UDC 338.45

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DIGITAL TRANSFORMATION IN CHINESE MEDICINE ORGANIZATIONS: STRATEGIC FRAMEWORK AND ECONOMIC EVALUATION

The global healthcare landscape is undergoing a profound transformation driven by digital technologies, reshaping service delivery, management, and patient experience. Within this context, Traditional Chinese Medicine (TCM) organizations face a pivotal opportunity and challenge: to leverage digital innovation to enhance their clinical efficacy, operational efficiency, and evidence-based foundations, while meticulously preserving their unique theoretical systems, diagnostic methods, and cultural heritage. National strategies in China, notably «Healthy China 2030» and the «Internet+ Medical Health» initiative, have created a robust policy and developmental ecosystem accelerating this digital transition within the TCM sector.

This research aims to develop and propose an integrated, practical framework for digital transformation tailored specifically for TCM organizations. The framework strategically combines pathway implementation with comprehensive economic evaluation. The study synthesizes findings from an extensive literature review, in-depth case studies of three archetypal TCM institutions (a large university-affiliated hospital, a community health center, and a dedicated research laboratory), and applies rigorous health economic models including cost-benefit analysis (CBA), Net Present Value (NPV), and Internal Rate of Return (IRR) calculations. The evidence demonstrates that a strategically managed digital transformation can yield substantial improvements in clinical outcomes and service accessibility, alongside promising and quantifiable financial returns for TCM organizations of various scales.

Key research findings and contributions are as follows. A Functional Classification System for TCM Digital Tools: Digital technologies applicable to TCM can be systematically classified into five core functional categories:

– Diagnostic Tools (e.g., AI-powered tongue and pulse analysis systems that objectify traditional assessment methods);

– Treatment Support Tools (comprehensive herbal medicine databases with decision-support features and acupuncture guidance systems);

– Administrative & Operational Systems (TCM-specific Electronic Health Records and telemedicine platforms designed for TCM consultation workflows);

– Educational Resources (digital libraries of classical texts and immersive VR simulation training);

– Research & Development Applications (advanced data analytics and network analysis tools for exploring complex TCM knowledge systems).

The successful adoption of any tool hinges on its seamless compatibility with core TCM principles and its thoughtful integration into established clinical workflows, ensuring technology acts as an enhancer rather than a disruptor.

A Phased Strategic Implementation Framework: successful transformation is not merely a technological upgrade but a complex organizational change process. The research proposes a structured framework built on six pillars: clear Vision and Leadership, thorough Technology Assessment, proactive Organizational Change Management, a robust Data Strategy, strategic Partnerships, and continuous Evaluation.

Implementation should follow a disciplined, phased pathway: commencing with a comprehensive stakeholder-involved needs assessment, followed by evidence-based technology selection, careful infrastructure development and integration, all underpinned by sustained change management, training, and support. The final phase involves establishing metrics for ongoing evaluation and continuous improvement. This approach mitigates risk, manages resistance, and aligns technological investment with long-term organizational goals.

Empirical Evidence of Economic Viability: a significant contribution of this study is the empirical economic evaluation of specific digital interventions in a TCM context. Analysis of technologies such as digital tongue diagnosis systems and telemedicine platforms reveals strong economic potential. Financial modeling based on case data projects attractive investment profiles, with payback periods typically between 2.2 and 3.6 years and Internal Rates of Return (IRR) ranging from 20.1% to 31.7%. Further validation through Net Present Value (NPV) and Benefit-Cost Ratio (BCR) analyses confirms long-term economic sustainability. Sensitivity analysis importantly identifies patient adoption rates and reimbursement policy environments as the most critical external variables influencing financial outcomes, providing crucial insights for risk-aware planning.

Conclusions and strategic recommendations. The digital transformation of TCM organizations represents a necessary and viable evolution, facilitating the integration of millennia-old wisdom with 21st-century technology. Its core philosophy must be «augmentation and preservation», not replacement. To systematically advance this journey, multi-stakeholder action is required:

– for policymakers: develop supportive, TCM-informed regulatory pathways for digital health devices, establish interoperable data standards that accommodate TCM diagnostic patterns, and create funding mechanisms or incentives to support initial investments, especially for smaller community practices.

– for TCM organization leaders & administrators: adopt the proposed phased strategic framework. Champion pilot programs, invest deeply in continuous digital literacy training for practitioners and staff, and implement balanced scorecards that evaluate success across clinical, operational, economic, and cultural preservation metrics.

– for technology developers and researchers: engage in genuine co-creation with TCM experts from the outset. Develop solutions that respect and encode TCM logic, ensure data interoperability with broader healthcare systems, and conduct robust validation studies to build the essential evidence base for digital TCM tools.

Future research directions emerging from this work include longitudinal studies on the long-term impact of digital tools on TCM practice quality and knowledge transmission, cross-cultural comparative analyses of digital adoption in different traditional medicine systems, and the application of advanced artificial intelligence for pattern discovery and knowledge mining within classical TCM corpora.

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