Nonprofit organizations (NPOs) are critical to the quality of life in many communities not only due to the valuable services and social impact they create, but also because of the positive economic impact within local communities. However, NPOs, just as for-profits, need to innovate in response to changing customer demands and lifestyles and to capitalize on opportunities offered by technology and changing marketplaces, structures and dynamics. Digitalization is essential to fuel NPO’s innovation in order to be a differentiator in the highly competitive environment. In this paper, we first develop a review to identify the challenges of digital transformation and then we examine some of the challenges that the nonprofit sector faces in undertaking digital transformation initiatives.