



Business Survey 2019

More and more businesses have firm plans for digitalisation, hurdles also more widely acknowledged

Summary



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KfW Group
Palmengartenstrasse 5-9
60325 Frankfurt am Main
Phone +49 69 7431-0
Fax +49 69 7431-2944
www.kfw.de

Edited by
KfW Group
Economics Department

Author
Dr Volker Zimmermann
Phone +49 69 7431-3725

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Summary

The digital transformation of business and society has come into the public spotlight in the past years. It provides the opportunity to increase the competitiveness and productivity of businesses and, in this way, to contribute to higher growth. So it is pleasing to note that businesses now recognise this opportunity and that more and more are investing in digitalising their operations. The forerunners of digitalisation are mostly large enterprises and manufacturing firms.

The individual survey results:

1. Just under two thirds of businesses (66%) have firm plans to implement digitalisation projects in the next two years. Another 18% have not yet made a final decision. Only 17% rule out introducing any digitalisation projects during this period.

2. The share of businesses that have firm plans for digitalisation projects has grown by 7 percentage points compared with the previous year's survey. At the same time, the share of businesses that have no plans to go digital has fallen by five percentage points.

3. The trend towards digitalisation can be observed in large and small enterprises alike.

4. Digitalisation is being driven by large enterprises (with more than EUR 50 million turnover). Of these enterprises, 91% have firm plans to implement digitalisation projects. In the manufacturing sector, 81% of companies are planning to conduct digitalisation projects.

5. Two in five small enterprises with annual turnover of up to EUR 1 million (39%) are planning to realise digitalisation projects. A further 28% are at least considering it.

6. The planned digitalisation projects are spread out broadly across the various business sectors. Sales tops the ladder with 64% of responses. Administration and materials management come in equal second

(58% each). Creation of goods and services (e.g. production) ranks fourth with 57%.

7. In the manufacturing sector, digitalisation measures are most common in production (77%), in the retail sector they are most frequent in sales (76%) and in the services sector they occur most often in administration and sales (68% and 66%, respectively). Almost all

functional areas of operation are digitalised more often with growing enterprise size.

8. Enterprises face problems in digitalisation more frequently than in the survey two years ago. They now mention almost all digitalisation obstacles more often than last time. Whereas the proportion of businesses that did not identify any problems with digitalisation was 21% two years ago, that share has now dropped to 13%.

9. The five barriers to digital transformation businesses cited most frequently were data security and data protection requirements (46%), lack of in-house IT competences in combination with lack of IT skills in the labour market (38%), difficulties in adapting their organisational structure and work organisation (36%), difficulties in transitioning existing IT systems (35%) and the inadequate quality of their internet connection (30%).

10. Financing problems were most often mentioned as barriers to digitalisation by small businesses. At 16%, small businesses (with up to EUR 1 million annual turnover) mentioned financing difficulties more than four times more often than large enterprises.

11. Today only 9% of enterprises still see no need for digitalisation. That proportion has halved since the 2017 survey. This finding underscores that digitalisation now holds a firm place in the minds of business leaders.

The survey was conducted for the 18th time among enterprises of all size classes, sectors, legal forms and regions. Nearly 1,300 businesses from 17 umbrella organisations, trade and regional associations took part in the survey. It was conducted between mid-December 2018 and mid-March 2019. The present

report presents the findings relating to the topic of digital transformation.

The findings on the financing climate have already been published separately.¹

¹ Cf. Zimmermann (2019), **Business Survey 2019 – Financing climate remains strong despite economic headwind (Summary)**, KfW Research.