

Press release

For business editors
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New Commerzbank study: Mittelstand focusing on efficiency improvements through digitalisation

- **86 per cent of companies regard increasing digitalisation as a major opportunity for their location, 48 per cent of companies expect substantial growth in the coming years**
- **One in six companies already utilises the potential of digital technologies – irrespective of industry or company size**
- **For most companies cost reductions and efficiency enhancement are currently higher on the agenda than investment in growth and innovation**

Small- and medium-sized enterprises in Germany have recognised the potential of digitalisation: a broad majority of 86 per cent of entrepreneurs and managers regard increasing digitalisation as a “major opportunity” for Germany as an industrial location. At least 48 per cent of the companies expect to see substantial growth in the next five years. One in six of all companies in Germany already rank among the digital forerunners. “These are companies which are already successfully focusing to an above-average degree on new digitisation trends so as, for example, to network value-added chains or to individualise their products. These forerunners are to be found in all sectors of industry and irrespective of the size of the company or the age of their managers,” explained Markus Beumer, a member of the Board of Managing Directors of Commerzbank and responsible for its Mittelstand business, today at the presentation of the study “Management in transition: More digital, more efficient, more flexible!” For this study TNS Infratest was commissioned by the initiative “Entrepreneur Perspectives” with surveying first-level executives in 4,000 SMEs throughout Germany. The results were presented by Beumer together with the patron for the study, Dr. Stefan Groß-Selbeck, a former CEO of XING AG and now a partner and managing director of the Berlin office of BCG Digital Ventures.

Evolution instead of revolution with digitalisation in SMEs

The majority of companies have recognised the opportunities presented by digitalisation, yet are somewhat reticent: 63 per cent of those surveyed admit quite self-critically that the Mittelstand is to some extent neglecting the topic of digitalisation at present. Two thirds of the respondents are, by their own admission, active in markets which are characterised by mature products and services, strong predatory competition and ever shorter product and innovation cycles. In the view of the entrepreneurs the major challenges in this situation are cost reductions and productivity enhancement (stated by 43 per cent and 40 per cent of the

respondents, respectively) rather than the development of product and service innovations (37 per cent) or the utilisation of new distribution channels (32 per cent). “It is undoubtedly never wrong to place the focus on costs and efficiency enhancement, but it appears expedient not to regard digitalisation primarily from the perspective of cost efficiency. Traditional companies can learn from start-ups here, by not only embracing new technologies to attain productivity gains, but also by taking entirely new paths so as to unlock new customer groups and distribution channels and to create new offerings,” recommended study patron Groß-Selbeck.

The majority of companies are reluctant when it comes to phenomena currently under major discussion such as big data, cloud computing or Industry 4.0, whereas great significance is attached to established digital technologies. “Naturally companies are focusing on online marketing, are optimising their administration, allowing for work from home offices and offering online services. Individualised and automated production or the networking of value-added chains, in contrast, are only being implemented by a very small number of companies,” reported Markus Beumer. The biggest challenges for companies according to the study are the complexity and tempo of technical development (52 per cent), the high investment needs (50 per cent), data protection issues (49 per cent) and the lack of reliable standards (42 per cent) – all this has led to many companies initially taking a wait-and-see attitude to digitalisation.

The proof of the pudding is in the eating – also with digitalisation

The considerable complexity of digital transformation means that many companies are tending to take a reactive stance. This can be dangerous in rapidly changing markets – with 33 per cent of the respondents reporting that key technologies in their industry are in transition, and 26 per cent stating that digitalisation threatens tried-and-tested business models. “The emergence of digital technologies offers major opportunities, yet is a mammoth management task because decisions have to be taken quickly and missing out on a decisive trend can have dire consequences later. Dealing with the complexity of digital change is one of the fundamental challenges for managers,” commented Markus Beumer.

How to do this successfully is shown by the group of digital forerunners. They do not bide their time, but focus on innovation and experimentation so as to establish a leading edge in keenly-fought markets. They launch pilot projects significantly more often than the average number of companies (+28 per cent higher than the average), analyse the potential of possible new products instead of merely orienting themselves to the market environment (+26 per cent), establish creative freedoms (+25 per cent) and recruit technical specialists (+24 per cent). “Having the courage to try out new things is the best recipe for successfully managing the digital transition in a company,” says Beumer.

The Entrepreneur Perspectives initiative and its studies

The Mittelstand initiative Entrepreneur Perspectives forms a forum for topics that move companies from Germany's Mittelstand, and articulates the positions of the Mittelstand publicly. To this end it regularly polls comprehensive assessments of SME entrepreneurs on current issues – the data basis is formed by representative surveys of 4,000 first-level executives. The study results are discussed with representatives from the business world and industry federations, with politicians and academics – also on public podia – so as to generate mutual understanding and develop viable solutions to the challenges faced by the Mittelstand.

The complete results of the latest study "Management in transition: More digital, more efficient, more flexible!", an overview of the publications to date, as well as further information on the initiative, are to be found under www.unternehmerperspektiven.de.

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