



Competitiveness and Digital Challenges

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The IMD World Competitiveness Center recently partnered with Accenture (Germany and Switzerland) to conduct a study about digitization trends and the digital challenges that German and Swiss companies are facing. The study incorporates 247 survey responses from German executives and 396 responses from Swiss executives. We assess the impact of digitization on the competitive context and the digital practices that the competitive firms adopt in such environments.

Evidence from Germany indicates that the availability of digital technologies and the resulting increase in competition drive companies to improve their efficiency levels while optimizing their customers' experiences. In this context, the understanding and effective use of data is fundamental. In addition,

the “disruptions” arising from increasing digital challenges put pressure on companies to reduce, if not eradicate, any existing complexities from their processes and thus to digitally streamline their current structures.

In the case of Switzerland, industry-level evidence highlights some trends that are redefining the Swiss competitive context. Evidence shows that to compete, it is necessary to revise current value-creation strategies so as to incorporate digital aspects. In addition, product innovation cycles are becoming shorter and at the same time technological developments erode entry barriers. In this context, new competitors drive companies to undertake a digital transformation process.

Data on the business practices of German competitive firms indicate that they make digitization an essential element of their strategy and that digital governance is a C-level imperative. Competitive firms, also, comprehensively employ digital technologies to optimize their processes and/or enable new business models. German firms constantly engage in updating and digitizing their internal processes. They do so in order to allow their digital business model to reach maturity. At the same time, their processes remain simple but satisfy the digital needs of their customers. To put it differently, the digital transformation experience of Germany’s competitive firms suggest that it is fundamental to redesign their internal processes and concomitantly consider the experiences of their customers in order to become a truly digital organization.

We found that Swiss competitive companies differentiate themselves in three digital areas: strategic, governance and performance. In the first instance, Swiss firms embed digitization at the core of their strategy and in doing so they become industry “disruptors.” In terms of governance, evidence suggest that decision making processes related to digitization are structured at the C-level making the digital transformation an essential element of organizational governance. Competitive firms, in addition, set ambitious digital targets which lead to improvements in their performance.

In a context characterized by increasing digital challenges, German and Swiss competitive firms adopt strategies and practices sensitive to changes which enable them to readily adapt to shifting market/industry conditions. Competitive enterprises are, in short, agile.