Top500 study Switzerland

VENTURE BEYOND

How Swiss Companies Are Leading the Way With Ecosystem Partnerships

Table of Contents

1. Welcome

Marco Huwiler,
Country Managing Director
Accenture Switzerland

Here we are in 2022, having survived 2020 and 2021, both of which were dominated by the pandemic. While not all the data for 2021 are in yet as companies are still going through their reporting season, things are clearly looking up for some industries. Several companies made it through these years rather well. The crux of our research involves identifying companies that succeed year after year and learning from them. As always, we look at what these companies have done to not only weather the storms but do so successfully. Companies such as Givaudan (Consumer Goods) and Bachem (MedTech) were able to grow during 2020 thanks to the strength of their business as well as strong vertical capabilities that make them leaders in their respective sectors.

New storms are inevitable. In our export/import-driven economy, as Swiss companies venture into other countries, we will unavoidably see some of the effects of what's happening abroad. We dig into this in the report. Ultimately there is opportunity in all climates: It is crucial to identify these opportunities and act on those that align with one's company's strengths to best serve customers' needs, and indeed all stakeholders.

Inspired by the Growth Champions we identify every year, we noticed that many Swiss companies leverage ecosystems.

Obviously, it's a strategy we at Accenture know well because no matter how large one gets, often the optimal solution involves collaboration with clients as well as with other market participants. At Accenture we enthusiastically participate in ecosystems, to the benefit of our clients.

Even so, when looking closer at how and to what purpose executives are leveraging ecosystems, we were surprised at just how much they can contribute to success. Previous Accenture research had shown that European CXOs are convinced of the value of ecosystems, as indeed the performance of some Swiss companies that engage in ecosystems demonstrates.

So, this year, we put the magnifying glass on this increasingly popular strategy.

We are very grateful to the many C-level executives who took the time to answer our questions on the subject and thus helped shed light on an area that perhaps hasn't seen as much research as it deserves.

In the spirit of the Top500 reports we've now published for many years, looking at what the top performers do differently so we can all learn, we've identified companies that leverage these systems well. What they do differently that leads to their success is intriguing.

It will probably not surprise you to hear that focus is key, both in terms of what one expects to achieve by using ecosystems, and in terms of whom to partner with. It will also not surprise you that ecosystems present a lot of challenges and need careful balancing of several parameters, including ensuring good alignment of culture among the partners.

We found a great many insights, and you'll find a summary of these in the pages that follow.

I trust you'll find this a valuable read! Wishing you success venturing beyond!

Marco

2. Growth Champions pull ahead – benefiting from pre-pandemic fitness

Much has been said about the ability of the Swiss economy to weather the COVID-19 pandemic in relatively better shape than neighboring countries.[1] In a way, this is nothing new to Swiss companies. The Swiss economy and its companies have shown their mettle many times before.

However, the Swiss economy is not monolithic and the differences are worth investigating. A financial analysis of a large group of Swiss companies operating in various industries has shown that the COVID-19 pandemic has contributed to an accelerating polarization of performance and resilience with the Growth Champions coming out on top.

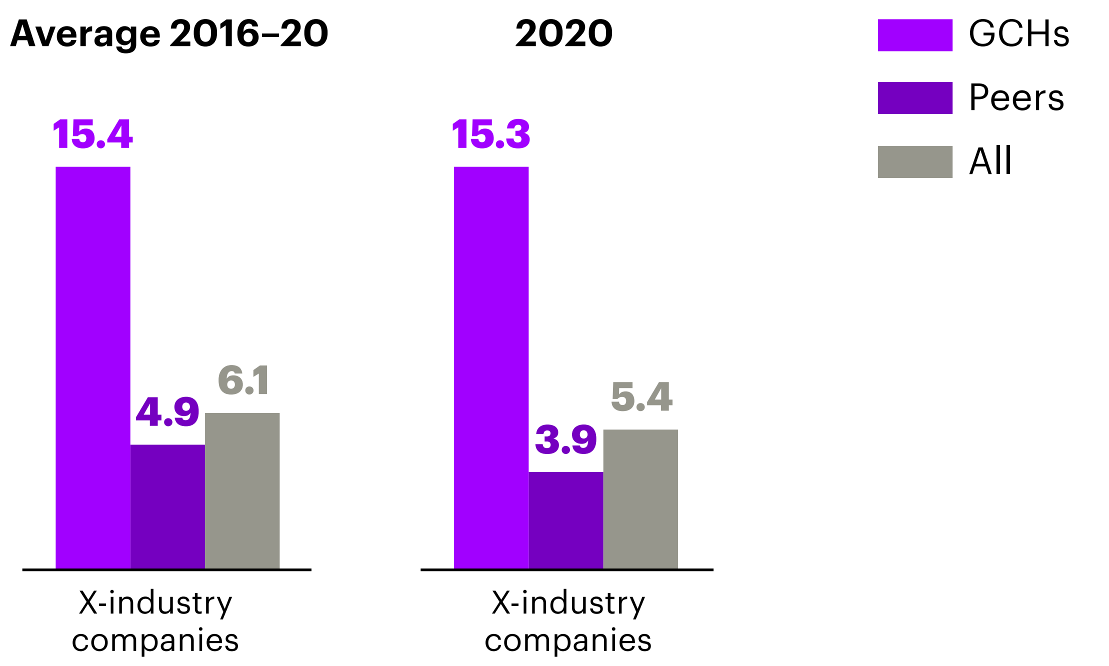
Key finding 1: Polarization of performance

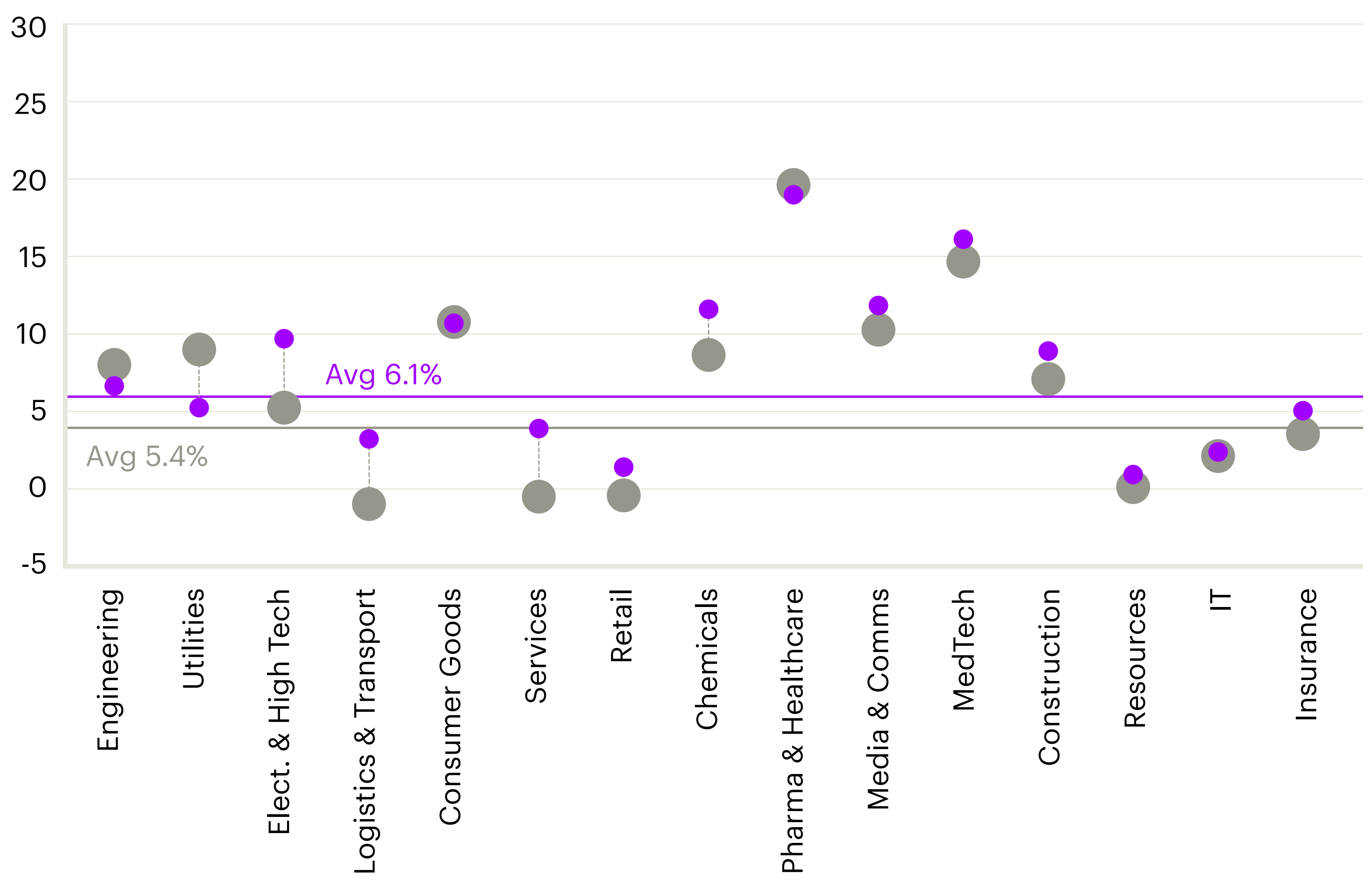
The **gap** between the Growth Champions and other companies both from a revenue growth perspective and a profit margin **has widened.**

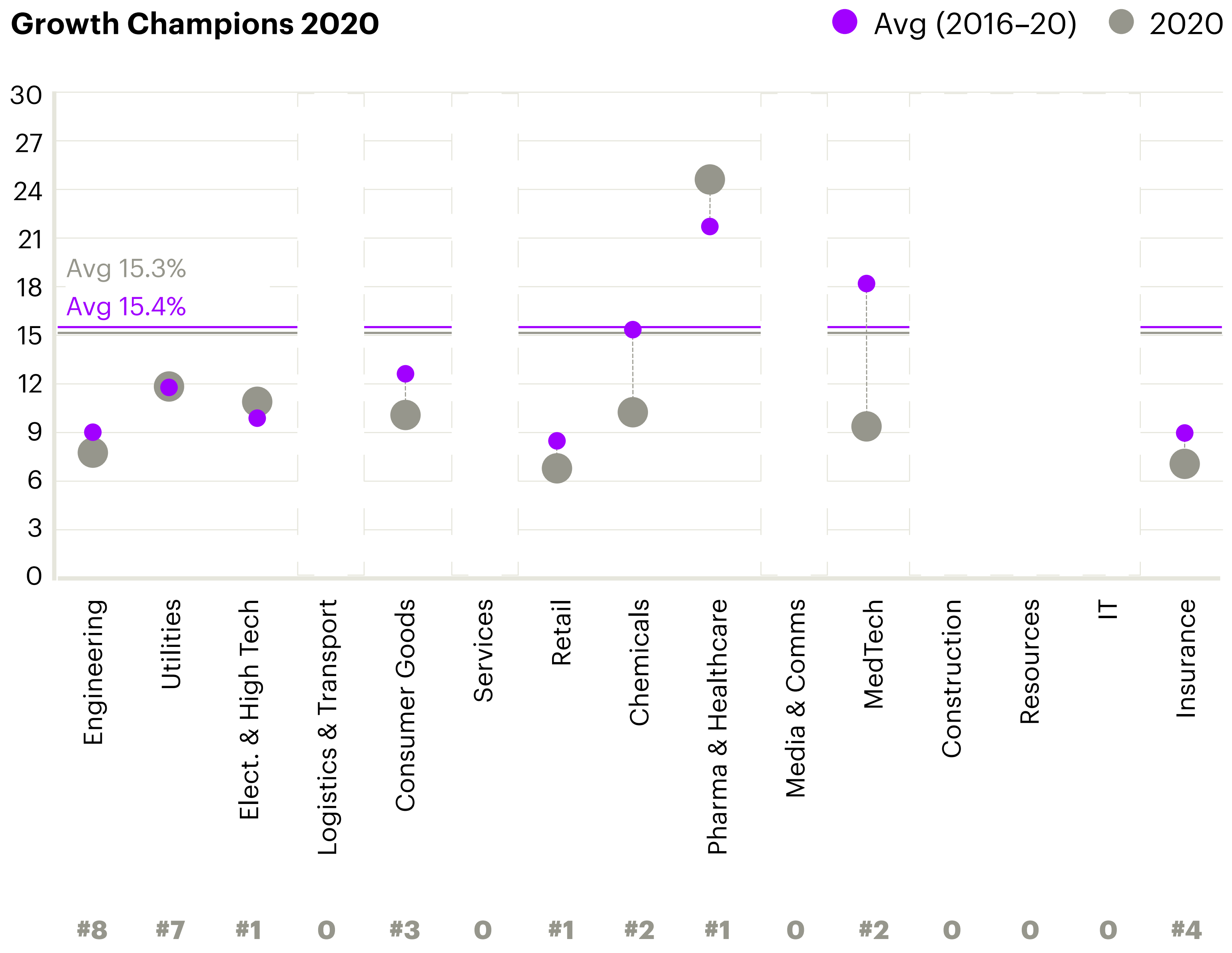
While our panel of companies overall experienced a 14% drop in 2020 revenues, that performance was not even. Growth Champions also pull ahead of other companies from a profit margin perspective. They managed to maintain their 2020 profit margin at 15.3%. That's in line with their previous 5 years' average.

A drop of one percentage point brought other companies in at 3.9% for the same year. The sectors most affected by the pandemic, logistics & transport, services and retail, each of which experienced losses, dragged down their average.

Figure 1: **Top 500 Profit Margin (%):**
Growth Champions outperform





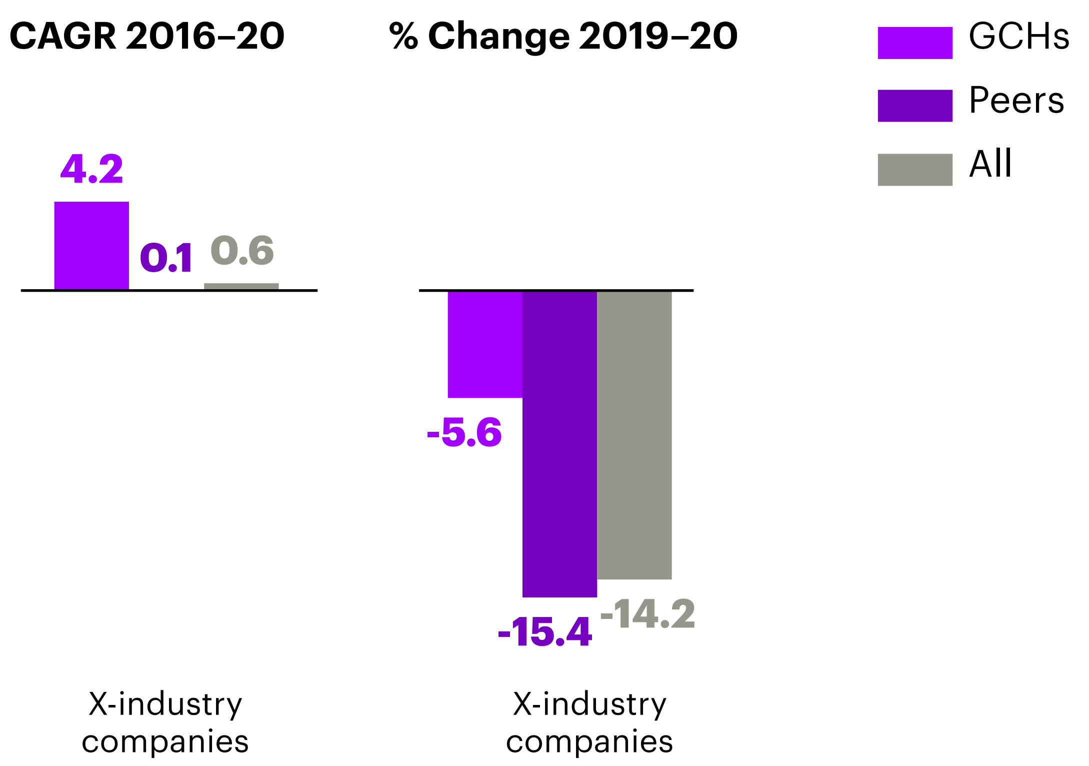


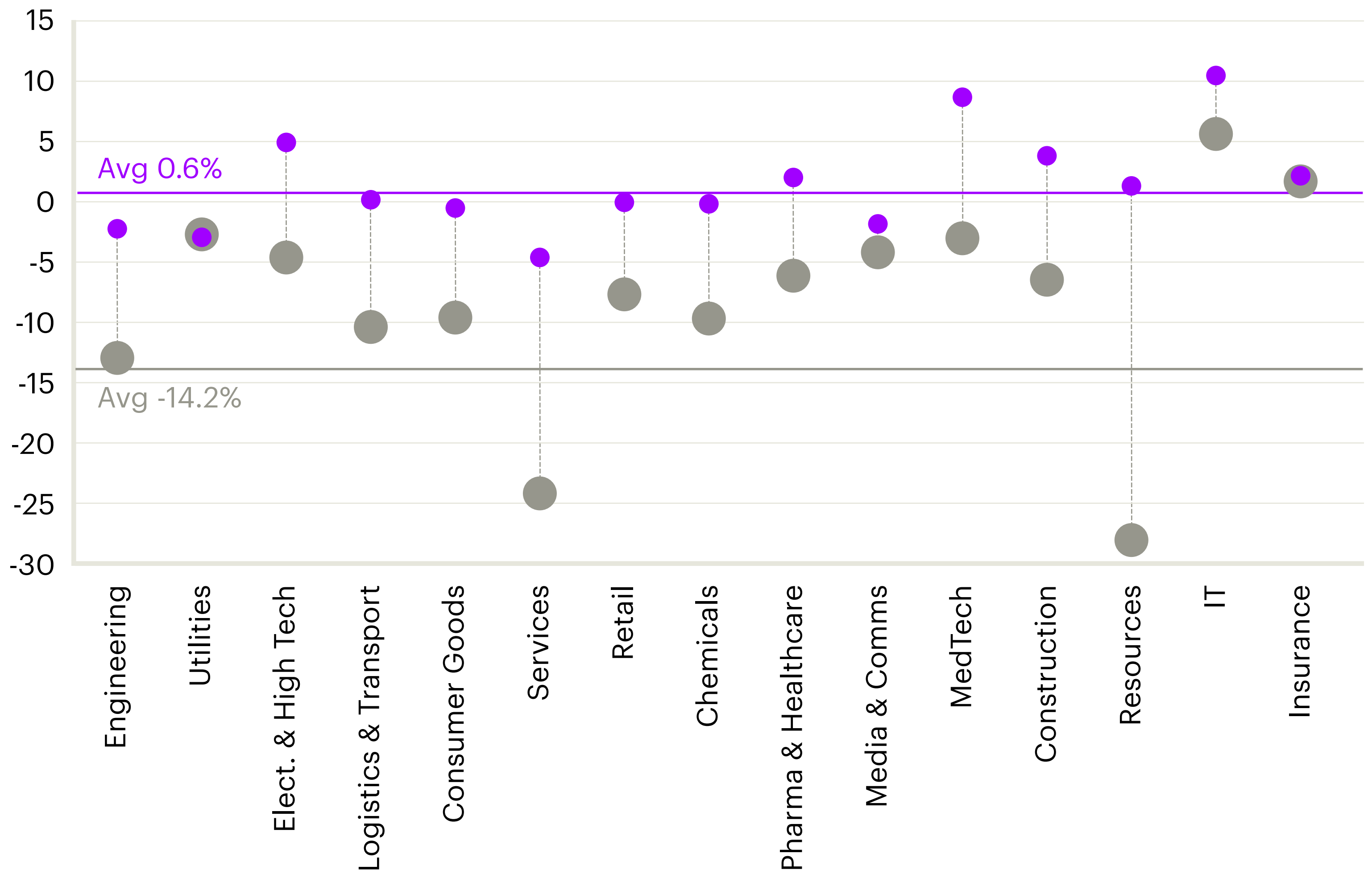
Analysis based on 168 companies with available revenue and net profit data for the last 5 years;
Source: Accenture Research on Top500 database.

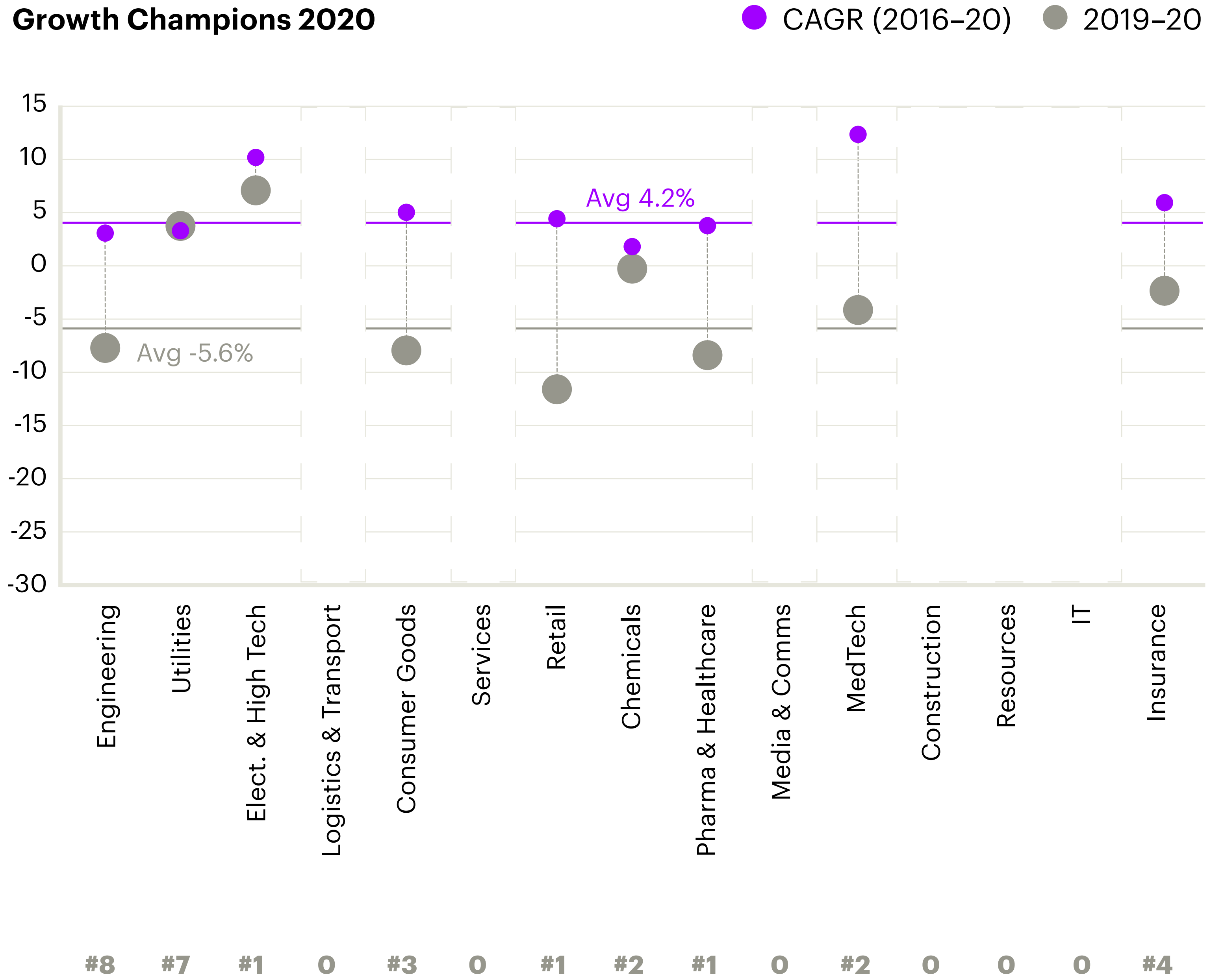
The 29 Growth Champions in our panel, most of them in the Engineering (8) and Utilities (7) sectors experienced a revenue decrease of only 5.6%, with no real outliers among the Growth Champions either. This decrease is, on average, 3 times less than that of other companies. In other words, Growth Champions succeeded in limiting the impact of the tough year.

As we wrote last year, companies that countered the pandemic challenges with increased innovation, agility, and flexibility, will have laid the foundation for entrepreneurial success in the future, as the challenging pandemic years show.

Figure 2: Top500 revenue growth (%):
Growth Champions manage a more stable top line







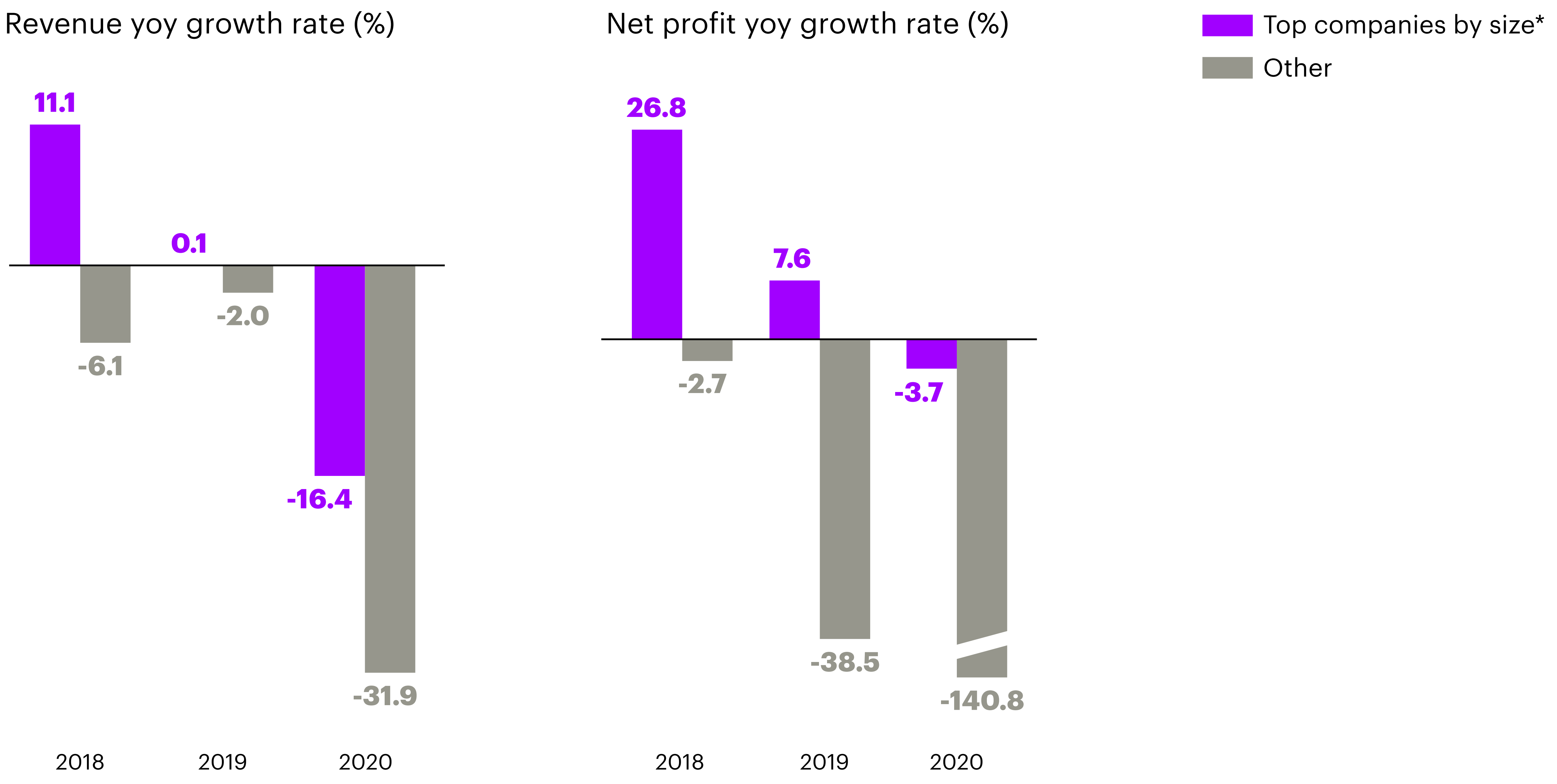
Analysis based on 168 companies with available revenue and net profit data for the last 5 years;
Source: Accenture Research on Top500 database.

Size matters too

Polarization of performance is not only happening between Growth Champions and their peers but also **between large and small companies** in the overall Swiss market.

Companies in the top percentile for revenue or profit in the last 3 years have shown more resilience than their counterparts, suggesting a polarization of performance. While the most resilient companies have managed to bring in only slightly diminished profits, even in the face of significant revenue variations, companies outside of the top percentile not only saw their profits evaporate but actually suffered losses in 2020. The difference is stark. Many Swiss companies need to find new ways to create and retain value.

Figure 3: Large Swiss companies significantly outperform small ones



* Companies in the top decile either as Revenue size or Profit size as of 2020; Note: Analysis on 345 Swiss companies;
Source: Accenture Research Analysis

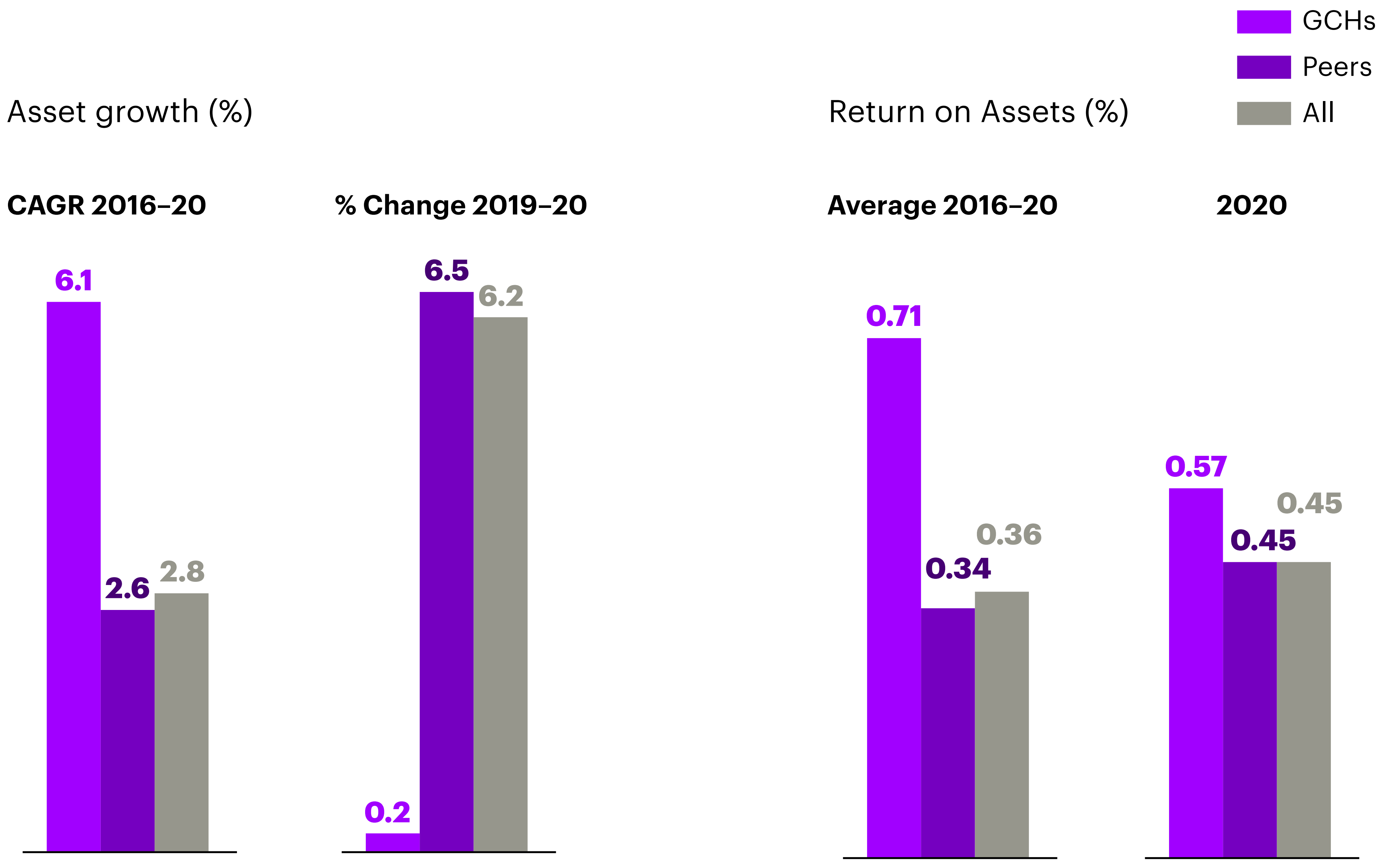
Key finding 2: Financial services firms experience COVID-19 differently, even within their industry

Financial services companies, including banks and insurance companies, experienced the COVID-19 pandemic differently than companies in other industries.

Swiss banks had a key role during the crisis, transmitting government support throughout the national economy by guaranteeing over CHF 17 billion to Swiss SMEs.[2] This resulted in a positive performance for many banks in 2020. The overall sample was able to expand their balance sheets by an average of 6.2% and increase their return on assets by 9 basis points.

Banks were able to expand their balance sheets primarily thanks to an increase in the liquid assets in banks' short-term deposits with the Swiss National Bank. In addition, banks found themselves with an increase in retail deposits (primarily cash deposits) that benefited from customers' 'excess savings' during the pandemic year.

Figure 4: Swiss bank performance varies across the sector. Growth Champions manage the pandemic differently than their peers.



	Asset growth (CAGR 2016–20)	Asset growth (2019–20)	Return on Assets (Avg 2016–20)	Return on Assets 2020
Cantonal banks	5.6%	10.3%	0.48%	0.44%
Foreign banks	0.5%	3.0%	0.31%	0.10%
Private banks	4.8%	11.4%	0.77%	0.73%
Regional banks	4.2%	-2.2%	0.46%	0.34%
Wholesale and commercial banks	1.8%	5.1%	0.27%	0.44%

Analysis based on 64 banks. 7 Growth Champions and 57 peers 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

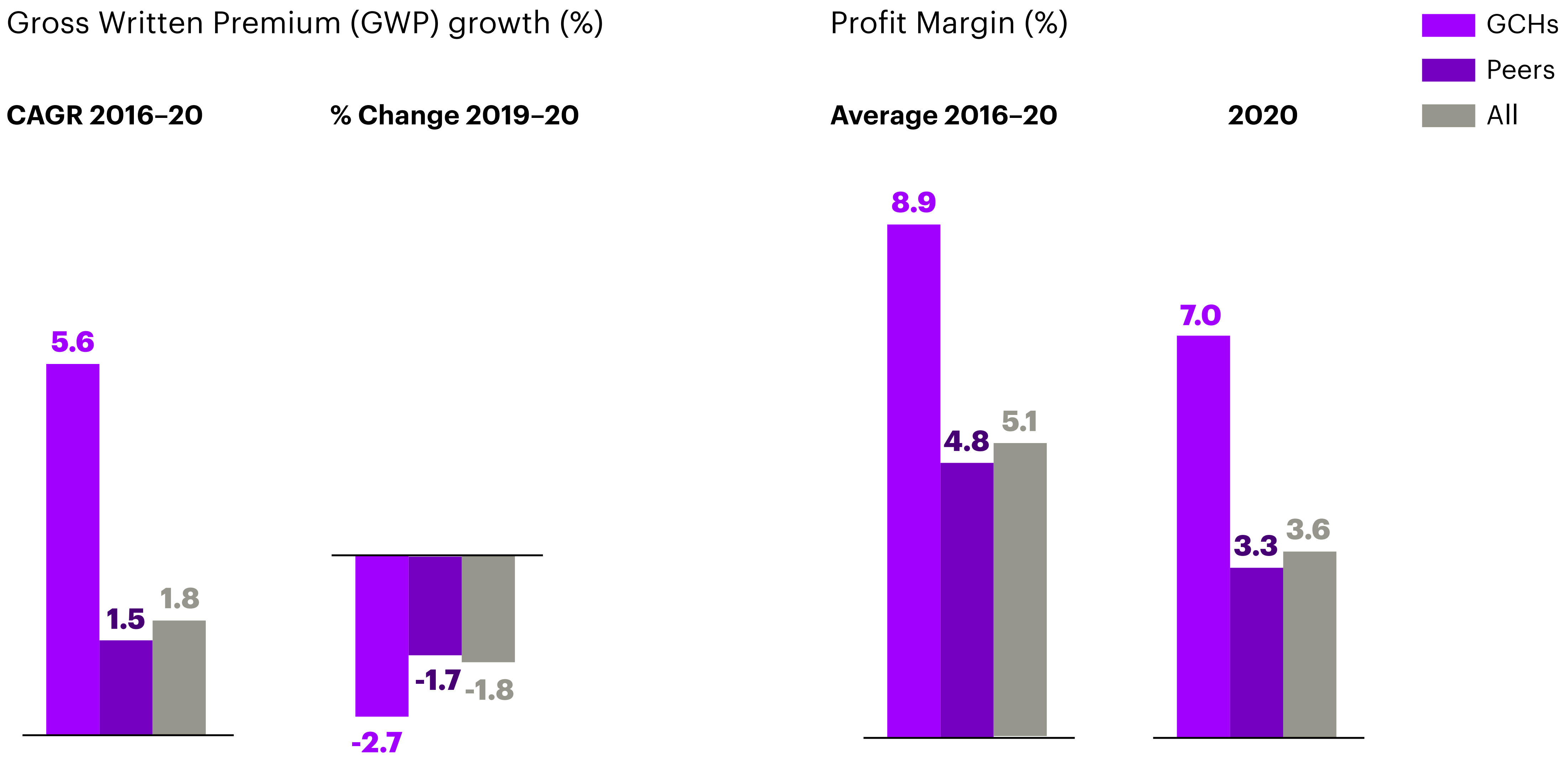
Banking Growth Champions, in contrast to their peers, kept their asset base stable and experienced a lower return on assets compared to their 2016–20 average, only slightly above the industry average. Indications are that the pandemic year eliminated many of the differences that had emerged in the pre-pandemic period between the two groups.

The insurance sector experienced the COVID-19 pandemic similarly to its banking counterparts in terms of financial results.

All insurance companies on our panel saw their Gross Written Premiums (GWP) fall by 1.8% in 2020. This decline is partially due to the COVID-19 pandemic affecting all segments, but it's mostly driven by non-health insurers declining by 2.4% while health insurers increased their GWP by 1.0%.

Interestingly, insurance Growth Champions saw their GWP decline more than the sample's average, at -2.7%, but still managed to keep their profit margin at more than double that of their peers. Growth Champions' profit margin declined only by one fifth compared to the five-year average while peers suffered a one-third decline.

Figure 5: All insurance companies experience a decline in GWP, Growth Champions see their profit margin decline less than the sample in 2020.



	GWP growth (CAGR 2016–20)	GWP growth (2019–20)	Return on Assets (Avg 2016–2020)	Return on Assets 2020
Non-Health Insurance	1.6%	-2.4%	5.6%	4.0%
Health Insurance	-2.4%	1.0%	2.8%	2.0%

Analysis on 19 Insurance companies, 4 Growth Champions and 15 peers, 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

Are Swiss companies losing thrust in the post-pandemic era? A look at 2021 and 2022

We have seen that Swiss companies, and above all Growth Champions, were particularly resilient during 2020, but how did Swiss companies perform in 2021 vis-à-vis their European competitors and what are the expectations for 2022?

Since not all companies have published their 2021 financial results yet, it's too early for a classic Growth Champion analysis (i.e. those companies that have shown consistent revenue and profit margin compared to their industry peers). To address this in part, we have analyzed a sample of 82 companies (43 Swiss and 39 from other European countries) that have already published their 2021 results, to find out whether they have bounced back from the crisis and reached their pre-pandemic level (i.e. 2019 performance).

On the one hand, the results are encouraging, but on the other hand, there are some signs that the thrust of Swiss companies in the post-pandemic period is slowing down.

Both the Swiss and the European groups of companies managed to increase their revenues and ROE in 2021 compared to 2019. However, the European panel managed to do so at a much faster pace (about 1.5x faster for revenues and 3x faster for ROE) than the Swiss panel.

Moreover, analysts expect this gap to widen in the near future. Swiss companies are expected to experience slower revenue growth than their European competitors and maintain an unchanged level of profitability. In contrast, European companies are estimated to continue to improve their profitability and close the gap with Swiss companies.

These are, of course, trends gleaned from a relatively small number of companies and so not necessarily representative of the entire economy.

However, this analysis highlights that there are some headwinds ahead for Swiss companies to capture the growth and profitability potential in the post-pandemic period, especially as 2022 will continue to be characterized by a number of macro trends that will not spare Swiss companies and will influence their growth strategies.

Figure 6: Swiss companies losing pace vs European companies?

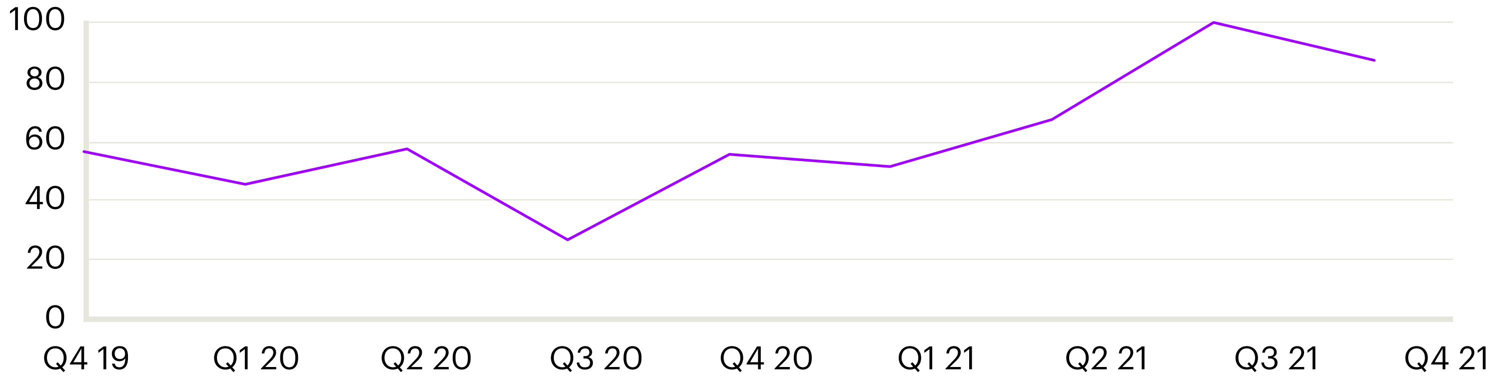
Analysis on 43 Swiss players and 39 European players (non-FS) operating in CG&S, Chemicals, Industrial Equipment, Infrastructure and Transportation, Life Sciences and Utilities; Source: Accenture Research Analysis on S&P Capital IQ and Annual Reports

3. Swiss executives tackle multiple global headwinds, yet hold their sustainability course

Clearly, some companies handle things very successfully during a crisis. In our experience, that doesn't just happen. Executives who look ahead, and think through what the global and local trends are and how they impact their enterprise, in addition to listening to customer needs, tend to spot rough spots in the road well ahead. They also, perhaps more importantly, see the opportunities to be positioned well and serve their customers better than ever before, perhaps even helping their customers weather some of the trends.

Key finding 1: Supply Chain, Supply Chain, Supply Chain!

Figure 7: Negative sentiment – Supply chain
Index, max = 100



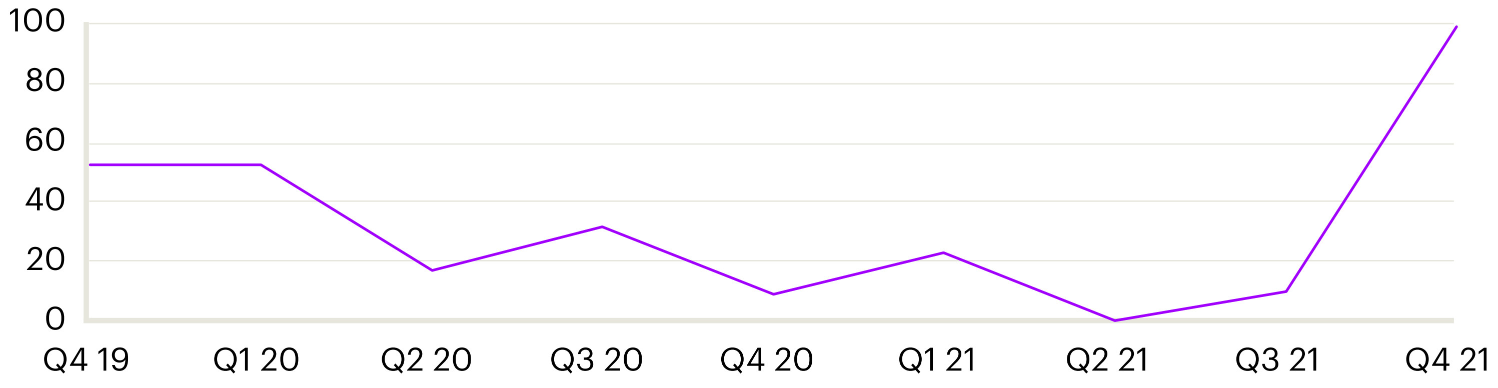
We expect supply chain issues to continue as new Corona virus variants emerge and changing consumer behaviors impact demand. This will continue to push up input prices and pressure corporate profitability in 2022. Indeed, at the end of 2021, economiesuisse reported that 80% of Swiss companies were experiencing supply chain bottle-necks.[3] With the pandemic situation not yet clear, particularly in China, and geopolitical instability in Europe, there are still significant stresses in the supply chain of several sectors.

Note: Text analysis on earning calls transcripts and company documents; Source: Alpha Sense; Accenture Research analysis

Key finding 2: The global economy is also on our mind.

Many of the executives we see daily are involved in export/import. 'Venturing beyond', of course, and especially in a geographical sense, means that economic growth prospects even on the other side of the world directly impact Swiss companies' results. Hence Swiss executives are very much aware that resilience is key for their company. They invest and organize for flexibility (e.g. using shorter contract terms, supplier options, possibly putting on more inventory, part-time contracts, outsourcing) in the face of economic turbulence, and they mention as much on their earning calls:

Figure 8: Negative sentiment – Economic growth
Index, max = 100

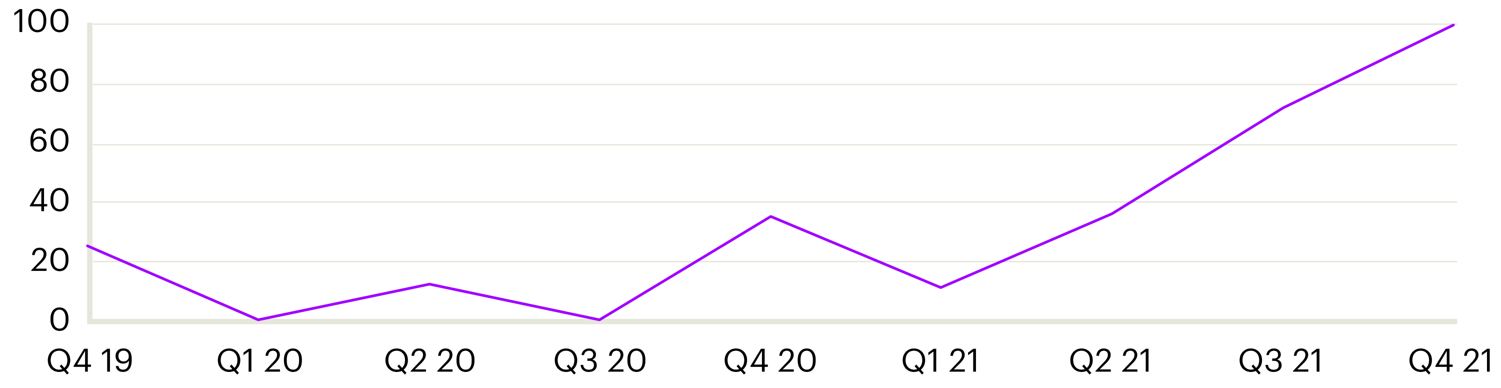


We see the economic recovery continuing but remaining uneven – across countries, sectors and demographics, in part affected by the war in Ukraine and pandemic developments in China. Prior to the Russia-Ukraine conflict, the SNB was expected to raise interest rates by 50 basis points in two separate increases in 2022. However, the uncertainty generated by the war and the negative impact on economic growth has pushed the expectations for interest rate rises to mid-2023.[4] The K-shaped recovery in Europe will affect consumer spending, government policies and the expectations of the market. Additionally, in Q1 2022 the export to China[5] of some key Swiss goods (e.g. watches) has decreased, as the growth of its luxury market slowed.

Key finding 3: Inflation – it's here now!

In the same vein, executives also mention inflation, even if, within Switzerland itself, it's not at the same level as other neighboring countries.[6]

Figure 9: Negative sentiment – Inflation
Index, max = 100

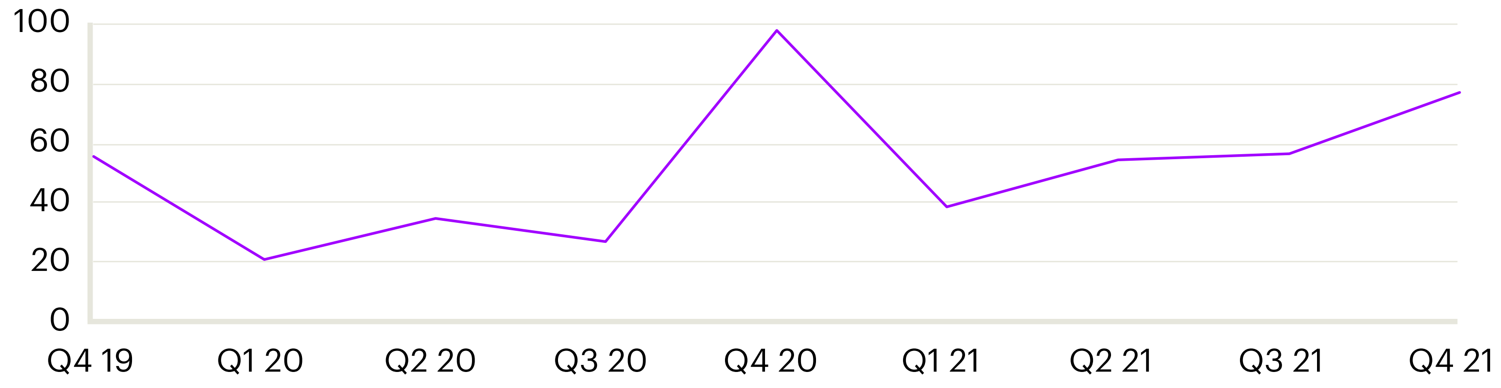


But Switzerland has traditionally been a net exporter and rising inflation in its export markets has strengthened its franc, with the strong franc making its exports costlier to its customers. Inflation continues to remain high in Switzerland's export markets during H1 2022; this will affect consumer spending there, with direct implications for B2C companies. What's more, inflation and interest rates influence companies' and investors' focus on profitability, pushing companies to focus more on efficiency.

Key finding 4: We don't take our eye off sustainability. We don't!

What's also clear is that even in the face of quite some turbulence, Swiss executives remain committed to eventually achieving net-zero for their company. They clearly see this as a marathon rather than a sprint, and want to make their investors aware of their intent and commitment:

Figure 10: ESG and Net Zero mentions
Index, max = 100



Corporate Net Zero commitments are accelerating. The UN Climate Change Conference 2021 (COP26) provoked a wave of pledges and commitments to achieve carbon neutrality – Net Zero. This will only accelerate as investor money drives corporate action to meet this target, and the race is on to make commitments out of fear of missing out and being on the outside looking in. However, the enthusiasm and subsequent activity towards these goals will lead to potential bubbles in green assets during 2022. According to a study by the Swiss Bankers Association[7], Swiss companies need to invest Swiss Franc 12.9 Bn (2% of GDP) yearly to achieve their goal.

Note: Text analysis on earning calls transcripts and company documents; Source: Alpha Sense; Accenture Research analysis

Swiss executives have a clear view of the dependencies – and are proactive

Indeed the critical factor in the discussion boils down to being dependent on suppliers, sometimes geographically far away and with very different objectives. Raw materials and partially finished goods are becoming more difficult to find and more expensive by the day. Further, business are dependent on logistics companies for shipment and added services. Equally, customers' needs are extensive and diverse, and would be difficult to satisfy comprehensively by even the largest of companies.

It would be seductive to conclude that simply switching back to producing all the necessary goods and services within one's own company or within the home country (if even possible) is a solid idea. Understandable, but in most cases not advised.

We find that quite the opposite is the case: A solid well-networked set of partners, an ecosystem in other words, is indeed one of the routes to consider. For the companies that cleverly implement these ecosystems, dependencies seem to convert into strategic advantages, rather than obstacles.

And that's what we look at in more depth this year in this Top500 report for Switzerland.

4. Swiss companies find the use of ecosystems crucial for resilience and unlocking further growth, to a stunning degree

The results are clear, especially in a crisis.

Swiss companies leaning heavily on ecosystem partnerships demonstrate financial performance (economic profit) 12 times to 16 times higher in each of the years we analyzed compared to competitors that do not. These companies use ecosystems 3 times more than the rest, and the results show.

Note that this was especially so in the challenging year 2020 when companies leveraging partnerships more heavily saw their economic profit go down by less than a third. Partnership-based business models seem to be more resilient in a crisis.

It comes as no surprise then that ecosystem partnerships across Swiss industries more than doubled during the years 2013-2020, with top-performing companies more and more likely to engage in these partnerships, widening the gap from having twice as many relationships as the rest in 2013 to having three times as many in 2020.

Figure 11: Swiss companies' ecosystem partnerships across industries (2013–2020)

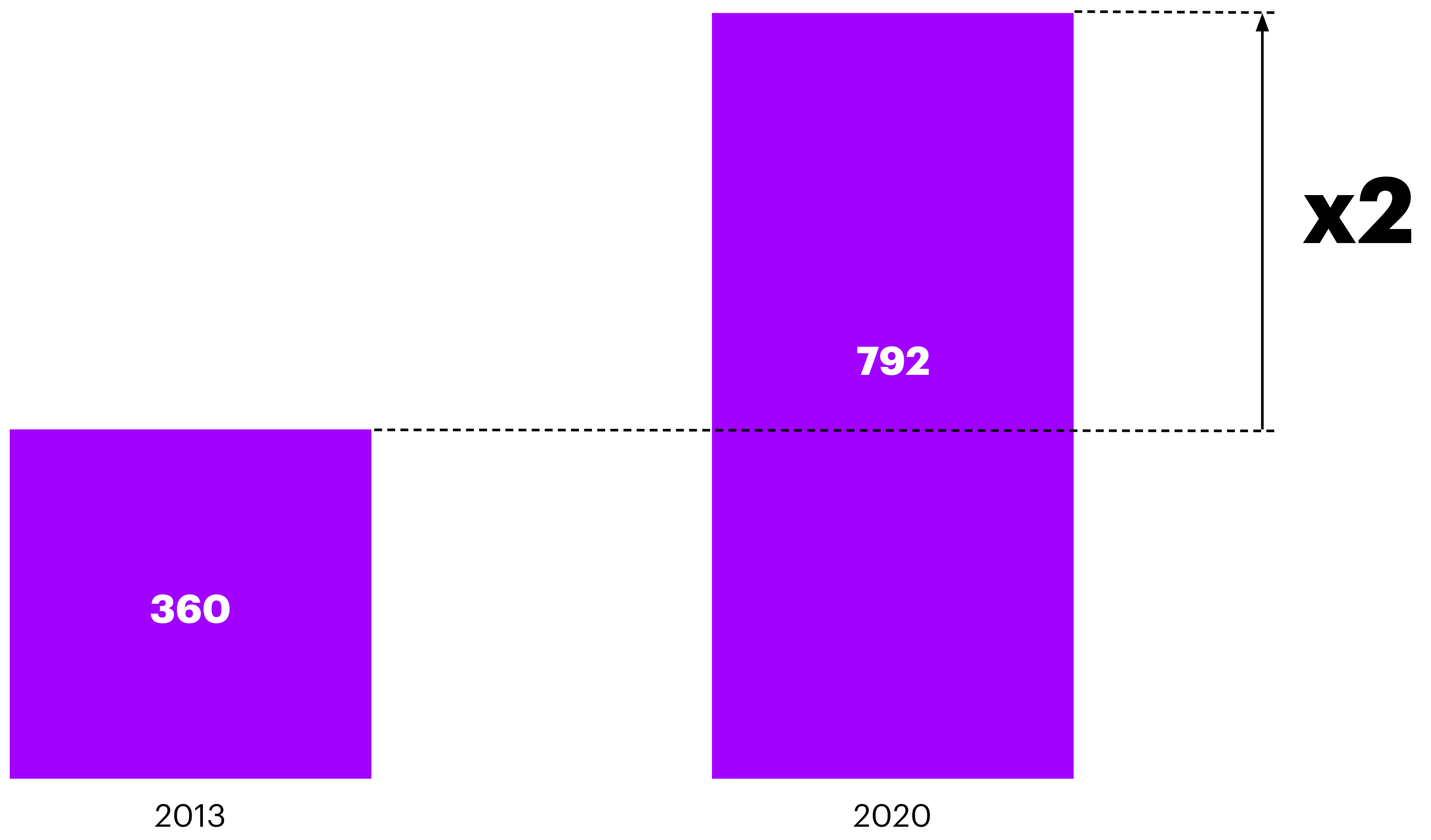
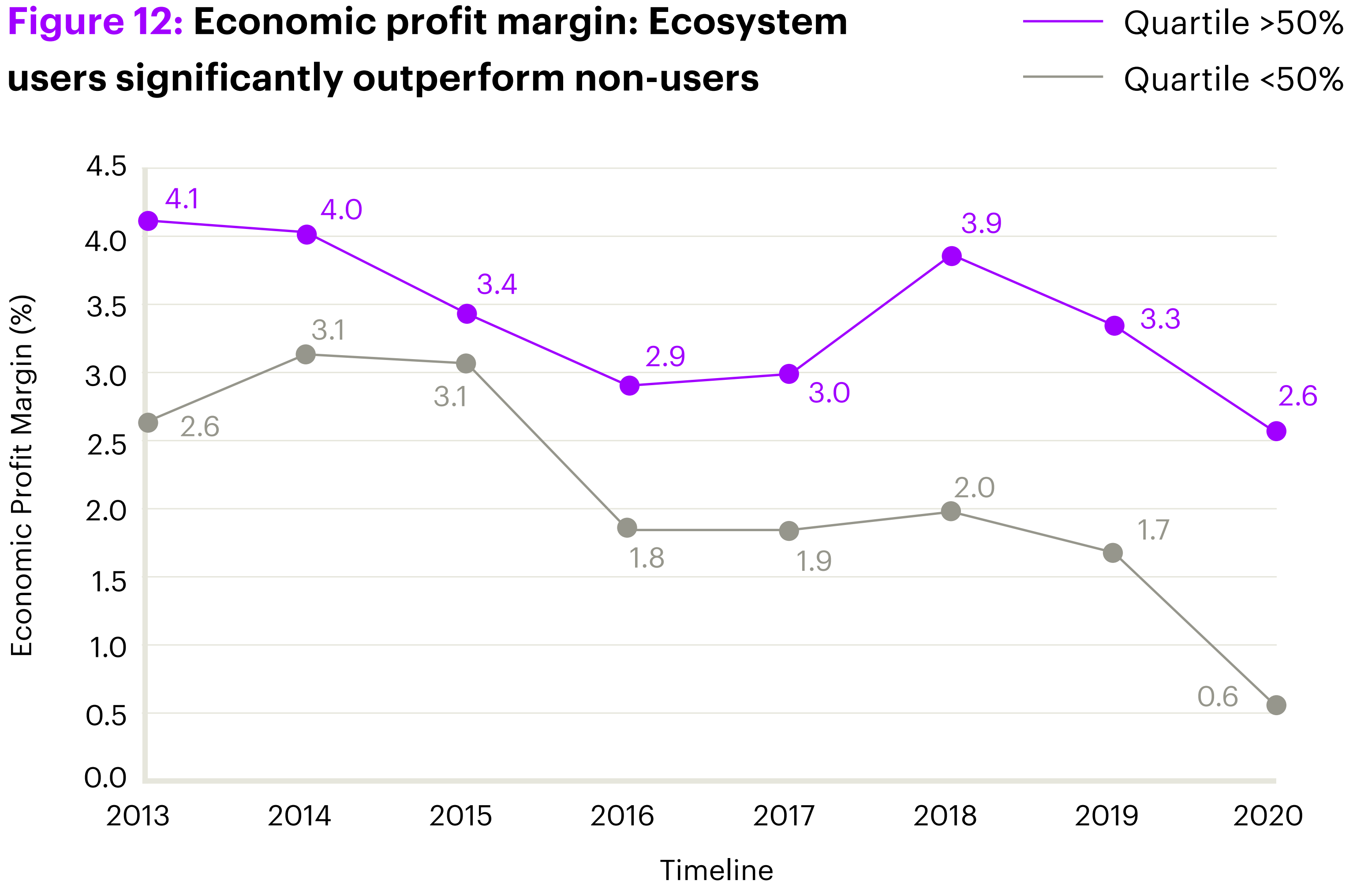


Figure 12: Economic profit margin: Ecosystem users significantly outperform non-users



Note 1: Analysis on 113 Swiss companies. Quantile > (<) 50% if the number of ecosystem partnerships for the period 2013-19 is above (below) the median value of the peer group analyzed; Note 2: Economic profit = (ROIC – WACC) * Average Invested Capital; Note 3: Economic profit margin = economic profit / revenues; Source: Accenture Research analysis on Factset Supply Chain database and S&P Capital IQ data

Winners use ecosystems **3x** more than their peers, generating **12** to **16** times the economic profit

What is an ecosystem?
An ecosystem is the network of cross-industry players who work together to define, build and execute market-creating customer and consumer solutions.

An ecosystem is defined by the depth and breadth of potential collaboration among a set of players: Each can deliver a piece of the consumer solution, or contribute a necessary capability. The power of the ecosystem is that no single player need own or operate all components of the solution and that the value the ecosystem generates is larger than the combined value each of the players could contribute individually.[8]

European executives recently came to a similar conclusion

COVID-19 had a rather rough impact on all Swiss companies. The post-COVID-19 era global trends have increased the pressure on the ability to sustain growth, be efficient and reach sustainability targets. All industries are affected, but bigger companies show higher flexibility and resilience.

Based on our experience, we increasingly see clients engage more and more in ecosystem play as one of the strategies for success in the new economic environment. So we were wondering whether companies in countries all over Europe had experience with ecosystems.

What did we find? Well, even though we sort of already had seen ecosystems play a big role in companies' success, we were surprised to find that 92% of European CXOs had already adopted an ecosystem business model of some kind.

92%

of Europe CXOs surveyed have adopted an ecosystem business model of one kind or another at this point.[9]

It didn't stop there either. Executives were already thinking ahead and were on board to leverage new opportunities afforded by technology, including new ways of working together. In particular, automation and model-based enterprise concepts are taking hold.

60%

of organizations by 2025 will capitalize on disruption with an enterprise- and ecosystem-wide approach to automation, leveraging model-based enterprise concepts, centers of excellence, and low/no-code platforms.[11]

Not only that, but they seemed convinced that the use of ecosystems would help them transform their companies. We wrote last year about what digitalization can bring and found that ecosystems are part of the puzzle for many executives around Europe. A third of them mentioned it, to be exact.

33%

One-third of European CXOs are creating an ecosystem of partners to drive successful business transformation.[10]

Executives are convinced that leveraging this strategy will bring competitive dividends and estimate that already in this year (2022), the benefits will manifest themselves.

3%

By 2022, organizations that share data, applications, and operations with their industry ecosystem will realize a revenue increase of three percentage points higher than non-participants.[12]

5. Venturing successfully into ecosystems as the key to resilience and unlocking further growth

A deep dive into ecosystems based on the views of 100 Swiss CXOs

Both Swiss and other European companies that leverage ecosystems have seen remarkably better results in each of the last eight years than those that don't. With recent global trends bearing down on companies, any tools that add flexibility and increase companies' resilience are worth a look. But are companies really deriving value from the efforts they put into making ecosystems work? Who does, and if so, what do they do differently?

We asked 100 Swiss executives whose companies are actively using ecosystems for their views. What value do they see their ecosystem participation bring, what have been their objectives to date, what challenges have they experienced, and how do they tackle these? Perhaps most telling of all, will they continue to use ecosystems as a strategically important tool?

The answers are revealing.

A select set of companies reach their new horizon with the help of ecosystems. There's a clear divide between companies that gain value from their ecosystem efforts and those that do not. So much so that we've labelled those that derive the most value the Ecosystem Top Performers (ETPs), much in the spirit of the Growth Champions we traditionally discuss in this yearly report. We define Ecosystem Top Performers as those companies that have achieved to a large/very large extent their financial goals (RoI and Revenue growth). 38% of our respondents have been identified as ETPs.

More importantly, what do they do differently to achieve the results they aim for?

Key finding 1: ETPs focus on a limited set of objectives, instilling cultural change, with a keen eye on value.

Ecosystems support many goals. What's striking is that ETPs simply don't overdo their number of goals. They focus, on:

- inspiring their companies towards a more innovative culture,
- achieving their sustainability goals and
- improving cost efficiency from synergies in the invention of new products, services or processes.

The result of this focus is that they achieve their objectives to a considerably larger degree than non-ETPs do.

Key finding 2: ETPs follow the money.

ETPs successfully achieved their priority goals. However, they also more surprisingly overachieved on a number of their initially lower priorities, mostly growth-related goals. They mention they achieve even more value from these than from their originally prioritized goals.

Small wonder then that these are the objectives they set as goals for the next three years. ETPs' expectations are shifting to:

- Scaling up the distribution of existing product
- Improving cost efficiency from economies of scale in the production and commercialization of existing offerings
- Expanding their revenue-generating opportunities by leveraging ecosystems to penetrate new markets and segments that otherwise would be difficult for their company to reach on its own
- Finally, ETPs are now ready to go a step further and expand their expectations of the strategy. They are now looking to ecosystems to also help with the transformation of their company's existing business through product or process innovation.

Who are they, these Ecosystem Top Performers (ETPs)?
The 38 Ecosystem Top Performers hail almost equally from each of the three size segments we studied. We found ETPs in all eleven industries studied, but with retail businesses being particularly successful, followed by engineering, manufacturing and Insurance.

In short, they follow success and build on it.

The chart below illustrates the objectives pursued by the ETPs today and to what extent they have been reached. Moving forward, ETPs will follow the same objectives that they have successfully achieved. However, they also plan on focusing on some of the previously lesser-prioritized goals that ended up exceeding their expectations.

Figure 13: What ecosystem users go for, how they value its performance and what they plan to use ecosystems for in the future.
Objectives pursued, achieved to date and future ones (ETPs)

Today

55%–66% mentions

ETPs went for (pursued) these 5 priority objectives:

- Inspire our company toward a better culture of innovation
- Support our company in achieving its sustainability goals
- Improve cost efficiency from synergies on invention of new products, services, or processes
- Market or customer engagement in existing business
- Scale up the production of existing product

50%–53% mentions

They noticed they achieved these goals rather well:

- Market or customer engagement in existing business
- Improve cost efficiency from economies of scale on production and commercialization
- Scale up the distribution of existing product

58%–61% mentions

They also noticed that they had in fact done even better for:

- Improve cost efficiency from economies of scale on production and commercialization
- Scale up the distribution of existing product

Next 3 years

Hence when asked what they will pursue in the future (i.e. why they'll keep doing ecosystems and what they expect from them), they say:

19–28% more mentions

C) **And in addition, we now feel confident enough to add**
- Penetrate new markets or segments that otherwise would be difficult for our company to do alone
- Reinvent/transform the company's existing business through product or process innovations

because we want to further stimulate growth period.

21–46% more mentions

B) **And, now we'll add...**
- Improve cost efficiency from economies of scale on production and commercialization
- Scale up the distribution of existing product

because look, we did very well for these period.

± 5% change

A) **We'll essentially go for the same objectives we had set before period.**

Original goals | **Value achieved to date** | **3 years**

Ranking based on % of respondents replying "a very large extent" or "a large extent", n=38; Qs: To what extent have these strategic objectives been a priority for your company through ecosystem partnerships to date? Over the next 3 years? To what extent has your company achieved them to date? Source: Accenture, Swiss Ecosystem Survey, 2022

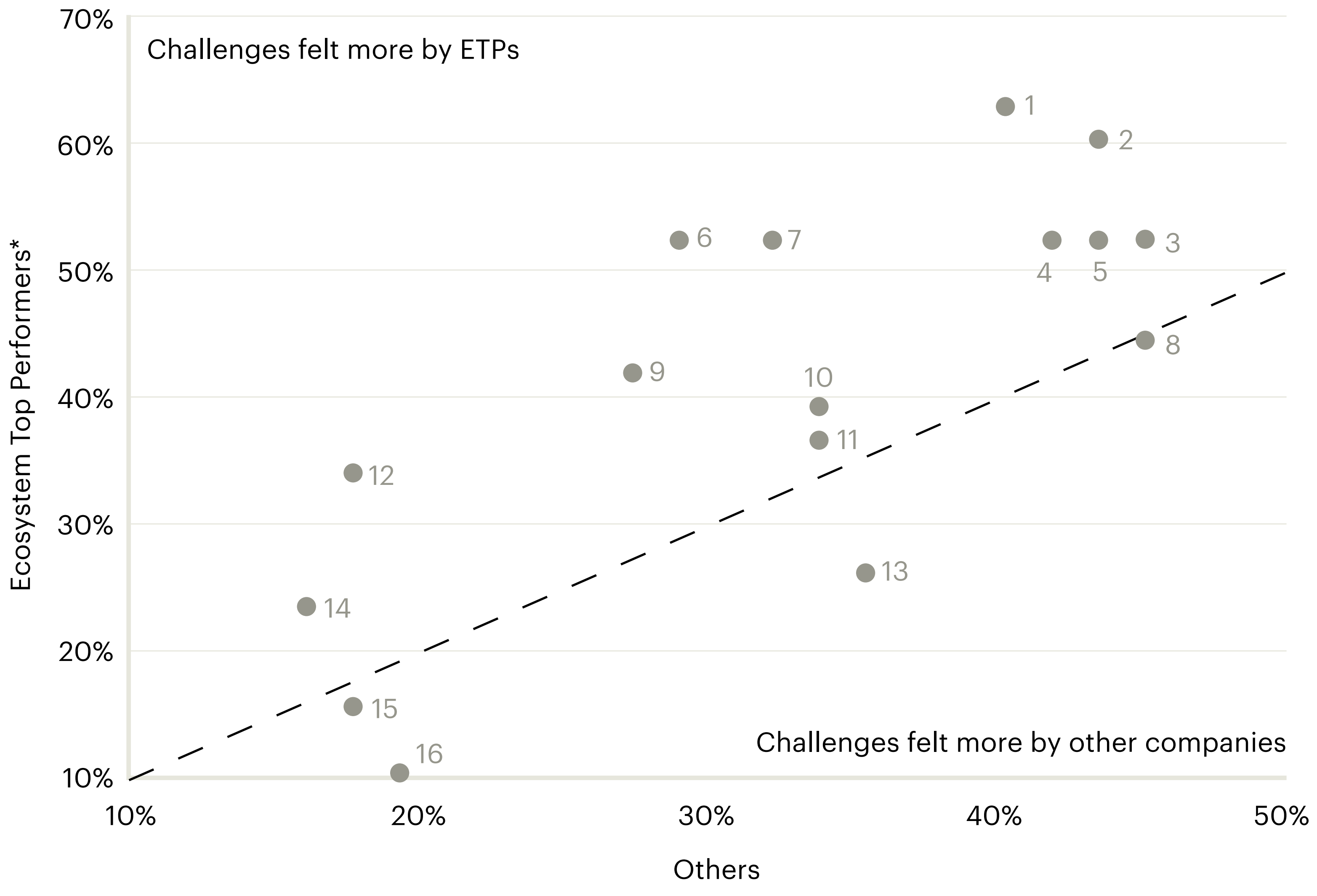
Key finding 3: Top performance does not mean challenge-free performance. To achieve success, ETPs prioritize cultural alignment.

Being an ETP doesn't come without its challenges. While ETPs see some of the same challenges as non-ETPs, they see substantially more of them and mention the challenges far more frequently:

- Culture trumps all for ETPs: By far, more ETPs than non-ETPs pay the highest attention to the alignment of partners' ways of working and cultures.
- Other factors ETP mention prominently are those that would potentially damage their business and brand, including partners' inability to meet their own due diligence standards, incorrect assessment of the commercial viability of inventions, unclear legal and security frameworks, and overall deterioration of trust among ecosystem participants.

Overall, the rather substantial differences between the recognition of challenges by ETPs and non-ETPs would lead one to believe that ETPs are far more discerning when it comes to both what they expect from ecosystems, and more selective when choosing partners, and then put in more effort to address the challenges, as we'll see below.

Figure 14: Challenges encountered in ecosystem partnerships



Top 5 challenges (more than five in case of objectives with same % of respondents)

Ranking ETPs	Challenges
1	Differences in companies' ways of working and company culture
2	Partner's inability to meet our due diligence standards
3	Lack of fair competition among ecosystem's participants
4	Being locked-in or having an overreliance on partner(s)
5	Change in partner(s) strategy causing conflict of business interests
6	Incorrect assessment of the commercial viability of inventions
7	Unclear legal and security frameworks leading to a lengthy process
8	Risk of competition if partner enters similar business segment as our company

Ranking ETPs	Challenges
9	Lack or deterioration of trust among companies involved in the ecosystem
10	Inability to scale the ecosystem
11	Underperformance of partnership projects due to regulatory scrutiny
12	Inability to safeguard the integrity of our company's brand
13	Differences in companies' culture of innovation and risk-taking
14	Inability to safeguard our company's trade secrets from partner(s)
15	Conflict about data ownership or intellectual property rights
16	Conflict about an invention's intellectual property rights

% of respondents replying "a very large extent" or "a large extent", ETP n=38, Others n=62; Q: To what extent did your company encounter the following challenges during your ecosystem partnership(s)? Source: Accenture, Swiss Ecosystem Survey, 2022
* Ecosystem Top Performers are defined as those respondents replying "a very large extent" or "a large extent" when asked about if they achieved their financial goals (ROI and Revenue growth) through ecosystem partnerships

Let's look at Well Gesundheit AG, **a joint venture** (JV) focused on becoming Switzerland's leading health platform by supporting customers in every aspect of their health journey. Checking symptoms, booking doctors' appointments, ordering medication, and much more; it's a comprehensive, patient-focused offering that the Well app provides.

To deliver this broad service portfolio, the JV combines the health insurance companies **CSS and Visana**, the telemedicine provider **Medi24**, the online pharmacy **Zur Rose** as well as various physicians' networks. Thus, Well combines several industries, such as payers (insurance), providers (physicians) and life science (medication).

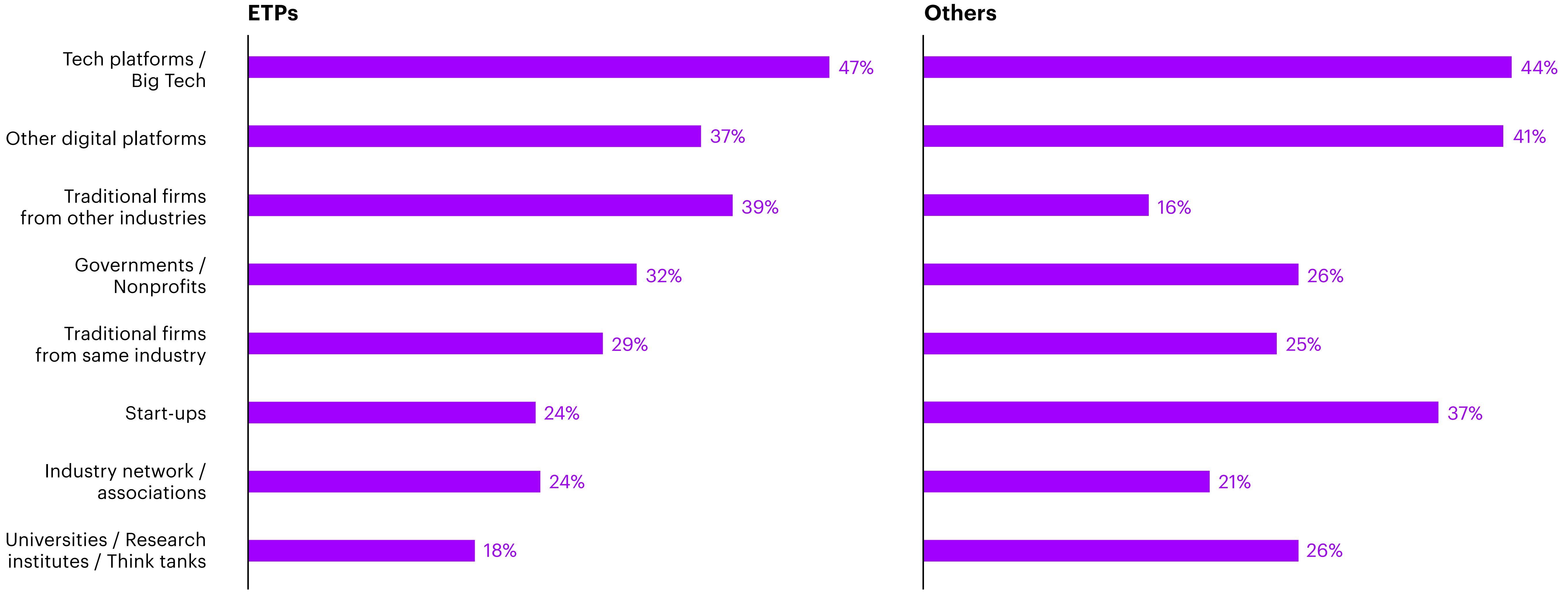
This portal's integrated customer experiences saw increased adoption due to COVID-19. The joint venture is currently exclusively active in Switzerland. Over 4,000 physicians are connected to Well and the number is continuously growing.

The challenge Well is addressing now is of course scaling, to fully leverage the network effect both for customers/patients and for its own further growth. While challenging, Well clearly demonstrates that, thanks to its ecosystem approach, it is possible to bring value to customers beyond a company's boundaries.

Key finding 4: ETPs are choosy, but broad-thinking when it comes to partner selection.

As you can see in Figure 15, Big Tech comes out on top for the vast majority of companies in our sample. That's of course not surprising because, as we'll also mention later, in many cases it's the supporting intercompany technology that makes ecosystems viable.

Figure 15: Preferred ecosystem partners:
ETPs are more selective



% of respondents; Q: Which of the following companies have you partnered with?

Also shown on the chart above: ETPs have been partnering with a wider variety of partners than other companies. They clearly manage partner type selection according to their expectations from their ecosystem's effort, in other words, what they want to achieve. For example, they've mentioned far more often than non-ETPs that to date they partnered with traditional firms from other industries. Clearly, they see the need and the opportunity to become a more integrated part of their customers' needs (and life) and as many examples show, only choosing to work with partners from their own industry simply does not enable that. ETPs tend to diversify their partner base in a very managed, thought-through way.

Cultured Food Innovation Hub from Migros, Bühler and Givaudan

The retail giant Migros, the mechanical engineering company Bühler and the flavor and fragrance group Givaudan are pooling their expertise to create a self-sustained, standalone company (Cultured Food Innovation Hub) wholly owned by them to promote the development of products from cultivated agriculture.

The innovation company supports start-ups that develop substitute products for conventional meat, fish and seafood as well as other plant-based alternatives.

Migros is responsible for market cultivation, while the mechanical engineering company Bühler contributes its solutions for the production of food. Givaudan contributes its expertise in the areas of taste and biotechnology.

key4 by UBS

In 2020, UBS decided to expand its mortgage platform business originating from UBS Atrium by creating an open B2C mortgage platform called key4, where customers can access a range of mortgage offers from a variety of providers at preferred interest rates and have the ability to combine tranches if needed. The platform also hosts non-banking players for ancillary services to expand into a Home & Living ecosystem for home buyers and owners. An example is Baloise, providing customers access to complementary services that address property owners' critical needs regarding financing, insurance, and maintenance.

As a brand, key4 has now grown into the UBS digital-first product line for banking, business & wealth in Switzerland.

Leading pharmaceutical company

A leading pharmaceutical company is setting up an open platform to facilitate the data exchange among the various players in cell & gene therapies ('needle to needle'), including manufacturers, hospitals, biotech companies, logistics providers and patients.

The global platform will standardize the process, independent of who the manufacturer of the treatment is or who the logistics provider is, thereby reducing human error and saving life.

Note: Needle to needle: blood is taken from a patient, shipped to a specialized clinic where the blood is treated (cell or gene therapy), the modified cells are multiplied and then shipped back to the hospital where the cells/blood are/is given back to the patient.

Key finding 5: ETPs now plan to bring other types of players into the fold.

ETPs intend to consider partnering with start-ups far more in the near future (38% of ETPs plan to partner with start-ups in the next three years, 14 percentage points more than today), perhaps unsurprising since ETPs are broadening the expectations of their ecosystem efforts. Already now, some Swiss companies are leading the way.

The Baloise mobility ecosystem 'Mobility@Baloise' is a case in point. Against a backdrop of changing conditions in the insurance sector, Baloise is evolving into an innovative provider of solutions and improved customer experience that extends beyond traditional insurance including mobility, Home & Living, and sustainability ecosystems in Switzerland, Germany, Belgium, and Luxembourg.

Mobility@Baloise offers mobility & financial services such as vehicle insurance, financing, trading, leasing, long-term rentals, and usage-based insurance. Baloise partners with several start-ups that bring vertical competencies on several mobility-related services such as, for instance, fleet maintenance, finding parking, and second-hand vehicle trading.

Baloise and its partners have set themselves clear objectives. Based on the service portfolio diversification and expansion, they want to bring in CHF 100 million p.a. by 2025 in revenue from 400k new customers, and are planning a geographical expansion to some EU countries by 2025.

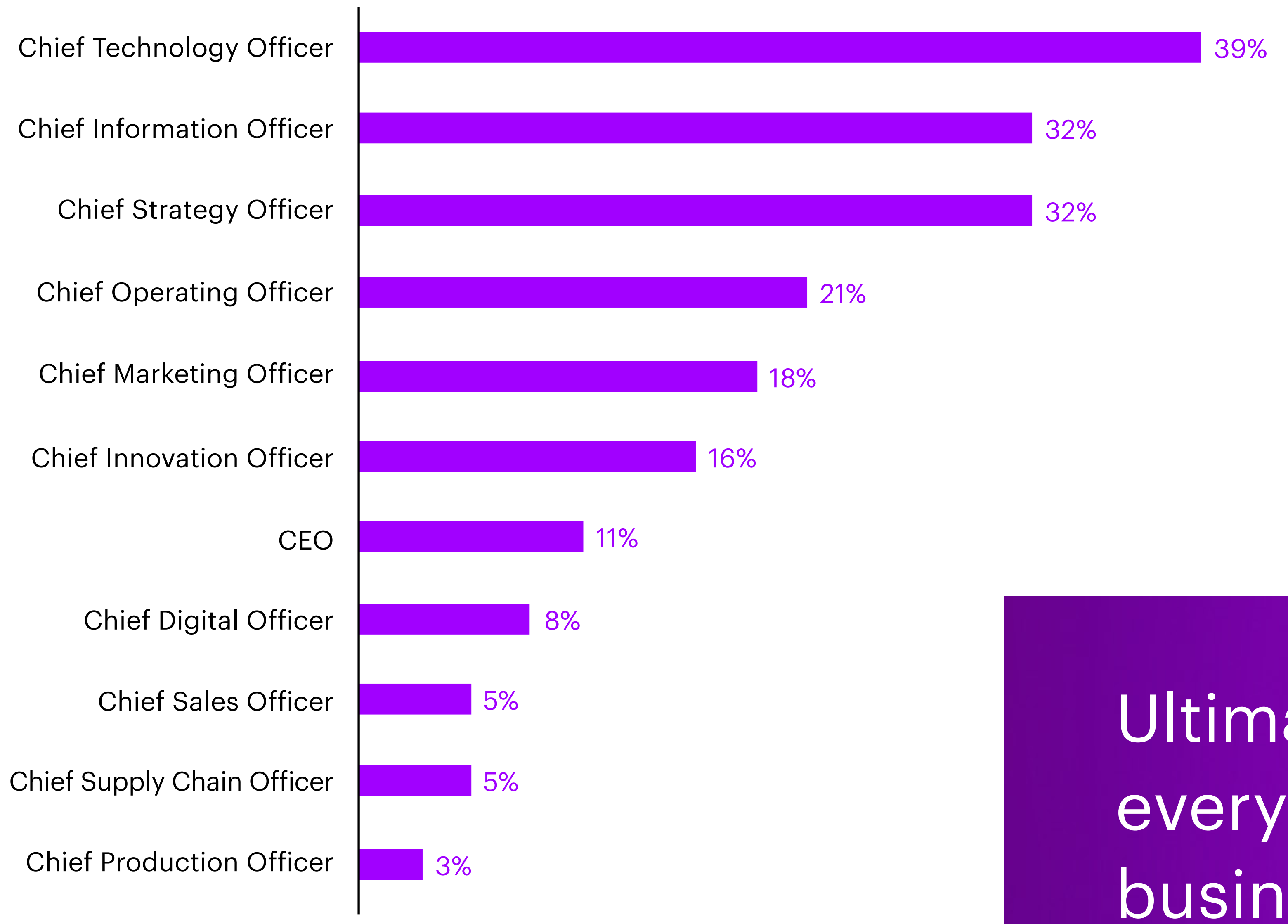
Key finding 6: ETPs put technical operational leaders in charge of their ecosystems.

All companies seem to put strong business-capable leadership in charge of their ecosystem efforts.

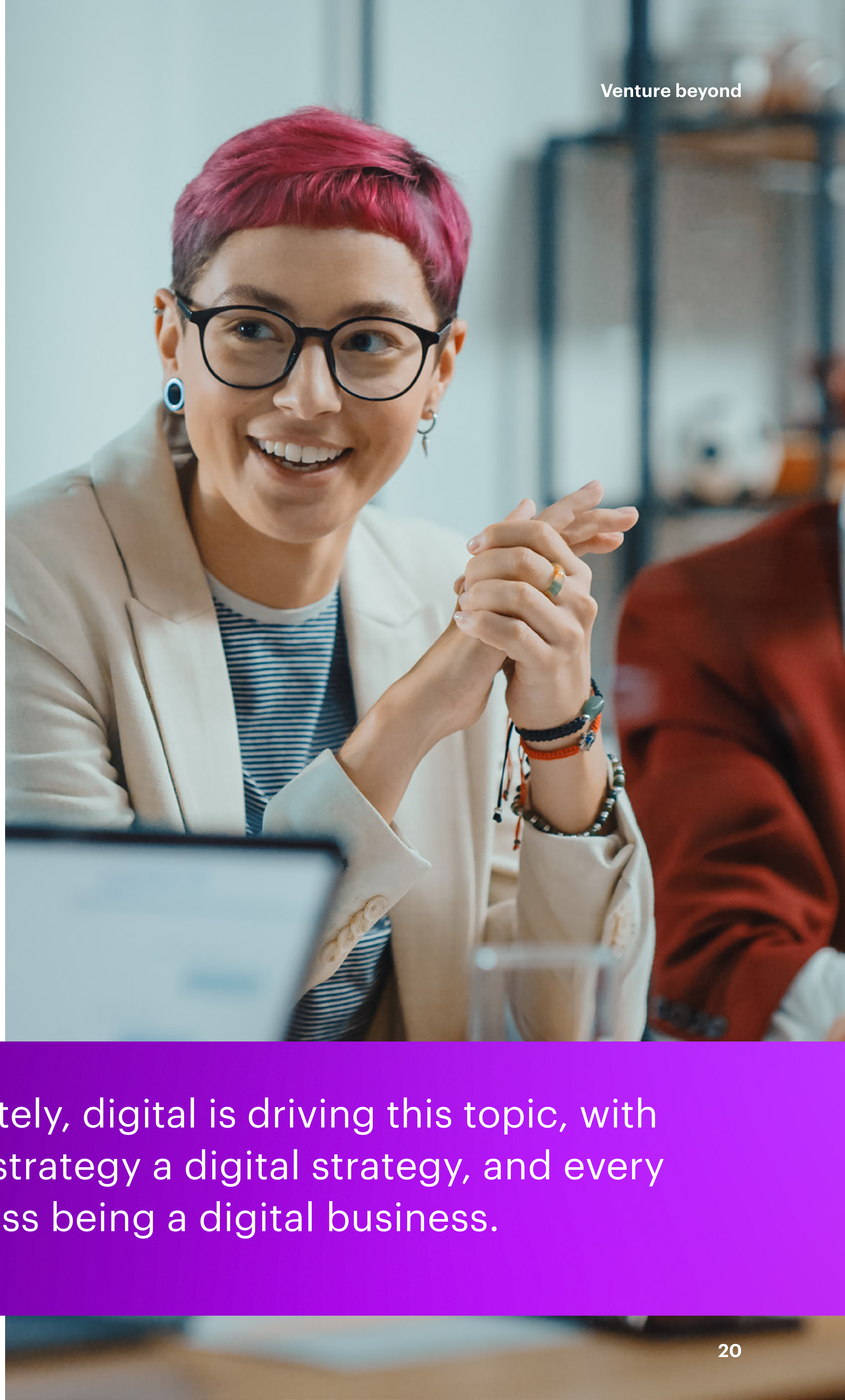
ETPs are, once again, choosier. Far fewer ETPs mention general business executives, i.e. the CEO, the Chief Innovation Officer, or Chief Strategy Officer as leading their ecosystem efforts.

They put their CTOs, CIOs, and COOs in charge. The selection of these technical as well as business-capable executives by ETPs perhaps derives from the stronger implementation focus of the ETPs, and the tech-driven needs of successful ecosystem collaboration. It may very well also point to the growing meaning/power of the CTO role. Considering we found ETPs equally distributed across all company sizes, this conclusion holds equally for companies large and small in our sample.

Figure 16: ETPs mostly put CTOs and CIOs in charge



% of respondents; Q: Within your company who is responsible for the development and governance of your company's ecosystem strategy?



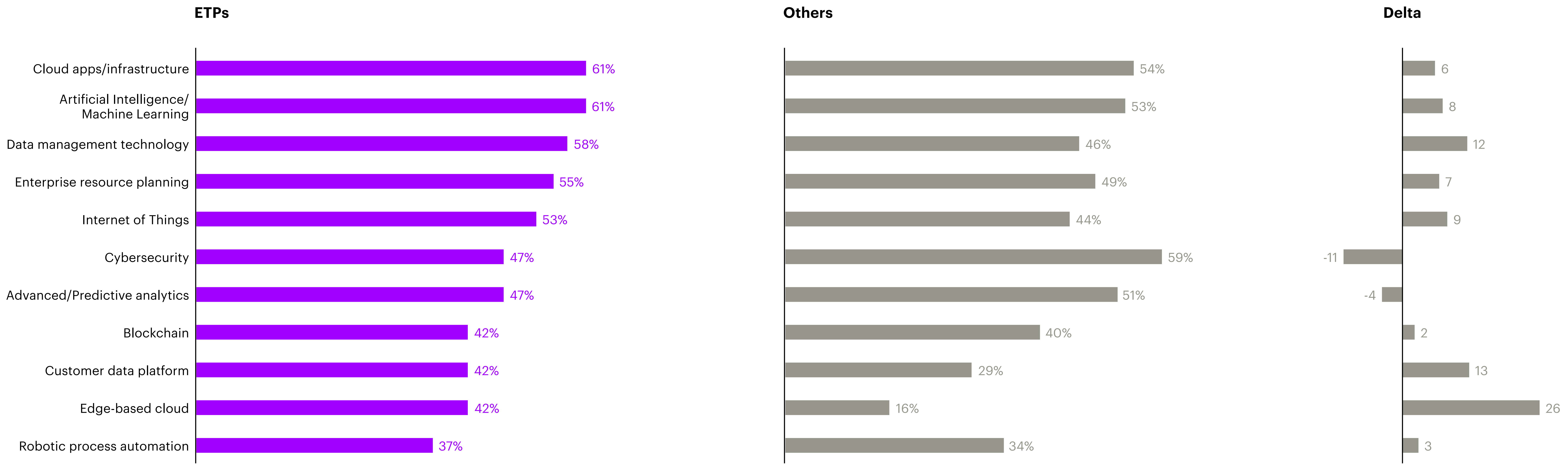
Ultimately, digital is driving this topic, with every strategy a digital strategy, and every business being a digital business.

Key finding 7: Technology enables ecosystems for all companies, but ETPs use more of it.

ETPs show a more intense use of most technologies, with cloud apps and infrastructure, as well as artificial intelligence/machine learning cited as the most common technologies used. Put simply, there is not one single technology that is driving ecosystem solutions, but rather a variety of technologies.

Perhaps unsurprisingly considering the retail industry leads the ETP pack, edge computing and data management show the biggest delta, i.e. ETPs use them more, compared to non-top performers.

Figure 17: A variety of technologies underpins all ecosystem initiatives
Technologies enabling ecosystem strategy



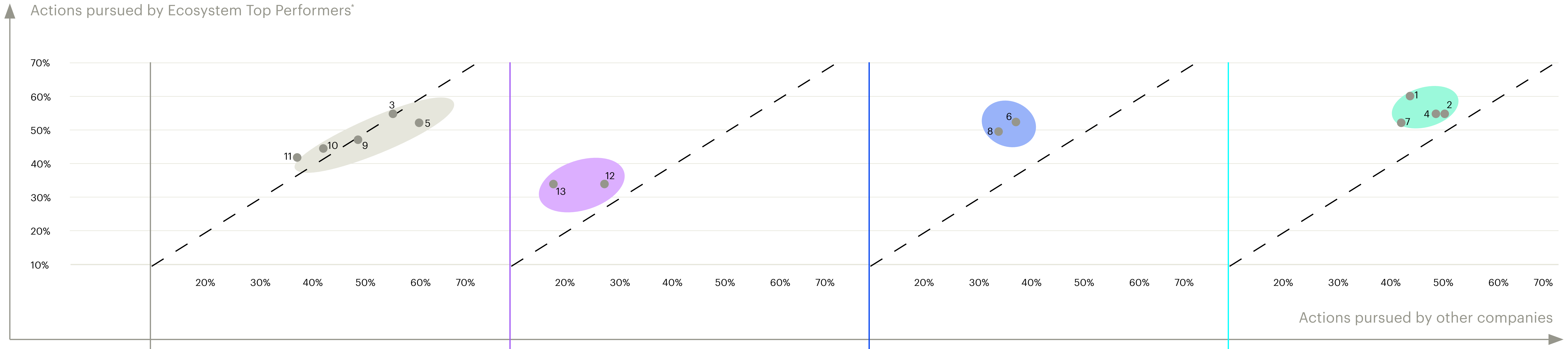
% of respondents; Q: To what extent have you used the following technologies to facilitate your company's participation in the ecosystem?

Key finding 8: ETPs’ results show actions speak louder than words.

Overall, ETPs put the focus on actions to ensure the ecosystem is a success. They mentioned more of actions we asked them about than non-ETPs, sometimes dramatically so. They also mix both inward-looking actions with actions directly impacting how the partner companies relate to each other, far more than non-ETPs.

Figure 18: Actions for successful ecosystem partnerships

Actions for successful ecosystem partnerships



Actions clusters**

Standard

3 Increased use of new technology to enable ecosystem strategy

5 Defined specific KPIs to constantly monitor and measure success of the ecosystem strategy

9 Elected a C- Suite level executive to oversee/be responsible for the ecosystem strategy

10 Embraced a more open approach in terms of data sharing

11 Adopted new business processes

Actions that can be considered as bare minimum to implement an ecosystem strategy

Niche but differentiating

12 Amended company’s organizational structure

13 Hired/upskilled employees

Actions implemented much more frequently (up to 2x) by top performers but not top of the list of most common actions

Overlooked by non-ETPs

8 Adopted shared metrics with ecosystem partners

6 Adapted the supply chain network

Actions mostly overlooked by non ETPs but in the top 10 actions of ETPs which cited them around 1.5x times more often

Prevalent

1 Adopted new sustainability targets

2 Adopted new way of working

4 Embedded the ecosystem strategy as a core building block of company’s overall corporate strategy

7 Linked executive/employee remuneration to ecosystem strategy success

Actions most commonly pursued by all companies but not all are able to execute them with same level of success

In particular, ETPs embraced the setting of sustainability targets considerably more, as well as the adoption of shared metrics, rather than simply setting KPIs internally. In addition, they were far more likely to have linked the remuneration of their own people to ecosystem strategy success.

To a lesser extent, ETPs adopted new business processes, amended their own company’s organizational structure as needed, and hired new or upskilled employees to ensure their own company was prepared for the ecosystem to be successful.

% of respondents replying “a very large extent” or “a large extent”; Q: Which of the following did your company implement to help create a successful ecosystem partnership?

* Ecosystem Top Performers are defined as those respondents replying “a very large extent” or “a large extent” when asked about if they achieved their financial goals (ROI and Revenue growth) through ecosystem partnerships

** Ranking based on ETPs’ responses

Source: Accenture, Swiss Ecosystem Survey, 2022

Key finding 9: Value can be found whether as a participant or as an orchestrator. With everyone wanting to become an orchestrator, will ecosystems still bring added value? Something to consider.

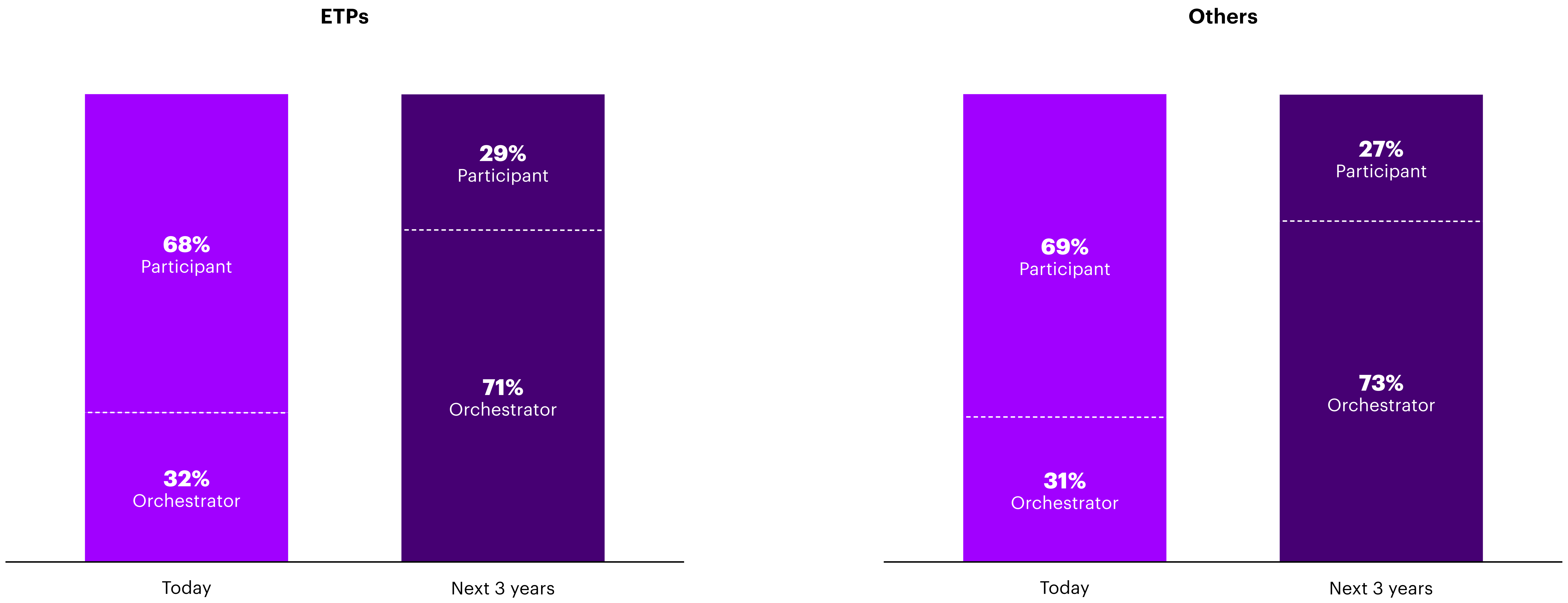
Today, both ETPs and non-ETPs are mostly participants (more than two-thirds of respondents in both cases) in their ecosystem(s), while about a third of each are active as orchestrators.

Clearly, even though results-wise ETPs and non-ETPs are very distinct, there's no difference to date in terms of the role played by each of these companies in their respective ecosystem(s). Hence value can be created regardless of whether the company plays a participating role or acts as an orchestrator.

Consider then that almost all companies want to become orchestrators in the future, with non-ETPs (73%) even more so than ETPs (71%). While no doubt roles vary between the different types of partnerships possible, and may also very well vary over time, companies could find it difficult to achieve meaningful value when all are orchestrators. Especially in the case of the ETPs, they've been very successful to this day, mostly as participants. Hence the intent to, in the future, move their role to become orchestrators is interesting, and understandable, but they may well want to implement this aspect of their ecosystem efforts with care.

A key point of course in the discourse around being a participant or an orchestrator is customer ownership. A perennial business question is naturally: 'Who owns the customer?' In addition, the issue of the company getting locked in or over-relying on partners needs to be kept in balance with the continued focus on value for both the company and the customer.

Figure 19: **While currently most companies are participants, almost all want to be orchestrators**



% of respondents; Q: What role does your company typically have within your ecosystem partnership(s)?

6. Conclusion

Swiss companies once again showed resilience during the COVID-19 pandemic, however performance was not linear across the economy. Across our entire sample, non-Growth Champions suffered from the pandemic much more than Growth Champions and the performance difference between large and small companies is showing signs of polarization.

The financial services industry stood out. Banking Growth Champions did not expand their balance sheets, in contrast to their peers, and experienced a return on assets only slightly above their industry's average. The pandemic thus eliminated many of the differences that had emerged in the pre-pandemic period between banking Growth Champions and other banks.

Something similar has happened for insurance companies in terms of financial results. While all insurance companies on our panel saw their Gross Written Premiums (GWP) fall, insurance Growth Champions saw their GWP decline more than the sample's average, yet still managed to keep their profit margin at more than double their peers'.

Finally, the momentum of Swiss companies during the pandemic, relative to companies elsewhere in Europe, seems to be dissipating in a number of areas. It's time for action, and Swiss executives should think outside the box to find new potential for growth and efficiency.

A successful ecosystem strategy can serve Swiss companies to do just that, as ecosystems have proven their value over the years. Our research shows that setting a clear focus and taking an approach reminiscent of portfolio management in terms of objectives one sets, partners one chooses and the actions one takes, are key to ensure continual value and success.

What's also clear is that success leveraging ecosystems necessitates conscious effort led by pragmatic executives capable of addressing both technology and business issues, looking for growth opportunities throughout the value chain.

Here's what we learned from the successes of Swiss companies leveraging ecosystems:

Be selective about the expectations you set for your ecosystem initiatives, jointly set clear targets, and then focus on success. Focus is key for success. The best performers set targets for a limited number of focused objectives and only add future, additional objectives in those areas where they notice success. Ultimately, results speak for themselves.

Be open to collaboration with different types of partners. More is not better in this case, success necessitates a thoughtful approach. That said, it's OK to go for a broader set of types of partners, depending on your expectations from your ecosystem initiatives. In fact, to help drive your response to Environmental, Sustainability and Governance (ESG) challenges, or enter new vertical added-value services, partnerships with start-ups with specific capabilities and skills may represent a solid road to success.

Look for cultural alignment internally as well as between partners, as a prime success factor. Evaluate potential partners' culture first and foremost, including their risk-taking appetite. Alignment between the cultures of both partners is a priority. Then manage cultural fit continuously. Focus within your own organization on a culture of change and openness to collaboration. Ultimately a seamless way of working can only flourish with support from both sides.

Be pragmatic – put technical as well as business-savvy executives in charge. Put your CIO or CTO primarily in charge of your ecosystem efforts, because technology is at the center of the modern ecosystem and you'll want to use a comprehensive range of technologies. Ecosystems can be challenging and pragmatic actions ensure success.

Put in place both inward- as well as outward-looking actions. You'll want partners to experience efficient collaboration; 'being easy to work with' is important, hence consider the coordination for ecosystems internally in your own company. Hire or train people inside your own organization as necessary, and measure and incentivize appropriately. Moreover, agree on joint metrics to measure success.

Balance roles – there is not just one way to be successful. Orchestrators are not the only winners. Our research shows that achieving value from ecosystems seems unrelated to whether you are an orchestrator or a participant. Yet all companies in our sample want to move to the orchestrator role in the future, non-top performers even more so than ETPs. Perhaps that's driven by the desire to own the customer relationship. In any case, the future will show whether orchestrators rather than participants derive the most value from ecosystems, for all of their stakeholders.

Finally, a word on sustainability. Already fully embedded? We found that to date companies gave a high priority to sustainability, yet for the future companies do not mention it (anymore) among their first ten priorities. Perhaps sustainability is embedded throughout the companies at this point, or well on its way to being fully integrated into all processes, products, and services.

7. Methodology and demographics

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 2016 to 2020 and that were headquartered in Switzerland were considered 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 Written Premiums (GWP) written for insurance companies, and revenue for all other companies. Companies were identified as Growth Champions if, over the 2016–2020 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.

Methodology of the ecosystem: inside-out analysis demographics

Between January and March 2022, we surveyed executives at 100 Swiss companies of different sizes (approx. total revenue in the past fiscal year):

- 33%: CHF 300 to 499 million
- 33%: CHF 500 million to 1 billion
- 33%: more than CHF 1 billion

44% of the executives that responded were decision-makers when it comes to their company's ecosystem partnerships, 56% were involved in the decision making when it comes to their company's ecosystem partnerships. All worked for Swiss companies, with 66% based in Switzerland, 20% in the USA, 8% in Germany, 4% in the UK, and 2% in Austria.

All respondents were C-level executives, among them 15% CIO, 15% Chief Sales/Marketing Officers, 14% Chief Technology Officers, 13% Chief Digital Officers, 13% CEO.

The companies were chosen because of their existing involvement in ecosystems of all kinds, and hailed from over eleven industries (between 7% and 11%), from consumer goods to utilities.

8. 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 digitalization programs for almost 20 years. Marco Huwiler studied economics and holds an MBA.

marco.huwiler@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

Zeynep Waelchli

Zeynep Waelchli leads Accenture Switzerland Products client group and is a member of the Accenture Switzerland Executive committee.

Additionally, she serves as the senior client account director at one of the global pharma/MedTech companies based in Switzerland.

Zeynep's main expertise is shaping and running complex digital transformation programs to enable innovation and growth agendas of the clients.

zeynep.waelchli@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

Sources

[1] OECD, Economic Survey of Switzerland (January 2022): *https://www.oecd.org/economy/switzerland-economic-snapshot/*

[2] Swissbanking, Banks held up well in pandemic year: *https://www.swissbanking.ch/en/news-and-positions/press-releases/banks-held-up-well-in-pandemic-year*

[3] Economiesuisse, Lieferengpässe werden zum Konjunkturrisiko: *https://www.economiesuisse.ch/de/artikel/lieferengpaesse-werden-zum-konjunkturrisiko?utm_medium=email&utm_source=mailXpert&utm_campaign=Newsletter&utm_content=Lieferengp%C3%A4sse%20werden%20zum%20Konjunkturrisiko*

[4] Credit Suisse, How badly will rising energy prices hit Switzerland? *https://www.credit-suisse.com/content/pwp/legalgates/media-releases/country-allowed/single-countries/ch/legal-gate.html/content/pwp/about-us-news/en/articles/media-releases/monitor-switzerland-q1-2022-202203.html?t=284_0.38728407198896053*

[5] Federation of the Swiss Watch Industry FH, An excellent start to the year confirmed in March: *https://www.fhs.swiss/file/59/comm_220303_a.pdf*

[6] Reuters, Switzerland: The land that inflation left behind: *https://www.reuters.com/business/switzerland-land-that-inflation-left-behind-2022-03-11/*

[7] Swiss Banking, Investment and financing needed for Switzerland to reach net zero by 2050: *https://www.swissbanking.ch/_Resources/Persistent/b/e/0/9/be0949b50b2ac8462b7459b9cd4708ffaa30da27/SBA_Sustainable_Finance_2021.pdf*

[8] Accenture, Cornerstone of future growth: Ecosystem: *https://www.accenture.com/_acnmedia/PDF-162/Accenture-Cornerstone-for-Future-Growth-Ecosystems-POV.pdf*

[9] Accenture, CXO Survey 2020

[10] Accenture, CXO Pulse Survey 4th Wave June-July 2021

[11] IDC FutureScape Worldwide Digital Transformation Predictions 2022

[12] DC FutureScape Worldwide Future of Industry Ecosystems Predictions 2022

About Accenture