Top500 study Switzerland

How Swiss companies are fighting their way back to the top
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Introduction

‘A new magic formula. How our top companies invest’ was the title of our Top500 study last year, before the pandemic. The study found that the winners were companies that invested in promising business models in a more targeted, active, and rapid manner, and did so with a clear strategy. It seemed clear in 2019 that the particularly successful companies—such as those in the Life Sciences sector—were continuing along this path. Then the pandemic came and changed everything. The question now is: Which companies came through the crisis more successfully than others, and how? Using the latest datasets, we found the answers. They reveal findings that are broadly applicable and map the path of success from the past, beyond the year 2020, and into the post-pandemic world.

The annus horribilis 2020 has made it clear: business processes are vulnerable and the future is uncertain. It has also shown, however, that companies which have successfully navigated the crisis share common traits of success: they have all kept innovation in focus, displayed agility in operations, and moved through the pandemic with strategic flexibility. For companies such as Syngenta, Zehnder Group, Lonza, or VAT Group, these form active ingredients in their success against the crisis.

Just as the virus will remain, so will the changes it has triggered and forced upon all corporate activities. Therefore we expect these traits to apply all the more in the post-pandemic world. The question now is: How do we develop them further?

Our analyses highlight how these success factors can be developed further and permanently implemented in companies after the pandemic. The crisis has shown that strategic and operational changes at all levels must be implemented even faster in the future. This requires a culture of permanent reinvention rather than continuation: it requires zero-based thinking. Finally, redirecting innovation into new spaces is needed, scaling digital business models in parallel with on-going business activities. Customer orientation now embeds itself into the DNA of the entire company, far beyond the focus on customer experience at the consumer touchpoint of yesteryear.

Real-time data and a modern digital architecture are prerequisites for such a newly oriented company to succeed in the post-COVID-19 world. Even more, the digital core now forms the cockpit of the business, steering the digitally driven operation. With it, new business models are emerging that create real benefits, are sustainable, and position companies competitively for the future.

Our analysis has shown that Swiss companies have come through the crisis better than their competitors in Europe and are now in a good starting position for the future, ready to take advantage of new opportunities. It’s important for all of us in Switzerland and beyond, as a healthy economy will help us better manage the human, social, and economic consequences of the pandemic.

The past year has taught us that the idea of a crisis-free existence is fragile—so let’s secure our future together.
The world after the pandemic

What does the post-pandemic world look like? Which path will lead companies out of the pandemic? Do guiding lights exist or does absolute darkness prevail? At least until mass vaccination or herd immunity allows some normality in business life again, the only thing that seems certain is that just waiting it out won’t help.

Rarely has a generation of company leaders been challenged so much. Markets have collapsed. Supply chains have fallen apart. Employees have been sent to work from home. Customers have disappeared in the lockdown. All these phenomena happening at the same time could cause many a manager to fall into despair.

Or has the drama had the opposite effect? Released forces. Activated energies. Unleashed the survival and innovation drive, propelling the company from the present into the future. Lighting the way to the runway and a successful take-off post COVID-19. In those companies where the pandemic challenges have led to greatly increased innovation, agility, and flexibility, building on the successful traits of the present will lay the foundation for entrepreneurial success in the future.

Wishful thinking? Alchemy, even? Not at all. The lessons learned during the crisis are pointers for the world after the pandemic. Those lessons can also be used to develop a multifunctional active ingredient against pandemic crises that drive growth in the post-COVID-19 world.
1 The starting position in 2019

Based on our sample of companies, the Medtech industry, consumer goods manufacturers, and construction companies were the absolute best performers in terms of growth and profit margin in 2019. In 2019, engineering and IT services were the only industries in the country able to grow revenues even more while increasing profit margin, compared with the previous years.¹

In the year before the pandemic, sales growth across all industries slowed sharply compared with previous years: overall, there was no growth compared with 3.5 percent average sales growth in the previous five years. When it comes to profit margins achieved, one sees that in various industries—such as chemicals or pharmaceuticals and healthcare—profit margins were well above the national average of 9.5 percent in 2019 and also above the 2.5 percent growth average of the previous five years.

Figure 1: Swiss industry: revenue growth and profit margin (in percent)²

* Analysis based on 168 companies with available revenues and net profit data for the last 5 years. Source: Accenture Research on Top500 database.
In the pre-crisis year 2019, the growth of the Swiss economy essentially derived from the growth created by the Growth Champions (GCH):

- Growth Champions’ revenues (excluding banks and insurance companies) grew two and a half times faster than the rest of their industry peers since 2015.
- In banking, assets under management increased five-fold for Growth Champions compared to their peers over the same period, while gross premiums written (GPW) at insurance Growth Champions increased three times more.
- In terms of performance, the Growth Champions also significantly outperformed their industry peers.2

This means that even in the year before the pandemic, it was the Growth Champions that sustained the Swiss economy. They form the resilient backbone of the domestic economy.

**Figure 2: Trends from the Top500 analysis**

<table>
<thead>
<tr>
<th></th>
<th>Revenue growth (CAGR 2015–19, %)</th>
<th>Asset growth (CAGR 2015–19, %)</th>
<th>GWP growth (CAGR 2015–19, %)</th>
<th>Profit Margin (Avg 2015–19, %)</th>
<th>Return on Asset (Avg 2015–19, %)</th>
<th>GWP Margin (Avg 2015–19, %)</th>
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<tbody>
<tr>
<td>GCHs</td>
<td>7.1</td>
<td>2.4x</td>
<td>6.7</td>
<td>17.2</td>
<td>0.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Peers</td>
<td>3.0</td>
<td>4.9x</td>
<td>2.1</td>
<td>3.0x</td>
<td>1.9x</td>
<td>5.3</td>
</tr>
<tr>
<td>Non-FS companies</td>
<td>4.8</td>
<td>1.0</td>
<td>2.1</td>
<td>5.7</td>
<td>0.3</td>
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<td>Banking</td>
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<td></td>
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<tr>
<td>Insurance</td>
<td>2.1</td>
<td></td>
<td></td>
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</tbody>
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* Analysis on 168 players (non-FS), 70 banks and 24 insurance companies which satisfy the criteria to be classified as Growth Champions. See Methodology section for further information.

Source: Accenture Research Analysis on HandelsZeitung data, S&P Capital IQ and Annual Reports.
Swiss companies were in a comparatively strong competitive position in 2019:

Domestic companies entered the pandemic with higher profitability and higher market valuation than their competitors in Europe. Only their operating margin was slightly lower. See our international comparison of the corresponding key figures (figure 3).

We found that the market valued Swiss companies higher than their European counterparts in practically all sectors, i.e. in seven out of ten industries. Swiss Infrastructure and Transportation companies in particular score well for Price/Earnings ratio (P/E).

In terms of Return on Equity (ROE) and Operating Margin, industry-specific differences are striking:
- Communications & Media and Chemicals companies are top achievers for Return on Equity (ROE) as well as operating margin (EBIT Margin).
- Industrial equipment companies stand out for both Operating Margin and market valuation while Life Sciences companies stand out for ROE and market valuation.

The question now is: If a company enters a crisis with greater strength, does it also come out of it stronger?

Figure 3: KPIs of Swiss companies vs. European industry peers (1H19, median values, European industry average = 100)

Swiss industries with best performance vs. European peers

<table>
<thead>
<tr>
<th>Industry</th>
<th>ROE*</th>
<th>EBIT Margin</th>
<th>P/E**</th>
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<tbody>
<tr>
<td>Life Science</td>
<td>122</td>
<td>92</td>
<td>144</td>
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<tr>
<td>Communications &amp; Media</td>
<td>92</td>
<td>92</td>
<td>144</td>
</tr>
<tr>
<td>Chemicals</td>
<td>92</td>
<td>92</td>
<td>144</td>
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<tr>
<td>Industrial Equipment</td>
<td>92</td>
<td>92</td>
<td>144</td>
</tr>
<tr>
<td>Life Science</td>
<td>122</td>
<td>92</td>
<td>144</td>
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* Annualized values
** December 2019.
Source: Accenture Research on S&P Capital IQ data. Analysis based on 114 Swiss companies and 98 European companies based in Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain and UK.
Switzerland’s gross domestic product (GDP) is expected to contract by 2.9 percent in 2020, the year of the pandemic. However, the decline will be much milder than experts had predicted after the first wave in June.

The contraction is smaller than in other European countries: In the EU, GDP is expected to fall by more than seven percent in 2020; in Germany, the expected decline is 5.5 percent; and in Italy and France, about 9 percent.3

Even in this latest crisis, the Swiss economy is demonstrating its traditional resilience, which has been proven many times in the past.

Overcoming the crisis year 2020 is only one stage on the way to a post-pandemic future. But what will this look like? One thing seems certain: COVID-19 has become a game changer.

We believe that some aspects will also endure in the post-COVID-19 world:

**The workplace is becoming individualized:** Traditional working environments are dissolving as companies are promoting decentralized work. Employees are discovering working from home: during the pandemic, around 40 percent of those in employment worked from home, and they intend to do so more often after the pandemic—with more than one in two stating that they are more productive working from home than in the office. Combining working from home with office work (for inspiration, innovation, ideation, and co-creation) is becoming the new norm, and a new management task.

**Business processes are vulnerable:** Because of the lockdowns and regulatory restrictions during the pandemic, a majority of companies suffered supply chain disruptions. Many fundamental weaknesses became bluntly visible: strong dependencies on individual suppliers, for example. Companies lacked sufficient knowledge of complex interrelationships required in the supply of business-critical materials or primary resources. Or suffered due to a too-low cap on the level of product inventories.

**The future remains uncertain:** Companies faced many uncertainties during the months of the pandemic. No one knows how long the recovery period will last, and customer confidence remains battered. In this fog of uncertainty, making investment decisions or initiating growth projects requires a good deal of courage. We now know that we will have to learn to live with this planning uncertainty in a post COVID-19 world.
3 How have Swiss companies responded to the COVID-19 crisis?

To find answers to this question, Accenture studied over 200 Swiss and European companies that have published their 2020 financial data, from a total of ten industries, and made the following observations:

- Swiss companies have responded well to the pandemic. They succeeded in increasing their return on equity as well as their operating margin in direct comparison to European peers.
- There are major differences in the various sectors, with the pandemic further strengthening digital trends—producers of consumer goods, industrial equipment manufacturers, and chemical companies were able to further improve their performance compared to European competitors during the crisis. This indicates that companies in these sectors responded promptly to the crisis and adapted to the changed conditions: they succeeded in improving their competitive position once again in the first half of 2020.
- In other sectors, the exact opposite is the case. Swiss retailers, for example, have lost further ground compared with their European competitors—and this from an already weak position before the crisis. Numerous retailers have followed the trend toward increased digitization and e-commerce rather timidly and instead clung to traditional retail business models. Consequently, sales over e-commerce platforms remained at a comparatively low level. Nevertheless, Swiss retailers have recognized the need to catch up and are driving noticeable initiatives to transform digitally.

This answers our key question: Those who go into a crisis with greater strength will also come out of it stronger.

The economic environment remains challenging. Now the question arises: How can a company successfully maneuver through the crisis?

One suggestion is to learn from the best: from those who have reacted smartly and quickly to the changes caused by the unexpected crisis; and from those that have delivered outstanding performance during the pandemic in their respective industries. It is fair to conclude that these companies have the tools to set an example for others. What we want to find out is whether there is a generally applicable, transferable recipe for how these companies beat competitors and increased their operating margins, even through the darkest days of the crisis: Does a survival kit exist for a world in crisis mode?

It does, but it’s not a universal formula. It is a cluster of behaviors that can be observed in the most successful and crisis-resistant companies that are at the top of their industries for a reason. For example, their focus on innovation and operational agility and strategic flexibility. Each of these can be an effective tool during a crisis.

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Figure 4: KPIs of Swiss companies vs. European industry peers
(1H19, median values, European industry average = 100)
4 Characteristics of success and inspiring examples

4.1 Focus on innovation

‘A new magic formula’ was the title of our Top500 study the year before the pandemic. ‘Innovation: A matter of survival’ was the central message back then. The COVID-19 crisis has now dramatically demonstrated the accuracy of this insight. Companies that had invested more than average in R&D, and were more closely integrated with their research ecosystem, were better prepared when the pandemic came. Whether technological trends intensified or work patterns changed during the crisis, these companies’ response to the unfamiliar environment was smarter and more efficient.

The Basel-based agrotechnology giant Syngenta achieved above-average EBIT growth in the first half of 2020 in a rather low-margin industry and outperformed its direct competitors. It achieved this with a strict focus on digital innovation. Increased use of artificial intelligence (AI) and satellite-based monitoring enabled more efficient production in the field—from seed to harvest. It also expanded expertise in digital management of farms and ranches through targeted acquisitions. In times of pandemic travel restrictions, these technologies still allowed field analysis to detect and address diseases or crop deficiencies.

Through long-term investment in supply chain visibility technologies, Syngenta was able to accurately track its material flows at all times during the pandemic despite complex international supply chains (such as those with production facilities in China), and to identify and avoid problems with customer deliveries. With a new, multifunctional factory in Muttenz in the canton of Basel-Landschaft, Syngenta is also significantly increasing its capacity for flexible production: Parallel production lines not only increase output, but also shorten the path from pilot to industrial production for new developments. Another innovation fits into this picture: At the important center for crop protection research in Stein, Aargau, creative scientists used a 3D printer to develop contactless door-openers during the pandemic, thus enabling a safe working environment during lockdown.

The bottom line: This climate of fast-cycled innovation brought Syngenta safe production and resilient supply chains over the duration of the pandemic.
As a worldwide, unique and unprecedented event, the COVID-19 crisis put supply chains and commercial activities under stress. In day-to-day business, autopilot no longer worked. Quick, perhaps bold—sometimes even risky—maneuvers were needed to keep the operation running and avoid bottlenecks. A geographically and broadly diversified supplier base helped companies steer safely through the storm front of the pandemic.

VAT Group, a globally active and leading developer, manufacturer, and supplier of high-end vacuum valves based in Haag in eastern Switzerland, was particularly challenged during the pandemic. The company services a wide range of complex vacuum applications. VAT vacuum valves are business-critical components for advanced manufacturing processes of innovative everyday products, such as portable devices, flatscreens, or solar panels. During the crisis it was necessary to maintain and improve operations, working with suppliers and customers, in each of its three business units.

The company quickly took measures and realigned the interaction between the production sites in Haag, Switzerland; Penang, Malaysia; and Arad, Romania, in line with requirements during the crisis. With the appropriate knowledge transfer, capacity at the Southeast Asian plant was increased in order to ensure the production of components for the semiconductor or display industry. The company also restructured its procurement strategy by integrating the best suppliers more closely into product development and also into day-to-day business. This mutual integration and proximity to suppliers ensured cost leadership, enabled a massive reduction in development times, and led to faster marketability of new products (as well as aligning procurement to countries with optimum production and supplier conditions). In parallel, enterprise resource planning (ERP) systems were further standardized across all business units, increasing operational productivity, efficiency, and flexibility. The numbers show the result of this agility in operations: VAT Group has recorded stable revenue growth since Q1, 2020.

Conclusion: with operational agility, VAT Group, together with its suppliers, was able to leverage the crisis to gain in flexibility and efficiency.
4.3 Strategic flexibility

The unpredictable can sometimes make the familiar suddenly obsolete. Nowhere is this more evident than in the strategic orientation of companies during the pandemic. The crisis forced companies to adapt quickly, but also creatively. Often, this happened in one and the same company in different directions and at different speeds. Segments that proved to be operationally stable (even during the crisis) could continue to operate efficiently and be used to cushion negative effects on group earnings. However, there have always been business areas in which substantial investments could enable additional hidden and crisis-resistant business opportunities.

This flexibility in strategy was demonstrated, for example, by Zehnder Group, which has its roots in Gränichen in the canton of Aargau, and is one of the market and technology leaders in the manufacture of complete-room climatization solutions. When sales shrank substantially in the first half of 2020 as a result of the crisis, the company reacted swiftly to push its EBIT margin up again. Initially, ad hoc measures focused on minimizing negative effects on operating profit and securing liquidity, for example, by cutting salaries at the top of the company, reducing vacation and overtime entitlements of the workforce, postponing projects, or introducing short-time working.

Even more impactful were the company’s smart and flexible strategic adjustments—increasing investment in the ventilation business unit launching a new, technologically superior product, and increasing production capacities in China. During the pandemic, demand for equipment for clean and healthy air had skyrocketed. In the radiator business, on the other hand, the strategic focus was on optimizing existing processes by increasing productivity and efficiency. The goal: to sustainably strengthen the business unit’s positive contribution to operating profit even in times of pandemic.

A second example: Lonza Group Ltd. In recent years, the Basel-based company has moved away from the production of specialty chemicals into the less cyclical production of pharmaceuticals. Today, the company is a fully-fledged pharmaceutical supplier with growth opportunities in biotechnology. During the pandemic this smart strategy paid off for Lonza: In the first half of 2020, the company signed a ten-year contract to produce the Moderna COVID-19 vaccine. Within eight months, and with investments of CHF 70 million, a production line to manufacture 100 million vaccine doses per year was built in the canton of Valais. In addition, Moderna funded another two lines. Lonza also entered into a partnership with AstraZeneca to start production of vaccines in the first half of 2021.

The bottom line: Zehnder Group and Lonza Group Ltd are maneuvering through the pandemic period with smart strategic agility.
5 After the crisis

It would be too tempting: After the pandemic, the world is the same again and companies can pick up where they left off—in pre-crisis mode. Things are, of course, more complicated.

The world before the fateful year 2020 is no more. And lessons learned from the year of the pandemic are not a sufficient compass for returning to a sustainable path of growth.

We need to be smarter and dig deeper into the traits of corporate success in 2020, to show which companies will emerge stronger from a recession. A strong focus on innovation and great operational and strategic agility has shown that it is possible to capture new market positions, even in a downturn. These qualities also guide entrepreneurial success in the post-pandemic world. Just as the virus remains, so do the changes it has triggered in day-to-day business practices. The focus on innovation as well as operational and strategic agility is therefore a permanent requirement for coping with the future. So the question is: How can these success characteristics be permanently anchored in the company and ingrained across all levels so that their potential can be fully exploited?

We suggest prioritizing a number of pragmatic approaches.

Figure 5: Post-COVID-19 agility

COVID-19 Effects

- Digital Customer
- Vulnerable business processes
- Uncertain future
- Individual workplace

Winning features...

- Innovation focus
- Agility in operations
- Strategic flexibility

... achieved via pragmatic approaches in the post-COVID-19 world

01 Constant Reinvention at Speed
02 Digital DNA
03 Business of Experience

Indeed, priorities need to be set and linked to subsequent recommendations for action.
5.1 Constant reinvention at speed

Companies have recognized the importance of implementing strategic and operational changes quickly, establishing agile working practices as a new norm, and consistently aligning their day-to-day business. The crisis has painfully demonstrated the necessity of being able to react immediately to dramatic changes.

‘...Constant reinvention at speed’ is needed: a permanent attitude of perpetual reinvention, at full throttle. The resulting operational and strategic agility helps identify and avoid unnecessary costs, and frees up financial resources for innovations and growth.

Optimizing resources in a goal-oriented way—so some resources can be focused on growth—is key, just as a computer reboot brings all components up to date and automatically deletes all old versions.

Constant reinvention requires cost management

Only those who are aware of their costs can identify idle capital and redirect it into growth-enhancing activities that strengthen competitiveness. All cost categories must be taken into account—personnel and production, suppliers and IT, etc. This mindset—of redirecting stagnant capital into new growth initiatives—becomes the unifying feature of the entire company: constant reinvention at speed. The new resulting culture of holistic, corporate innovation transforms even large companies into agile startups. This implies three crucial tasks:

A. Create transparency!

To identify potential savings, monitor costs actively, systematically and holistically—on production sites and along supply chains or ecosystems. The tools for this transparency are data, networked systems, and capacities and capabilities for data analysis. Tied-up capital that does not make a clear contribution to the business strategy becomes visible and usable for growth initiatives.

B. Build a culture of innovation!

A new corporate culture starts with employees treating the company’s money as if it were their own. Doing that shapes a new day-to-day culture of ‘smart spending’ for employees, based on cost awareness, integrity, accountability, partnership, and transparency. These shared values and behaviors have a positive impact on profit margins and employee satisfaction, on productivity and efficiency, on market share and sales growth. The collective attitude creates the breeding ground for innovation and provides a real economic return beyond experimentation.

C. Strengthen your resilience!

After the crisis is before the crisis. The current one has shown that it is advisable to prepare for future ones. This means: automating wherever possible and evaluating assets and investment decisions from a thorough crisis-resistance perspective. Finally, it is important to implement an early warning system that can sound the alarm in the event of impending production interruptions or supply-chain collapses.
5.2 Digital DNA

During the pandemic, many companies invested substantially in digitization and increasingly aligned job roles with it. Now they are evolving this ‘digital first’ approach. In the post-COVID-19 world, making optimal use of digital infrastructures is the only way to generate an appropriate payback on the investments made. One challenge, particularly in digitization, is technology advancing faster than its acceptance and availability among employees. Only when technology flows down to the capillaries of a company, will one build the ‘digital DNA’ in the post-pandemic world of work:

A. Create digital foundations!
Have the latest-generation technology and a corresponding digital architecture.

B. Build digital operations!
Provide the communication technologies and digital tools needed to transform work environments.

C. Demand digital leadership!
Foster a collaborative corporate culture through knowledge sharing, collective learning behaviors, and encouraging risk-taking.

D. Look for a digital workforce!
Combine an enthusiasm for digital technologies with newly learned skills in employees to recognize the value and possibilities of digital tools.

Inspiration in fulfilling points A-D is provided by the concrete future scenarios that Accenture developed together with the Swiss office furniture design company Vitra, other experts, and 15 selected partners, on the topic of the future of work.

Companies have made substantial investments in digital tools for employees. Fundamental questions remain about the future of work and what individual skills are needed for it. How do we learn after the pandemic? How are organizations to be led? How do we seek and find future talent? How do humans and machines interact? After COVID-19, will the office landscape largely consist of home offices?...

For further reading:
https://www.accenture.com/ch-en/insights/consulting/work-lead-space
5.3 Business of experience

Customer experience will be critical after the crisis and no longer a sole competitive advantage. A great experience is no longer defined by the product offering alone, but by the extent to which it succeeds in delivering the results and experiences that the customer expects. Moreover, the pandemic itself is a fundamental game changer for business: Seventy percent of Swiss consumers say they will continue their lockdown digital habits in post-COVID-19 times. This includes the more intensive use of different digital channels. Companies are fundamentally questioning the way they have done business so far—even in the digital world. It is no longer enough to acquire consumers and deliver their customer experience with marketing activities or service efforts at contact points. These have become an easily copied commodity.

Customer experience now evolves into the business of experience (BX)—a more holistic approach that enables a company to think and act in a customer-centric way at all stages. With the company fully focused on becoming an indispensable part of its customers’ lives, it will generate holistic, sustainable growth in the future, with innovation that is exclusively customer-centric.

What was once a function within the company must now become an all-pervasive attitude:

A. Understand the customer!
Understand the customer requires an organization to capture the customer in their individual context. Such an organization uses data-driven research to combine insights from traditional customer segmentation with the customer’s personal preferences. Qualitative and quantitative customer-specific insights become the guide for developing future products.

B. Make innovating the customer’s experience a daily habit!
To constantly innovate the customer’s experience, it is not enough to focus on superficial touchpoint improvements. Any potential gap between your brand promises and the experience delivered needs to be closed, by recognizing that innovation never stops. It’s not a destination, it’s an ongoing process three layers deep: features, service, business. All three layers need innovation and improvement. Feature innovation is about incrementally improving the experience with an existing product. Service innovation occurs when a set of features becomes a new service or product. Business innovation occurs when the service creates a radical change in the customer experience, sometimes resulting in an entirely new ecosystem.

C. Develop your company itself into an experience!
Nothing is more powerful than lived experiences. If you want to generate positive customer experiences, embed this attitude into every function of your company: in day-to-day business, HR, product development, strategy. Every employee learns to understand how their role, and their daily work, contributes to the company and the customer experience.

D. Make technology an accomplice!
Start with the cloud, to enable an agile technology infrastructure. The funds saved can be invested in data, performance-enhanced by Artificial Intelligence. Cloud and data in turn create relevant and agile technological opportunities.
For all three post-COVID-19 priorities—constant reinvention at speed, digital DNA, and business of experience—speed and flexibility in the organization are a common denominator. Critical for the successful implementation of these three priorities is the use of state-of-the-art digital technologies: artificial intelligence (AI), cloud computing, and data analytics. But creating 360° added value in the company and transforming business models in the long term requires more than isolated solutions. Companies need to change their thinking, build data-driven work processes, and develop decision-making cultures if they want to adapt to new situations faster than ever.

Ultimately, the key to success will be an integrated approach that dovetails technology and the company’s organization so that new business models, products and services can be brought to market in the shortest possible time. Always with one overarching goal: sustainable added value for partners, customers, and employees.

To provide this sustainable added value, the ‘New Digital Core’ of technology, value creation, and organisation becomes the central, all-encompassing foundation of the company. All applications exist within a network and all data in and around the company bubbles up in real time. It is the footprint of the end-to-end digital enterprise.

The footprint has three dimensions:
1. The decoupling of data, infrastructure, and applications increases flexibility, as changes can be made without affecting other systems.
2. The cloud becomes a key technology catalyst for growth by integrating data analytics or AI.
3. The use, analysis, and quality of data will become a crucial factor for business decisions.

Swiss companies have some catching up to do in all three dimensions. 41 percent have little or no experience in the use of decoupled data. A third have hardly experimented with state-of-the-art cloud solutions. And almost half do not have adequate technologies for capturing and analyzing data in real time.7
**New Digital Core**

The New Digital Core is the prerequisite for unlocking hidden business value and delivering new value propositions to customers. It represents a digital image of the company that brings together all applications, services, and data via the cloud, creating a completely rethought and end-to-end digitized company. All business areas fall under one network, based on automated, intelligent processes that also integrate customers and partners into the value chain. Business models can be quickly implemented or adapted, and product developments and response times shortened.

The Digital Core is the game changer that triggers all other changes needed in the post-pandemic world and turns companies into sustainable high performers. The New Digital Core connects to the customer and allows them to experience the DNA of the enterprise. It provides real-time data that shortens decision-making processes, enables performance assessment, and makes complete transparency standard. Combined with automation, robotics, AI, and the Internet of Things (IoT), business processes, product innovation, and supply chains are optimized and radically shortened. The New Digital Core in the cloud ultimately leads to fully digitized value chains and sustainable ecosystems across company and industry boundaries.

The bottom line: The formula—(Constant Reinvention at Speed + Digital DNA + Business of Experience) * New Digital Core—shows the approaches that matter in post-pandemic business. These elements are active ingredients that combine to form the basis for business success from 2021 onwards.

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**Figure 6: New Digital Core**
Methodology of the ‘Growth Champions Analysis’

To identify Switzerland’s Growth Champions, we examined the key financial performance indicators of 983 of the largest Swiss companies included in the Handelszeitung’s Top500 list (297 companies from the banking and insurance sectors; 686 representing other segments of the Swiss economy). Companies whose sales and net profit were available for the years 2015 to 2019 and that were headquartered in Switzerland were considered as potential growth champions. Real estate companies were not included due to their high volatility of results.

As a basis to determine each company’s growth, we used total assets for banks, gross premiums written for insurance companies, and revenues for all other companies. Companies were identified as growth champions if, over the 2015-2019 period, their average annual growth rate and net profit margin were (a) positive, (b) higher than companies of similar size, and (c) higher than the weighted average for their sector.

To account for the impact of company size on revenue and net profit growth, from the 2020 edition onwards, companies were compared to companies of similar size (i.e., companies in the same cross-sector quartile). In addition, to account for the impact of different business models, banks and insurance companies were segmented into different subsectors. Banks were grouped into large banks, commercial banks, regional banks, cantonal banks, private banks, and foreign banks. Insurance companies were segmented into health insurers and others.
Authors

Marco Huwiler

Marco Huwiler is Country Managing Director of Accenture Switzerland. He is responsible for the continuous development of sustainable market strategies and the expansion of business activities in the Swiss market.

Marco Huwiler started at Accenture in 2001 and most recently headed the Financial Services operating group in Switzerland. He has been advising (inter)national clients in large transformation and digitization programs for almost 20 years. Marco Huwiler studied economics and holds an MBA.

marco.huwiler@accenture.com

René Wiedemann

René Wiedemann leads Accenture Switzerland’s Products Operating Group and is a member of the national company’s executive board. In addition, he serves as Client Account Lead for various international manufacturing companies headquartered in Switzerland. He focuses on supporting manufacturing companies in fully exploiting the opportunities of digitization and in positioning themselves digitally. René Wiedemann also advises his customers on the transformation from product to service providers.

rene.wiedemann@accenture.com

Matthias Hégelé

Matthias Hégelé is responsible for Strategy and Consulting at Accenture Switzerland. He is passionate about helping clients and society solve complex challenges with the help of energetic people and powerful technologies.

Matthias Hégelé focuses on advising on supply chain and operations issues in the Life Sciences, Agribusiness, and Chemical industries.

matthias.hegele@accenture.com

Mauro Centonze

Mauro Centonze is Research Lead of Accenture Switzerland and leads the European research team for the Banking sector. He has broad experience in quantitative and qualitative market research. His passion: using innovative research approaches to generate controversial insights. For example, he evaluates the effects of new forms of competition and examines how companies achieve competitive advantages with new technologies.

At present, he is primarily analyzing how companies transform their overarching goals into added value for themselves and for their customers.

mauro.centonze@accenture.com
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