).

Recent research highlights the role of digital technologies in enabling new forms of business model innovation. Digital platforms, data analytics, and algorithmic decision systems support novel value propositions, alternative delivery mechanisms, and new revenue models. AI-enabled personalization allows firms to develop highly customized service offerings, while algorithmic pricing and recommendation engines facilitate data-driven value capture (Roy *et al.*, 2025). Research on digital servitization further shows how intelligent technologies transform product-centric models into service-oriented ecosystems based on continuous customer interaction and data feedback loops (Sjödín *et al.*, 2023).

Recent scholarship also emphasizes the emergence of data-driven business models characterized by platform-mediated value creation and continuous customer interaction. Digital technologies enable new forms of innovation that occur within interconnected ecosystems where firms, users, and digital infrastructures co-create value (Nambisan *et al.*, 2019; Trabucchi & Buganza, 2021). These models rely on algorithmic personalization, digital platforms, and network-based value creation mechanisms that extend beyond traditional firm boundaries.

Despite these advances, the BMI literature often treats technological change as an external driver of innovation rather than an integrated organizational capability. Technologies such as AI, big data, or digital platforms frequently appear as contextual enablers rather than mechanisms reshaping organizational processes of strategic transformation. Consequently, the literature describes how business models evolve but offers limited explanation of how technological capabilities are mobilized through managerial decision-making, organizational learning, and resource reconfiguration.

2.3 The Dynamic Capabilities Perspective

The dynamic capabilities perspective offers a complementary lens for explaining how organizations adapt to technological and environmental change. Strategic management research defines dynamic capabilities as a firm's ability to integrate, build, and reconfigure internal and external competencies in response to rapidly changing environments (Teece *et al.*, 1997). Subsequent work identifies three core processes underlying these capabilities: sensing opportunities, seizing them through strategic commitment, and reconfiguring organizational resources and structures to support change (Teece, 2018).

Recent studies extend this framework to digital transformation contexts. Emerging technologies such as artificial intelligence and advanced analytics reshape how firms enact sensing, seizing, and reconfiguring processes. Digital technologies enhance firms' ability to interpret environmental signals, experiment with alternative strategic configurations, and coordinate complex ecosystems in real time (Warner & Wäger, 2019; Vial, 2019).

Research also shows that digital technologies strengthen specific dynamic capability processes. AI and big data improve sensing capabilities by enabling firms to analyze complex data environments and detect emerging market patterns (Ellström *et al.*, 2022). Technologies also reinforce seizing capabilities by supporting experimentation, simulation, and rapid strategic decision-making. Technological infrastructures further facilitate organizational reconfiguration by enabling firms to redesign operational processes, reorganize resource structures, and integrate ecosystem partners.

Despite its explanatory power, the dynamic capabilities perspective has been applied only limitedly to AI-driven business model transformation. Existing studies typically address digital transformation broadly without specifying how AI-enabled capabilities reshape business model architectures. Consequently, the mechanisms linking AI capabilities with dynamic capability processes and business model reconfiguration remain underdeveloped. This gap is significant because business model innovation represents a key pathway through which firms translate technological capabilities into strategic outcomes.

2.4 Emerging Conceptual Tensions Across Perspectives

Comparing these three perspectives reveals several conceptual tensions that constrain explanations of AI-driven business model transformation. First, a divergence exists between technology-centric and capability-centric explanations. The AI capability literature emphasizes technological infrastructures and analytical systems, whereas the dynamic capabilities perspective focuses on organizational processes of sensing, seizing, and reconfiguring. The relationship between technological capabilities and these organizational processes, however, remains insufficiently theorized.

Second, the literature reflects a distinction between static and dynamic interpretations of business model innovation. Many BMI studies describe structural features of innovative models—such as platform architectures or subscription-based revenue systems—without explaining the processes through which these models emerge and evolve. The dynamic capabilities perspective, in contrast, emphasizes adaptation and transformation but rarely specifies how these processes reshape business model architectures.

Third, existing research often provides partial rather than systemic explanations of AI-enabled strategic change. AI capability studies typically examine specific functions such as analytics or operational optimization, while BMI studies focus on isolated components of business models, including pricing or value propositions. Business models, however, operate as integrated activity systems in which changes in one element influence others (Zott & Amit, 2010). Without a framework linking technological capabilities, organizational processes, and systemic reconfiguration, explaining how AI drives holistic business model transformation remains difficult.

2.5 Toward an Integrative Perspective

These observations indicate that existing research provides important but fragmented insights into the relationship between artificial intelligence and business model innovation. The AI capability perspective emphasizes technological infrastructures that support data-driven innovation. The BMI perspective explains how firms redesign value creation and value capture mechanisms. The dynamic capabilities perspective highlights the organizational processes through which firms adapt to environmental change. Yet these perspectives have developed largely in isolation, producing an incomplete understanding of how AI capabilities translate into systemic business model reconfiguration.

This fragmentation underscores the need for an integrative conceptual framework linking these perspectives through explicit mechanisms. A theoretically grounded explanation is required to clarify how AI-enabled capabilities interact with dynamic capability processes to reshape business model architectures. Developing such a framework advances understanding of AI-driven strategic transformation and provides a foundation for future empirical research on business model innovation in the era of artificial intelligence.

3. Conceptual Tensions and Theoretical Gaps

The literature offers important insights into how artificial intelligence (AI) influences innovation and organizational transformation. Research on AI capabilities shows how algorithmic systems, data infrastructures, and predictive analytics enhance decision-making and enable new digital services (Burström *et al.*, 2021; Mariani & Dwivedi, 2024). The business model innovation (BMI) literature explains how firms redesign value propositions, delivery architectures, and revenue mechanisms in response to technological change (Foss & Saebi, 2017; Zott & Amit, 2010). The dynamic capabilities framework further explains organizational adaptation through sensing opportunities, seizing them through strategic commitment, and reconfiguring resources and structures (Teece, 2018). Despite these contributions, explanations of AI-driven business model transformation remain theoretically fragmented.

3.1 Technology-Centric Versus Capability-Centric Explanations

A first conceptual tension concerns the dominance of technology-centric explanations in research on AI-enabled innovation. Many studies implicitly treat AI as a direct driver of innovation outcomes, emphasizing algorithmic capabilities, analytics systems, and data infrastructures as key sources of competitive advantage (Mariani & Dwivedi, 2024). Empirical research has shown that firms deploying AI technologies can improve forecasting accuracy, automate decision processes, and enhance customer personalization (Burström *et al.*, 2021). However, these explanations often assume that technological adoption itself leads to business model innovation.

In contrast, the dynamic capabilities perspective emphasizes that technological resources rarely generate strategic transformation without complementary organizational capabilities. Firms must develop routines, managerial processes, and complementary assets that allow them to interpret technological signals and mobilize them strategically (Teece, 2018). From this perspective, AI technologies represent potential resources rather than direct sources of innovation. Consequently, the literature lacks a clear explanation of how AI capabilities become embedded within organizational processes that enable strategic transformation.

3.2 Static Versus Dynamic Views of Business Model Innovation

A second tension arises from the distinction between static and dynamic interpretations of business model innovation. Much of the BMI literature analyzes innovative business models as structural configurations, such as platform architectures, subscription models, or data-driven revenue logics (Foss & Saebi, 2017). These studies provide valuable insights into the structural characteristics of new business models but often treat them as relatively stable outcomes rather than evolving organizational processes.

However, technological change—particularly in the context of AI—requires continuous experimentation, adaptation, and strategic learning. Emerging research on AI-enabled servitization suggests that AI capacities can reshape organizational value creation through iterative cycles of experimentation and adaptation (Sjödin *et al.*, 2023). Yet existing frameworks rarely explain how firms transition from AI deployment to systematic reconfiguration of business models. As a result, the process through which AI-generated insights evolve into new business model architectures remains insufficiently theorized.

3.3 Partial Versus System-Level Explanations

A third tension concerns the prevalence of partial explanations of AI-driven transformation. Research on AI capabilities often focuses on specific operational improvements such as predictive analytics, automation, or decision support systems. Similarly, studies in the BMI literature frequently examine isolated elements of business models, including pricing mechanisms, digital services, or value propositions.

However, business models operate as interconnected systems of activities in which value creation, delivery, and capture mechanisms are mutually dependent (Zott & Amit, 2010). Changes in one component inevitably influence other components within the system. When AI adoption is analyzed only at the level of individual processes or isolated business model elements, it becomes difficult to explain how technological capabilities lead to systemic reconfiguration of organizational activity structures. Consequently, existing research often captures localized innovation effects without explaining broader transformations of business model architecture.

3.4 Theoretical Gap

These tensions reveal a key theoretical limitation in the current literature. Prior research shows that artificial intelligence shapes organizational processes and innovation outcomes, yet the mechanisms through which AI-enabled capabilities translate into system-level business model reconfiguration remain under-theorized. Existing frameworks rarely explain how technological capabilities interact with organizational processes of sensing opportunities, seizing them through strategic commitment, and reconfiguring activity systems.

Addressing this limitation requires an integrative perspective linking technological capabilities with processes of strategic renewal. This study develops a conceptual framework that integrates insights from the AI capability, business model innovation, and dynamic capabilities literatures. The framework proposes that AI-enabled sensing, seizing, and reconfiguring mechanisms mediate the relationship between AI capabilities and systemic business model transformation. Clarifying these mechanisms explains how AI becomes embedded in organizational processes that reshape value creation, delivery, and capture architectures.

4. Toward an Integrative Mechanism-Based Framework

Existing research offers valuable but fragmented explanations of how artificial intelligence influences business model innovation. The literature lacks a mechanism-based explanation linking AI capabilities to systemic business model change. This study addresses this gap by proposing an integrative framework grounded in the dynamic capabilities perspective. Artificial intelligence does not directly transform business models; its strategic impact emerges when AI capabilities are embedded in organizational processes that enable firms to sense opportunities, seize them through strategic commitment, and reconfigure activity systems underlying value creation. AI systems also act as strategic augmentation technologies that strengthen managerial cognition and organizational learning by supporting rapid experimentation, scenario analysis, and evidence-based strategic planning (Brynjolfsson *et al.*, 2021; Kellogg *et al.*, 2020). Through these mechanisms, AI-enabled dynamic capabilities mediate the relationship between technological capabilities and systemic business model reconfiguration.

4.1 Foundational Assumptions

The proposed framework rests on several foundational assumptions from strategy and innovation research. First, artificial intelligence is conceptualized as a capability enhancer rather than a standalone technological resource. Although AI technologies provide analytical and predictive capabilities, their strategic value depends on integration into organizational routines and decision processes (Mariani & Dwivedi, 2024). AI becomes strategically consequential only when embedded within broader organizational capabilities.

Second, the framework adopts the activity-system perspective of business models, which conceptualizes business models as interdependent systems of activities coordinating resources, partners, and transactions to create and capture value (Zott & Amit, 2010). Business model innovation therefore involves reconfiguring interconnected activities rather than modifying isolated elements such as pricing or product design.

Third, the framework draws on the dynamic capabilities perspective, which explains organizational adaptation through processes of sensing opportunities, seizing them through strategic commitment, and reconfiguring resources and structures (Teece, 2018). These processes provide mechanisms that translate technological opportunities into strategic transformation.

Finally, the framework assumes that business model transformation is inherently systemic. Changes in one dimension of the business model, such as value creation or delivery, influence other dimensions within the activity system. Understanding AI-driven business model innovation therefore requires examining how technological capabilities reshape the overall configuration of value creation, delivery, and capture mechanisms

4.2 Mechanism 1: AI-enabled sensing

The first mechanism through which artificial intelligence contributes to business model transformation is AI-enabled sensing. In the dynamic capabilities framework, sensing refers to organizational processes that identify emerging opportunities and threats in the environment (Teece, 2018). Artificial intelligence strengthens these processes by enabling firms to analyze large-scale data, detect complex patterns, and generate predictive insights about customer behavior, operational performance, and market trends.

The following visual architecture clarifies the internal process through which artificial intelligence strengthens dynamic capabilities and enables strategic transformation. Rather than depicting the overall conceptual framework, the diagram isolates the sequential organizational mechanisms that translate AI-generated insights into business model change through sensing, seizing, and reconfiguring processes.

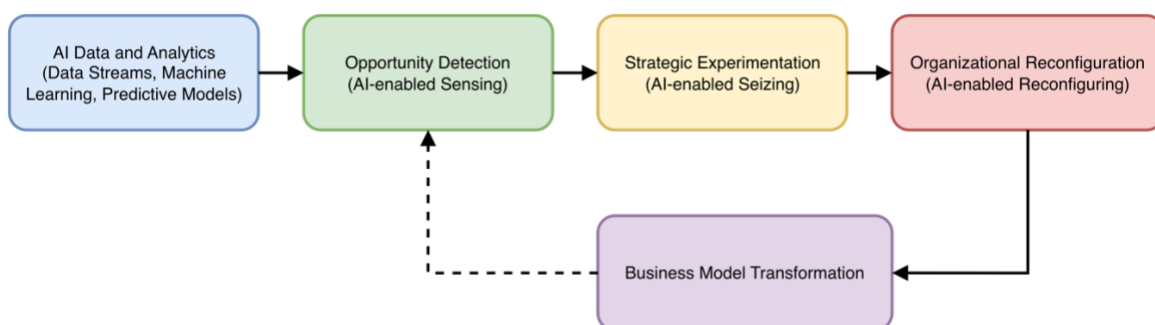


Figure 1. Process Architecture of AI-enabled Dynamic Capabilities

Source: Author's conceptualization

The analytical structure presented in Figure 1 clarifies the process logic underlying AI-enabled dynamic capabilities. The sequence begins with AI-driven data and analytics infrastructures that allow organizations to process large-scale data streams and generate predictive insights. These analytical capabilities support opportunity detection through AI-enabled sensing, enabling firms to identify emerging market opportunities and inefficiencies within existing activity systems. The process continues with AI-enabled seizing, where

organizations engage in strategic experimentation and evaluate alternative business model configurations through simulation, testing, and data-driven decision-making. Once strategic options are prioritized, AI-enabled reconfiguring enables firms to redesign organizational structures, resource allocations, and operational processes to implement new strategic directions. The resulting transformation leads to systemic business model change, while feedback loops from business model outcomes generate new data and insights that strengthen subsequent sensing processes. In this way, the figure emphasizes the iterative and learning-based character of AI-enabled strategic transformation.

AI-enabled sensing expands both the scope and speed of opportunity recognition. Machine learning algorithms and advanced analytics allow organizations to identify latent customer needs, emerging demand structures, and inefficiencies within existing activity systems. Predictive analytics can reveal new service opportunities from usage data, while recommendation algorithms uncover evolving consumer preferences (Burstrom *et al.*, 2021). These insights help firms identify opportunities for new value propositions and service models that may remain invisible through traditional analytical approaches.

AI-enabled sensing also improves the quality of opportunity recognition rather than merely increasing information volume. Artificial intelligence transforms raw data into actionable insights that support managerial interpretation of complex environments. By augmenting managerial cognition, AI strengthens the organization's capacity to detect strategic opportunities and establish the foundation for business model innovation.

From a behavioral perspective, strategic opportunity recognition is closely related to how decision makers interpret information and form intentions toward action. The theory of planned behavior suggests that individuals' intentions and strategic decisions are shaped by beliefs, perceived control, and cognitive evaluation of available information (Ajzen, 1991). AI-enabled analytics may therefore strengthen sensing capabilities by improving the quality of information that managers use when forming strategic intentions regarding new business model opportunities.

4.3 Mechanism 2: AI-enabled seizing

While sensing processes allow firms to identify potential opportunities, organizations must also decide which opportunities to pursue and how to allocate resources accordingly. This process is referred to as seizing, which involves strategic decision-making and commitment to specific courses of action (Teece, 2018). Artificial intelligence supports this mechanism by enabling data-driven experimentation, scenario analysis, and predictive modeling.

AI-enabled seizing allows organizations to evaluate alternative business model configurations more effectively. Through simulation models and predictive analytics, firms can test different pricing strategies, service offerings, or delivery mechanisms before committing substantial resources. This capability reduces uncertainty in strategic decision-making and facilitates iterative experimentation with new business models.

Moreover, AI-driven experimentation enables organizations to accelerate the process of strategic learning. By continuously analyzing user behavior, operational performance, and market feedback, firms can refine emerging business model configurations and prioritize the most promising alternatives. In this sense, AI-enabled seizing functions as a bridge between opportunity recognition and organizational commitment, translating data-driven insights into strategic decisions about how value should be created and delivered.

4.4 Mechanism 3: AI-enabled reconfiguring

The final mechanism involves AI-enabled reconfiguring, which refers to the organizational processes through which firms restructure their resources, routines, and activity systems to implement new strategic directions. Reconfiguring is critical because recognizing and prioritizing opportunities does not automatically lead to business model innovation unless organizations redesign their underlying activity structures.

Artificial intelligence can facilitate this process by enabling new forms of coordination, automation, and ecosystem integration. For example, AI-driven operational systems allow firms to automate complex workflows, integrate digital services across organizational boundaries, and manage large-scale platform ecosystems. These capabilities enable firms to redesign how activities are performed, how partners interact within the ecosystem, and how value is delivered to customers.

Recent research on AI-enabled servitization suggests that intelligent technologies enable organizations to move from product-centric models toward data-driven service ecosystems characterized by continuous feedback loops between firms and customers (Sjödin *et al.*, 2023). Such transformations illustrate how AI-enabled reconfiguring can fundamentally reshape the architecture of organizational activity systems. In this stage, AI moves beyond operational support and becomes embedded within the core logic of the business model.

4.5 Outcome: Business Model Reconfiguration

The interaction of AI-enabled sensing, seizing, and reconfiguring ultimately leads to business model reconfiguration. Consistent with the activity-system perspective, such reconfiguration occurs across multiple dimensions of the business model. First, AI enables value proposition reconfiguration by supporting intelligent products and personalized services based on predictive insights. Second, AI facilitates value delivery reconfiguration through automation, digital platforms, and algorithmic coordination of activities across organizational and ecosystem boundaries. Third, AI supports value capture reconfiguration by enabling new revenue mechanisms such as data monetization, subscription-based pricing, and outcome-based service contracts.

Importantly, these changes are interdependent rather than isolated. When firms introduce AI-enabled services, they often must redesign operational processes, modify ecosystem relationships, and adopt new revenue logics simultaneously. Business model innovation therefore emerges from the systemic reconfiguration of the activity system rather than from incremental adjustments to individual elements.

The following figure isolates the system-level architecture of business model innovation to clarify how artificial intelligence reshapes the interdependent dimensions of value creation. Rather than focusing on technological capabilities or dynamic capability processes, the visual highlights the structural configuration of the business model as an activity system composed of mutually reinforcing elements.

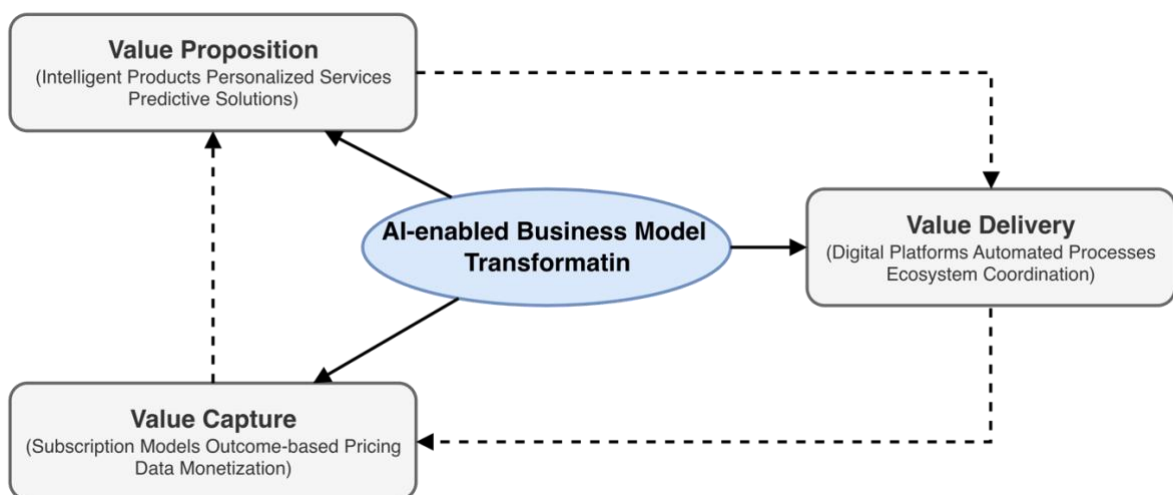


Figure 2. System-level Architecture of AI-driven Business Model Innovation
Source: Author's conceptualization

The configuration articulated in Figure 2 clarifies how artificial intelligence reshapes the business model as an interconnected activity system. AI-enabled capabilities support the transformation of value propositions through intelligent products, predictive services, and

personalized customer solutions. At the same time, AI facilitates new value delivery mechanisms by enabling automated operational processes, digital platforms, and algorithmic coordination across ecosystems. These transformations also create opportunities for novel value capture logics, including subscription-based pricing, outcome-based contracts, and data monetization strategies. The dashed links among the three elements highlight their systemic interdependence: adjustments in one dimension of the business model often trigger corresponding changes in the others. By visualizing these interactions, Figure 2 reinforces the article's central argument that AI-driven business model innovation emerges through the coordinated reconfiguration of value proposition, value delivery, and value capture mechanisms rather than through isolated adjustments to individual components.

4.6 Boundary Conditions

Although AI-enabled dynamic capabilities can support business model transformation, their effectiveness depends on several contextual conditions. One important boundary condition is data intensity, as AI systems rely heavily on the availability and quality of data to generate meaningful insights. Industries characterized by rich digital data environments—such as digital platforms, e-commerce, and smart manufacturing—are therefore more likely to benefit from AI-enabled sensing and experimentation.

A second boundary condition concerns environmental turbulence. In rapidly changing technological and competitive environments, firms face greater pressure to continuously adapt their business models. Under such conditions, AI-enabled dynamic capabilities may play a particularly important role in enabling organizations to identify emerging opportunities and reconfigure their activity systems.

Finally, the effectiveness of AI-enabled capabilities depends on organizational complementarities, including managerial expertise, governance structures, and digital infrastructures. Firms that successfully integrate technological capabilities with organizational processes are more likely to translate AI-driven insights into systemic business model transformation.

5. Integrative Conceptual Model

This study proposes an integrative conceptual model explaining how artificial intelligence contributes to business model reconfiguration through dynamic capabilities. The model assumes that AI technologies do not directly transform business models. Their strategic impact emerges when AI capabilities are embedded in organizational processes that interpret data-driven insights, support strategic commitments, and reorganize activity systems. Artificial intelligence therefore functions as an enabling capability that amplifies dynamic capability processes, which subsequently drive systemic business model transformation.

The first layer of the model represents AI resources and capabilities, including data infrastructures, machine learning algorithms, and analytics systems that enable firms to process and interpret large volumes of data. These resources allow organizations to generate predictive insights and detect emerging opportunities (Mariani & Dwivedi, 2024). However, technological assets alone rarely produce strategic transformation unless they are embedded in organizational processes that mobilize them effectively (Teece, 2018).

The second layer represents AI-enabled dynamic capabilities, which translate technological potential into strategic change. These capabilities include AI-enabled sensing, AI-enabled seizing, and AI-enabled reconfiguring. AI-enabled sensing refers to the use of AI-driven analytics to identify emerging opportunities, customer needs, and operational inefficiencies. AI-enabled seizing describes strategic processes through which firms evaluate opportunities and commit resources to promising business model configurations through experimentation and data-driven decision-making. AI-enabled reconfiguring refers to organizational processes that redesign resources, routines, and activity systems to implement new strategic

directions. Together, these mechanisms embed AI capabilities within processes of strategic renewal.

The third layer represents business model reconfiguration, the primary outcome of the framework. Consistent with the activity-system perspective, transformation occurs across three interdependent dimensions: value proposition, value delivery, and value capture (Zott & Amit, 2010). AI-enabled insights support personalized services and intelligent products, while algorithmic coordination enables new forms of value delivery through automated processes and digital ecosystems. AI technologies also enable alternative value capture mechanisms, including subscription pricing, performance-based contracts, and data monetization. Because these elements are interdependent, changes in one dimension often trigger adjustments across the broader activity system.

The model also incorporates feedback mechanisms reflecting the iterative nature of business model transformation. Implementation of AI-enabled business models generates new data streams and organizational learning that enhance sensing capabilities and inform subsequent strategic decisions. This recursive process reflects the co-evolutionary relationship between technological capabilities, organizational learning, and business model adaptation (Burström *et al.*, 2021). Feedback loops therefore enable continuous refinement of business models as firms accumulate new data and insights.

Finally, the model acknowledges contextual factors shaping the effectiveness of AI-enabled dynamic capabilities. Boundary conditions such as data intensity, environmental turbulence, and organizational complementarities influence both the availability of actionable data and the organization's capacity to translate AI insights into strategic change. Incorporating these conditions highlights that AI-driven business model innovation depends on broader organizational and environmental contexts.

The conceptual architecture below synthesizes the article's theoretical argument by positioning artificial intelligence as an enabling capability that strengthens dynamic capability processes and ultimately drives systemic business model transformation. The model clarifies how technological resources translate into strategic outcomes through organizational mechanisms of sensing, seizing, and reconfiguring.

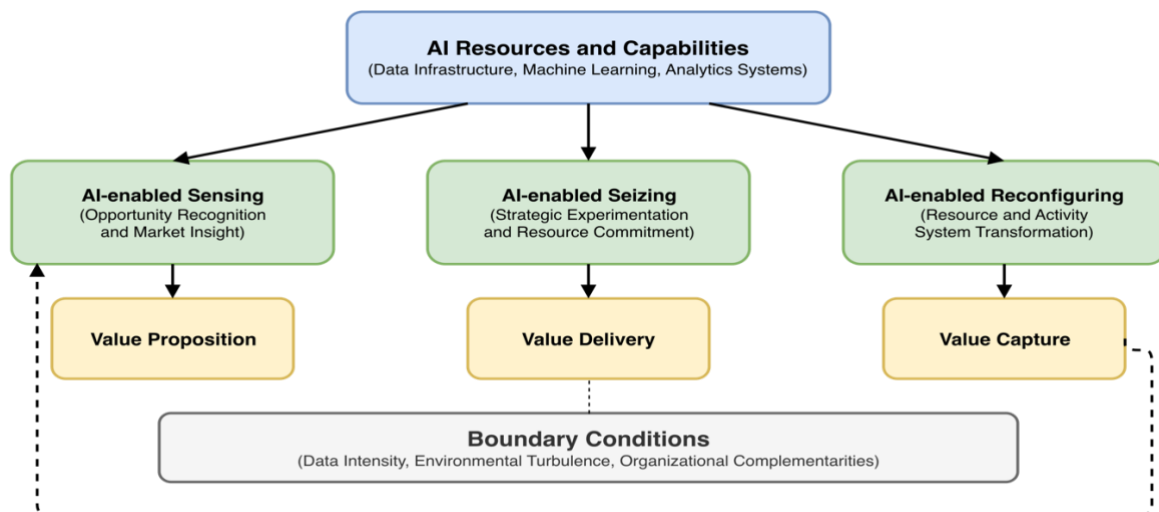


Figure 3. AI-enabled Dynamic Capabilities as Mechanisms of Business Model Reconfiguration
Source: Author's conceptualization

Figure 3 synthesizes the article's theoretical framework by illustrating how artificial intelligence capabilities translate into systemic business model change through dynamic capability processes. The model positions AI resources and capabilities as the technological foundation that strengthens three organizational mechanisms: AI-enabled sensing, AI-enabled seizing, and AI-enabled reconfiguring. These mechanisms support opportunity recognition, strategic experimentation, and organizational transformation, respectively,

which collectively reshape the business model's core dimensions of value proposition, value delivery, and value capture. The framework also incorporates boundary conditions—such as data intensity, environmental turbulence, and organizational complementarities—that influence the effectiveness of AI-enabled transformation.

6. Research Propositions

Building on the integrative framework developed earlier, this study advances a set of theoretical propositions explaining how artificial intelligence contributes to business model reconfiguration through dynamic capabilities. The framework argues that the strategic impact of AI arises not from technological adoption alone but from organizational processes that interpret, prioritize, and operationalize AI-generated insights. AI-enabled sensing, seizing, and reconfiguring capabilities therefore mediate the relationship between AI technological resources and systemic business model transformation. The following propositions specify the relationships implied by the conceptual model.

P1. AI-enabled sensing and opportunity recognition

AI-enabled sensing enhances a firm's ability to identify opportunities for business model innovation. In the dynamic capabilities framework, sensing refers to processes through which organizations detect technological shifts, evolving customer needs, and emerging competitive dynamics (Teece, 2018). Artificial intelligence strengthens this capability by enabling firms to analyze large volumes of structured and unstructured data, detect hidden patterns, and generate predictive insights about market developments.

Machine learning and predictive analytics allow organizations to uncover latent customer needs, identify inefficiencies in existing activity systems, and detect opportunities for new value propositions. AI-based analytics can reveal consumption patterns that support the design of personalized services and data-driven offerings (Burström *et al.*, 2021). These insights expand managerial awareness of potential opportunities for redesigning the firm's activity system. Stronger AI-enabled sensing capabilities therefore increase the likelihood that firms identify opportunities for business model transformation.

Proposition 1: *The stronger a firm's AI-enabled sensing capability, the greater its likelihood of identifying opportunities for business model reconfiguration.*

P2. AI-enabled sensing and value proposition reconfiguration

AI-enabled sensing also shapes the redesign of value creation within the business model. Business model innovation often begins with identifying new ways to create value for customers through novel services, offerings, or experiences (Foss & Saebi, 2017). AI-driven analytics provide detailed insights into user behavior, consumption patterns, and service performance, enabling firms to redesign value propositions around predictive and personalized offerings.

Technologies such as recommendation systems and predictive maintenance allow firms to anticipate customer needs and deliver proactive solutions rather than reactive services. These capabilities shift organizations from standardized offerings toward adaptive and data-driven value propositions (Sjödin *et al.*, 2023). AI-enabled sensing therefore supports both opportunity recognition and the redesign of value propositions.

Proposition 2: *AI-enabled sensing positively influences value proposition reconfiguration by improving opportunity recognition related to customer needs, usage patterns, and emerging demand structures.*

P3. The mediating role of AI-enabled seizing

Opportunity recognition must be followed by strategic commitment. The dynamic capabilities literature describes this process as seizing, which involves allocating resources to promising

strategic alternatives (Teece, 2018). Artificial intelligence strengthens seizing capabilities by enabling data-driven experimentation, predictive modeling, and scenario analysis.

Organizations can use AI-enabled experimentation to test alternative business model configurations—such as new pricing mechanisms, digital services, or ecosystem partnerships—before committing significant resources. Predictive analytics reduce uncertainty by estimating potential outcomes of competing strategic options. AI-enabled seizing therefore translates opportunity recognition into strategic action.

Proposition 3: *AI-enabled seizing mediates the relationship between AI-enabled sensing and business model reconfiguration by translating data-driven insights into strategic commitments and experimentable business model choices.*

P4. AI-enabled seizing and value delivery redesign

AI-enabled seizing also influences how firms redesign value delivery systems. Value delivery refers to the mechanisms through which organizations coordinate activities, partners, and resources to deliver offerings within the business model architecture (Zott & Amit, 2010). AI technologies enable experimentation with new delivery mechanisms, including automated service systems, digital platforms, and algorithmic coordination.

AI-driven simulations allow firms to evaluate alternative operational processes, supply chain configurations, and digital service delivery models. Such experimentation supports the redesign of activity systems to improve efficiency, scalability, and responsiveness. Firms with stronger AI-enabled seizing capabilities are therefore better positioned to orchestrate resources and redesign value delivery structures.

Proposition 4: *The stronger a firm's AI-enabled seizing capability, the greater its ability to redesign value delivery mechanisms through experimentation, prioritization, and resource orchestration.*

P5. AI-enabled reconfiguring and value capture transformation

The final dynamic capability process involves reconfiguring organizational resources and structures to implement strategic change. Reconfiguring capabilities enable firms to redesign activity systems, restructure partnerships, and develop new revenue mechanisms supporting emerging business models (Teece, 2018). Artificial intelligence facilitates these changes through digital coordination, automation, and ecosystem integration.

AI-enabled operational systems allow firms to redesign workflows, integrate data across organizational boundaries, and coordinate interactions within digital ecosystems. These capabilities support new value capture mechanisms such as subscription pricing, outcome-based contracts, and data monetization strategies. AI-enabled reconfiguring therefore translates strategic decisions into systemic changes in business model architecture.

Proposition 5: *AI-enabled reconfiguring positively influences value capture reconfiguration by enabling the reallocation of assets, routines, and governance structures toward new monetization logics.*

P6. The indirect effect of AI capabilities on business model reconfiguration

The framework emphasizes that AI influences business model transformation primarily through indirect mechanisms. Artificial intelligence provides analytical and predictive capabilities but does not automatically generate strategic change. Its impact depends on how organizations mobilize AI resources through dynamic capability processes.

Firms that adopt AI technologies without integrating them into sensing, seizing, and reconfiguring processes often experience limited strategic benefits. Organizations embedding AI within decision-making and resource allocation processes are more likely to achieve systemic business model innovation. Dynamic capabilities therefore serve as the key mechanism linking technological capabilities to strategic transformation.

Proposition 6: *The effect of AI capability on business model reconfiguration is indirect rather than direct, operating primarily through AI-enabled dynamic capabilities.*

P7. Boundary conditions: environmental turbulence and data intensity

The strength of the proposed relationships depends on contextual conditions. Two critical boundary conditions are data intensity and environmental turbulence. AI systems rely on high-quality data to generate meaningful insights; firms operating in data-rich environments such as digital platforms, e-commerce, and smart manufacturing therefore benefit more from AI-enabled sensing and experimentation.

Environmental turbulence also increases the importance of dynamic capabilities. Rapid technological change and shifting customer expectations require continuous business model adaptation. Under such conditions, AI-enabled dynamic capabilities become particularly valuable in supporting strategic renewal and innovation.

Proposition 7: *The relationship between AI-enabled dynamic capabilities and business model reconfiguration is stronger under conditions of high data intensity and environmental turbulence.*

The following table consolidates the theoretical propositions derived from the integrative framework developed in the article. Presenting the propositions in a structured format clarifies the mechanisms linking artificial intelligence capabilities, dynamic capability processes, and systemic business model transformation.

Table 2. Research Propositions and Theoretical Mechanisms

	Proposition & Core Mechanism	Dynamic Capability Dimension	Business Model Dimension Affected	Expected Theoretical Effect
P1	AI-enabled analytics improve recognition of emerging opportunities and market signals	AI-enabled Sensing	Opportunity identification for business model innovation	Stronger sensing capability increases the likelihood of identifying opportunities for business model reconfiguration
P2	AI-driven insights into user behavior and demand patterns support redesign of customer value creation	AI-enabled Sensing	Value Proposition	Improved opportunity recognition enables firms to develop adaptive and data-driven value propositions
P3	Data-driven experimentation and predictive modeling translate opportunities into strategic commitments	AI-enabled Seizing	Multiple business model elements	AI-enabled seizing mediates the relationship between sensing and systemic business model reconfiguration
P4	Simulation, experimentation, and decision analytics enable evaluation of alternative delivery architectures	AI-enabled Seizing	Value Delivery	Firms with stronger seizing capabilities can redesign operational processes and service delivery systems
P5	AI-supported automation, coordination, and ecosystem integration restructure activity systems and revenue models	AI-enabled Reconfiguring	Value Capture	Reconfiguration capabilities facilitate new monetization logics such as subscription and outcome-based pricing

	Proposition & Core Mechanism	Dynamic Capability Dimension	Business Model Dimension Affected	Expected Theoretical Effect
P6	AI technological resources influence transformation indirectly through dynamic capability processes	Sensing– Seizing– Reconfiguring Interaction	System-level business model architecture	The strategic impact of AI capabilities emerges primarily through dynamic capability mediation
P7	Environmental turbulence and data intensity shape the effectiveness of AI-enabled dynamic capabilities	Boundary Conditions	All business model dimensions	The relationship between AI-enabled capabilities and business model reconfiguration becomes stronger under high data intensity and environmental turbulence

Source: Author's conceptualization based on the integrative framework developed in this study.

Table 2 consolidates the theoretical propositions derived from the conceptual model by linking each proposition to its underlying mechanism and the corresponding dimension of dynamic capabilities and business model architecture. By organizing the propositions in this structured format, it clarifies how AI-enabled sensing, seizing, and reconfiguring processes collectively drive systemic business model transformation. The table also highlights the mediating role of dynamic capabilities and the contextual boundary conditions that influence the strength of these relationships. This structured representation strengthens the analytical clarity of the framework and facilitates future empirical testing of the proposed relationships.

7. Discussion

These findings align with digital transformation research showing that emerging technologies rarely generate strategic change independently. Organizational transformation results from interactions among technological capabilities, managerial cognition, and institutional structures (Verhoef *et al.*, 2021; Vial, 2019). Artificial intelligence therefore functions as an organizational capability that shapes how firms interpret data, experiment with strategic alternatives, and coordinate activity systems. The framework conceptualizes AI as an enabling capability that strengthens dynamic capability processes such as sensing, seizing, and reconfiguring. Through these processes, firms identify opportunities, allocate resources, and redesign value creation, delivery, and capture mechanisms. The strategic significance of AI lies less in the technology itself than in the organizational processes that embed AI within strategic transformation.

7.1 Theoretical Contributions

The framework proposed in this study clarifies the mechanisms through which artificial intelligence influences business model innovation. Prior research shows that AI technologies enable data-driven services, algorithmic decision making, and predictive analytics that reshape innovation outcomes and firm performance (Burström *et al.*, 2021; Mariani & Dwivedi, 2024). Many studies treat technological capabilities as direct drivers of innovation. This framework instead shows that AI capabilities influence business model transformation through dynamic capability processes. The study therefore advances a capability-based explanation of AI-driven innovation consistent with the dynamic capabilities perspective on strategic adaptation (Teece, 2018).

A second contribution lies in integrating research streams on artificial intelligence, business model innovation, and dynamic capabilities. Business model innovation research emphasizes the redesign of value creation and value capture mechanisms (Foss & Saebi, 2017; Zott & Amit, 2010). Studies on digital technologies examine how data analytics and

algorithmic systems influence decision making and service innovation. These literatures have largely developed separately without explaining how technological capabilities reshape business model architectures. Positioning AI-enabled sensing, seizing, and reconfiguring as mediating processes provides a theoretically grounded explanation linking technological capabilities to the reconfiguration of activity systems underlying business models.

Third, the framework extends the dynamic capabilities perspective to the context of artificial intelligence and digital transformation. The dynamic capabilities literature explains how organizations adapt to changing environments through sensing, seizing, and reconfiguring processes (Teece *et al.*, 1997; Teece, 2018). Few studies examine how emerging digital technologies reshape these processes. The framework suggests that AI strengthens them by expanding analytical capacity, enabling data-driven experimentation, and facilitating coordination across organizational and ecosystem boundaries. This perspective bridges research on digital technologies with the strategic management literature on organizational capabilities.

Finally, the framework contributes to the business model innovation literature by offering a system-level explanation of AI-driven transformation. Existing research often examines isolated elements of business models such as digital services, pricing mechanisms, or platform architectures without explaining how technological capabilities reshape the broader activity system (Foss & Saebi, 2017). Conceptualizing business models as interdependent systems of value creation, delivery, and capture highlights how AI-enabled capabilities can trigger simultaneous changes across multiple dimensions of the business model (Zott & Amit, 2010).

7.2 Implications for Future Research

The conceptual framework proposed in this study opens several directions for future empirical research. One priority involves examining the microfoundations of AI-enabled dynamic capabilities. Although this study conceptualizes sensing, seizing, and reconfiguring as organizational processes, future work could investigate how managerial cognition, data governance structures, and organizational routines shape the development of these capabilities. Such research would deepen understanding of how firms operationalize artificial intelligence within strategic decision making.

Another important direction concerns empirical testing of the mechanisms proposed in the framework. Longitudinal designs are particularly suitable for capturing the processes through which firms move from AI deployment to business model reconfiguration. Multi case studies and process-based analyses could examine how organizations experiment with AI-enabled services, refine emerging business model configurations, and institutionalize new value creation logics. Quantitative studies could further test the mediating role of AI-enabled dynamic capabilities between technological resources and business model innovation outcomes.

Future research may also investigate contextual conditions shaping the effectiveness of AI-enabled dynamic capabilities. Environmental turbulence, data availability, and ecosystem complexity may influence how organizations leverage AI technologies to transform business models. Comparative studies across industries with different levels of digitalization could clarify how these contextual factors affect the relationship between AI capabilities and business model transformation.

The framework also offers practical implications for managers and policymakers. Managers should complement investments in AI technologies with initiatives that strengthen sensing, seizing, and reconfiguring processes. Firms focusing solely on technological adoption may struggle to translate AI capabilities into strategic transformation. Policymakers can support AI-driven innovation by developing digital infrastructures and data governance systems that enable organizational learning and experimentation.

7.3 Boundary Conditions

Although the proposed framework explains AI-driven business model reconfiguration through mechanism-based processes, its applicability depends on several contextual conditions. One important boundary condition concerns data availability and quality. Artificial intelligence systems rely on large volumes of structured and unstructured data, and firms operating in data-rich environments are more likely to benefit from AI-enabled sensing capabilities. Industries such as digital platforms, financial services, and smart manufacturing therefore provide particularly favorable contexts for AI-driven business model innovation.

A second boundary condition relates to environmental turbulence. Firms in stable environments often face weaker incentives to redesign business models, even when AI technologies are available. Industries characterized by rapid technological change and shifting customer expectations create stronger pressures for business model reconfiguration. Under these conditions, AI-enabled dynamic capabilities become more critical for supporting strategic adaptation.

Organizational complementarities also shape the effectiveness of AI-enabled transformation. Managerial expertise, digital infrastructure, and governance mechanisms influence how effectively firms translate AI capabilities into systemic business model change. Organizations with strong digital infrastructures and managerial capabilities are more likely to integrate AI into decision-making processes. Future empirical research could examine how these contextual factors moderate the relationships proposed in the conceptual framework.

8. Conclusion

This study develops a conceptual explanation of how artificial intelligence contributes to business model transformation in contemporary organizations. Prior research shows that AI technologies influence innovation and digital transformation, yet the mechanisms through which they reshape business models remain fragmented. Drawing on the dynamic capabilities perspective, this study proposes a mechanism-based framework in which AI-enabled sensing, seizing, and reconfiguring processes mediate the relationship between AI capabilities and systemic business model reconfiguration. Linking technological capabilities with organizational processes of strategic renewal explains how firms translate data-driven insights into transformations of value creation, delivery, and capture architectures.

The framework contributes to the literature in several ways. First, it advances a capability-based explanation of AI-driven transformation by showing that AI affects business models through organizational processes rather than technological adoption alone. Second, it integrates research streams on artificial intelligence, business model innovation, and dynamic capabilities, offering a coherent explanation of how technological capabilities interact with strategic processes to reshape organizational activity systems. Third, the study extends the dynamic capabilities perspective to AI-enabled organizational transformation, illustrating how emerging digital technologies influence sensing, seizing, and reconfiguring processes.

The framework also provides a foundation for future empirical research on AI-driven business model innovation. The proposed propositions can be tested through longitudinal studies, multi-case analyses, and quantitative designs examining the mediating role of AI-enabled dynamic capabilities. Future work may refine the framework by examining contextual factors such as data availability, ecosystem complexity, and institutional environments. Research may also explore the microfoundations of AI-enabled dynamic capabilities, including managerial cognition, organizational routines, and governance mechanisms shaping how firms operationalize artificial intelligence in strategic decision making.

The framework further highlights implications for managerial practice and organizational strategy. As artificial intelligence becomes embedded in organizational processes, firms must complement technological investments with capabilities that enable them to interpret and mobilize AI-generated insights. Organizations integrating AI with sensing, seizing, and reconfiguring processes are more likely to translate technological investments into strategic

transformation. Clarifying these mechanisms provides a conceptual basis for understanding how artificial intelligence supports sustained business model innovation in rapidly evolving digital environments.

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