



# PODCAST: SWISSTOP 500 STUDY

## AUDIO TRANSCRIPT

Matthias Hegele: [...] Expect financial benefits: the top quartile of Ecosystem users achieve a 2% higher economic profit than the bottom quartile, based on our research.

Intro: This is a podcast from Accenture. The host of this episode is Stephan Lendi, in conversation with Zeynep Wälchli and Matthias Hegele from Accenture. Why companies that do not rely on strategic partnerships miss out on 16x higher profits, what role technology plays and everything else you need to know about ecosystems can be found out in this podcast episode of the Swiss Top500 study by Accenture.

Stephan Lendi: Hi and welcome to today's episode on the Swiss Top500 study published by Accenture Switzerland. My name is Stephan Lendi, I'll be your host for this special Podcast episode. With me are Zeynep Wälchli, Managing Director Accenture Switzerland Products Industry Lead. How are you doing today?

Zeynep Wälchli: Thank you, I am very well!

Stephan Lendi: Good to see you. And Matthias Hegele Managing Director Accenture Strategy Lead Strategy and Consulting Switzerland. Hello to you!

Matthias Hegele: Good morning. Hi.

Stephan Lendi: So, Matthias help me understand, what is the SwissTop 500 report all about?

Matthias Hegele: The SwissTop 500 study is the Swiss edition of our traditional Top500 study, which we publish annually for at least a decade already.

With this report, we investigate the top performers by industry, and identify what those top performers make so special. Every year we are then shedding light on a specific aspect of what top performing companies do differently to their less successful peers

Stephan Lendi: Let's talk about the methodology for a second. How did you proceed with the study?

Matthias Hegele: Basically, we run one part of the study like every year, where we identify Switzerland's Growth Champions. For this aspect of the study, we examined the key financial performance indicators of nearly a 1'000 of the largest Swiss companies. Therefore, around a third are banking and insurance and the other 2/3s are coming from all the other relevant Swiss industry sectors like life sciences and consumer goods. So that's the traditional part of the study.

Stephan Lendi: You mention the traditional part of the study. So there is a non-traditional special part as well then?

Matthias Hegele: Exactly. So that's the focus of this year. We wanted to shed more light on ecosystem partnerships. Why? Because on one hand, many of the current economy challenges Swiss companies are facing have become too complex to solve alone. On the other hand, ecosystem partnerships have more than doubled over the last 7 years in Switzerland and



we at Accenture, have also been more and more involved in ecosystem activities. Personally, for example, I have been working with the Swiss food and nutrition valley ecosystem to research the Swiss food market and to drive forward ideas on how to improve food sustainability, or food technology.

Stephan Lendi: So, after you had identified the growth champions, what then?

Matthias Hegele: Yeah, we conducted a survey among executives at 100 Swiss companies that are actively leveraging ecosystems, in collaboration with the research firm Oxford Economics. We conducted this study between January and March 2022. We were intrigued to figure out, what companies motivate to participate in ecosystems, to what degree they got value from their efforts and what leaders in ecosystem plays do actually differently. Also, what challenges they encountered and how they addressed them. So, we can learn from that.

Stephan Lendi: So, who were the respondents in the study?

Matthias Hegele: Yeah, we really aim the C-levels. So, these are really CXOs, CEOs, CIOs, Chief Marketing/Sales Officers, CTOs, CDOs. They came from all sort of industries, across the Swiss abroad based number, I think we had 11 industries involved.

Stephan Lendi: Zeynep, what has been discovered in this 2020 edition. What were some of the findings that were important to you?

Zeynep: In this edition the impacts of Covid-19-crisis on the Swiss market are clearly visible and reflected the polarization of the performance. What we mean with that is: When we look at all the companies in the study, the gap between the 'Growth Champions' and other companies both from revenue growth perspective and profit

margin has widened. When we look at the Growth Champions in 2020, they managed to maintain their margin at 15.3%, which is quite in line with their previous 5 years' performance.

On the other hand, some other companies in other industries such as retail, services, travel and logistics had declined sharply. Now, in the post pandemic era the Swiss executives are looking ahead, thinking through global and local trends how the impact their enterprise in addition to listening to their customers. And, there are key trends which are in the mind of the Swiss executives such as sustainability, supply chain, inflation, global economic challenges. And in this post pandemic era we find that a solid well network set of partners, meaning an ecosystem is going to be one of the roots of success for all these companies.

Stephan Lendi: You mentioned the ecosystem. Matthias, you mentioned the ecosystem before. So moving to the deep dive of this year study: Let's look closer at ecosystems. In the business setting, what exactly is an ecosystem?

Zeynep Wälchli: An ecosystem in a simple term is a network of cross industry players who work together to define build and execute customer and consumer solutions. When we speak of ecosystems, there is a network of players, companies or other institutions, who work together to solve a challenge and to gain a competitive advantage.

So, 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 and contribute a necessary capability. The power of the ecosystem is that no single player needs to 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.



Stephan Lendi: So, let me just repeat the definition. So, an ecosystem is defined by the depth and breadth of potential collaboration amongst a set of players. That is something that truly makes sense and uses synergies between the various players. When you polled these 100 executives, Matthias, what did you find out about ecosystems?

Matthias Hegele: Well, a lot of interesting insights. First of all we found a set of “Ecosystem Top Performers”, which we call ETPs, these were the companies that mentioned that they received clear value from ecosystems. From them we have learned a few things and let me just elaborate a little bit:

First of all, their objectives are largely transformative. So, they aspire toward a better culture of innovation and this topic has been very prevalent, the culture of innovation and it has actually been a key driver. And therefore, they use ecosystems also as a mechanism to transform the company culture.

Secondly, they have a clear focus on value. So, the top performers are improving costs and invent new products, services or processes.

And thirdly, looking forward to the next 3 years, top performers expect to scale up the distribution of existing products through the use of ecosystems and to further improve cost efficiency through economies of scale. So, there is a short-term sort of view but also long-term that really drives the current portfolio.

Stephan Lendi: Did you talk about the nature of the third ecosystem partners as well?

Matthias Hegele: Yeah, when we inquired about the nature of the preferred ecosystem partners, the top performers clearly preferred technology and digital platform partners. Beside the

technology focus of many of the successful ecosystem plays, ETPs also have a strong focus to collaborate with firms from other industries and thereby creating a value proposition of the consumer, which doesn't exist today.

Another interesting finding was that for ETP's, the leader of their ecosystem involvement was most likely the CTO, CIO or Chief Strategy Officer, so clearly a testimony to the strategic importance and the digital character of many of the successful ecosystems.

And lastly, while most companies are today participant in ecosystems, almost all actually want that the influence going forward and become the so-called “orchestrator” of the ecosystem. Of course this might not be feasible for all and we will have to see how this will develop in reality.

Stephan Lendi: Now Zeynep, what kind of industry networks may result from ecosystem partnerships?

Zeynep Wälchli: We see that Ecosystem Top Performers clearly see the need and the opportunity to become a more integrated part of their customers' needs and as many examples show, only choosing to work with partners from their own industry simply does not enable that.

We have seen several industry convergence plays happening in forming ecosystems. One example is “cultured food innovation lab” formed by Migros, Bühler and Givaudan in which 3 companies are pooling their expertise to create a self-sustained standalone company wholly owned by them to promote the development of products from cultivated agriculture.

We have seen in that example that the innovation company supports start-ups that develop substitute products for conventional



meat, fish, seafood as well as other plant-based alternatives.

Let's not forget that ecosystems are about serving the customer in a way that a single company probably cannot. And this ventures across and beyond the borders of industries.

Stephan Lendi: So, help me understand, when did ecosystems first arise? From a historical perspective, where do ecosystems actually come from?

Zeynep Wälchli: In our research we have seen that ecosystem partnerships more than doubled during the years 2013 to 2020. In that time period, top performing companies have been engaging in ecosystem partnerships widening the gap from having twice as many relationships in 2013 to having 3 times as many in the rest of 2020. Swiss companies leaning heavily on ecosystem partnership demonstrate financial performance 12 to 16 times higher in each of the years we analyzed in comparison to their competitors who do not lean on it.

Covid-19 had a rather rough impact on all Swiss companies. And in the post Covid era we increasingly see clients engage more and more in ecosystem play as one of the strategies for success in the new economic environment. And in fact, in our research we found out that 92% of European C-Level Executives had already adapted an ecosystem business model of some kind.

Stephan Lendi: Matthias, what is the relevance of ecosystems in terms of strategy and innovation in business?

Matthias Hegele: As we have seen from the research, inspiring companies towards a more innovative culture, that goal has been one of the most important ones of ETPs. And 32% of ETP's

put the head of group strategy in charge of the ecosystem.

I would even go as far as to say that ecosystems are primarily used in areas of innovation and new market offerings. For some companies they gain access to a client base which they were not able to access before easily. And for other companies they enhance their current product offering by offering additional services to their clients thereby increasing stickiness and loyalty.

Stephan Lendi: So, that does make sense for them then. Zeynep, earlier you mentioned that technology plays a big role in successful ecosystems? Can you elaborate on that?

Zeynep Wälchli: Sure! Ecosystem Top Performers show a more intense use of most technologies with cloud applications infrastructure, as well as artificial intelligence, machine learning which are cited as the most used technologies in our research. We have to say that there is not one single technology that is driving the ecosystems but a variety of technologies underpin that. We have also seen in our study that Ecosystem Top Performers use data management systems and edge computing technologies far more than other traditional players.

Stephan Lendi: Now Matthias, help me understand, for which corporate sectors are ecosystems particularly important?

Matthias Hegele: Sure, in general, ecosystem can be applied everywhere. And that is also what our research has shown, it's very broad. Most certainly for new market offerings, but also actually to tackle complex issues. For example, supply chain management. The supply chains of companies have been severely disrupted over the last couple of years and more than ever, the dependency and collaboration of supply chain partners has become clear and important.



So, when companies aim to gain full supply chain visibility, within their own network and with suppliers, they are often looking to join ecosystems for data exchange. So, for example they might team up with platforms such as Project44 to gain real-time visibility of their goods movements around the world.

Stephan Lendi: Are there any other areas of business that benefit from ecosystems?

Matthias Hegele: Well, being connected and partner up with other companies will as mentioned before increase innovation, as fresh impulses and knowledge enter the business. Moreover, by partnering up with universities or start-ups you get the chance to address a completely new pool of talents.

Stephan Lendi: Now, if the CEO says, well I am hesitant, I am biased, I am not sure if Ecosystems are the right thing for me, what are the key findings that are important to them?

Matthias Hegele: Well, I would summarize it in 3 points:

Ecosystems have to have a very clear purpose, directly linked to the company strategy and with a clear view on innovation.

Secondly, you have to put the best people in charge, often people with a strong technology and strategy understanding.

And thirdly, expect financial benefits: the top quartile of Ecosystem users achieve a 2% higher economic profit than the bottom quartile, based on our research.

Stephan Lendi: Good, so as you say Matthias, having clear purpose, the best people in charge and then you can expect a return of investment and you can expect financial benefits.

Matthias Hegele: Exactly.

Stephan Lendi: So, Matthias Hegele thank you so much for joining me today.

Matthias Hegele: Thank you.

Stephan Lendi: And Zeynep Wälchli, to you as well, thank you for joining me.

Zeynep: Thank you!

Outro: If you want to learn more about ecosystems, visit [accenture.ch](https://www.accenture.ch) to read the SwissTop 500 study. You are listening to a podcast from Accenture.

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